

FROM THEORY TO PRACTICE: IS IT POSSIBLE TO FOSTER PUBLIC SECTOR INNOVATION IN ROMANIA?

Anca-Mariana PEGULESCU^{a*}, *Armenia ANDRONICEANU*^b

^a Bucharest University of Economic Studies, Romania, anca.pegulescu@rei.ase.ro

^b Bucharest University of Economic Studies, Romania, armenia.androniceanu@man.ase.ro

ABSTRACT

Being a EU member state, Romania has encouraged a modern approach of the public administration analysis. Up to now such attempts have been done from a strategic point of view, focusing on 'principles of excellence'. Our study is an exercise towards the legal framework that led to an environment favorable to systemic innovation and an innovation culture, already established/possible in the near future, in the Romanian governance and public management. An example of good practice is SOLVIT, a network service for the authorities from the EU member states and within them as well. Such a service may contribute to administrative problems solving, regarding the living conditions or economic activities displayed in a certain country. The success of such a network means active participation and capacity of the member states in providing promptly the results waited by citizens and enterprises.

KEYWORDS: *challenge, goal, holistic approach, policy, program.*

1. INTRODUCTION

Analysing the public sector, in general, is not an easy attempt. It is necessary to clarify what we mean by "public", what an "organisation" is, and what is regarded as the public sector, public bureaucracy etc.

If we trust Wikipedia, "the organization of the public sector can take several forms, including ":

- direct administration funded through taxation and leading to different levels (central vs local);
- state-owned enterprises which differ from direct administration in that they have greater management autonomy and operate according to commercial criteria;
- partial outsourcing, which is considered a public sector model.

On the other hand, a borderline form may be possible in:

- complete outsourcing or contracting out, with a privately owned corporation, delivering the entire service on behalf of the government. This may be considered a mixture of private sector operations with public ownership of assets, although in some forms the private sector's control and/or risk is so great that the service may no longer be considered part of the public sector (Barlow et al., 2010)

The other concept that needs to be discussed is the concept of "governance". We have turned towards The International Encyclopedia of Public Policy (Elsner & Schoenig, 2009) and retained some interesting ideas that might lead to a possible definition of the term:

- governance has emerged in the social sciences and public policies only in the last two decades, although the word is rooted in Middle English. Then it has been identified with government, i.e. with state authorities.

* Corresponding author. E-mail address: anca.pegulescu@rei.ase.ro

- nowadays it reflects renewed interest in a larger area and “comparative structures, processes and performance of allocation mechanisms, (economic) systems, or organisational forms through which economic agents interact and get coordinated”.
- governance is seen through its hierarchy (bureaucracy), network forms of cooperation and their hybrid forms.

The notion of governance is a term displaying institutional variety in policy making; its potential includes high requirements, and high legitimacy, both on its input and output sides.

The fact that the public sector has grown constantly since World War Two, when defining it, we have to think about public policy, public administration, public management, outputs in policies.

We have chosen to enter the area of the public sector innovation in Romania in order to evaluate and compare what has been achieved up to now in the domain of public administration.

2. WHAT IS GOOD GOVERNANCE?

Definitions do not always offer the entire essence of a concept or a mechanism. Reconceptualizing governance has been assumed by the United Nations. In the UN’s paradigm, governance is defined as “the exercise of political, economic and administrative authority to manage a nation’s affairs. It is the complex mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests, exercise their rights and obligations and mediate their differences.” (Rondinelli, 2007). Good governance is a necessary condition for promoting global partnership meant to enhance the efficiency and effectiveness of public administration.

According to Osborne & Gaebler, (1992) there are ten characteristics of effective governments:

1. catalytic – “steer rather than row” and see that services are provided rather than always delivered directly;
2. community-empowering - encourage local groups to solve their own problems rather than dictate bureaucratic solutions;
3. competitive rather than monopolistic - deregulate and privatize those activities that could be carried out by the private sector or nongovernmental organizations more efficiently or effectively than public agencies;
4. mission-driven - setting goals and allowing employees to find the best ways of meeting objectives;
5. results-oriented - funding effective outcomes rather than inputs;
6. customer-driven - meeting citizens’ needs rather than those of the bureaucracy;
7. enterprising - earning revenues rather than just spending tax resources;
8. anticipatory - investing in the prevention of problems rather than spending to solve problems after they occur;
9. decentralized - working through participation and teamwork among government agencies at different levels and with groups outside of government;
10. market-oriented - solving problems through market forces rather than larger government programs.

