

## MANAGING OPERATIONS IMPROVEMENT IN ROMANIAN PUBLIC SERVICES

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**Abstract:** *This paper aims to develop a pleading for the transfer of best practices to improving the operational activity in the Romanian public institutions. The practice of implementation demonstrates that the perception of many executives in the Romanian private enterprises regarding the set of tools to improve processes and assimilation of lean philosophy is not a very favorable and encouraging one. It can be said that only some large enterprises had successfully introduced in their daily practice and organization the improvement principles, the operational optimization and the elimination of waste sources. In the SMEs, and especially in the services the experiences are isolated, but they have demonstrated the usefulness (the frequency of saving goals indicate, indeed, the need for proliferation of continuous improvement principles). Regarding the public organizations, the implementation of the new management system of designing and operating the current practices is pretty unknown, accepted at declarative level, but becomes, when is planned and implemented rather a burden on managers who should take on this challenge. Both in public management and private management, today the focus is on people and relationships (processes and projects), starting of course with the work organization. The good practices successfully proved in the private management in the recent decades are transferred today to public institutions; and the Romanian public organizations tend to adapt, also in terms of processes optimization. The study aims to analyze the functioning of the hypothetical management system of processes improvements, respectively the applying of lean tools and principles within the public Romanian institution. They are treated some dysfunctions observed within the process of understanding the utility aspects and throughout the assuming of operational improvement goals within these organizations. The qualitative observations, the critical interpretations and the opinions expressed are strictly the views of the author and may differ from those of representatives of any public institutions. The entire investigative approach converges to a cynical conclusion: the adaptation and the implementation of process improvements principles in the public entities could be in short terms an objective determined by external incentives and not a consciously assumed solution. Finally, we expose some of the ideas for deepening and expanding our practical findings and conclusions.*

**Keywords:** lean philosophy and lean thinking, dissipations, public institution performances, processes improvement management, lean manufacturing

**JEL classification:** D73; H83; L32; O31.

### 1. Initial views

The activity of Romanian public institutions is always blamed; the unjustified budget expenditures, institutional inefficiency and corruption are just few of the most common charges. However, the services provided by the public institutions have a significant share in the Romanian economy as a whole. The impact on the daily life of citizens is high, despite the low labor productivity of the public sector employees (compared to the private sector). Currently, budgetary employees represents approx. 20% of the employed workforce in Romania, being involved in branches as public administration, defense, education, health and social, cultural performances activities etc. The labor productivity of these employees is lower comparatively with the private sector; the fact is generated by

the approximately equal average wages and by the economic results reported significantly lower in the public services. (The Labour Productivity Barometer, BNS, 2011).

Many important voices (politicians, academic personalities) agree that we are now in the post-modern era in which 'quality of life' is the most important target of the populations. Thereupon, the health, education, transport or financial and even public services have come to form the integrated basis of the life of citizens – who are the clients of these organisations – in this new post-industrial era (Suárez-Barraza et al, 2012, p. 360).

We conduct this investigation on management practices inside the problematic field of public sector. Each manager encounters many shortcomings and felt the need for researching improved ways of organising and managing the diverse processes involved in his institution's activities.

## **2. Managers preoccupations on operational improvements**

Given the social's and media's pressures to reduce costs, increase flexibility, improve quality and reduce lead times, we can say that the public organisations now look to the manufacturing sector in order to learn and implement their techniques and methods so as to become more 'lean' and thus focus their service activities from a 'lean' perspective (Kinnie et al., 1996.).

Demonstrating its utility in the manufacturing, lean culture is gaining credibility and is taken into account in the recent years also in the service sector. For example, the banks and other financial institutions, food industry and other services trying to increase their productivity and to reduce losses by applying the management of processes improvement. In banking, for example, they are applied methods to reduce the time and effort to loans analyze and approval (including the time measurement). Depending on the specific process of service providing, the managers and operational staff identify ways to eliminate the waste sources and to remodel / restructure the sequences of this process in order to obtain the efficiency.

From our point of view, this trend of contemporary management can not be neglected in the public services. A general management principle says that always there are many better ways to achieve the same goals, whatever we are doing. We simply must keep the mind and the eyes open. Standardization of operations is already applied in the public organizations of developed Western countries.

Too often, the employees and managers of public institutions forget how important are their customers (citizens, civil society), neglecting the idea to produce more and consuming less, not interested in creativity and innovation of their own work, they avoid to focus on quality and very few are concerned on the development of subordinates. Table no 1 highlights the systemic challenges and prospects for the application of the improvement principles.

Development of visual management in manufactures increased the level of motivation, precisely because the employees respond well to visual stimuli. Panels, displays, electronic indicator tables, command and control boards, flipcharts - all this objects incites the employee to be more careful, to work more efficiently and exploit these tools in communicating with other employees.

