

Introduction of the New Public Management in the Romanian and Swiss Local Public Administration

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Abstract

In this article we aim to clarify the content of the new public management and to highlight its notable implications for a more efficient public administration in general and a better local public administration, as part of the former’s intrinsic structure.

By importing ideas, techniques and practices from the private sector, the new public management enables the transformation of the traditional public administration into a model of modern administration, responsive to and meeting community needs. In light of these issues, we emphasize the importance of the new public management for the good overall functionality of the administrative system, with focus on local public administration in Switzerland and Romania.

Thus, our scientific journey culminates with the placement in a comparative approach of these two local public administrative systems, one Swiss and one Romanian, in order to highlight features related to the implementation of the concepts and ideas of the new public management in the two local public administrative systems under comparison, this example fully illustrating the theory.

Key words: *new public management, local public administration, Swiss municipalities, Romanian local administrative system*

JEL Classification: *H83*

Introduction

The need to reform and streamline public administration in general and local public administration as part of the former’s intrinsic structure requires the introduction of the new public management ideas and concepts. Transferring concepts and ideas from the private sector to the public sector, from state to market, the new public management, being concerned about the “outputs” rather than the “inputs”, is likely to contribute to a more efficient administrative system, as a whole, and to a better local one, in particular, and, especially, to determine its awareness to the needs of citizen-customers.

From this standpoint, the objective of the present investigation is to highlight the implications and effects of the new public management on the functioning of public administration in order to emphasize the main features regarding the implementation of the new public management ideas and concepts in the Swiss and Romanian local public administration.

It is possible to improve the functionality and efficiency of both the local administrative systems considered by applying the concepts, techniques and practices of the new public management, whose aim is to build a more efficient, more responsive to individuals' needs local government, able to successfully fulfill the mission for which it was founded and operates.

Conceptualization of Public Administration in Terms of “New Public Management”

Enlightening for what we want to point out at this stage of our approach is the definition formulated by J. Pierre, quoted by Professors C. Pollit and G. Bouckaert, according to which public administration is seen as “the connection – output key between state and civil society. However, the side of government and civil society is a two way street, including both public policies and policy requirements coming from private actors and submitted to decision makers”¹.

We see that Pierre operates a fragmentation of society into two components: state and civil society. One that unites them is public administration itself, seen as a relation between inputs (ensuring requests from civil society to the state) and outputs (provides the meeting of demands by providing services from the state to civil society).

Regarding public administration as the “output link”, the author refers to the model input/transformation process/output. Used in management theory and practice, the model in question is applied to private organizations. Admitting that they are set up to respond to certain social and economic needs, organizations set targets which accomplishment involves inputs (human, material, and financial resources). All these are subject to conversion to generate outputs. Destined to the environment, these outputs lead to outcomes (intermediate effects) and, in time, to impacts (final consequences).

Similarly, in the public sector, public institutions set targets to meet the needs of citizens. To achieve these objectives, the institutions undertake entries (civil servants, buildings, equipment, and financial resources). Through and with these entries, public institutions engage in processing activities such as construction or upgrading of a road. All this transformation process is performed to produce outputs to the external environment, such as the public road built or modernized. Once delivered to the community, outputs lead to results and, on a long term, to impacts, such as the public use by community members of the new road built or modernized. It is these effects which reflect whether the activities undertaken in public institutions and the outputs delivered by them meet and respond to public needs and ensure achievement of the overall goals generated by their achievement.

The approach of public administration according to the model inputs/outputs is illustrated in the following figure which reflects the connection between goals - input - processing activities - output, as shown in the preceding (see Figure 1).

¹ Pollit, C., Bouckaert, G., *Public management reform: a comparative analysis*, Oxford University Press, New York, 2000, translation from English by Stanciu, D., Epigraf Publishing House, Chişinău, 2004, p. 20.

