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International Academic Conference

– sixth edition –

Bucharest, October 11-12, 2018

Strategica
Challenging the Status Quo in
Management and Economics

Edited by

Constantin Brătianu
Alexandra Zbucnea
Alexandra Vițelar

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Challenging the Status Quo in Management and Economics

Edited by

Constantin Brătianu
Alexandra Zbucea
Alexandra Vițelar

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Foreword

STRATEGICA is not a conference. It is a challenge! It is a challenge for all its stakeholders, founders, partners, participants and sponsors, for trying to search for the future and to identify those problems for which our community members can imagine solutions. And, as Tom Peters once emphasized, when we face crazy times we have to search for crazy solutions!

STRATEGICA has been initiated by the Faculty of Management, National University of Political Studies and Public Administration, Bucharest, Romania in partnership with the National Bank of Romania, in 2013, as an international forum for academics, researchers and practitioners in Economics, Finance, Business, Management, and Marketing for sharing their experience and expertise, new ideas and models, new concerns about our future and possible solutions. This year, STRATEGICA is organized in partnership also with SAMRO – Romanian Academic Society of Management, and IAKM – International Association for Knowledge Management. STRATEGICA community has been growing steadily, year by year, from 70 participants coming from 12 countries in 2013 up to over 140 participants coming from 31 countries and 4 continents in 2018. The amplifying process of knowledge dissemination done by Research Gate is also worthy of mentioning since each volume of STRATEGICA Proceedings has been downloaded more than 300 times. All the previous proceedings are indexed in Conference Proceedings Citation Index (Clarivate Analytics, former Thomson Reuters/ISI Proceedings).

STRATEGICA is honored each year by great Keynote speakers. For this year we are proud to have as Keynote speakers: Rachel Lomax – former Vice-president of the Bank of England, Ovidiu Nicolescu – Professor Emeritus of Management, Bucharest Academy of Economic Studies, and President of SAMRO, Aino Kianto – Professor of Knowledge Management and Director of Graduate Programs at the Business Schools, Lappeenranta University of Technology, Finland, Juan Gabriel Cegarra-Navarro – Professor of Strategic Management and Knowledge Management at Universidad Politecnica de Cartagena, Spain, and Ian Hipkin – Professor of Strategic Management at the Business School of Exeter University, and Ecole Supérieure de Commerce, Pau, France.

The conference is structured this year on the following topical sections:

Economics – Chair: Cristian Paun – Professor and the Vice-Dean of the Faculty of International Economic Relations, Bucharest University of Economic Studies, Bucharest, Romania.

Finance and Banking – Chairs: Lucian Anghel – Chief Executive Officer of BCR Banca de Locuințe and Chairman of Bucharest Stock Exchange, and Professor at the Faculty of Management, National University of Political Studies and Public Administration, Bucharest, Romania, and Laurențiu Treapăt – former manager of BCR, professor at the National University of Political Studies and Public Administration, Bucharest, Romania. Management and Leadership – Chair: Mariana Nicolae – Professor Emeritus, Bucharest University of Economic Studies, Bucharest, Romania.

Knowledge Economy – Chairs: Constantin Brătianu – Professor Emeritus, Bucharest University of Economic Studies and at the National University of Political Studies and Public Administration, Bucharest, Romania, and Alexandra Zbucnea – Professor and Vice-Dean of the Faculty of Management, National University of Political Studies and Public Administration, Bucharest, Romania.

Marketing and Consumer Behavior – Chairs: Ralf Wagner – Professor at the Kassel University, Germany, and Luminița Nicolescu – Professor, Bucharest University of Economic Studies, Bucharest, Romania.

Digital Systems, E-Marketing and Organizational Dynamics – Chairs: Gandolfo Dominici – Professor and Director of SEAS Department, University of Palermo, Italy, Vice-President of International Association of Business Systems Laboratory (BS-Lab), and Editor in Chief of: *Kybernetes*, *International Journal of Markets and Business Systems*, and *International Journal of Electronic Marketing and Retailing*, and Elena-Mădălina Vătămănescu – Professor at Faculty of Management, National University of Political Studies and Public Administration, Bucharest, Romania.

Business Ethics and CSR – Chairs: Patrizia Gazzola – Professor at Insubria University, Italy, and Andreia Gabriela Andrei – Professor at the “Alexandru Ioan Cuza” University of Iasi, Romania.

Challenges in Project Management – Chair: Lajos Szabo – Professor at the “Corvinus” University of Budapest, Hungary, and founder of the Hungarian Association of Project Management.

Towards Sustainable Public Organizations – Chair: Mauro Romanelli – Professor at the Parthenope University of Naples, Italy.

