

# NEW PUBLIC MANAGEMENT ELEMENTS IN ROMANIA'S PUBLIC SERVICES IN THE EUROPEAN CONTEXT

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*New Public Management (NPM) is considered as a global paradigm emerging in response to economic, institutional, political, and ideological changes.*

*Many attempts to define the New Public Management have been made and there are several definitions of this notion, referring to the implementation of management ideas from business and private sector into the public services.*

*Over the past few years, Romania has been facing a great challenge as it has to enhance its public management for achieving the European standards and values of transparency, predictability, accountability, adaptability and efficiency.*

*The necessity of a modern administration at European standards exists both at the level of the citizen, and at the level of institutions delivering public services.*

*According to the provisions of its last stand-by arrangement with IMF, Romania placed emphasis on restoring medium- and long-term sustainability and paved the way for future growth. Structural reforms were a large component of the program, including tax administration, pensions, public wages and employment, and social benefits, improving public sector efficiency, as well as enhancing the business environment.*

*Since 2009 a public financial management structure was introduced for multi-year budgeting while limiting intra-year budget revisions. Fiscal rules were introduced on spending, public debt and primary deficit, and a framework for managing guarantees and other contingent liabilities was approved. Local public finance law was amended to bolster fiscal discipline and limit risks from local governments.*

*Thus, presently, the legal framework envisages the use of new instruments and structures to support local administration authorities to increase their administrative capacity in order to perform in accordance with their new authority and thereby increases the quality of the already decentralized public services.*

*The Common Assessment Framework (CAF) – the total quality management tool was introduced in Romania, public institutions acknowledging the need for change and improvement, the importance of people's involvement within the organization's self-assessment process, the importance of measuring the results, objectives prioritization, the need to assume responsibility for the identified improvement actions, as well as the need to share knowledge and experience.*

*Most of the Romanian public institutions apply the diagnosis obtained through CAF implementation as a solid ground to develop and implement their Multi-annual Modernizing Strategies, thus assuring the sustainability of the results accomplished so far.*

*Concluding, we consider that the changes incurred and the significant transformation of Romanian public services include important elements of NPM.*

*Keywords: European integration, New Public Management, Decentralization, Reform, Common Assessment Framework*

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## **Theoretical approach**

New Public Management (NPM) evolved from a range of reforms in Western public sector, including public services, originating from new ways of thinking about the role and nature of government and public administration.

Nowadays, New Public Management (NPM) is considered as a global paradigm emerging in response to economic, institutional, political, and ideological changes.

Many attempts to define the New Public Management have been made and there are several definitions of this expression, the common element being “the implementation of management ideas from business and private sector into the public services”(Haynes, P. , 2003).

The starting point of New Public Management is considered to be Christopher Hood’s article in 1991 “A Public Management for all Seasons”. The main characteristics of NPM, according to Hood, are: applied and entrepreneurial management; specific standards and measures of performance; output controls; desegregation and decentralization; competition in the provision of public services; implementation of private-sector styles of management; and discipline and cost-cutting in resource allocation (Hood, C. 1991).

NPM changes the emphasis from traditional public administration to public management (Larbi, G. A., 1999), thus orienting the state toward managerialism. The traditional model of organization and delivery of public services, based on the principles of bureaucratic hierarchy, planning, centralization, direct control and self-sufficiency, is apparently being replaced by a market-based public service management.

The new public management, according to the OECD report (OECD, 1998) is characterized by:

- a focus on results in terms of efficiency, effectiveness, quality of service and whether the intended beneficiaries actually gain;
- a decentralized management environment which better matches authority and responsibility so that decisions on resource allocation and service delivery are made closer to the point of delivery, and which provide scope for feedback from clients and other interest groups;
- a greater client focus and provision for client choice through the creation of competitive environments within and between public sector organizations and nongovernment competitors;
- the flexibility to explore more cost effective alternatives to direct public provision or regulation, including the use of market type instruments, such as user charging, vouchers and the sale of property rights; and
- accountability for results and for establishing due process rather than compliance with a particular set of rules, and a related change from risk avoidance to risk management.

### **Public administration reform**

In this context, we may consider that the public administration reform is an important element of NPM, due to increased efficiency and market-based reforms leading to contemporary change and innovation.

Romania has pursued a consistent public administration reform (PAR) strategy since 2001. The current government reaffirmed the general direction of the reform effort, but placed a higher emphasis on reform of service delivery through a decentralization process.

