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## The Role of Public Management, in the Interest of Increasing the Efficiency of Governance (with special focus on the Balkans)

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### **Abstract:**

*The Public Sector is the principal actor in macro socio-economic policy making infrastructure and an architect of an enabling environment for national development. Public Sector management covers such aspects of management as productivity management, and management of human, financial and other resources. It involves an array of activities ranging from planning, formulation and implementation of policies, programmers and projects for the delivery of goods and services to the nation through a number of government and quasi-government institutional arrangements.*

*Consequently, it is imperative that the structures, policies and operations of the Public Sector respond adequately to the socioeconomic needs of the nation, as articulated in the Vision 2016, and to global challenges.*

**Key Words:** public sector management, customer, bureaucracy, public services, productivity management

### **The role of institutions**

The quality of institutions is assessed in three ways: *First*, the quality of government-political rights, corruption, public sector efficiency, regulation of monopolies; *Second*, the legal protection of private property, and *Third*, the limitations of the political elite.

An example of measuring the quality of institutions is an aggregate index of the rule which includes six groups of factors. Index includes the following elements:

1. Accountability: the extent to which citizens elect the government, with civil rights, the degree of freedom of the press;
2. Political stability and absence of violence: the degree of removability - normal parliamentary government, unlike violent and unconstitutional actions;
3. Government effectiveness: the quality of public services offered by the government, competence and accountability of the public about political administration;
4. Degree of regulation: the relative absence of state control and monopoly of all possible markets - goods, capital, labor, information;
5. The rule of law: the protection of people and property from arbitrary, fraud, violent acts, effectively and independently the judiciary;
6. Freedom from looting: the reduction of corruption and misuse of public power in personal gain.

*Good institutions have three characteristics:*

*First*, establish and protect property rights in the company;

*Second*, restrict all possible elite seeking to expropriate someone's income or assets, and

*Third*, to the possible extent, provide equal opportunities for the general population in the fields of employment, social security and human rights.

Institutions may be different in terms of the impact on economic development:

- Market-made institutions establish and protect property rights, without which there is no market;
- Market-regulating institutions dealing with regulation, externalities, economies of scale, imperfect information;
- Market-stabilizing institutions reduce macroeconomic volatility and financial crisis;
- Marketing legitimating institutions provide social protection, health and pension insurance.

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management covers such aspects of management as productivity management, and management of human, financial and other resources. It involves an array of activities ranging from planning, formulation and implementation of policies, programmes and projects for the delivery of goods and services to the nation through a number of government and quasi-government institutional arrangements.

Consequently, it is imperative that the structures, policies and operations of the Public Sector respond adequately to the socioeconomic needs of the nation, as articulated in the Vision 2016, and to global challenges. This implies that the quality of the Public Sector management is essential to the fulfillment of the theme of the National Development Plan 9: "Towards Realization of the Vision 2016: Sustainable and Diversified Development through Competitiveness in the Global Market."

The Directorate of Public Service Management is mandated to provide the overall policy framework in human resource and productivity management practices. This article will, therefore, restrict its discussion of the role of the Directorate of Public Service Management in the management of the Public Sector to the areas of human resource and productivity management.

Human resource and productivity management policies and practices are to be used in the Public Sector for effective management of the human capital and other resources required delivering the National Development Plan goals, and ultimately achieving the national aspirations as enshrined in the Vision 2016. The extent to which the goals of the National Development Plan 9, and consequently those of the Vision 2016, are achieved is dependent on how effectively the human and other resources will be applied to the delivery of the planned programmes. It is, therefore, necessary that the envisaged Public Sector management policies and strategies be succinctly spelt out in the National Development Plan 9.

The implementation of the human resource management policies and other management practices in the Public Sector, developed within the macro policy framework provided by the Directorate of Public Service Management, are done through institutional arrangements with specific focus and clientele. This is intended to cater for the special needs of the components

of the Public Sector and eventually catalyze the enablement of business environment for national development.