Sustaining Leadership for Innovative Business – Alina Mihaela Dima – Professor and Director of the UNESCO Department for Business Administration, Bucharest University of Economic Studies, Bucharest, Romania, and Tanase Stamule – Professor and Vice-Dean of the Faculty of Business Administration, Bucharest University of Economic Studies, Bucharest, Romania, and Program developer of the Konrad Adenauer Foundation.

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THE IMPORTANCE OF THE NEW PUBLIC MANAGEMENT FOR EFFICIENT PUBLIC ADMINISTRATION

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Abstract. *New public management is gaining momentum in the process of managing the public administration. European countries driven by the idea to increase the efficiency of the public administration impose strategies and a new approach to the process of public administration management. This means independence of the managerial function in the public sector, independent governance, quick response, responsiveness of the public administration and empowering responsibility of the administration. The favoring of the discretionary right inflicts the question of the responsibility of the public administration. This creates new models for monitoring the performance and assessment of the public administration that allows strengthening of the administration's responsibility in all categories of titles, including managerial workers. In the Republic of Macedonia, the new model for public management is difficult to be accepted, regardless of the fact that legislator made changes to the administrative laws in the approach of assessment and accountability of the administration. In the European countries, the new public management is more acceptable as an indication of the fact that in many European countries the central government conveys the function of managing the public administration as an independent function of the local governments. Moreover, the local authorities are free to create payment systems, regulate the assessment process and to motivate the administrative officials. Hence, the subject of this paper is to understand the role and significance of the new public management in the Republic of Macedonia, as well as to make a comparative analysis with the European countries. Hence, this research paper aims to impose an opinion on the significance of the new public management and whether it contributes to the efficiency of the work of the public administration. The research methodology is based on an analysis of research results and strategies adopted by the European countries. In addition, the paper analyzes the administrative laws and bylaws with an assessment of the new public management. The results of the research point to the conclusion that the new public management is not recognized in all European countries, and that the Republic of Macedonia, is not familiar with the new public management. However, basic legal solutions can be explored that leave the possibility for the application of the new managerial management. There is a necessity of comprehensive analysis of the work and development of the public sector in the Republic of Macedonia, the obligation for*

a serious approach of the law implementation and a reduction of the resistance to the changes by the employees in the public sector.

Keywords: *public management; public administration; efficiency; responsibility; results.*

Introduction

The concept of “new public management” has emerged as a solution to the slow and exhausting bureaucratic rules that have resulted in typical public administration inefficiency (Andrews & van de Walle, 2012; Christensen & Lægreid, 2001; Ferlie & Steane, 2002; Gruening, 2001; Pfiffner, 2004; Vienažindienė & Čiarnienė, 2007). The tension between accountability and efficiency has marked the contrast of the traditional public administration and the new public management. Thus, Max Weber's theories are directed towards accountability in the form of bureaucracy, by establishing strict hierarchical control from the top to the lower levels. Woodrow Wilson was directed to a policy dichotomy / civil servants to use effective techniques to make a policy choice. Frederic Taylor was directed und to a strict control in the management process (Benz, Siedentopf & Sommermann, 2004, pp.443-454). Through traditional models of policy implementation, the state faced high costs, the inefficiency of administration and discontent among service users - the citizens. Consequently, substantial changing in managing public affairs has emerged as a needed new paradigm. The new approach in managing public affairs, emphasizing control function of the state authorities over the privately owned agents in performing duties of public interest, has the relaxed financial burden to the state. In addition, the “new public management”, abandoning the strict hierarchy in administering public affairs implies transfer of implementation competencies to decentralized administrative bodies and organizations. Thus, Robert Behingo defined public management as “a set of tactics and strategies aimed at improving the efficiency of the public sector” (Diefenbach, 2009).

Having in mind that traditional hierarchical setting and strict control by the top government levels have prevented the administrative entities closest to the end users to deliver their services fast enough, the new concept of public management, aiming public services performance and public satisfaction improvement, advocates for decentralized administration and delegation of administrative authority by contracting privately operated entities using approach of market-driven competition among them (Andrews et al., 2011; Andrews & van de Walle, 2012; Boyne, 2010; Cowell et al., 2012; Ormond & Loffler, 2006). Thus, permanent monitoring and performance evaluation of public services delivery by privately operated entities has become essential for the state authorities (Amirkhanyan, Kim & Lambright, 2008).

Regarding the public administration performance, the following questions are essential:

1. What should be done: who will control the policy implementation?
2. Who will be the immediate policies implemented?
3. How the administrative effectiveness and public satisfaction will be measured?

To face all these questions, it is necessary to establish a balance between accountability and efficiency. If the administrative accountability is in the focus, the evaluation will be related to the administrative procedures applied according to the strict criteria of hierarchical control. If the administrative efficiency is in the focus, strict hierarchical

control will be replaced by a delegation of authorities, emphasizing monitoring and evaluation of public services delivery by private agents. The concept of new public management is aimed to overcome the problems caused by strict hierarchical control typical for traditional public administration, turning instead to a delegation of competences, greater flexibility and room for discretionary decision-making by the immediate service providers.

