

PROCEEDING CONFERENCE PROGRAMME

iconpo 2011

International Conference on Public Organization

CHALLENGE TO DEVELOP A NEW PUBLIC
ORGANIZATION MANAGEMENT
IN THE ERA OF DEMOCRATIZATION
Comparing models in various countries

Yogyakarta Indonesia, January 21-22, 2011

ICONPO 2011 is Organized By

Department of Government Affairs and Administration
Faculty of Social and Political Science
Universitas Muhammadiyah Yogyakarta

In Collaboration with Korea University, Thammasat University
and Universitas Ngurah Rai Denpasar



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This proceeding is a collaborative work done between Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, supported by Korea University, Thammasat University Thailand, and Universitas Ngurah Rai Denpasar. We dedicate this proceeding as an academic collaboration momentum of an International Conference on Public Organization "Challenge to Develop a New Public Organization Management in The Era of Democratization" which had held by Department of Governmental Studies Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, on January 21st – 22nd, 2011, in Yogyakarta, Indonesia.

We wish to thank the Rector of Universitas Muhammadiyah Yogyakarta Ir HM. Dasron Hamid, M.Sc for giving the license to drive this conference. We also express my sincere gratitude to Prof. Sunhyuk Kim of Korea University as our Keynote Speaker. Special thanks go to all of the honorable our paper reviewers for the Proceeding those are Assoc. Prof Azhari Samudra of Universitas Ngurah Rai Denpasar, Prof. Dr. Jin- Wook Choi from Korea University, Prof. Dr. Miftah Thoha, MPA from Universitas Gadjah Mada, Prof. Francis Loh Kok Wah, PhD from University Sains Malaysia, Prof. Dr. Azhar Kasim, MPA from Universitas Indonesia, and Dr. Vidhyandika D Perkasa from Center for Strategies and International Studies Indonesia (CSIS), Prof Amporn Tamronglak and Dr. Soparatana Jarusombat from Thammasat University, without their contribution this paper will never come into being. We also thank to the ICONPO committee, and all collagues for their support to this conference. We thank to all the paper presenters and participants who contributed through their papers in this proceeding.

This proceeding is divided into 10 themes, those are:

1. Environmental changes and collaboration in public organization.
2. Need assessment of public issues in public organization.
3. Design of structure organization in democratic era
4. Planning and Decision making .
5. Human resources management.
6. Culture and ethics of public organization in democratic era;

7. Communication practices in public organization
8. Transformative Leadership .
9. Current Management Information system in electronic era.
10. Performance measurement

Reason for selecting these themes is because the wave of democracy has influence the dynamics of public organization, a well known institution model related to governmental, non-profit, and non-governmental organizations. The dynamic of public organization management in response to democratic era, now encompasses more challenging issues. The issues such the shifting paradigm from government to governance could be seen as the trend drives to the reform of government. The concept of governance means that the government must improves the functions of public organization management process. The process must be efficiently, effectiveness, responsiveness, transparently, participative, and accountable. Other important issues are the growing of gender mainstreaming, public policy processes and the dynamic of civil society which have demanded a changing management of public organization. The most important thing so that public organization could challenge in the democratic era is to improve and develop a new public organization management. Therefore, public organization needs to respond, explore and develop innovative management. It challenges the scholars and practitioners to explore and develop new models of public organization management by drawing the experience and lessons learned of their countries

Thus, the proceeding explores the issues and challenges to develop a new public organization management in the era of democratization. We hope this proceeding will benefit the readers, academicians, politicians and scholars on more about a new way to develop public organization in this democratization era.

Yogyakarta January 21st 2011

Head of Government Science
Dr. Suranto

Dean of Faculty of Social and Political Science
Dr. Nurmandi

PREFACE

The first paper as Keynote Speech written by Sunhyuk Kim (Professor, Department of Public Administration, Korea University) entitled **Globalization and Policy Change: The Case of Korea**. This paper emphasizes on "neoliberal" globalization. The writer argues that neoliberal globalization is just one type of globalization, and it is likely that in the future another type of globalization may emerge. "Varieties" of economic, political, and public administration systems in the world will respond differently to the new wave of globalization. It is essential, therefore, to craft a more prudent national strategy to flexibly and comprehensively deal with different kinds of globalization. The writer examines how Korea has coped with the challenge of globalization, by analyzing how the latest neoliberal globalization has affected governmental restructuring and policy transformation in Korea since its democratization in 1987. It is underscored that Korea needs a better national strategy to handle future waves of globalization—potentially of the non-neoliberal nature. I sketch out the main contents of such a new national strategy, primarily focused on the need to build and nurture more effective multi-sector governance system, increasing communicative and collaborative capacity of all the sectors involved.

The second paper was written by Su-jin, Yu, 3rd semester of master's course Korea University entitled **Conflicts in Environmental Policy-making in Korea: The case of Gyeyang Mountain Golf course**. In this research studies about the Gyeyang Mt. golf course development plan (GGDP) which has shown sharp conflict aspect. Commonly, environmental conflicts in the policy-making have two different belief systems such as environmental conservation and environmental development. Based on this two different belief system, various stakeholders united as a policy actor. Coalition actors from two different values enforce a different strategy to policy-making.

The third paper written by Laila Kholid Alfirdaus of Government Department Faculty of Social and Political Science Diponegoro University Semarang Central Java Indonesia titled **Governing the Disaster-Prone**

Community. Public organisation does not only deal with problems which is regular in its nature, periodical, and in orderly situation. More often, public organization faces uncertain circumstances that the way of governing as usual cannot be applied. One of the notable constraints in governing community for public organization to manage is disaster. Firstly, disaster often comes at an unpredictable time. Secondly, disaster often bears considerable risks even beyond a public organisation's capacity to deal with. Its quick attack often results in much longer impacts. Thirdly, any single thing, such as food supply, sanitation, water supply, shelter, and so forth, suddenly turns into emergency, meanwhile the public organization has usually shortcomings in resources. Fourthly, any demand for the public organization quickly moves into a big pressure, therefore public organization easily becomes the subject of failure once they are unable to tackle the complex situation. Considering such the specific nature of disaster, there is a clear need for public organization to apply specific governing strategies. This paper tries to elaborate some thinking on governing the disaster-prone community, especially for developing nations, using experiences in various countries. Such a thinking becomes important since it is the developing nations that use to have problems in their bureaucratic structure. A change of mindset in public organization in which disaster should not be treated as business as usual rather as in a crisis is one of the keys. A deep thinking on how to manage the interrelation with some non-government organizations, economic society, academic society, and the media in emergency and recovery based on context and culture, is also worthwhile.

The fourth paper entitled **The Sustainability of Jakarta as the capital city.** It is written by Hartuti Purnaweni Public Administration Program, Environmental Study, Post Graduate Program, Diponegoro University. This paper aims to find out efforts to be done to Jakarta as the Capital City of the Republic of Indonesia. Jakarta has turned from merely old day traditional port to the present day of a megapolitant figure, where skyscrapers mount in many places. Jakarta is an area with low topographic feature as it is situated at the coastline, in particular North Jakarta. As time goes by, the city becomes less convenient as settlements due to traffic jam, flood, land subsidence, land water deficit, inadequate green space, severe air pollution, etc. Jakarta's carrying capacity has been passed over. New public management system is needed. Therefore, a new paradigm has emerged concerning its status replacement as the Indonesian capital city, and to make it a more livable city. Three alternatives are proposed for the solution.

The fifth paper entitled **Democratization and Environmental Politics of Natural Resources Management** at Local level written by Edi Santosa, Governmental Program, Social and Political Faculty, Public Administration, Post Graduate Program, Diponegoro University. The paper aims to deliver the idea that Environmental democracy is not new in Indonesia since it stated its commitments in Rio Declaration in 1992 and World Summit on Sustainable

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Development in 2002. However, empirical evidence shows that the commitment to implement the ideal is still far behind. In theoretical, policy and empirical area, discussing environmental sociopolitical aspects should include all stakeholders in it. In managing environment and natural resources, both politicians and government officials have the political power as representatives of the state. Their political actions should cover activities of development policies which are oriented towards sustainable development, whether at local, national, regional and global. Rondinelli and Chema (1993) stated that the state should be committed to pursuing sustainable development across the region – it calls for a clean and green environment with fully established mechanisms for sustainable development to ensure the protection of the environment, the sustainability of its natural resources and the high quality of life of its people and neighbours in one earth.