The following actions have been taken for putting into practice the public administration reform in Romania, based on NPM main directions:

- the implementation of the strategy regarding the acceleration of the public administration reform, in order to create a new legislative framework in providing the services by the public administration, to create new institutional structures, to increase the efficiency and the effectiveness of civil servants activity, to change the perception and the organizational behavior and, last but not least, to create a citizen oriented administration;
- establishing the Governmental Council for Monitoring the Public Administration Reform, having in its composition 8 ministers of most representative ministries, responsible for supervising the whole process of the public administration reform;
- establishing the Central Unit for Public Administration Reform (CUPAR) within the Ministry Administration and Interior (previously named Ministry of Public Administration), in order to ensure the implementation of the decisions of the Governmental Council;

- National Institute of Administration was created as a specialized institution for training the civil servants and local elected officials;

- National Agency of Civil Service has as task to provide the civil service management and to draw up the normative documents regarding civil service.

Strategy of the Ministry of Administration and Interior during 2007-2013 on public administration reform, foresees the following measures:

- continuation of the process of decentralization of basic public services: education, health and social assistance;

- limiting the functions of de-concentrated services through the transfer of competencies to the authorities of local public administration;

- implementing a system of strategic planning for each authority within the system of central and local public administration in accordance with the public services it provides;

- establishing a system of evaluation and monitoring of the public service performances;

- developing and implementing instruments in order to increase the performance of public administration;

- elaboration and implementation of the chart of public services that would include the quality standards for services and their assessment methodologies;

- introduction of quality standards by the competent public authority that can allow the monitoring and assessment of a public service;

- introduction of the cost standards corresponding to the quality standard of a public service, so that the public expenditure become justified, transparent and submitted to financial control;

- simplification of administrative procedures for increasing the efficiency of public services delivery.

In 2009, Romania signed a stand-by arrangement with IMF that also placed emphasis on restoring medium- and long-term sustainability and paved the way for future growth. Structural reforms were a large component of the program, including tax administration, pensions, public wages and employment, and social benefits, improving public sector efficiency, as well as enhancing the business environment.

Since 2009 a public financial management structure was introduced for multi-year budgeting while limiting intra-year budget revisions. Fiscal rules were introduced on spending, public debt and primary deficit, and a framework for managing guarantees and other contingent liabilities was approved. Local public finance law was amended to bolster fiscal discipline and limit risks from local governments.

### **Decentralization**

Since the early 1990s the decentralization of the competencies of the central public administration authorities has been an important policy initiative in the process of transition to a market economy and a democratic society, becoming a major priority for the reform of public administration. The legislative framework includes: Law No. 195/2006 on decentralization with further amendments, Law No. 273/2006 on local public finance with further amendments, Law No. 215/2001 on local public administration with further amendments, Law No. 188/1999 regarding the civil servants statute with further amendments, as well as the GEO No. 179/2005 regarding prefect's institution with further amendments.

The legal framework envisage the use of new instruments and structures to support local administration authorities to increase their administrative capacity in order to perform in accordance with their new authority and thereby increase the quality of the already decentralized public services. For example, the Law on Local Public Administration introduced concepts such as: City Managers and Intercommunity Development Associations. It is also recognized that decentralizing new competencies and increasing the quality of the public services requires proper financial support through continuing the fiscal and financial decentralization reforms.

Other very recent examples include:

- Decentralization strategy in the health sector approved by GD No. 562/2009;
- minimal standards of quality and costs for decentralized public services approved by GF No. 961/2009;
- Decentralization strategy in the youth sector approved by GD No. 886/2010.

### **Total quality management – common assessment framework (CAF)**

CAF, especially designed for public-sector organizations, taking into account their characteristics, is an efficient instrument in supporting public-sector organizations to use quality management techniques to improve their performance. The CAF is a total quality management (TQM) tool which is inspired by the major Total Quality models in general, and by the Excellence Model of the European Foundation for Quality Management in particular.

The model is based on the premise that excellent results in organizational performance, citizens/customers, people and society are achieved through leadership driving strategy and planning, people, partnerships, resources and processes. It looks at the organization from different angles at the same time; a holistic approach to organization performance analysis. CAF is a result of the co-operation among the EU Ministers responsible for Public Administration. The pilot version was presented in May 2000, being revised in 2002 and 2006.

In the first phase CAF focused on the self-assessment, in the second one on the improvements after the self-assessment and in the third phase is drawing attention to the mature culture of excellence in an organization.

Nowadays, there are more than 2000 CAF users spread all over Europe and beyond Europe's borders (Patrick Staes and Nick Thijs 2010).

European CAF Users' Events are organized regularly to act as an inspiring meeting point for CAF users and to further spread TQM across the public sector in Europe. In 2003, 2005 and 2007 CAF Users from all over Europe met in Rome, Luxembourg and Lisbon at the first three European CAF Users' Events. The Romanian Presidency organized the 4th European CAF Users' Event in Bucharest in 2010. The 4th Event had a special focus on the 8 principles of excellence and the newly developed CAF External Feedback as well as the tailor-made CAF version for the education sector (Patrick Staes, Nick Thijs, Ann Stoffels and Sven Geldof, 2012).