On the other hand, an office of a public institution is characterized by a continuous disturbance, lack of labor's order and discipline, scattered documents and organizational ambiguity (it is enough to visit many of such offices to confirm the described characteristics of the public organizations). Most of the employees of these organizations do not know and obviously does not apply the 5S principles. The basic reason for many disheveled workplaces is that many managers think 5S is too simple to count as a workplace tool that increase productivity and profitability. The situation is different in the case of ISPC - that is the self-control - instrument to which the employees manifest repulsion, when they understand that will increase the pressure on their shoulders.

**Table 1. Features of managing optimization and Lean tools**

Improvement principles	Previous similar experiences	Predispositions	Utility
<b>5S</b>	large differences between the organization of work and offices in the companies vs. public agencies	employees are aware that they need to "sort, arrange, shine, standardize and sustain" their office work.	this workplace organization method is a necessity for such activities with many procedures
<b>In station process control</b>	on how authoritarian is the control as it is superficial. Control is based on formalism and not on trusting the people	with the self-control, they are increased the responsibility, the acceptance of delegated tasks and the reporting procedures. So, the people avoid ISPC.	the self-control is recognized like the best manner of controlling. In the organizations where this tool is poorly-developed, the changing results could promptly appear.
<b>Error proofing</b>	error proofing system has already adopted in the public entities	because they simplifies the work of employees, the poka-yoke systems are easily accepted	systems increasing the level of certainty and safety, reduce risk and facilitate the work of managers and employees
<b>Visual management</b>	few efforts for transforming and do more transparent the entities whose activity is easily seen, understood & evaluated by their employees and third parties	great, because do not involves people' efforts	considerable: the institution becomes more transparent and credible, most prolific.
<b>Policy deployment</b>	there is a huge vision gap between top-managers and the operational base. solutions unidentified	although there exist even latent conflicts between managers and operational staff, both have predispositions to work and to understand each other	work standardization and coordination of all efforts in the same direction
<b>Lean behaviour</b>	depending on the background of each employee. Such institutional targets haven't been set	all the behaviors are positive and the social acceptance level should be maximum	effects difficult to quantify giving the reverberations throughout the entire life of the employees and on personal relationships
<b>Kaizen</b>	as objective, the continuous improvement is always stated through the top priorities. Only that is not included in the action plans.	social acceptance	demonstrated in the private companies who applied kaizen philosophy

Source: author's observations

Lean behaviour or simply "Lean" is a practice that considers the resources expenditure for a purpose other than creating value for the end customer is a waste and thus a target for elimination. The system must be analysed from the point of view of the customer who consumes a public service, and the "value" is defined as any action or process that a customer would be willing to pay. In essence, "Lean" is geared to value delivery with minimum work. Kaizen means continuous improvement principles, relentless initiatives of the maximum extent of the solutions identification and to strive for improvements, principles assimilated into the collective mindset and organizational culture of companies. Policy deployment is a practical of strategies, policies and procedures implementation, in a uniform way to all levels of enterprises, the deceleration of the best practices in all the organizational areas, the leaven of the positive ideas and the inoculation into managers and operators think of these practices.

Patterns of management practices in developed and developing countries have been documented by Bloom and Van Reenen (2010). In 2012, Bloom, Schweiger and Van Reenen analyze the labor productivity in correlation with management practices in 12 countries, including Romania. This authors consider that the "countries can improve average management practices in two ways: (i) by promoting factors that increase average

management quality in each organization (e.g. through better business education), and (ii) through improved reallocation across the institution” (Bloom et al., 2012, p. 610).

### 3. Perception of civil society

**Table 2. Trust of Romanian citizens**

No	Institution	Percent of high trust
1.	Fire services	90%
2.	Army	81%
3.	Anti-Corruption Directorate	66%
4.	Church	66%
5.	European Union	63%
6.	Romanians who left the country	60%
7.	Intelligence Services	58%
8.	Romanian Academy	57%
9.	National Bank	55%
10.	Justice institutions	54%
11.	Police	52%
12.	Romanian Schools	51%
13.	Presidency	51%
14.	Mass media	49%
15.	Facebook	42%
16.	Municipalities	40%
17.	Public Helth care system	32%
18.	Prime minister	28%
19.	NGO's	26%
20.	Political parties	10%
21.	Parliament	9%

Source: [http://www.ires.com.ro/uploads/articole/ires\\_raport\\_bilan%C8%99Bul-politic-al-anului-2014.pdf](http://www.ires.com.ro/uploads/articole/ires_raport_bilan%C8%99Bul-politic-al-anului-2014.pdf) accesed on 10.04.2015.

A 2014 study indicated a low level of confidence of Romanians in many of the public institutions (a 40% trust for the municipalities, 54% for the Justice, 52% for the Police stations și 51% for the public education). The Romanians trust is (surprising maybe) directed to other entities or means: 66% trust the Church, 42% of Romanian have a great confidence in Facebook and 60% trust the Romanians who left the country.

This aspect reflects the social perception on the efficiency of public institutions. The lack of confidence is due, from our point of view, to the following factors:

- The experiences of people who did not receive the best services from the majority of the public entities;
- media and communication channels reflecting of the major problems faced by the public institutions;
- The lack of reliable leaders at the top of these institutions;
- The real poor performances of most of the entities.