The sixth paper entitled **The Implementation of Social and Environmental Responsibilities's Regulation by PT Karya Tangan Indah Bali** written by Ni Putu Tirka Widanti, Universitas Ngurah Rai, Denpasar, Bali, Indonesia. The paper aims to analyze the most prominent CSR activities of PT Karya Tangan Indah, those are the environmental re-cycling and social religious supports to the traditional village where the company is situated. PT. Karya Tangan Indah's CSR programs are affected by the party receiving supports and the internal organization. From the analysis, it has been found that PT. Karya Tangan Indah's CSR programs on recycling and social religious supports have managed to attract the community's enthusiasm. It is because the ritual ceremonies in the traditional village where PT. Karya Tangan Indah operates are held regularly and involve the entire community members. Based on the analysis findings, it is recommended that the future PT. Karya Tangan Indah's CSR programs should involve the community members commencing from the planning up to the evaluation processes. It is necessary to involve them for sustainable programs and for addressing their needs and priorities. In addition, their involvements are hoped to be able to duly plan and organize the allocated budgets.

The seventh paper is **Impacts Of Decentralization On Environmental Management In Thailand**, written by Soparatana Jarusombat, Ph.D of Faculty of Political Science, Thammasat University, Bangkok, Thailand. This paper describes the process, institutional and legal framework within which the environmental management operates in Thailand. It specifically focuses on the decentralization within central and local government's role in environmental management. The aim of the paper is to examine how interface between the central and local loci of power have affected pieces of legislation relating to management of the environment by central and local government in Thailand.

The eighth paper is titled **An Empirical Study of the Autonomy of Thai (Autonomous) Public Organizations** written by Associate Professor Amporn Tamronglak, Head of Public Administration Department and Director of Executive Public Administration (EPA) Program, Faculty of

Political Science, Thammasat University, Bangkok, Thailand. The latest Administrative Reform in Thailand in 1999 reflected the influence of New Public Management (NPM) perspectives, leading to a drastic restructuring of age old bureaucracy. "Agencification" or creating new single purpose agencies was one of various approaches to face lift bureaucracy in the name of "Public Organizations or Autonomous Public Organizations (APOs)" to be free from tedious regulations and hierarchical commands of politicians. Since (Autonomous or Quasi-autonomous) Public Organizations Act has been issued in 1999, there are approximately 29 agencies created. This paper aims at attacking and analyzing the issue of autonomy of Public Organizations in Thailand, which is the main reason in hiving off from their original organizations. The theoretical basis of autonomy employed in the study is drawn from Peters Verhoest and others, particularly in the areas of personnel and financial management. Constructive questionnaires were employed and collected between June and August 2010 from all 29 Public Organizations. In-depth interviews with the agency's executives were conducted to gain insight knowledge of the concept in practice. The statistical analysis shows that Thai APOs are more or less independent from the politicians. Though the legal and administrative structure of their establishment, they somewhat recognize and are responsive to the demands of the relevant Ministries. On the contrary, they are able to maintain the balance and handle the pressure in such a way that the agencies can carry out and accomplish the government policies professionally and cost-effectively.

The ninth paper written titled **Government Antismoking Campaign: Quixotic Dream Or Confident Expectation?** By Subiyanto of Wijaya Putra University. Smoking habit was one of global problems, but the effects of it are very dangerous on smoking related diseases, so Indonesian Government had to take the genius actions. This study investigated the effects of Government Antismoking Campaign on Behavior of Smoking in East Java. Research model was adopted from the Theory of Reasoned Action dan the Theory of Planned Behaviour introduced by Ajzen and Fishbein modified by DeVries et al. The population were smokers or someone who have experience with cigarette smoking in East Java, sampling method by Multistage Cluster Random Sampling in three stages. Data analysis utilized Structural Equation Modelling (SEM) used AMOS 4.01. Hypothesis analysis used regression Weight standardized estimates, compare p value in 5percent significancy, if p value < 5percent is mean significant. This study found four negative significant hypothesis and two not significant hypothesis. The effect of Government antismoking campaign on Attitude toward smoking behaviour and on Subjective norm of smoking are not significant, while effect of Attitude toward smoking behaviour on Refusal skill, the effect of Subjective norm of smoking on Refusal skill, are negative significant. The effect of Refusal skill on Behavioural intention to smoke, and the effect of Behavioural intention to smoke on Behaviour of smoking are also negative significant. There were

recommendations for Indonesian Government, cigarettes industries and collaboration among government and cigarettes industries.

The tenth paper entitled **Leading to Improvement? The Politics of ISO 9001:2000 Transfer to Local Service Delivery** and written by Wawan Sobari, Lecturer and Convenor of the Department of Political Science, Faculty of Social and Political Science, University of Brawijaya Malang. This paper addresses three main questions concerning the process, impacts and external evaluation of the transfer of ISO 9001:2000 to service delivery at the local secretariat office in the Regency of Malang Indonesia. Its methodology applies qualitative approach to build understanding by intensifying the research process aimed to obtain the full picture of the transfer. This paper shows some important findings around this transfer; first, the decision to transfer is a result of social process aimed to build better image of the office. As well, a policy network, ranges from local to international actors, has constructed the ISO 9001:2000 implementation as the best practice in service delivery. Finally, the certificate attributed to the implementation of ISO 9001:2000 cannot adequately assures the improvement of technical capacity of the office. Rather, it has created dependency on assurance server to sustain the performance improvement. Thus, this transfer has created a qualified office, not an educated office that is self-achieved fulfilment in delivering better service.

The eleventh paper **Democracy and Growth Revisited : An empirical study using fsQCA** written by Dong-Hyun Choi, Graduate Student, Department of Public Administration, Korea University. This paper will analyze The relationship between political freedom and economic growth has been a much scrutinized topic over the past few decades. According to Barro once the impact of other exogenous factors are controlled for, the effect of democracy on growth is weakly negative. He further raised the possibility of a nonlinear relationship between democracy and growth. Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is hardly free from the flaws that may potentially undermine the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses the potential flaws evident in Barro (1996), and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach, and analyzes the relationship between democracy and economic growth using fsQCA. The analysis generally concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. For full democracies and authoritarian regimes, causal combinations indicate that democracy has a positive impact on economic growth. For flawed democracies and hybrid regimes with intermediate levels of democracy, the dynamic between democracy and economic growth is revealed to be negative.

The twelfth paper entitled **Competition for jurisdiction over food industry in Korea** was written by Sung Eun Park, Korea University. This paper points out the matter of food safety management system with a view of competition for jurisdiction over food industry among the Ministry of Health and Welfare and the Ministry for Food, Agriculture, Forestry and Fisheries and affiliated organizations. Each ministry has separate basic positions and approaches to food industry policy: regulation and promotion. The policy image has been changed into "regulation" as public anxiety and concern for hazardous foods has grown since the end of 1990. They complete take charge of promoting or regulating the food industry by establishing or amending laws, expanding organizations and mobilizing a coalition. Coordination by policy committee, cooperation between agencies, and integration of agencies were introduced as measures to eliminate unnecessary competition for jurisdiction.

The thirteenth paper written titled **Making Strategic Plan Works In Local Government: Challenge And Problems, A Case Study of Strategic Plan Implementation in Yogyakarta Special Province** by Achmad Nurmandi and Eko Priyo Purnomo of Universitas Muhammadiyah Yogyakarta. The term of strategic plan is a new type of plan in Indonesian government that introduced since 1999 based on Law No. 22/1999. As a new approach, government organization has tried to set priorities and allocated scarce resources according to the formulated vision and mission. Meanwhile, these strategic efforts have not been successful achieved yet, including in Yogyakarta Province. This essay examines the implementation of strategic plan in Yogyakarta Special Province. The Yogyakarta has vision and missions that are looked at this paper as basis of analysis. Measuring on how they can reach their goals and missions is an appropriate way to analyze the how the strategic plan works. Using qualitative data and choosing a case study method, this research also have conducted in-depth interviews with bureaucrats in Yogyakarta. First of all, the Yogyakarta province tried to providing the strategic plan to be followed by government officer in their activities according to strategic design and planning school approaches. Secondly, most of local government's agencies are less understand on their vision and missions. Thirdly, Zero-sum game effect, reaching the goals and mission are difficult because most of their budget is spending their salary. Fourthly, The strategic plan has been implemented but it has not executed the strategic zone whose it support for dealing with mission from number two to six .