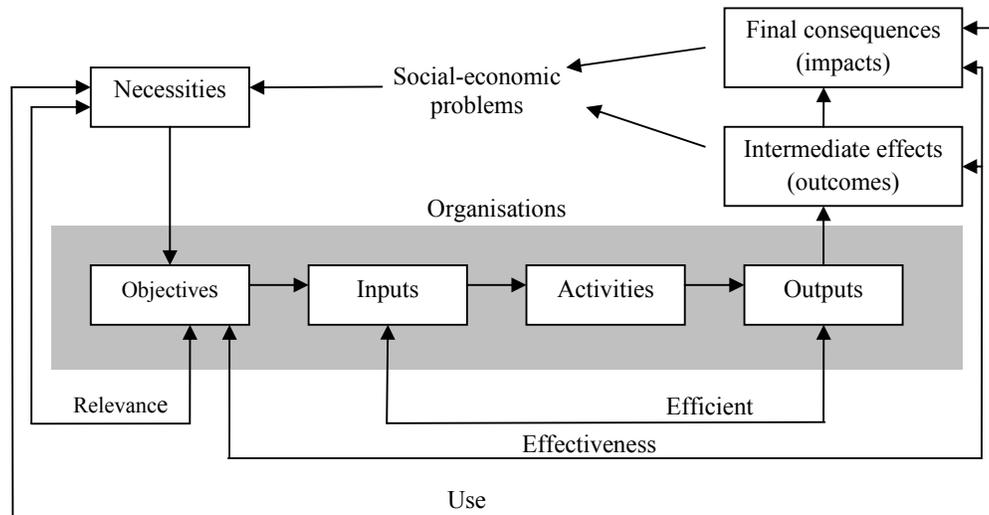


Fig. 1. Representation of public administration according to the model input/output

Source: Christopher Pollit, Geert Bouckaert, *op. cit.*, p. 25.

An important aspect should be brought to attention. Although J. Pierre uses the term “public administration” without mentioning the term “management” at all, we can conclude from his presentation that he refers to what other experts call the “new public management”.

Based on this and from such a direction, we believe that the public administration approach in terms of input/output can be very useful in meeting public needs and in solving socio-economic problems.

The New Public Management - an Alternative to Traditional Public Administration

The new public management was born in response to the need to reform public administration and has developed more through the theorists and practitioners who offered possible solutions in this direction. Aimed at reshaping and streamlining the public sector after the private sector model, the new public management can be considered a remarkable reorganization model and an important technique to make administrative system more efficient.

Professor O. Hughes looks at the new public management as an alternative paradigm that can provide a more realistic approach than the traditional model to public administration. Moreover, the specialist quoted thinks that the new public management model successfully replaces the traditional model of public administration, adding that in the future public sector will inevitably be managerial, both in theory and in practice.²

Seeking to overcome controversies and ambiguities in the definition of new public management, Professor C. Pollit believes that it is a phenomenon with different implications on two levels: the upper level, the new public management is perceived as a general theory or doctrine to improve the public sector by importing concepts, techniques and values from business, while at a more common level it is a specific set of concepts and practices, including:

- emphasis on the importance of “performance”, especially by measuring the output;

² Hughes, O. E., *Public Management & Administration. An introduction*, Second Edition, Published by Palgrave, New York, 1998, p. 53.

- preference for the flexible, flat, small, specialized forms of organization at the expense of very large multifunctional ones;
- a widespread substitution of contracts in hierarchical relationships, as the main coordination mechanism;
- a large-scale introduction of market-type mechanisms, including competitive procurement, public associations and of a remuneration system linked to performance;
- focusing on the treatment of public services as “customers”³.

New public management concepts and ideas are captured by D. Osborne and T. Gaebler in the term “reinventing public administration”⁴. These lists ten principles of “entrepreneurial government” (see Table 1), formulated in exaggerated terms, underpinning radical transformation of the classical model of administration, characterized by rigidity, strong hierarchy, based on multiple rules which only put a gap between government and citizens into a model of public administration characterized by openness, flexibility, efficiency, effectiveness, oriented towards the needs of citizens.