The promotion of Common Assessment Framework in Romanian public administration started in 2005 and there was delivered several training sessions for the civil servants within the public institutions, both from central and local level. The implementation of the self assessment instrument is done on a voluntary basis, without being imposed by the Government yet.

So far, 54 public institutions from central and local level have implemented the self-assessment instrument, assisted by CUPAR, and eight of them have already run the second cycle of CAF implementation, thus enabling them to measure the progress and the level of performance achieved.

Through the use of the CAF model, public institutions have succeeded in accepting the need for change and improvement, the importance of people's involvement within the organization's self-assessment process, the importance of measuring the results, the importance of prioritizing the objectives, the need to assume responsibility for the identified improvement actions, as well as the need to share knowledge and experience.

Most of the Romanian public institutions use the diagnosis obtained through CAF implementation as a basis to develop their Multi-annual Modernizing Strategies, assuring in this way the sustainability of the results achieved.

## **Further support for enhancing NPM in Romania – Operational Programme Administrative Capacity Development**

The Operational Programme Administrative Capacity Development (OPACD) is designed to substantially contribute to the implementation of the methodologies and procedures that have been prepared under the PAR process to date and to invest significantly in the training of personnel who hold responsibility for the new administrative methods.

In this context, the Priority Axes of the OP ACD are designed to:

- address horizontal management problems at all public administration levels (central and local) with a focus on key attributes that strengthen the reliability of the administration, in particular decision making, better regulation, accountability and organizational effectiveness;
- specifically target improvements to the decentralisation of service delivery in certain prioritized sectors (Health, Education, Social Assistance) and improve the quality and efficiency of service delivery.

OPACD targets real improvements in the delivery of public services and the emergence of a more open, efficient and cost effective public service, knowing that:

- efficiency in public services lead to increased productivity in the economy, e.g. through simpler procedures, improved customer services, etc.;
- well-functioning institutions and public administrations are a pre-condition for the successful design of public policy and implementation of strategies in order to promote socio-economic development and to contribute to growth and employment;
- effective institutional and administrative capacity is the key to good governance – an essential element of the Lisbon Strategy.

### **Concluding remarks**

Over the past few years, Romania has been facing a great challenge as it has to enhance its public management for achieving the European standards and values of transparency, predictability, accountability, adaptability and efficiency.

The necessity of a modern administration at European standards exists both at the level of the citizen, and at the level of institutions delivering public services. Within the process of changing the public administration, administrative simplification is fundamental for the modernization and reform of the administration. Complicated procedures, long and sinuous circuits of documents, delayed deadlines to solution an action and the multitude of required forms are certainly decreasing productivity. Bureaucracy and resulting complications are remediable deficiencies when the manner to approach administrative actions changes. This translates into new working methods, thus simplifying administrative procedures.

Today, the trend in building a sound public management service is to have a more direct approach toward the matter, relying on a fairly new perspective: the expertise of the private sector. This new angle is standing as a response to the continuously changing public arena, the barometer of the country evolution socially economically and politically. Romania has understood that values of the public service lie in the human resources and the investment that are to be made to insure a high quality of this precious asset are actually money well spent for insuring an efficient and European public system.

The Romanian Government is bringing in the public arena tomorrow's leaders by putting on the spot young Romanian nationals offering them the possibility to pursue undergraduate, graduate and doctoral studies at prestigious international universities, in a wide range of fields from public administration, public health policy to business administration.

This undergoing is a valuable investment in the future of the public management and its sustainable development in Romania. It also stands as a much-needed vehicle for promoting new standards of efficiency, transparency and accountability in Romania's public administration being a pillar of strength element within the NPM.

Especially in times of financial crises and severe cost cuts in public administrations, like occurred two years ago in Romania, the national focus is on efficiency and effectiveness, attention to transparency and accountability, awareness for public service delivery. Together with these principles of New Public Management (NPM), methods and techniques were constructed in Romania's public service administration.

The Common Assessment Framework was introduced in Romania, as a sustainable and trusted model for public management, embraced by top management and widely implemented by public organizations in Europe with self-assessment on a regular basis. CAF is a valuable contributor in extending the Quality culture and principles among civil servants in Romania and Europe.

Concluding, we consider that the changes incurred and the significant transformation of Romanian public services include important elements of NPM. Thus major steps towards decentralization were made, public services became more efficient, and the costs were cut as well as the number of public agencies and institutions, significant progress was made to reduce bureaucracy. As well, at local level the appointments of public institutions managers are made based on exam, competition and managerial contract, being introduced also the function of city / country manager.

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