The fourteenth paper written titled **Improving Indonesia Civil Servants REVITALISASI PELAYANAN PUBLIK MELALUI ANALISIS JABATAN 'Performance Through Job Analysis** by Dyah Mutiarin "Dr. Dyah Mutiarin- Department of Government Affairs and Administration Universitas Muhammadiyah Yogyakarta. The red tape phenomenon in Indonesia civil servants performance Khusus berkaitan dengan birokrat pemerintah, banyaknya persoalan yang timbul dalam pemerintahan selama ini pada

dasarnya menunjukkan rendahnya kemampuan dan kurangnya sikap dari aparaturnya untuk mencoba peduli dan membantu masyarakat serta pengguna jasa pemerintahan lainnya dalam memenuhi kebutuhannya. This shows the lack of ability and lack of capacity to carry government tasks. This phenomenon needs improvement. Improving the quality of the state apparatus resources is directed to realize the professional human resources, neutral, and prosperous for civil servants as well as citizen at large. Hal itu merupakan faktor penting dalam menunjang peningkatan kapasitas dan akuntabilitas kinerja instansi pemerintah. This is an important factor in supporting capacity and accountability of civil servants as well as state apparatus. Analisis jabatan diperlukan dalam pengembangan pegawai yang pada hakekatnya adalah suatu upaya pemenuhan kebutuhan tenaga kerja secara kualitatif sesuai dengan persyaratan pekerjaan yang ditentukan dengan mempertimbangkan kepentingan-kepentingan individu pegawai untuk dapat mengembangkan potensinya seoptimal mungkin mencapai karier setinggi-tingginya di dalam organisasi. Therefore, in order to achieve the quality of human resource in civil servants, the government need to continue to improve the application of merit system in the administration of personnel management by implementing job analysis. The future of structure bureaucratic organizations as public organization tend to be slender but rich in function. The concept of 'the right man in the right place in the right time' needs to be applied correctly in order in filling the vacancy actually forward the principle of professionalism through the process of job analysis.

The fifteenth paper titled **Career Path Development for Indonesian Public Servant** by Utami Dewi, S.IP, MPP and Dra. Atik Septi Winarsih, M.Si of Government Affairs and Administration Department, Universitas Muhammadiyah Yogyakarta. Decentralization demands more competent and professional public servants, so that they can perform jobs well particularly in delivering services to society and in maximizing local resources. However, several problems surrounding civil service management have hampered this decentralization goal. These obstacles come from government regulations, institutional relationship and human resources. There are some regulations on civil service affairs but many of them are incompatible. Ironically, moreover, the important regulation on public servant management-career path development- has not been formulated yet. This career path development is crucial since it guides the staff to plan their job position in the future. Moreover, it is beneficial for manager in the public sector to conduct staff placement and promotion. Therefore, the formulation and implementation of career path development is a must to find the best staff in the right job. In doing so, performance measurement that consists of performance appraisal, competency test and fit and proper test may be chosen as a model. This paper will reveal this career path development by firstly evaluating the practice of recruitment; promotion and mutation; salary; and performance appraisal system in recent Indonesian studies.

The sixteenth paper was written by Jin-Wook Choi, Associate Professor, Department of Public Administration, Korea University entitled **Anticorruption Agencies and Reform: The Case of the KPK in Indonesia**. This paper analyze the establishment of an anticorruption agency (ACA) due to reduce corruption in a county in this case is Indonesia. This paper examines the effectiveness of anticorruption law enforcement functions of the KPK, the Indonesia's ACA that was created in 2003 and identifies key challenges that lie ahead of the KPK. By adopting key performance indicators, this paper finds that the KPK has been successful in carrying out three-pronged anticorruption strategies—repression, prevention and public relations, which is congruent with strong public support to and trust in the KPK. However, the KPK faces several challenges posed by inherent structural limitations and external political forces that may threaten the efficacy of the Commission's anticorruption functions. While the public has to show continuous strong support to the KPK, the Commission must effectively perform legally mandated and socially expected anticorruption functions with high integrity and discipline in order to become a de facto ACA.

The seventeenth paper written by Bonifacius Bao entitled **Robust Ondoafi Powers in Central Urban Communities (Studies Authority Ondoafi in Jayapura Papua)**. This paper aims to find out Ondoafi in the capital to actualize its power, and care for it so the power of capital in the middle of an urban community. There are three power capital Ondoafi namely social capitals, symbolic and material. Assuming the persistence of capital even living in urban areas had to survive because they have the ability to manage symbols, manage social relationships and manage the economy. Allegations were proven because of the discussion about the workings of the three capital Ondoafi power, can be in the know that Ondoafi respond to change with the actualization of such capital through a revitalization strategy, adaptation and repositioning. Those capitals are not working alone but comes along. Ondoafi convert into equity capital one another so that there is a logical relationship with his rule. Capital-capital is reproduced and exchanged with each other. In practice the power to show how the three capital Ondoafi able to manage its power to make strategic changes. Ondoafi thus becomes very important and strategic for anyone who needs it.

The eighteenth paper was written by Arundina Pratiwi, entitled **Transformation of public organization Culture in Indonesian Democratic Era**. The main problem discussed on the paper provide an understanding about the transformation of public organization culture in Indonesian democratic era. Literatures research, both from books and media publications, on current development of transformative public services performed by several regional governments provides the primary conceptual foundation for investigating the effect of democratization process on the transformation of public organization culture in Indonesia. Additionally, this paper reveals the specific example on transformation of

organizational culture in the regional government of Jembrana in Bali which is currently often used as the best example for other regional governments across Indonesian archipelago. Jembrana case can be classified as a success of public organization culture transformation, with its main goal to overcome the bad image of Indonesian public institutions in serving public needs. The achievement of Jembrana can be used as an important example to motivate other regional governments to improve their commitment on providing good public services.

The nineteenth paper is **An Analysis of the Effect of Press Freedom on Corruption: Evidence through a Cross-Sectional Data Analysis** written by Songhee Yoo, mastercourse student, Korea university. This study attempts to find the relationship between the government corruption and the media based on Latham's democratic theory. First of all, the empirical results of this study show that the autonomy of the media reduces corruption. It can be seen as an element of direct democracy that makes up for the constraints of indirect democracy. In addition, the writer further investigated the impact of the economic level and social globalization on corruption through the empirical research. Therefore, when the anti-corruption policy is established, the administrator should carefully consider whether the policy runs the risk of suppressing the economic growth of a country. And globalization is an opportunity to establish anti-corruption agencies and institutions. Because increasing the level of trust with other countries brings down corruption in the field of related work. Finally, determinant element of reduced corruption is identified as femininity. However, the simple increase in the employment of women may not be the solution. If the organization wants to reduce corruption, they must increase the culture of femininity. Efforts should not stop at recruiting more female workers, but rather focus on the improvement of organizational culture.

The twentieth paper entitled **Organizational Communication licensing Office of Yogyakarta City to Achieve Service Performance** and written by Yeni Rosilawati lecturer of UMY, Communication Department majoring in Public Relations subjects, Krisna Mulawarman, lecturer of UMY, Communication Department, majoring in a broadcasting subjects, and Dian Kusumadewi alumni of Communication Department UMY, graduated in 2009. The paper focus on Licensing Agency it is an organization in the field of services still relatively new, however Licensing Office of Yogyakarta city has a strong commitment in carrying out its functions. Awards obtained Jogjakarta City Government Licensing Service Award include Investment Award from BKPM as City Best One Stop Service Providers in 2007 later in the year 2008 Licensing Office Title again awarded the Excellent Service Award 2008 as the image of one government agency that has the quality of public services best. This study sought to describe the steps the Licensing Office of organizational communication Jogjakarta City Government to improve service performance.

The twenty first paper entitled **Potential Users and Critical Success Factors of e-Government Services: the Case of Indonesia** written by Ali Rokhman, Post Graduate Program in Administration Science, Jenderal Soedirman University. This paper elaborated more on Implementation of e-government in Indonesia began in 2003. However, until then the public services that provided through e-government are still very limited in quantity as well as quality. Based on the research the internet users are they who have the characteristics in majority consist of: female, have age in twenty one to thirty years old, have bachelor education degree, and they have been using the Internet for a period of seven to nine years. Considering this phenomenon therefore from the government's perspective, the most critical factors for successful implementation of e-government are the e-leadership and the opportunity to develop employees' capacity in the technical training on e-government.

The twenty second paper entitled **Bureaucracy Culture and Leadership in Indonesian E-Administration Implementation: Based on Perspective of Knowing and Learning Organization** written by Ayuning Budiati and Rudiant Komara the paper focus on Indonesian E-administration implementation involves bureaucratic culture and leadership issues. Those issues appear due to the change that occurs if e-administration is implemented nationally. Implementing e-administration can be risky, expensive and difficult because public employees are not being motivated to improve and provide policy about ICT. This situation causes a lack of policy including operational guides at every level of government to improve ICT. Improvement of ICT literacy and skill is needed in Indonesia's e-administration implementation. The paper will analyze those factors regarding the organization's paradigms: organization as learning and knowing organization.

The twenty third first paper written by Gyuseong Park, Korea University entitled **Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes**. The paper aims to show the reason why the Korean Internet regulatory policy to ensure safety has its own uniqueness which cannot be observed in other countries; using external plug-in program instead of built-in and highly dependent upon specific platform. According to the study following the institutional approach of regulatory policies, these "Korean-style" regulations were created to solve technological constraints in the early beginning stage of development of Internet transactions, but these regulatory policies results in many "unexpected outcomes," such as strengthening monopoly in Operating system and Web browser market, customers' inconvenience, and paradoxical outcome which regulations intended to enhance security eventually weaken the safety. These regulations have been challenged, and recently announced its abolishment by Korean government due to its negative consequences. Based upon this case, the paper argues that the technological factor, inertia of institution, and various actors and their interests around regulatory policies are important to understand these

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regulatory policies, and it contends that IT regulatory policies should be technologically neutral because these policies cannot catch up the rapid evolution of these industries.