Table 1. Principles of reinvention of public administration formulated by Osborne and Gaebler

1.	Catalytic Government: the catalytic government believes in steering than rowing.
2.	Community Owned Government: the community owned government believes in empowerment of the communities to resolve problems than delivering the services.
3.	Competitive Government: the competitive government is responsible for injecting competition into the service delivery than monopolies.
4.	Mission Driven Government: the mission driven government is responsible for transformation of the rule driven organizations. This government is driven by missions than the rules.
5.	Results Oriented Government: the Results Oriented government as name suggests is result oriented by funding of the outcomes and not its inputs.
6.	Customer driven Government: the customer driven government is concerned with the needs of customers and not with bureaucracy.
7.	Enterprising Government: enterprising Government works on the principle of earning the money rather than spending.
8.	Anticipatory Government: this government invests in prevention of problems than in curing the crisis.
9.	Decentralized Government: the decentralized government emphasis on participation and teamwork than hierarchy.
10.	Market Oriented Government: it is responsible for bringing the change through market.

Source: David Osborne, Ted Gaebler, *op. cit.*, pp. 458-470.

In a more accessible form, the ten principles of “entrepreneurial government” would translate as follows⁵:

- a competition between service providers;
- empowering citizens by placing a control outside the bureaucracy and within the community;
- a performance measurement of agencies by focusing on results;
- guiding by purposes and not by rules and regulations;
- a redefinition of the attitude to customers and offering alternatives;

³ Pollit, C., Noul management public – o privire de ansamblu asupra poziției sale actuale, *Revista Administrație și Management Public*, nr. 8/2007, pp. 8.

⁴ Osborne, D., Gaebler, T., “Reinventarea administrației publice”, in Lane, F. S., *Probleme actuale de administrație publică*, Epigraf Publishing House, Chișinău, 2006, pp. 458-470.

⁵ State-Cerkez, M., ”O abordare critică a noului management public și a reformei administrației publice din România”, in Păunescu, M. (coord.), *Management public în România*, Polirom Publishing House, Bucharest, 2008, p. 79.

- problem prevention;
- an attempt to save;
- decentralization of authority;
- preference for market mechanisms;
- involvement of all sectors in their participation in solving community problems.

In practice, the new public management effects could translate into⁶:

- restructuration of public sector (mainly through privatization);
- reorganization of public services;
- introduction of competition in the public sector by creating an internal market and getting public goods contracting with the private sector;
- efficiency improvement, as a consequence of focusing on performance measurement and auditing.

In the light of the above and even if it fails fully to exclude traditional bureaucratic practices in the public sector, we cannot but support the extension of new public management ideas and concepts implementation in the functioning of public administration in our country, but also because it managed to redefine the relationship between “those who administer” and “the administrated”, regarded as “customers” of public administration.

Implementation of New Public Management Concepts and Ideas in the Swiss and Romanian Local Public Administration

At this point in our scientific path, we put face-to-face two separate local administrations, one in Switzerland and the other one in Romania, in order to highlight specific aspects regarding the implementation of new public management concepts and ideas at the level of the local administrative systems considered.

In the Swiss space, the poor situation of municipalities, registered in the period 1995-1997, led to the introduction of many reforms to improve the performance capacity of municipalities⁷.

For this purpose, local authorities have followed a general trend of implementing public reforms such as the “new public management”⁸. Such reforms should ensure a more efficient use of resources and their center of gravity must target clear objectives, explicit directions and procedural transparency.⁹

In the administrative system in Switzerland, the new public management is applied as a response to three problematic cases¹⁰ (see Table 2):

1. input control and opacity of outputs and impacts;
2. inflexibility caused by a lack of market pressure;
3. bureaucracy and excessive political control of operative decisions.

⁶ Băcanu, B., *Organizația publică: Teorie și management*, Polirom Publishing House, Bucharest, 2008, pp. 30-31.

⁷ Steiner, R., New Public Management in Swiss municipalities, *International Public Management Journal*, no. 3/2000, pp. 169.

⁸ Schedler, K., Local and regional public management reforms in Switzerland, *Public administration*, vol. 18/2003, no. 2, p. 331.

⁹ Braun, D., Constitutional Change in Switzerland, *The Journal of Federalism*, vol. 39, no. 2/2009, p. 325.

¹⁰ Schedler, K., *op. cit.*, p. 332.