Approach of the public management

New public management is a theoretical model related to the basic ethical principles of public access and accountability. In the developed democracies, gradual development of a quality administration prevailed. Having this as a starting point, this paper is analyzing new public management implementation and performance in the Republic of Macedonia as well as if the public administration reform meets its goals and principles.

Dait Valdo is a brilliant thinker on the “new public administration” in the postwar period. The basic principles of “New Public Administration” are participation, decentralization and “representative bureaucracy” (Wilson, 1887):

- Participation should provide changes and “disperse of power” within the organization.
- Decentralization is expected to increase citizen’s participation in the governing process.
- “Representative bureaucracy” should provide client-oriented public administration.

The “new public management” appeared in the 80s and 90s, in response to the inadequacy of previous administration models (Hughes, 2008, p. 58). The new public management in the Anglo-American systems emerged in the 20th century. The main reason was corruption in the public administration as a phenomenon on a large scale. England is a country that was in the forefront of the revolution of the new public management. Thus, the NPM in England was introduced in 1980 with Prime Minister Margaret Thatcher. Afterward, reforms have been established with John Major and Tony Blair. For example, in a period of only ten years since 1989, the UK completely restructured its civil service as part of the initiative of more than three-quarters of its civil servants” to exercise their function in new “executive agencies” as defined by the new concept (Protherough & Pick, 2002). Subsequently, the governments of New Zealand and Australia joined the movement for the NPM. Administrative reforms and new public management were placed on the agenda of the most of the OECD countries since 1995 (Kickert, 1997; Wood, 2004).

“New public management” might be considered as a sub-area of public administration. The “new public management” emphasizes the economy, effectiveness, and efficiency in governance and the delivery of quality public services. The purposes of the “new public management” are:

- to transfer the responsibilities to the operating managers in order to create greater managing flexibility and autonomy,
- to put more emphasis on risk management,
- to focus on measuring the effects.

According to the “new public management”, government involvement does not necessarily mean the provision of bureaucratic funds by the government. According to Hughes (2008), there is a trend of reducing the government's involvement through privatization. “New public management” is not a reform of traditional public administration, but a transformation of the public sector and how it is related to the government and to the society (Andrews, 2003; Christensen & Lægreid, 2001; Common, 1998; Doig, 1997; Mongkol, 2008; Vickers & Kouzmin, 2001).

Analysis of research results

Guided by the goal of the research to evaluate the role of the “new public management”, the paper refers to the analysis of laws and by-laws as well as results from scientific research projects. The analysis is based on the results obtained from an interview conducted over various categories of administrative officials in governmental bodies in the Republic of Macedonia.

The public administration faces similar challenges in all parts of the world due to the need to introduce innovations in operations and to improve its effectiveness and efficiency. Modernization of the administration not only requires changes in its strategy and structure but also requires changes in the administrative behavior. Thus, the NPM has been supported a variety of quality management systems (ISO 9000: 2000, the excellence model, European Foundation for Quality Management model) that offer support and guide public organizations to continually examine their relationships with clients and seek better solutions for work. CAF (Common Assessment Framework which means self-assessment model) is one of those tools that are increasingly used in terms of qualitative support in organizations and for building a solid foundation for one of the qualitative systems with full involvement of employees. It was developed in 1998 by the Public Service Innovation Group, an informal working group supported by the EU's General Directorate, which aims to promote the exchange of experiences and practices, as well as cooperation in order to find new innovative ways to modernize and deliver administrative and public services.

Reforms in the public administration in the Republic of Macedonia have enabled a new way of managing within the public sector. Reforms in the public administration in the Republic of Macedonia reflected the establishment of appropriate coordination and managing bodies. The new way of managing the public sector aimed at creating a responsible, effective, efficient and respondent public administration, it was implemented in the first Law on Civil Servants of the Republic of Macedonia as an independent country from 2000 (Law for civil servant "Official Gazette of the Republic of Macedonia" No. 59/2000) that stipulated establishment of Civil Servants Agency as a coordinative body that played a significant role in giving directions in the manner of managing the public administration. Also, the commitment to establish public institutions of a private nature to which the competences of public interest will be transferred is reflected in the adoption of the Law on Institutions. (Law on Institutions "Official Gazette of the Republic of Macedonia" no. May 7, 2005). This Law contains the models of privatization of the public sector and the manner of establishment of private-public partnerships, which served as the starting point for the establishment of the new public management in the Republic of Macedonia. So far, the transfer of public authority to entities in private ownership in the Republic of Macedonia is most visible in education, in the health sector, and in the social services. The state authorities