The twenty fourth paper entitled **Decentralization, accountability and local government performance in Indonesia** written by Sujarwoto, PhD Student at Institute for Social Change University of Manchester UK and Yumarni, Lecturer on the Department of Public Administration, Jenderal Soedirman University Purwokerto Central Java Indonesia. This article contributes to an understanding the linkage between local government accountability, corruption, and citizens' participation. Departing from critiques on fiscal federalism theory, we propose hypothesized pathway through which decentralization can lead better local public service performance. The basic hypotheses underlying this research is that decentralization will result in better local public service performance only if mechanisms for strengthen political accountability are established within local governments. Without strong political accountability, decentralization only creates powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources. The writer tested these hypotheses against evidence from 155 newly empowered local governments in Indonesia. Governance Decentralization Survey Data (GDS) is used to examine the linkage between decentralization, accountability and local government performance in the country. The results of simple and multilevel regression model broadly support the hypotheses. Less corruption, higher local government accountability and citizen's political participation are all associated with better local government performance. In contrast, poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. These effects remain statistically robust across all regression specifications.

The twenty fifth paper written by Septiana Dwiputrianti, Senior Lecturer and Head of Postgraduate Program School of Public Administration, the National Agency for State Administration (STIA LABandung, West Java, Indonesia entitled **How Effective is the Indonesian External Public Sector Auditing Reports Before and After the Audit Reform for Enhancing the Performance of Public Administration?**. The research aims to enrich the existing administration, accountability, and auditing of public sector literature. Two main research questions; firstly, how is the quality of information in the audit reports of the BPK; secondly, what are the key factors influencing the effectiveness and ineffectiveness of information in the audit reports.

The study revealed that the executive's history had historically neglected the roles and functions of BPK. Auditors lacked independence as the executive influenced the administration and finances of BPK. Auditors also had lack of opportunity to increase their professionalism. Since there was little incentive

for auditors not to accept audit fees from auditees, the objectivity and integrity of auditors was reduced significantly. Since the third amendment of 1945 Constitution in 2001, the Indonesian government had reformed laws and regulations related to public sector auditing for strengthening BPK. In situation where the Indonesian public administration needs immediate reform, BPK keeps trying to improve its professionalism and independence to provide qualified audit reports. BPK has been given much attention to education, training, and the development of other skills and knowledge; implemented remuneration; applied a rewards and sanctions. This study revealed a significant improvement in the amount and quality of in audit resources, including numbers of qualified auditors, representative offices, information and technology, and modern equipment. However, many new auditors lack of experience and lack of diverse educational backgrounds in addition to accounting and finance for conducting performance auditing. To enhance the quality of public administration and accountability, this study gives recommendations for BPK in (1) strengthening its independence, (2) expanding auditor's professionalism and competency in risk management (3) improving the facilities of the training centers, (4) increasing follow up of audit reports, (5) evaluating laws and regulations, (6) enforcing the implementation of performance auditing.

The twenty sixth paper Titled **The Strategy For Improving Public Services Delivery In Indonesia** by **Dr. Suranto**, Department of Government Science, Muhammadiyah University of Yogyakarta and **Awang Anwaruddin** of Center of Research and Development for Information System and Administration Automation, National Institute of Public Administration of the Republic of Indonesia. The crisis of public services in Indonesia has spread out to almost all sectors for decades. The poor level of public services performance suffered by customers is mainly indicated by sluggish service processes and excessive service cost. Various public policies have been undertaken to improve public services performance; however, no significant improvement is perceptible.

This paper attempts to find a strategic solution to improve the public services in Indonesia. Through a depth analysis, a positive answer is recommended: The Indonesian Government should carry out a comprehensive approach of bureaucratic reform, including the bureaucratic institution, management, human resources, and service culture. Since the reform is complicated and massive, however, it should be carried out incrementally, through preliminary, implementation, and evaluation stages.

The twenty seventh paper titled **Analysis Of Democratic Public Service Network Case Study in Urban Transportation Service in Makassar City**, South Sulawesi Province, Indonesia by: **Dr. Alwi, M.Si**. In general, public services organized by government bureaucracy are still serious problem, including urban transportation services/public transportation in Makassar City. In this case, urban transportation services in Makassar City have not

been able to provide service as expected by citizen. As principle of democracy, citizens are "masters" who must be delivered service satisfactorily by state officials. Therefore, government bureaucracy, in fact, must understand the needs of citizens and this is what writers call democratic public service. Theoretically, to solve complex problems such as problems of urban transportation services necessary inter-organizational networks, because many institutions and associated with it. Merging the two concepts into the concept of democratic public service (urban transportation) network is a new concept in the science of public administration. Inter-organizational network aims to use resource efficiently and effectively, as well as a democratic public service aims at making citizens as the focus of public service through their involvement in the process of solving public problems. This study aims to describe the implementation of democratic public services (urban transportation) network in Makassar City. This study used qualitative methods and case study research strategy to uncover the deeply democratic public services network. Data collection techniques used was observation, in-depth interviews, and documents. Processing technique and data analysis is the analysis of qualitative descriptive case study. The result of research pointed out that the implementation of democratic public service (urban transportation) network in Makassar City has not been effective.

The twenty eighth paper titled **Balance Theory** by Dr. Inu Kencana Syafii. When people ask why today Islam is blasphemed throughout the world — forbidden wearing headscarves in France, in the United States its presence is examined and in Australia its organizations were disbanded — with various accusations we did not expect, this was because Islam is one of the world paradigms worried shifting all previous paradigms. After weakened communism socialism and capitalistic liberalism is the only wide world paradigm, they concerned about the return of the — according to them — tyrant rule, then it is anticipated with slander and propaganda. However, inevitably, humankind will understand goodness, truth, and the beauty, also in ethics, logic and aesthetics. So where are the ideologies sitting in case Koran assembled all the disciplines of science, moral ethics, and nuances of art? How about Al Fatihah which became Prolegomena and *preamble*, in addition to reading of the prayer becoming the rhythm of worship? It should be impregnated that Al-Fatihah is the core essence of transcendental thinking in three world grand narrative

Yogyakarta, January 21th, 2011

Editors:

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DEMOCRACY AND GROWTH REVISITED: AN EMPIRICAL STUDY USING fsQCA

Dong-Hyun Choi*

ABSTRACT

The relationship between political freedom and economic growth has been a much scrutinized topic over the past few decades. Amongst the plethora of studies, one article stands out: In his seminal article *Democracy and Growth*, Barro found that once the impact of other exogenous factors are controlled for, the effect of democracy on growth is weakly negative. He further raised the possibility of a nonlinear relationship between democracy and growth. Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is hardly free from the flaws that may potentially undermine the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses the potential flaws evident in Barro (1996), and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach, and analyzes the relationship between democracy and economic growth using fsQCA. The analysis generally concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. For full democracies and authoritarian regimes, causal combinations indicate that democracy has a positive impact on economic growth. For flawed democracies and hybrid regimes with intermediate levels of democracy, the dynamic between democracy and economic growth is revealed to be negative.

I. Introduction

The relationship between political freedom and economic growth has

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been a much scrutinized topic over the past few decades. In spite of the abundance of literature, there is hardly a consensus on how democracy affects economic development and growth. Some studies, such as those conducted by Marsh (1979), Weede (1983), Kohli (1986) have found that discounting some contextual differences, authoritarian regimes, or regimes that oppress political freedom, experienced faster growth. After the 1980s, researchers such as Pourgerami (1988), Scully (1992), Remmer (1990), and Barro (1989) all found that democratic nations grew faster. Przeworski and Limongi (1993) attributes this lack of consensus to the complexity required in the research design process, and even go so far as to say that inferences based on standard regression models are invalid because they fall short of capturing the full complexity of the matter in their statistical models.

This somewhat ominous observation by Przeworski and Limongi aside, Barro (1996)'s work titled "Democracy and Growth" has become one of the most widely cited works on democracy and economic growth. Barro, through a cross-national study of around 100 countries, finds that rule of law, free markets, small government consumption, and high human capital have favorable effects on economic growth. Once these variables are controlled for, Barro suggests that the effect of democracy on growth is weakly negative. He further suggests that "there may be a possibility that the relationship between democracy and growth may be nonlinear, in which higher levels of democracy enhances growth at low levels of political freedom, but depresses growth when a moderate level of freedom has already been attained (Barro, 1996)."

Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is not free from the flaws that may compromise the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses some of the issues in Barro (1996) that are worth revisiting, and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach that may potentially be able to bridge the void left by variable-oriented and case-oriented research, and demonstrates the relationship between democracy and economic growth using fsQCA.