The concept of “good governance” appears also in the United Nations Development Program (UNDP). Here, its characteristics include all citizens’ widespread participation, “decision making by rule of law, transparency in the actions of governance institutions, responsiveness to the needs and desires of citizens, equity in the treatment of citizens, effectiveness and efficiency in the use of public resources, public accountability, and the exercise of strategic vision in planning for development” (Rondinelli, 2007).

On the other hand, the term “innovation”, referring to governance, implies “fundamental changes in the course of action of governments or other institutions in society”. Researchers and specialists in the domain tried to make a difference between “innovations” and “inventions”. The former are more often discoveries combining ideas that have been tried/practiced elsewhere. Innovations may result from performance gaps, from disjunctions between public expectations and institutional performance.

What cannot be denied is the fact that “innovation is a process” to which we can add what real life experience has taught us: “innovations must be legitimized before they can be implemented” (Rondinelli, 2007).

Peter Drucker’s opinion (1985), referring to entrepreneurship is that innovation also “emerges from “process needs””. The most common types of innovations are technological, value oriented, organizational, legal, procedural, political, or economic.

How do governments adopt and adapt to innovation? Here are some examples retained by the same Rondinelli (2007):

- enactment into law;
- administrative decrees;
- creation of new bureaucratic structures;
- reorganization of social, political, or economic institutions;
- procedural or regulatory changes;
- the imposition of new norms or conventions that govern behavior.

Innovative political leaders and public administrators should be aware of the fact that the success of democratic governance requires decentralized participation in public policy making, the implementation of government programs and giving local administrative and political units adequate revenue and spending powers. There are governments that continually reinvent themselves through innovation and quality improvements. In such a way they strengthen their relationships with their own citizens, the private sector, and the organizations of civil society.

2.1 From New Public Management (NPM) to good governance

The image of public administration as an efficient institution is to use the principles of (democratic) governance, being at the same time:

- accountable and transparent;
- decentralized;
- instrumental in ensuring fair and legitimate elections;
- based on a system of checks and balances between the executive branch and the parliament;
- a central institution in combating exclusion and protecting the rights of minorities and disadvantaged groups;
- a managerial capacity to enhance access to justice;
- a facilitating environment for the active engagement and role of civil society and the private sector;
- a user of information and communication technology to promote citizens’ access and participation in the development process;
- citizen-centric.

The New Public Management has been very much discussed, analyzed and compared with the governance approach and implicitly with the public administration practices. It has been obvious that all these concepts have evolved by taking ideas from one another and in many ways they may be positioned as opposites. Klijn (2012) borrows from Pollitt et al. (2007) the label of “chameleon” when referring to NPM. He also adds specific features as:

- ideas and techniques that originate from the private sector;
- the creation or use of markets or semi-market mechanisms;
- the use of performance indicators or other mechanisms to specify the desired output.

Comparing governance with NPM, the term “network” appears followed by the syntagm “interaction processes”. Even if they might be redundant, the former include the latter:

- inter-organizational dimension of policy making;
- horizontal types of steering - network management, meta-governance;
- the early involvement of societal actors, stakeholders and citizens.

There is no clear conclusion favoring one or the other from the two major perspectives. They are believed to continue to co-exist and flourish because they depend on each other.

2.2. Is the public sector illustrated by public administration?

Romanian public administration has undergone a reform that targeted:

- the public costs rationalization;
- the national strategy implementation for a better imparting of the action plan;
- the improvement of structural instruments management;
- the access to European funds.

In Romania, the Strategy for consolidating public administration activity during the period 2014-2020 has been launched. The National Committee for Coordinating the Public Administration Consolidation Strategy Implementation (NCCPACSI) will monitor the activities meant to bring the Strategy into life.

Public administration modernization is approached from a strategic point of view, at the European Union level, with a focus on “principles of excellence” that should include:

- results orientation towards citizens’ needs;
- leadership and constancy of purposes;
- management of processes and facts;
- people’s development and involvement;
- continuous innovation and improvement;
- partnership development.