Table 2. Elements of the New public management in Switzerland

Problems	Input control intransparency	Inflexibility monopoly behavior	Bureaucracy Political Over- Control
Targets	Control through outputs and outcomes	Creation of pressure to adjust	Enablement of better management
Implementation	Instruments for results- oriented control	Market-type Mechanisms	Creation of semi- autonomous entities

Source: Kuno Schedler, *op. cit.*, p. 332.

With regard to the implementation of the new public management ideas at the Swiss local government, undertaken studies show that over one third (34.7%) of municipalities consider new public management concepts. Although not all aspects of this theory are implemented in all public administrations, elements of the new public management have been implemented in a considerable number of municipalities. Approximately a quarter (25.3%) of the municipalities have already taken administrative measures similar to the ones of new public management¹¹. For example, representatives of the administrative management of the railway system in Switzerland have officially declared that they had acquired several conceptual ideas of the new public management.¹²

Referring to the spread of the new public management in the Swiss space, R. Steiner tells us that a comprehensive analysis of this theory involves five dimensions¹³:

- culture dimension (e.g., customer satisfaction, quality management, new management styles, enterprise culture and personnel development);
- goal and performance dimension (e.g., cost accounting, controlling, global incentive systems, performance-related pay, results-oriented legislation, performance agreements, management by objectives);
- organization dimension (e.g., decentralization, shift to more autonomous units, cics, lean management, fewer hierarchies, process management);
- market dimension (e.g., contract management, benchmarking, transfer pricing);
- outcome dimension (e.g., evaluation, auditing, outcome indicators).

Investigating the conduct of such new public management reforms implemented in the municipalities of Switzerland, in relation to the five dimensions, the quoted author shows that the current administrative activities include, first of all, a cultural dimension (elimination of the public servant status, staff development) and certain aspects regarding purpose and performance (performance-reward, quality of objectives). Surprisingly, the tools necessary to determine the extent to which the objectives and performance levels have been achieved (such as control) are still missing. Market size (e.g. benchmarking) and size on the outcome (e.g. performance agreements with result indicators, customer surveys) are not yet widely used. If the organizational dimension is introduced, the focus is not so much on organizational change and organizational process, but rather on conferring jurisdiction. The instruments that are not yet commonly used, such as benchmarking or performance agreements, tend to experience a careful development within the municipality administration.¹⁴

¹¹ Steiner, R., *op. cit.*, p. 173.

¹² Schedler, K., *op. cit.*, p. 333.

¹³ Steiner, R., *op. cit.*, p. 173.

¹⁴ Ibidem, p. 175.

The widespread introduction of new public management in Swiss municipalities is likely to lead to increased efficiency in providing output¹⁵ in the form of public services. Swiss municipalities that have implemented new ideas and concepts of public management fulfill their tasks more efficiently and effectively, in terms of performance.¹⁶

In the Romanian space as well, the need to reform and modernize public administration received as a reply the introduction of the new public management elements. In the period after 1989, the reform of the administrative system in Romania did not have a coherent, worth following direction or implementation tools. This is explained by the inexperience of the administrative institutions regarding the public management reform type, lack of strategic vision, political influence and legacy of centralized administration system.¹⁷

Although the path of many reforms of the Romanian administrative system is not without difficulties, in recent years, Romania has made important steps.

The concern for how public resources are used, generated by the idea that public sector efficiency has direct effects on economic development and welfare of citizens, public concerns for quality and speed with which public goods and services are provided, together with the opportunity to report any complaints, the spreading of a culture of innovation, focus on real reforms to public policies in the economy and society, public debates on public policies to be implemented are some of the specific elements of the new public management that have helped shape the a new way in which citizens relate to those who lead, and a new way they relate to the citizen.¹⁸

The implementation of new public management concepts and ideas in Romanian administrative system brings several advantages in at least three levels¹⁹ (see Table 3):

Table 3. Benefits of implementing the new public management in Romania

<i>At general level</i>	<i>Human resources level</i>	<i>Organisational level</i>
<p>The new public management introduces classic public management and public marketing ideas and concepts:</p> <ul style="list-style-type: none"> ○ analysis and forecasting ○ planning: highly decentralized ○ implementation: Focus on human resource management for increased performance ○ control: regarding accountability and feedback. 	<p>The new Public Management gives considerable attention to human resources development, focusing on internal motivation, unlike the situation based especially on external motivation, developed under the influence of all regulations, laws, rules that the Romanian public administration structures implement.</p>	<p>The new public management influences decision making through its decentralization, it is economically motivated, based on the market needs and forces as opposed to the decisional administrative practice predominantly influenced by political compentence.</p>

Source: processed after Armenia Androniceanu, *op. cit.*, p. 94.