The analysis using fsQCA concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. However, the context-specific conclusions of the analysis are different. Within the group of countries classified as full democracies, the causal combinations derived seemed to uniformly suggest that countries with higher levels of democracy were associated with higher rates of economic growth. For countries with intermediate levels of democracy (flawed democracies and hybrid regimes),

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causal combinations indicating that levels of democracy are negatively associated with growth outnumbered those indicating a positive association, thereby implying that countries with lower levels of democracy performed better economically. Finally, for authoritarian regimes, the number of causal combinations demonstrating a positive impact of democracy on economic growth outnumbered those indicating a negative impact, again suggesting that higher levels of democracy within this group were associated with faster economic growth.

II. Critique of Barro (1996) and Existing Literature

2.1. Some definition and measurement issues associated with democracy

Any cross-national study on democracy and economic growth is prone to issues regarding the measurement of political democracy. Indeed, problems of measurement can drastically affect empirical results (Bollen, 1980). The act of adopting indicators of democracy in the form of an index as a dependent variable requires that the index be valid and reliable.

While there is no consensus on how to measure democracy, a clear and concise definition of political democracy is a prerequisite for establishing a standard by which any indicator of democracy is evaluated (Bollen, 1980). The problem lies in the fact the debate on defining democracy is ongoing, and therefore, under contestation. Some researchers have viewed democracy as a binary state, and any nation is either democratic or not. Studies by Lipset (1960), Hewitt (1977) adopt this binary classification. However, this dichotomous classification is being replaced by a growing number of measures that regard democracy as a more continuous concept that allows the possibility of varying degrees of democracy (Economist Intelligence Unit, 2008).

Another ongoing debate on defining democracy is related to whether the definition of democracy should be "thick" or "thin". Most thin or minimalist definitions of democracy used in academia encompass the polyarchy criteria suggested by Dahl (1970) which include universal suffrage, universal eligibility for public office, right to compete for votes, free and fair elections, right to join political parties and organizations, freedom of expression on political issues, diversity of information on politics protected by statute et cetera. Thin concepts are widely used in large-N quantitative analysis because they are best suited for testing generalizations, especially generalizations about complex causal relationships (Coppedge, 2005).

Barro's (1996) choice of the democracy index devised by Gastil et al. (otherwise known as the Freedom House democracy index) is as an independent variable reflecting this trend in large-N quantitative analysis

towards using democracy measures with "thinly-defined" concepts of democracy. However, it is the contention of this paper that Freedom House's definition of democracy is not thick enough. Economist Intelligence Unit (2008) argues that measures of democracy that merely reflect the state of political freedoms and civil liberties do not sufficiently include some features that determine how substantive democracy is or its quality. Based on this logic, Freedom House's neglect of other substantive aspects of democracy calls the use of its democracy index for quantitative analysis into question.

For this very reason, this paper has selected the Economist Intelligence Unit (EIU)'s democracy index as a substitute for Freedom House's index used in Barro (1996). The EIU's democracy index is "thicker" than the Freedom House index in that it includes factors such as the functioning of government, political participation and political culture in its measurement criteria, moving towards a more contemporarily accepted definition of democracy. It nonetheless remains thin enough to exclude factors such as economic and social welfare, which are not factors included in the dominant tradition in defining political democracy (Economist Intelligence Unit, 2008).

2.2 Use of averages in the model

Barro (1996) extensively uses averages for his regression model. While using averages is standard practice in a lot of statistical regression models, doing so here especially for the purpose of his key independent variable, the democracy index, may pose serious problems.

Averaging data is permissible, and may even be advisable for data privy to periodic aberrant spikes and fluctuations that are misleading in understanding the trend or "directionality". It is therefore understandable that Barro (1996) uses average figures for variables such as ratio of government consumption, ratio of public educational spending to GDP, and the ratio of gross investment. However, can the same logic be applied to the democracy index? Suppose that a nation under authoritarian rule in 1980 experienced sudden and total authoritarian withdrawal in 1981, and has remained at this altered state for an additional 3 years. Will an averaged democracy index successfully capture the nation's extent of political freedom and democracy correctly? The natural answer would be negative. It is therefore the argument of this paper that an average sum for the democracy index may potentially be detrimental in successfully analyzing the relationship between democracy and economic growth.

2.3 The Nonlinearity Hypothesis

Barro (1996) observes that when all other causal variables are held constant, the overall effect of democracy on growth is weakly negative,

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thereafter proceeded to suggest that there is a possibility that the relationship between democracy and economic growth may be nonlinear, wherein democracy enhances growth at intermediate levels of political freedom but depresses growth at low and high levels of political freedom (i.e. the two extremes). This inverted U-shaped relationship—dubbed “the Barro Effect”—has become somewhat of a stylized fact readily accepted and used by subsequent researchers but seldom retested for verification.

FsQCA is uniquely positioned to test this nonlinearity hypothesis: the method itself is relatively free from the constraints of large-N quantitative studies that require a large number of observations to avoid the degrees of freedom problem. It is possible, in this setting, to subcategorize the level of democracy into four levels, and then assess the relationship between democracy and growth within these subcategories, without compromising the robustness of the findings.

III. Reconstructing the Analytical Model

3.1 Theoretical Background

The theoretical background of this paper remains unchanged. The fundamental framework for analysis is an extension of the neoclassical growth model to include governmental functions and other elements (Barro, 1996). The neoclassical growth model, originally framed by Solow (1956) and further developed by Swan (1965) and Koopmans (1965), stipulates that the long-run or steady-state level of per capita output is impacted by “an array of choice and environmental variables” (Barro, 1996). A detailed theoretical discussion of this model is omitted, since it has already been extensively dealt with in Barro (1996).

3.2 Methodology: Fuzzy-set Qualitative Comparative Analysis

The method applied in this paper, fuzzy-set qualitative comparative analysis (hereinafter fsQCA), is an attempt to bridge the void left by the two prevalent research methods in social science: case-oriented methods and variable-oriented methods. The method is a more evolved version of qualitative comparative analysis, which was methodology based on Boolean algebra (Choi, 2009).

Most important in this methodology is the process of calibration, which is a procedure, aimed to designate the degree to which a certain subject is a subset of another. The term “fuzzy” is used because set membership is expressed in any number between 0 and 1, rather than as a dichotomous term which forcefully designates a subject as a “full subset” or “non subset” of another. By designating a fuzzy value, the researcher can overcome the

loss of information in Boolean designations (Ragin, 2008). One important fact to take note of is the importance of the researcher's substantive and theoretical knowledge in establishing the standards and criteria for calibration (Ragin, 2008; Choi, 2009).

FsQCA uses the calibrated fuzzy sets to evaluate and determine the relationships between causal conditions, or a combination of causal conditions to outcomes (Ragin, 2008). By constructing a truth table from the fuzzy-set numbers, the researcher is able to "assess the sufficiency of all logically possible combinations of presence/absence conditions (the 2^k causal configurations) that can be constructed from a given set of k causal conditions (Ragin, 2008)". The important term here is *combinations*: the strength of the fsQCA method lies in that it allows researchers to look at combinations of factors impacting an outcome rather than individual factors independently. More often than not, social phenomena arise out of a combination of factors, which are interconnected and interdependent with each other. This character is often overlooked in variable-oriented statistical studies which, in its long tradition have emphasized the impact of individual factors independent of each other on the outcome variable.

3.3. Dependent Variable

Almost without exception, the dependent variable used for empirical studies on democracy and growth is the GDP growth rate. The GDP growth rate figures used in this study have been retrieved from the World Bank's database, and measures the growth rate of GDP in 2007. The choice of 2007 is to eliminate the influence of the global recession rising financial instability. The financial crisis of 2008 has compelled a large number of nations to deviate away significantly from the trends experienced prior to the event.

3.4 Explanatory Variables

Most studies analyzing the effect of social-political-economic factors on economic growth include a diverse number of variables in the model. This is to understand the gamut of factors affecting economic growth. For the purpose of this study, however, some variables are eliminated for the sake of parsimony. Those variables that can be unified into a single variable were done so. Those variables suited less to our interests were also eliminated. The explanatory variables included in the analysis follow.

3.4.1. Initial level of per capita output (income)

The neoclassical growth model predicts that for given values of choice and environmental variables, a higher starting value of per capita output leads to a lower per capita growth rate, largely due to the presence of

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diminishing returns to capital (Solow, 1956; Barro, 1996). This theoretical observation has been backed up by a large number of empirical studies that have unequivocally found that the level of per capita GDP (as a measure of per capita output) is significantly and negatively related to the rate of economic growth. (Barro, 1991; Mankiw, Romer and Weil, 1992; Minier, 1998; Tavares and Wacziarg, 2001). In this study, the variable chosen for the purpose of analysis is the GNI per capita (calculated using the atlas method) for the year 2007, compiled by the World Bank. The substitution of GNI per capita over GDP per capita for this analysis is to overcome the problems associated with the GDP criteria, which does not account for capital/labor flows in and out of countries.