introduced NPM by the one-stop-shop system in communication with the citizens as clients, by introducing healthcare software system, etc., that indicates the commitment of the Republic of Macedonia to establish a new way of managing the public sector in the country. Another important legal act in the field of public sector management in the Republic of Macedonia is the Regulation on the establishment of organizational units for managing human resources in the public sector as well as for strategic management in the public sector (Decree on the Principles for Internal Organization of the Bodies of the State Administration, Art.8). The CAF system in the public sector in the Republic of Macedonia was used only as an experimental model based on certain projects by the OSCE, etc. In addition, the public administration reform pointed to the need for the establishment of the Ministry of Information Society and Administration (MISA). The Civil Servants Agency was the first state body to serve as the basis for establishing the NPM, with the new Law on Administrative Officers being renamed into the Agency for Administration. The new Laws on Administrative Officers (27/2014, 199/2014) and the Law on Public Sector Employees (27 / 2014, 199 / 2014) contain provisions that point to a more efficient application of the new public management. In the laws of the Republic of Macedonia of administrative nature, there are provisions that refer to the commitment of the state bodies for the application of NPM in the public sector. The Law on Administrative Officers contains provisions relating to the assessment of administrative officials, training, mentoring and measurement of achievements. The main emphasis has been placed on efficient and responsible administration. The provisions that refer to the NPM could be also found in the Law on General Administrative Procedure of the Republic of Macedonia (No. 124/2015), that contains the basic administrative principles. The Law on Administrative Procedure contains a number of provisions on discretionary decision-making by administrative officials, which refers both to the autonomy of the administrator in charge, and, at the same time, reinforce his/her responsibility.

In order to see how the legal provisions related to the NPA works in place, the paper refers to the analysis of an interview conducted with 21 respondents - employees in the state bodies in the Republic of Macedonia. Regarding the measuring of the quality and quantity of the work of the civil servants, all the interviewees answered that they do not have sets of indicators for measuring the quantity and quality of the work of the civil servants. As an exception, at the State Statistical Office, software for analyzing the utilization of working time has been introduced, in terms of utilization of the working time vs. working costs. Using this software, each employee records how much work he/she has done during the day and how much working hours he/she has spent. The establishment of quality criteria and indicators will also affect the overall perception of the capacities of the state administration, indicating how much they are trained and able to respond to the given obligations. Regarding the position of the Civil Servants Evaluation System and the Assessment Form, all respondents consider that the Civil Service Evaluation System is unrealistic, run by incompetent and subjective assessors. According to the respondents, these circumstances are due to the fact that no self-assessment has been introduced, no one is honest about him/herself and others, all of them don't share the same quality of knowledge and skills often not aware about that fact, so self-criticism does not exist at all. According to all respondents, the position of one-sided assessment leads to subjective assessment. Respondents believe that a full change of approach and assessment model should be considered. And, finally, it is not a realistic assessment of civil servants with different titles are to be valued and evaluated with the same assessment indicators.

Document Management System is a software that provides a scan of the work performance from the highest to the lowest hierarchical level. Such systems provide a scan of the capacity of administrative officials in bringing public services to citizens. The respondents answered that they did not have a document management system. Three respondents answered that they have established a similar system, which refers only to electronic archiving, which means scanning all incoming and outgoing documents and their electronic forwarding, but in addition to the electronic ones, the paper form of document flow is still used. All respondents expect the establishment of such systems in the coming period through the E-Government Strategy initiated by the Ministry of Information Society and Administration. In the framework of this activity, the Law on E-Management (No. 13/05, 14/07 55/07, 98/08) is legally backed up by some provisions that will facilitate the work of the civil servants enabling the exchange of data between the institutions.

Conclusion

From the above presented, it could be concluded that the NPM in the Republic of Macedonia is slowly implemented, which reflects the efficiency of the public administration. Therefore, there is a necessity to establish a system of measurement of administrative operations through software that will provide real indicators based on measurable indicators. This way of working is expected to motivate employees by rewarding those who achieve greater results than their colleagues. Training should be an indispensable part of the establishment of the NPM as a serious way of improving the knowledge of the administration. Given that the reform of the public administration goes in the direction of transferring competencies from the national to the local level, the doors of the public sector services are remaining open, that gradually keep open possibility of switching public services into private hands, in particular strengthening the control over the work of public institutions that have been given the authority to perform functions on behalf of the state. Thus, the amendment of the laws should be in the direction of the establishment of a quality management system (ISO standards or CAF system), a clear control mechanism through inspection bodies that will continuously monitor these institutions performance. There is a necessity to establish a one-stop-shop system between the public service providers and the state administration bodies as well as the public administration should be independent, serving to the citizens in an effective and efficient manner.

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