We cannot estimate the possible impact related with the pessimism of the Romanians, their prejudices and the pressure that affect every citizen due to the financial crisis.

### 4. Causes and remedies

The impediments which reduce the possibility to operate on improved lean principles, to make it more effective and organized by means of removing the sources of waste can be

narrowed to three categories of causes: managerial, organizational and social.

Regarding the managerial determinants category, a strong reason is related to the way in which the managers of public institutions are appointed. Therefore, most of the times, a public enterprise has at its charge a person who has a working order, usually under a time limit; even the number of working orders is, in many cases, limited to one or two. In addition, these managers usually come from the outside of that public entity. Consequently, these managers yield priority to activities related to the developmental strategy of the organization, to create a vision, values and objectives at a high level, covering the organization on the whole. It's obvious that these managers, who come from the outside, have a greater reluctance when it comes to getting involved in the activity of a subordinate and they would rather not interfere with the operational activity; not even at the approach level of the mid-level managers do they have time to develop enough authority to afford to interfere with radical organizational and change measures of the entire managerial system, necessary aspects in order to achieve institutional radical change with a view to achieve excellent organization.

From the same spectrum of managerial causes, it has to be underlined the lack of appetite for the challenges of visible organizational change compared to the risks involved by these change. Romanian managers are rather excessively cautious, reserved and even indifferent with respect to the temporary nature of their assignment. These leaders can't face the barriers against change imposed by their subordinates and even the impediment of their own conservatism.

On the other hand, incomplete national public and private management concerning the professionals of radical changes, success stories about organizational recoveries and systemic projection of institutions are rare. Therefore, they are difficult to recreate, they don't inspire other Romanian managers and, thus, they remain scattered. The dissemination of changing management models is, unfortunately, difficult to expose briefly. More than that, not only the managers' experience is scarce, but also their training involves scarcity regarding courses or curriculum subjects such as organizational flexibility, change management or the continuous process improvement. The economical, social and political instability in Romania emphasizes managers' behavioural tendencies by fuelling their own uncertainties.

Organizational determinants we could identify are the following: the inflexibility of the institutions, the traditional bureaucratization/over-complicated administration of the organization and excessive centralization. Many organizations have a complicated structure, with lots of departments, intricate employment staff scheme and little flexibility, therefore not liable to organizational change (in these disruptive times we live, agility can lay down the law). Bureaucratic organization still exists, functioning and organizational regulations are those inherited from times when command and control were predominant. Despite complex structures within many institutions, the entire decisional process constitutes the privilege of the top managers: the distance between the application links is too big and causes a considerable discrepancy between the leaders' vision and the performance of those who put into practice the directions sent from the source leading centre.

The most important social causes are scarce education, pessimism and people's distrust in new methods of work. It adds, of course, change resistance, communication impediments and even people's selfishness. Genetic vulnerabilities, these determinants are the most difficult ones to overcome because they are related to people's intrinsic nature, almost impossible to shape.

In our opinion, it is necessary, therefore, a reassembling of managerial values: lowering phenomena such as procrastination, lack of initiative, opportunism, social negligence, responsibility avoidance at the same time with the increase of techniques such as participative management, team building activities, confidence building, empowerment

and the usage of alternative methods of motivation.

When installing new managers in public institutions, these announce their objectives and organizational radical change plan, apparently optimistic. Unfortunately, most of the times, these are accomplished at a low level. Discrepancies between the announced objectives and their results show, from our point of view, a desire more for stability (toxic when there's an imperious need for change) rather than a real desire for optimization.

## 5. Conclusions and proposals

Our conclusion, confirmed even if we investigate things carefully when we turn to offices, agencies, desks of public institutions, is that the activity of most of these organizations is deployed in opposition with their purpose - to offer public service to people. In fact, due to their repellent working method, limited efficiency, high bureaucracy and heavy procedures, their activities are considered more like prejudices (un-services) to the customer.

Regarding the frequently mentioned standardization – that can be defined as assimilating, attaining and extending the best practices in a continuous manner. We believe that the idea of this principle is misunderstood by managers: work standardization efforts have been made. The results were not too spectacular. This is because the real subject of standardization that should be pursued is the work optimization.

Given the delays in establishing a more rigorous organization, we recommend the practice whose utility has been demonstrated in the private sector: the analysis of any malfunctions at the lower and mid-management levels (department managers and team leaders). Today, in most of the public institutions, the staff refuses to involve in the process of optimizing the work organization considering perhaps (this is an organizational tradition) that the responsibility of drawing the organizational objectives and the procedures conception are the exclusive duty of senior managers.

As ordinary citizens and beneficiaries of the services provided by public organizations, we cannot conclude without point out some common dysfunctions: the work program with the public should be expanded; employees of organizations are or seem to be deeply demotivated; urgent need for transparency in the public services; the need for increasing flexibility and for optimizing the communication: managers - employees / employees - employees / employees and managers - beneficiaries of public services.

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