3.4.2. Human Capital

Many theoretical discussions on economic growth have also addressed the importance of human capital in the process of economic development (Lucas, 1988; Becker et al., 1990; Rebelo, 1991), whereby human capital, often proxied by the level of educational attainment in a country, flows through a number of channels to enhance economic growth. As is the case with initial level of per capita output, there is an equally deep collection of empirical studies that have found a positive and statistically significant relationship between human capital and economic growth. For this study, the data used as a proxy for human capital will be the rate of secondary school enrollment in 2006.

3.4.3. Government Consumption

There seems to be lack of coherent theory establishing a mechanism through which government consumption or expenditure affects economic growth. Intuitively, an expansion of government consumption may deter private consumption or capital investment. Lower levels of capital investment have been found, both theoretically and empirically, to have a negative impact on economic growth (Solow, 1956; Barro, 1991). This would suggest that higher levels of government consumption may have negative consequences on growth.

Some studies have underlined that government consumption in the realm of education or health care are *de-facto* public investments, and that government consumption should only reflect "nonproductive" government spending (Barro, 1991, 1996). This argument, however, is not free from criticism. While defining government consumption in a narrower manner may clarify its relationship with economic growth, education and health care are two crucial aspects of government expenditures, constituting a significant portion of the total block of government consumption. Thinner

definitions for the sake of parsimony may be acceptable, but not to the extent that it alters the core of the term. For this reason, this study deviates slightly away from Barro (1996), and adopts government consumption as a proportion of gross domestic product in 2006.

3.4.4. Investment

Theoretical predictions on how investment impacts growth are clear and straightforward. The neoclassical growth model demonstrates that higher saving rates raise the steady-state capital stock (Mankiw, 2002). Since the saving rate is equal to the rate of investment in a closed economy, a higher level of investment would increase the rate of economic growth.

The empirical evidence is heavily in favor of this theoretical hypothesis. Both gross investment (Anderson 1990) and other narrower subsets of investments such as foreign direct investment (Borensztein et al., 1998) are all found to be positively correlated with economic growth. This study uses the total rate of investment as a proportion of GDP for 2006 as a variable in the analysis.

3.4.5. Rule of Law

There are only a limited number of studies assessing whether the rule-of-law has any impact on economic growth. The reasoning that connects the rule-of-law to growth is that the rule-of-law is representative of the level of protection afforded to property rights, which is integral to a well-functioning economy. Systems in which rights are uniformly preserved pursuant to legal statutes will naturally have a higher level of protection on property rights. Barro (1996, 1998) finds through empirical studies that the rule of law is positively and significantly related to economic growth. For this study, a rule-of-law index will be included in the model, but the index will be from a different source. Whereas Barro (1996) used the international country risk guide rule-of-law index, this study will use the index published by Freedom House, mainly due to difficulties attaining data from the original source.

3.4.6 Democracy

Democracy is the key explanatory variable and variable of interest in this study. Previous theoretical studies highlight both the possibility of favorable and unfavorable effects of democracy on growth. Some theories predict a positive relationship between the two phenomena in the context of checks and balances, in which harnessing governmental power would be beneficial to economic development (Minier, 1998). Olson (1993) observed that "the same court system, independent judiciary, and respect for law

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and individual rights that are needed for a lasting democracy are also require for security of property and contract rights." A direct opposite view also bears merit. The amount of centralized power vested in authoritarian regimes may provide more drive to "orchestrate" economic growth than do democracies, particularly in developing countries (Minier, 1998).

Empirical studies have tried to investigate the relationship between democracy and economic growth, the most prominent of these articles being Barro (1996). As stated earlier, Barro (1996) found that there exist a slightly negative, albeit statistically insignificant, relationship between democracy and economic growth.

For this study, the Economist Intelligence Unit (2008)'s index of democracy will be used, for reasons stated in the earlier parts of this paper. The definition of democracy embedded in the index chosen is closer to and reflective of the definition adopted by the dominant trend in the field.

3.5. The Model

Combining the dependent variable and independent variables, the model can be depicted as the following.

$$\text{Economic Growth (GROWTH)} = \text{Initial level of per capita output (GNIPC)} \\ + \text{Human capital (HC)} + \text{Government consumption (GOVTCON)} + \text{Investment (INVEST)} + \text{Rule of law (LAW)} + \text{Democracy (DEM)}$$

The target of analysis is a total of 110 countries. These countries have been divided into four subcategories based on the level of democratization: full democracy (27 countries), flawed democracy (36 countries), hybrid regime (20 countries), and authoritarian (27 countries). The categories are based on criteria of the Economist Intelligence Unit's democracy index, which designates index scores of 8-10 as full democracies, 6-7.9 flawed democracies, 4-5.9 as hybrid regimes, and scores below 4 as authoritarian. The reasons for conducting the analysis against four categories are simple and have already been stressed: 1) to overcome the overgeneralization issues often found in quantitative studies of democracy and growth, and 2) to verify the observation Barro (1996) made on the possibility of a nonlinear relationship between democracy and growth, in which democracy affects growth to a different extent under differing levels of political freedom.

IV. The Results

4.1. Results from fsQCA

The first stage of the analysis involves converting the raw data set into

calibrated fuzzy scores. Fuzzy-set scores were calibrated based on the maximum, median, and minimum figures in the categories. When the maximum or minimum figures constituted aberrant spikes within the category, the next, previous figures were used respectively.

The calibrated fuzzy set scores are then analyzed using the fsQCA software provided by Ragin and available at <http://www.u.arizona.edu/~cragin/fsQCA/>.

TABLE 1. Fuzzy scores for Regime Type 1: Full Democracies

Country	GROWTH	GNIPC	HC	GOVCON	INVEST	LAW	DEM
Sweden	0.23	0.63	0.5	0.95	0.07	0.93	0.95
Iceland	0.81	0.79	0.61	0.91	0.95	0.46	0.93
Netherlands	0.53	0.61	0.73	0.93	0.16	0.9	0.92
Slovenia	0.91	0.16	0.22	0.52	0.82	0.46	0.9
Norway	0.41	0.94	0.66	0.55	0.46	0.95	0.89
Denmark	0.05	0.73	0.75	0.95	0.51	0.45	0.88
Finland	0.65	0.56	0.64	0.78	0.27	0.16	0.77
Luxembourg	0.78	0.95	0.2	0.21	0.18	0.06	0.69
Australia	0.5	0.4	0.95	0.43	0.75	0.92	0.68
Canada	0.26	0.5	0.45	0.56	0.54	0.92	0.67
Switzerland	0.5	0.8	0.21	0.05	0.5	0.94	0.64
Ireland	0.86	0.64	0.64	0.21	0.78	0.13	0.63
New Zealand	0.41	0.24	0.74	0.5	0.57	0.93	0.63
Germany	0.2	0.47	0.5	0.47	0.05	0.16	0.5
Austria	0.41	0.52	0.39	0.48	0.52	0.93	0.39
Spain	0.57	0.28	0.73	0.45	0.88	0.57	0.16
USA	0.09	0.61	0.18	0.25	0.16	0.85	0.11
Czech Rep	0.87	0.1	0.22	0.74	0.74	0.49	0.09
Portugal	0.08	0.14	0.29	0.69	0.49	0.5	0.09
Belgium	0.29	0.51	0.61	0.82	0.48	0.78	0.09
Japan	0.17	0.44	0.43	0.43	0.59	0.16	0.09
Greece	0.61	0.22	0.51	0.26	0.4	0.26	0.08
UK	0.37	0.57	0.3	0.76	0.05	0.9	0.07
France	0.15	0.47	0.67	0.87	0.33	0.95	0.07
Costa Rica	0.95	0.05	0.05	0.11	0.72	0.05	0.06
Mauritius	0.81	0.05	0.07	0.15	0.73	0.19	0.06
Uruguay	0.95	0.05	0.43	0.05	0.22	0.36	0.05

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In conducting the analysis, a few steps were taken to ensure the validity of the study. Explanatory variables for which previous theoretical and empirical studies drew a clear and obvious relationship were included in the fuzzy-set algorithm as such.