According to the European Commission (2014), the process of building an innovative public organization is better addressed as a journey of four dimensions:

- creating consciousness about the goals the organization intends to achieve;
- building capacity;
- mastering co-creation (involving stakeholders from policy design to implementation and evaluation; policy-making not for them, but with them);
- displaying courage and audacity to champion innovative ideas.

There are several drivers for innovation:

- pressure on government budgets;
- rising public expectations of more accessible and flexible services and greater participation in service and policy development and review;
- complex social, environmental and economic challenges.

The term ‘innovation’ seems to be a heterogeneous concept. The objective of the administrative capacity development, when referring to the public sector innovation, is to “harness innovation when it happens” (European Commission, 2014,). Public organizations’ purpose, capabilities and cultural impact on how innovation occurs should all be taken into account. The conditions to unlock an innovation potential lead to an environment conducive to systemic innovation and an innovation culture. The so-called “innovation eco-system” displays public organizations that “are very visible in what they do and when they fail” (Kovács, 2012,).

The Romanian public sector could undergo changes through the improvement of structural effects, and the change of the administrative culture. Empowering the technical level of the public administration has defined clear roles and responsibilities for civil servants and senior civil servants. An example of strengthening the local administration as a result of an analysis background has been the LOGO East program that has been coordinated by Dutch specialists following the Romanian specialists’ requests based on partnerships and twinning existing between municipalities in Romania and municipalities in the Netherlands. LOGO East was conducted during the period 2006-2009, being implemented 21 projects in different municipalities in Romania (Sveda, 2011).

The implementation of these projects has brought organizational changes, of new and different approaches compared to the well-known processes and methodologies. The aspects of "novelty" and "differentiation" considered to be an innovation in the aforementioned projects were the result of a

very large number of people's involvement, of the participation in the trainings and of elaboration of numerous documents. These innovations have affected both the structure and the local public administrations culture as well as the daily work of their employees. The success of these projects was due to the fact that the people involved in them have become aware that they are the ones responsible for the process of change, and that the new working procedures aim to make the services of local public authorities more efficient.

Another good example of what we can call "innovation eco-system" in Romania has been the participatory budgeting project that implies not only citizens' consultation but also their decision, which means that what happens with part of the budget in question is their voice, too. In order to respect democratic principles, authorities are supposed to ensure equal participation of all affected, regardless of their level of education, material situation or other criteria (Rădulescu, 2016). The example of systematic application of the principles of participatory budgeting is in the city of Cluj Napoca, where in 2013 there was a consultation on the matter when allocating allocating part of the local budget of the Mănăştur neighborhood. The initiative belonged to Cluj-Napoca City Hall and the civil society in the locality (Cluj-Napoca City Hall, Report 2013 in Rădulescu, 2016).

At a European level and at a country level, as well, SOLVIT is a free mediation service, established in 2002 by the European Commission in order to solve administrative problems for enterprises and citizens who live, work or study in another member state than their own country. SOLVIT can help citizens and enterprises with problems that fall under the following three criteria:

- cross-border problems within the European Union, Iceland, Liechtenstein and Norway;
- problems caused by a local, regional or national administration;
- a misapplication of European legislation.

The problems are communicated between 2 centers, one center receiving the complaint, the other one solving the problems. Communication is due to be sent within a week since the receiving the file. The solution has to be sent in 10 weeks.

2.3. The public sector and the human resources management (HRM)

The fact that employees represent the main asset of public organizations cannot be denied. Anticipating employees' needs for obtaining good results and having efficient activities may bring solutions to strategic issues. Capable leadership is, no doubt, necessary, but the involvement of all staff is a "must". A good organizational development through human resources management should include:

- workforce planning in order to improve the performance;
- attracting new employees to the public sector, by creating a better image of employers and by managing talent;
- ensuring mobility within and between institutions, exchanging know-how and developing flexibility and responsiveness;
- making possible the evolution from the role of manager to that of facilitator and supporter of the team, rather than the controller and the decision-maker;
- use of quality management systems for self-improvement;
- promotion of teamwork and collaboration, knowledge management, including learning networks and intergenerational learning;
- creating stimulating jobs and increasing staff confidence in order to stimulate and empower employees and fully capitalize on the diversity of the workforce;
- conducting surveys and evaluations regarding the level of staff satisfaction;
- creating a broader framework for performance management, reflecting the reality of a constantly changing environment, the need for flexibility, as well as responsibility, achieving results and consequently the importance of lifelong learning. (European Commission, 2016)