¹⁵ Kübler, D., Lander, A., Local government reform in Switzerland. More 'for' than 'by' – but what about 'of'?, Paper presented at the Joint International Conference *Reforming local government: closing the gap between democracy and efficiency*, organised by the IPSA Research Committee 05 and the DVPW Workgroup “Local government studies”, Stuttgart, September 26th to 27th 2002, p. 21.

¹⁶ Steiner, R., *op. cit.*, p. 187.

¹⁷ Cepiku, D., Mititelu, C., Public administration reforms in transition countries: Albania and Romania between the weberian model and the new public management, *Transylvanian Review of Administrative Sciences*, no. 30E/2010, p. 68.

¹⁸ State-Cerkez, M., *op. cit.*, p. 101.

¹⁹ Androniceanu, A., New public management impact on the romanian public administration, *Revista Administrație și Management Public*, nr. 6/2006, p. 94.

These are dimensions that the new public management introduces in public administration in Romania.

At the local public administration level, the reform priorities are aimed at improving local service delivery quality, increase of local incomes, supporting the capacity of development of local potential and implementation of measures to attract strategic investors in the area of competence²⁰. But for public administration reform to succeed it is necessary that a large number of target groups (in particular, key management levels and decision) to express support, commitment and recognition of the necessity of changes and their implementation [...], thus four factors blocking the reform being identified²¹:

- strategic - the complexity of decision;
- structural - the bureaucracy specific to any system, limited human and financial resources, size and complexity;
- culture - fear of change, the tradition of “continuity”, change of mentality;
- behavioral - no individual incentives, misunderstanding of final objectives, demotivation and frustration, waiting behavior.

We believe that it is appropriate management practice to include elements of the new public management which is likely to ensure the overcoming of these bottlenecks and lead to better overall system functionality.

Conclusions

Having mentioned all these, we conclude that both in the Swiss area and the Romanian one, overcoming certain poor situations and the need to reform both local administrative systems required introducing new ideas and concepts of the new public management. I have noticed, by emphasizing the characteristic features of the implementation of the new public management in local government in Switzerland and Romania that in both systems there are implemented elements of the new public management in an attempt to resize and make the two administrative structures under discussion more efficient.

Furthermore, we can emphasize that the main benefit that the implementation of the concepts and ideas of the new public management in public administration from the two areas discussed brings regards focusing administrative actions on results, embodied in public services, in quantity and quality required by citizen -customers, and building an administration closer to citizens and able to fulfill its tasks.

In addition, our investigations support our claim that the modernization of both systems and a better use of them is possible by practicing the new public management, which would contribute to building an efficient administration that responds to local community needs and meets all requirements of the community whose interests it serves.

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Introducerea noului management public în administrația publică locală din spațiul elvețian și românesc

Rezumat

În prezentul articol ne propunem să lămurim conținutul noului management public și să-i punem în lumină notabila sa implicație asupra eficientizării administrației publice, în general, și a administrației publice locale, ca structură intrinsecă a ei.

Prin importul ideilor, tehnicilor și practicilor din sectorul privat, noul management public face posibilă transformarea administrației publice tradiționale într-un model de administrație modern, care să răspundă și să corespundă nevoilor comunității. Prin prisma acestor aspecte, vom reliefa însemnătatea noului management public pentru buna funcționalitate a sistemului administrativ în ansamblu, cu particularizare la nivelul administrației publice locale din Elveția și România.

Astfel, traseul nostru științific culminează cu plasarea într-o abordare comparativă a acestor două sisteme administrative publice locale, unul din spațiul elvețian și celălalt din spațiul românesc, cu scopul de a evidenția elemente caracteristice vizând implementarea conceptelor și ideilor noului management public la nivelul celor două administrații locale considerate, acest exemplu ilustrând pe deplin teoria.