TABLE 2. Fuzzy scores for Regime Type 2: Flawed Democracies

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
S. Africa	0.34	0.5	0.78	0.8	0.26	0.68	0.95
Chile	0.28	0.6	0.66	0.24	0.25	0.07	0.95
Korea	0.34	0.92	0.85	0.55	0.69	0.2	0.95
Estonia	0.63	0.77	0.89	0.65	0.89	0.17	0.93
Italy	0.06	0.99	0.88	0.81	0.32	0.81	0.92
India	0.84	0.05	0.16	0.22	0.85	0.95	0.91
Botswana	0.09	0.51	0.41	0.78	0.7	0.77	0.9
Cyprus	0.25	0.95	0.83	0.75	0.26	0.6	0.9
Hungary	0.05	0.72	0.82	0.22	0.54	0.91	0.88
Lithuania	0.82	0.66	0.89	0.78	0.58	0.3	0.84
Slovak Rep	0.92	0.8	0.78	0.77	0.6	0.72	0.83
Latvia	0.89	0.67	0.87	0.66	0.9	0.16	0.82
Panama	0.95	0.48	0.29	0.38	0.19	0.56	0.81
Israel	0.35	0.93	0.7	0.94	0.16	0.92	0.78
Bulgaria	0.49	0.32	0.95	0.66	0.75	0.55	0.69
Romania	0.46	0.53	0.48	0.43	0.48	0.55	0.66
Croatia	0.39	0.73	0.72	0.75	0.64	0.05	0.65
Ukraine	0.72	0.12	0.74	0.75	0.53	0.25	0.59
Mexico	0.14	0.64	0.48	0.23	0.56	0.79	0.37
Argentina	0.8	0.52	0.47	0.38	0.45	0.4	0.34
Serbia	0.67	0.35	0.57	0.68	0.34	0.37	0.33
Mongolia	0.91	0.06	0.63	0.3	0.83	0.52	0.32
Namibia	0.39	0.28	0.23	0.79	0.37	0.66	0.27
Moldova	0.13	0.05	0.47	0.74	0.77	0.41	0.24
Lesotho	0.34	0.05	0.07	0.95	0.51	0.31	0.23
Philippines	0.58	0.66	0.42	0.19	0.05	0.45	0.23
Indonesia	0.51	0.07	0.27	0.13	0.55	0.67	0.19
El Salvador	0.28	0.17	0.24	0.18	0.08	0.57	0.1
Paraguay	0.58	0.08	0.25	0.28	0.2	0.17	0.08

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
Guyana	0.38	0.06	0.92	0.92	0.95	0.08	0.08
Domin. Rep	0.78	0.27	0.25	0.08	0.15	0.33	0.08
Bangladesh	0.52	0.04	0.1	0.05	0.52	0.25	0.07
Peru	0.82	0.19	0.76	0.18	0.22	0.27	0.07
Guatemala	0.51	0.12	0.15	0.12	0.27	0.79	0.06
Hong Kong	0.52	0.98	0.43	0.12	0.33	0.2	0.05
Mali	0.11	0.04	0.05	0.2	0.41	0.76	0.05

For example, when drawing the solution, the variable GNI per capita (GNIPC) is specified as "absent" in the model, since the accumulated theoretical and empirical studies have almost unequivocally found that the initial level of per capita output is negatively correlated with economic growth

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
Lebanon	0.46	0.9	0.92	0.64	0.47	0.8	0.95
Madagascar	0.29	0.15	0.11	0.07	0.62	0.51	0.95
Turkey	0.15	0.95	0.91	0.52	0.38	0.67	0.92
Nicaragua	0.1	0.54	0.78	0.49	0.81	0.26	0.91
Ecuador	0.05	0.73	0.8	0.42	0.52	0.47	0.9
Venezuela	0.58	0.94	0.89	0.47	0.62	0.05	0.75
Senegal	0.16	0.52	0.11	0.31	0.77	0.55	0.71
Ghana	0.23	0.43	0.49	0.73	0.85	0.95	0.69
Mozambique	0.44	0.15	0.05	0.39	0.08	0.34	0.62
Liberia	0.69	0.06	0.15	0.46	0.2	0.58	0.55
Uganda	0.6	0.17	0.08	0.59	0.3	0.48	0.47
Kenya	0.4	0.5	0.51	0.73	0.09	0.21	0.43
Russia	0.54	0.94	0.93	0.71	0.31	0.18	0.39
Malawi	0.6	0.1	0.15	0.48	0.44	0.53	0.36
Georgia	0.91	0.64	0.93	0.65	0.86	0.58	0.32
Cambodia	0.77	0.39	0.27	0.05	0.24	0.09	0.25

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TABLE 3. Fuzzy scores for Regime Type 3: Hybrid Regimes

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
Ethiopia	0.84	0.08	0.15	0.5	0.56	0.87	0.22
Burundi	0.08	0.05	0.05	0.95	0.05	0.14	0.14
Armenia	0.95	0.69	0.95	0.34	0.95	0.45	0.06
Kyrgyz Rep	0.59	0.47	0.94	0.75	0.54	0.84	0.05

For human capital (HC), investment (INVEST), and the rule of law (LAW), the reverse applies: these variables were specified as “present.” The remaining two variables—government consumption and democracy—were left unspecified. Government consumption was left unspecified because the accumulated research remains inconclusive on its direction of impact on economic growth. Democracy was left unspecified because it is this paper’s variable of interest, and the variable we look to assess for its impact on growth. The consistency cutoff for the outcome variable was set at 0.9 across all four regime types.

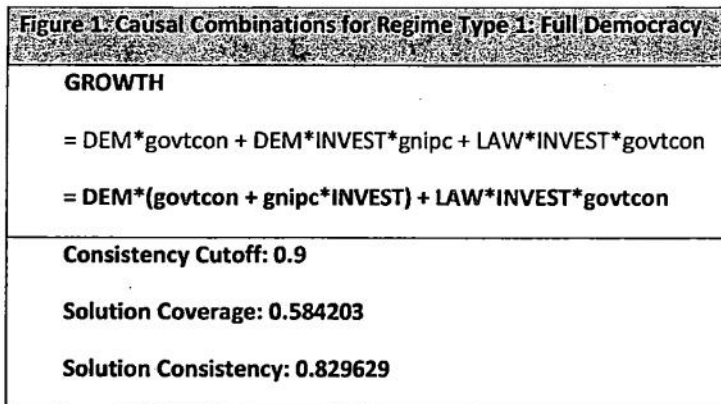
TABLE 4. Fuzzy scores for Regime Type 4: Authoritarian Regimes

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
Jordan	0.61	0.64	0.89	0.76	0.7	0.91	0.95
Pakistan	0.44	0.23	0.15	0.25	0.37	0.4	0.95
Morocco	0.15	0.58	0.52	0.65	0.66	0.67	0.95
Burkina Faso	0.22	0.09	0.05	0.75	0.17	0.56	0.93
Kazakhstan	0.61	0.77	0.93	0.21	0.77	0.79	0.91
Bahrain	0.58	1	0.94	0.5	0.5	0.82	0.89
Nepal	0.19	0.07	0.35	0.14	0.58	0.52	0.86
Belarus	0.6	0.73	0.94	0.67	0.73	0.14	0.84
Azerbaijan	0.95	0.62	0.9	0.25	0.67	0.39	0.83
Cameroon	0.21	0.33	0.1	0.18	0.13	0.26	0.81
Kuwait	0.29	1	0.91	0.48	0.11	0.84	0.74
Tunisia	0.51	0.65	0.9	0.52	0.47	0.77	0.72
China	0.75	0.59	0.78	0.5	0.93	0.9	0.68
Iran	0.57	0.68	0.83	0.5	0.74	0.5	0.66
Swaziland	0.21	0.6	0.47	0.54	0.07	0.52	0.66

TABLE 4. Fuzzy scores for Regime Type 4: Authoritarian Regimes

COUNTRY	GROWTH	GNIPC	HC	GOVTCON	INVEST	LAW	DEM
Sudan	0.66	0.26	0.17	0.59	0.52	0.09	0.64
Bhutan	0.78	0.52	0.44	0.73	0.95	0.82	0.48
Tajikistan	0.57	0.09	0.87	0.23	0.06	0.28	0.35
Djibouti	0.28	0.35	0.09	0.88	0.67	0.95	0.3
Syria	0.27	0.54	0.75	0.39	0.15	0.52	0.3
Eritrea	0.08	0.06	0.16	0.95	0.05	0.13	0.27
Laos	0.56	0.13	0.36	0.13	0.69	0.15	0.16
Guinea	0.1	0.07	0.2	0.12	0.14	0.24	0.13
Guinea-Bissau	0.15	0.05	0.22	0.6	0.49	0.07	0.12
Uzbekistan	0.63	0.17	0.95	0.63	0.47	0.09	0.08
Libya	0.48	0.95	0.93	0.24	0.3	0.29	0.08
Chad	0.05	0.1	0.05	0.05	0.07	0.05	0.05

The results are as follows. Variables notated in capital letters indicate presence, and those noted in lower case indicate absence (negated set).



For regime type 1, full democracies, there are three causal combinations that contribute towards higher economic growth. Countries with higher levels of democracy coupled with either 1) low levels of government consumption, or 2) low initial per capita output and high levels of investment, experienced higher levels of growth. Another causal pathway to economic growth was when countries had a higher level of rule of law,

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higher levels of investment, and lower levels of government consumption (see figure 1).