## Management in the Public Sector

Ethics state public service gave way to today place the management of the public sector, the public good in this area become economic goods, the welfare state "becomes, the state of entrepreneurship." Managerial philosophy of the public sector in particular has changed the position of the local authorities towards greater fragmentation and pluralism, abandonment of secured and largely free of public services, the introduction of competition, moving focus from service delivery to ensure minimal prerequisites, the principle of payment and receipt of services, greater consumer choice and greater managerial freedom and initiative in this sector. The drivers of these changes were changes in the environment - the structure of the economy, public perceptions of the public sector, the growing financial restrictions and the rise of monetarist orthodoxy. This deletes the traditional diversity of the sector. [4, 70]

**Table 1 Model of public-private**

<b>PRIVATE SECTOR MODEL</b>	<b>MODEL OF THE PUBLIC SECTOR</b>
Individual choice in the market	Collective Choice community
Demand and prices	The need for resources
Inaccessible for private action	Openness zaq public action
Appreciation market	Recognition of the need
Search for satisfying market	Search for justice
Consumer sovereignty	Consumer sovereignty of citizens
Competition as a market instrument	Collective action as an instrument of community

The introduction of market principles and the exposure of the public sector responsibilities are not carried over through a political process, but also through the market. All actors in the public sector are no longer solely responsible for compliance procedures, but also for the results. Using the model of a private sector, managers are responsible stakeholders, where the results are clearly measurable accountability in the public sector, where the results are more complex, and the network of stakeholders dispersed responsibilities over the basic principle of a democratic parliamentary control.

**Table 2 types of liability**

Responsibility						
	According to the public	Parliament	Manager	Legal	Professional	Market
<b>Who</b>	Politicians	Government	Manager	Entities rights	professionals Bidders	service
<b>Where</b>	publics	Parliament	stakeholders	courts	Authorized persons	consumers
<b>WHY</b>	Results for	Efficiency	Efficiency, effectiveness results	legality	processes, behavior	For result
<b>HOW</b>	Elections	Parliamentary of committees and body	indices performance	Legal acts of evaluation	professional association	market power

The introduction of management philosophy in the public sector includes ten principles [4, p. 100, 101]

1. government must be a catalyst for the introduction of new organizations to provide services;
2. citizens must have the right to control the bureaucrats;
3. governments should encourage competition, service providers;
4. governments should follow the mission, not rules and regulations;
5. the results of government should be judged by their performance, rather than inputs;
6. the focus should be on citizens, consumers of services, not bureaucracy;
7. governments and the public sector need to become a company that earns, not only one that wastes money;
8. the government needs to be proactive, not reactive, to prevent rather than treat problems;
- 9 the government should be decentralized and encourage participatory management;
10. market mechanisms must take precedence in relation to bureaucratic mechanisms.

R. M. Kanter has defined this as ‘post-entrepreneurship.’[4, 104; 105]

**Table 3 Model of post-entrepreneurship**

	Bureaucracy	POST ENTREPRENEURSHIP
<b>organization</b>	On the position and status	Focused on the individual, authority based on knowledge
<b>tasks</b>	Repetition and routine	Creativity, creativity and

		strive innovation
<b>orientation</b>	Rules	The results
<b>rewarding</b>	Status	Results and creating value
<b>informing</b>	The formal structure, information constraints	Communication and Coalitions
<b>Style</b>	The mandate of decision-roundedness Responsibility	development network
<b>direction</b>	Towards Ownership and Control	Towards change and innovation

The contribution of managerial philosophy in the public sector is reflected in the following:

1. orientation of empowerment and personal responsibility, not hierarchies decision;
2. emphasis on quality, not quantity;
- 3 focus on users rather than the service provider;
- 4 emphasis on results, not internal procedures;
- 5 orientation, contractual and market relations, and not professional grade;
- 6 focus on innovation and diversification, rather than stability and conformity. (p. 105).

To this end, the British Local Government Management Board "in 1996, Established the following general principles for organizing the local government:

1. smaller management teams in corporations;
2. reliance on specialists in the decision.