3. CONCLUSIONS

The 2019 World Government Summit, having as the main topic “better policies for better lives”, shared experiences of public sector innovation to provide practical advice to countries on how to make innovation work. Countries like Australia, Canada, Germany, Indonesia, Mongolia, Netherlands, New Zealand, United States gave examples that showed transformations meant to change the way people live, interact and work. Partnerships between governments and the private sector have transformed “ad hoc and sporadic innovation into routine practice integrated into systems worldwide” (OECD, 2019). There are numerous initiatives that can fuel public sector innovation with:

- supporting multi-disciplinarity which means a variety of skills and expertise that specialists should show;
- ensure algorithms for projects are transparent when targeting new methods, tools and technologies;
- rethinking the traditional role of government and opening doors to new economic services and opportunities, as well as providing access to justice and society for marginalised people;
- building a machine-readable world comprised of bits and bytes that mirror the physical world in digital form.

Starting 2014, the Observatory for Public Sector Innovation (OPSI) has been viewed as a global forum for public sector innovation. OPSI has identified four primary facets to public sector innovation - mission-oriented innovation: triggering a clear outcome or overarching objective towards which innovation is oriented.

- enhancement-oriented innovation: upgrading practices, achieving efficiencies and better results, and building on existing structures, rather than challenging the status quo.

- adaptive innovation: testing and trying new approaches in order to respond to a changing operating environment.

- anticipatory innovation: exploring and engaging with emergent issues that might shape future priorities and future commitments.

Bringing together interdisciplinary teams from across governance as well as the private sector might enable a broad gamut of solutions that are supposed to connect them through inspiration and common endeavor.

A good governance implies the quality of the public sector activities, managing a performance framework that can associate an efficient public sector to the citizen and turn investments into genuine results for citizens. A public sector quality is obtained through consensus and trust, while public sector innovation should foster business environment and job creation.

REFERENCES

- Barlow, J., Roehrich, J.K. & Wright, S. (2010). De facto privatization or a renewed role for the EU? Paying for Europe’s healthcare infrastructure in a recession. *Journal of the Royal Society of Medicine*. 103:51-55.
- Drucker, P. F. (1985). *Innovation and Entrepreneurship: Practice and Principles*. New York: Harper and Row.
- Elsner, W. & Schoenig, W. (2009). Governance. In Phillip A. O. (Ed), *International Encyclopedia of Public Policy—Governance in a Global Age*. Volume 3: *Public Policy and Political Economy*, GPERU: Perth. pp. 204-217.
- European Commission, (2014), *Employment and Social Developments in Europe*, <https://ec.europa.eu/social/BlobServlet?docId=13404&langId=en>. (accessed September 25, 2019).

- European Commission. (2016). *Semestrul european - fișă tematică. Calitatea administrației publice*. https://ec.europa.eu/info/sites/default/files/file_import/european-semester-thematic-factsheet-quality-public-administration_ro.pdf. (accessed September 25, 2019).
- Kovács, O. (2012). *Policies Supporting Innovation in Public Service Provision*. Budapest: ICEG European Center
- OECD. (2019). *Observatorul pentru inovare în sectorul public*. <https://www.oecd.org/governance/observatory-public-sector-innovation>. (accessed September 25, 2019).
- OECD. (2019). *Embracing Innovation in Government. Global Trends, 2019*. <https://www.oecd.org/innovation/innovative-government/embracing-innovation-in-government-global-trends-2019.htm>. (accessed September 25, 2019).
- Osborne, D. & Gaebler, T. (1992). *Reinventing Government*. Boston, MA: Addison-Wesley Publishing (1992)
- Rondinelli, D.A. (2007), *Public Administration and Democratic Governance: Governments Serving Citizens*. New York: UN.
- Pollitt, C., Van Thiel, S. & Homburg, V. (2007). *New Public Management in Europe*, Basingstroke: Palgrave.
- Rădulescu, C. (2016). Management Models and Their Implications on Public Communications, *Revista Transilvană de Științe Administrative*, 1(38)/2016: 91-105.
- Sveda, A. A. (2011), Innovations in Romanian Local Public Administrations through the LOGO East Program. *Revista Transilvană de Științe*, 2(29)/2011: 3-16.