Figure 2. Causal Combinations for Regime Type 2: Flawed Democracy
<p>GROWTH</p> $= \text{dem} * \text{law} * \text{govtcon} + \text{dem} * \text{law} * \text{invest} * \text{hc} * \text{gnipc} + \text{dem} * \text{INVEST} * \text{govtcon} * \text{HC} * \text{gnipc} + \text{DEM} * \text{law} * \text{INVEST} * \text{GOVTCON} * \text{HC} * \text{gnipc}$ $= \text{dem} * (\text{law} * \text{govtcon} + \text{law} * \text{invest} * \text{hc} * \text{gnipc} + \text{INVEST} * \text{govtcon} * \text{HC} * \text{gnipc}) + \text{DEM} * \text{law} * \text{INVEST} * \text{GOVTCON} * \text{HC} * \text{gnipc}$
<p>Consistency Cutoff: 0.9</p> <p>Solution Coverage: 0.614350</p> <p>Solution Consistency: 0.878909</p>

For regime type 2, flawed democracies, there are 4 causal combinations that contribute towards higher economic growth. Countries with low levels of democracy coupled with 1) low levels of rule of law and government consumption, 2) low levels of rule of law, low levels of investment, low levels of human capital and low levels of initial per capita output and 3) high levels of investment, low levels of government consumption, high levels of human capital, and low levels of initial per capita output, experienced higher levels of growth. Countries with higher levels of democracy, low levels of rule of law, high levels of investment, high levels of government consumption, high levels of human capital, and low levels of initial per capita output also experienced higher levels of economic growth (see figure2).

Figure 3. Causal Combinations for Regime Type 3: Hybrid Regimes
<p>GROWTH</p> $= \text{govtcon} * \text{gnipc} * \text{dem} + \text{INVEST} * \text{HC} * \text{dem} + \text{GOVTCON} * \text{HC} * \text{dem}$ $= \text{dem} * (\text{govtcon} * \text{gnipc} + \text{INVEST} * \text{HC} + \text{GOVTCON} * \text{HC})$
<p>Consistency Cutoff: 0.9</p> <p>Solution Coverage: 0.745493</p> <p>Solution Consistency: 0.921363</p>

For regime type 3, hybrid regimes, three causal combinations led to higher levels of economic growth. Low levels of democracy coupled with 1) low levels of government consumption and low initial level of per capita output, 2) high levels of investment and human capital, and 3) high levels of government consumption and human capital, led to higher levels of economic growth. Noteworthy is the fact that low levels of democracy were present in all three of the causal recipes (see figure 3).

Figure 4. Causal Combinations for Regime Type 4: Authoritarian Regimes
<p>GROWTH</p> <p>= INVEST*GOVTCON*gnipc*DEM + INVEST*HC*GNIPC*DEM + LAW*INVEST*GOVTCON*GNIPC*dem</p> <p>= DEM*INVEST*(GOVTCON*gnipc+HC*GNIPC) + dem*LAW*INVEST*GOVTCON*GNIPC</p>
<p>Consistency Cutoff: 0.9</p>
<p>Solution Coverage: 0.686957</p>
<p>Solution Consistency: 0.900798</p>

For regime type 4, authoritarian regimes, three causal combinations led to higher levels of economic growth. High levels of democracy and investment coupled with 1) higher levels of government consumption and low levels of initial level of output or 2) higher levels of human capital and higher levels of initial levels of output, resulted in higher levels of growth. Countries with low levels of democracy coupled with high levels of rule of law, investment, government consumption, and initial per capita output also experienced higher levels of economic growth (see figure 4).

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4.2 Assessing the Results

TABLE 5: Compiled Overview of Results

	Full Democracies	Flawed Democracies	Hybrid Regimes	Authoritarian Regimes
Number of cases	27	36	20	27
Number of total causal recipes	3	4	3	3
Number of recipes in which democracy affected growth positively	2	1	0	2
Number of recipes in which democracy affected growth negatively	0	3	3	1

The results derived from this analysis allow us to render different interpretations. In terms of the directionality of causality, the following observations can be made: For the group of countries enjoying the highest level of democracy (full democracies), two out of the three viable causal recipes indicated a positive relationship between democracy and growth. None of the causal recipes explicitly indicated a negative correlation. For the group of countries with flawed democracies, the number of causal combinations in which democracy affected growth negatively outnumbered the number of causal combinations indicating otherwise three to one. For the group of countries classified as hybrid regimes, all three of the viable causal recipes indicated that democracy played a negative impact in economic growth. Finally, for authoritarian regimes, two out of the three causal recipes indicated that higher levels of democracy are associated with economic growth, with one recipe indicating a negative relationship.

In terms of the unequivocality of results, a different interpretation is required. For the groups of countries classified as full democracies and hybrid regimes, all of the causal recipes that include democracy as an influence on economic growth were unequivocal in terms of its impact: For full democracies, both of the causal recipes that included democracy indicated a positive association between democracy and economic growth. Similarly, all three of the causal recipes that include democracy for countries classified as hybrid regimes uniformly indicated a negative impact of democracy on economic growth. In the other two categories, the results are somewhat less unequivocal, with causal recipes indicating both positive

and negative relationships simultaneously present. Amongst the four viable causal recipes for flawed democracies, three of the recipes indicated a negative impact of democracy on growth, and one recipe indicated a positive influence. For authoritarian regimes, two out of the three possible causal combinations indicated that democracy had a positive influence on economic growth. The other causal combination pointed toward a negative influence.

Then what can be inferred from these interpretations? It can be cautiously stated that the analysis using fsQCA seems to deny the presence of a uniform relationship between democracy and economic growth. Barro (1996)'s observation of a nonlinear relationship between the level of political freedom and economic growth seems to be substantiated through the evidence presented here. However, there is a subtle difference between Barro's interpretations of nonlinearity. Whereas Barro's (1996) observation is that the intermediate levels of democracy seem to be most beneficial in terms of economic growth, the evidence from this analysis looks at the impact of democracy within the context of the specific subcategory. For example, within the hybrid regime category in which both characteristics of democracy and authoritarian regimes coexist, countries with lower levels of political freedom experienced faster economic growth. Again, within the full democracy category, countries with higher levels of democracy experienced comparatively rapid economic growth. It is therefore difficult to derive inferences suggesting that a certain level of democracy is superior for growth: rather, it is only possible to observe how higher or lower levels of democracy will affect growth within the context of the subcategory.

Another important point is worth underlining. As statistical regressions, by definition, seek to examine and triangulate the independent effect of an independent variable on the dependent variable, all previous studies of democracy and economic growth have attempted establish the influence of democracy on growth independently of other control variables. The unique characteristics of fsQCA, contrastingly, demonstrate the importance of the combination of causal variables in the final outcome. The findings of the analysis suggest that democracy, through an interaction with other factors, affects economic growth. Indeed, not one of the causal recipes presented implied that democracy, standing alone, had any impact on growth.

Then what is the practical implication of this research? Since this study lays out the combinations of causal factors that contribute to economic growth, it may provide insight as to under which circumstances advanced western economies with democratic systems may export their political system to lesser developed countries. This study shows the socio-economic context in which the addition of more political freedoms may promote better economic growth. Convexly, it also implies that an undiscerning/ uniform

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export of political freedoms or democratic systems may play no role in, or worse, play a negative role in, the process of economic growth.

V. Conclusion

This study has attempted to address the popular topic linking democracy to economic growth from a different perspective. Barro (1996)'s variable-oriented empirical study has told us that standard regression analysis linking democracy and economic growth are prone to issues of democratic measurement, over-generalization and lack of context. This study applied the relatively new method of fuzzy-set qualitative comparative analysis to the same topic, to find that over-generalization associated with variable-oriented may indeed pose a problem, and that democracy dissimilarly affects economic growth for countries enjoying varying states of political freedom. Furthermore, it has shown that what is important for economic growth is not democracy alone, but democracy melded and coupled with various other causal factors: democracy in and of itself may not impact growth.

Despite these contributions, this study is not without its flaws. First and foremost is related to methodology. Application of fuzzy-set principles to social science is still relatively new, and is in the process of constant evolution. The software was restricted in terms of function and somewhat unstable, points worth assessing for future purposes. In terms of the results of the analysis, the causal combinations presented are sometimes very difficult to intuitively interpret. This was especially the case for the causal recipes derived for flawed democracies, in which the number of countries included was comparatively larger than other subcategories. Another important issue is the issue of calibration. Calibration is the key that validates or invalidates fsQCA-based studies: without accurate calibration based on substantive and theoretical knowledge, fuzzy scores cannot be correctly calibrated. Here, the criteria for calibration were somewhat oversimplified. A more intricate touch applied to the process of calibration may yield more meaningful results and expand our understanding of democracy and economic growth.

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