In order to balance the gains and costs of such an approach, it was necessary to: improve teamwork, dedication work; strengthen communication, transparency and openness, introduce constant quality training; anticipate further time for monitoring and evaluation; increase accountability, introduce management information systems; establish climate of trust and unity of the management team.

Mr. Boyne singled out in 1991 three possible models of organization of local government [4, 132]. The central values of an organization in the public sector must be: the user first, service quality, staff development, inventers, value for money, flexibility, achieving the set goals, high performance.

Such organization must be 1) responsible, 2) directed toward the user, and 3) efficient, and all employees must be guided by the principles of professionalism, responsiveness,

initiative, determination and entrepreneurship. In order to create and maintain such an organization there must be acknowledged some environmental challenges - the interests of politicians and key stakeholders, the requirements of people in the local community. The changes cannot be created overnight, but gradually need to change the culture organization making process;

3. decentralization and the introduction of multifunction organization;

4. organizing legal body that will provide principles, value for money and quality of service;

5. partnerships and alliances with various organizations.

One possible model to meet these principles is the introduction and organization of direct service (which is based on a functional decentralization).

**Advantages:**

- Large enough to recruit competent managers;
- Large enough to affect the realization of its objectives;
- Economies of scale;
- Flexibility to support staff;
- Facilitate the identification and allocation of costs of direct services;
- Facilitate the allocation of resources.

**Disadvantages:**

- Overriding importance in the affairs of local government;
- Duplication of functions and people;
- The introduction of a new organization disturbs the existing structure;
- Difficulties in recruiting managers;
- Difficult coordination dispersed and separate functions.

**Table 4 Models of organization of local government**

	<b>MARKET</b>	<b>SERVICES PROVIDED</b>	<b>PARTICIPARY</b>
<b>Accent</b>	Utility company	Provision direct services	The local community
<b>Culture</b>	Competitive	Reactive	Proactive
<b>Strategic Planning</b>	Parameters defended from market	The scope and priorities by services	Response to requests from the community
<b>The basis for the provision of service</b>	Mixed economy	Professionalism	Diversity in relation to the requirements

<b>internal organization</b>	Contractive relations	service sector	matrix, decentralized and organization
<b>Responsibility</b>	Mutual responsibility	Selected Committees	citizens in the local community
<b>Relations with other organizations</b>	Through negotiations	Professional Autonomy	Dispersed in accordance with local needs

To obtain benefic changes the following requirements must be met [4, p. 264]:

Efficiency: efficient spending of taxpayers' money;

Cost: the lowest possible cost;

Natural environment: environment;

Effectiveness: the impact of the public sector as a whole has to be positive;

Evaluation: The public sector needs to be exposed to assessment and accountability;

Ethics: must establish and maintain standards of behavior;

Markets: the public sector must respond to the demands of the citizens who are the consumers of services.

**Table 5 Changes in the public sector**

<b>TASK</b>	<b>ACTIVITIES</b>
Establishment of dynamic change	1 Provide support key stakeholders 2 Leaders should create support for changes 3 Emphasize the importance of changes 4 Build stability to minimize risk and uncertainty
Motivation for change	5 Dissatisfaction with the current state as a reason for change 6 Motivation to participate in the changes 7 Rewarding to support changes 8 Predict the time to break with the the status quo
Manage with changes	9 Development and transfer of a clear vision of changes 10th Changes must cover the entire organization 11th Build feedback mechanisms

## Conclusions

Resistance to change can be influenced by several factors: insufficient resources and time, non-identification of problems, lack of coordination, insufficient knowledge, turbulent environment, lack of leadership, public objectives, and lack of communication.

A survey, conducted by Public Management Foundation, in 1997, which polled 1,000 people in four British counties showed the following: very satisfied “with their education, 73% of respondents, with Health - 72%, and 56% - of local authorities.” The conclusion is that the citizens, not the politicians have to be a crucial factor in the assessment of the public sector and when providing public services is considered.

[3] Reform of the public sector in our country will have to provide answers to the following dilemma:

1 centralization - decentralization;

2 control - management initiatives;

3 safety of employees - evaluation by the user.

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