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Reform and Management in Romania. Strategy and structural change

Călin Emilian HINTEA¹

Abstract

Reform of public management mean consists of deliberate changes in the structure and processes of public sector organizations with the purpose of making them function better (Pollitt and Bouckaert, 2004, p. 8). Reform efforts need to be deliberate, which means planned ahead and well structured. If after the implementation of reform actions the functioning of the public organization is even worse than at the initial starting point, the reforms cannot be justified. This article offers both a theoretical and empirical perspective on conceptualization and specific components of public sector reform as it developed throughout the recent years in different countries and also a critical view on Romania's approach to reforming the public sector, since 1989 until now, with a case study on the Romanian public retirement system.

Keywords: public administration reform; managerialism; New Public Management; public management.

Introduction

“At first we govern with a clear radical instinct but without the knowledge and experience of where that instinct should take us in specific policy terms...we think it plausible to separate structures from standards, we believe that you can keep the given parameters of the existing public service system but still make fundamental change to the outcomes the system produces. In time we realize that this is wrong; unless you change structures, you can't raise standards more that incrementally...” (Blair, 2010)

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One of the most difficult topics to analyze in Romania is the reform of public services. The challenges that arise during the reform process are so often described and discussed that they tend to be perceived as equally or more important than the main issue, namely how the public sector can be reformed in an efficient way. There are three main areas for discussion within the article: (1) *The terminology used*: between administrative reform, New Public Management, and Neo-Weberianism; (2) *The scope of the reform*: What do reform efforts cover? Is it about specific targets/organizations, specific policy sectors, or the entire mechanism of public services? Politt and Bouckaert (2004) discuss five possible reform models, ranging from a limited reform, of specific organizations, to a broad one, including „all elements of the system (Bouckaert, 2008, p.17). In the case of Romania we discuss about the reform of central government, of the local administration, or about a reform process targeting the entire society, with a focus on the functioning of the state mechanisms? One should keep in mind that the modern state does not control all the fields that need to be reformed, and therefore it needs to build proper negotiation and mediation mechanisms; (3) *The degree of implementation of some concepts developed in the Western world to the area of Central and Eastern Europe, dominated by historic and cultural differences* (Randma, 2008).

What type of a reform are we dealing with? The reform of public administration? The reform of public services? The reform of the state? The reform of public management? Each answer offers a different perspective upon the possible paths for reform. In Romania most discussions referred to the reform of public administration; it has been only recent that the reform concept was extended as to cover the entire state. The discussion regarding the reform of public management is still in its early stages. Public administration or public management? Traditionally, Romania, similar to other Eastern European countries, operates under a legalistic approach to public services (continental model) (Verheijen, 1998; Hinteă, 2008). Public administration translates mostly into the implementation of the law rather than the creation/development of the law/regulations. It is structured hierarchically and change often times means the modification of the legal framework following the linear model described below:

Policy problem – new law – solving of the problem – move on to the next problem on the agenda

The new managerial approach (Hughes, 1998; Hood, 1991; Osborne and Gaebler, 1992; Osborne, 2006) was developed based on a simple concept: the old bureaucratic organizational form was no longer capable to meet the requirements of a modern society undergoing continuous changes, and therefore a new administrative model was needed. The traditional public administration is interested in processes and procedures, the managerial-oriented administration focuses on

outcomes. No matter the specific concept used – New Public Management (Hood, 1991; OECD, 2005), Neo-Weberianism (Pollitt, Bouckaert, 2004), Reinventing Government (Osborne and Gaebler, 1992), or New Public Governance (Osborne, 2006), managerialism has become the new administrative “religion”. The battle against traditional public administration has targeted three areas (Hughes, 1998): (1) *The scale of the public sector*: the idea that the state is simply too big, eating up too many resources; (2) *The scope of government*: the idea that the state is involved in too many areas that can be handled better by other sectors within the society (private sector or NGOs); (3) *The methods of government*: the functioning of the state’s activity based on bureaucratic principles has become less and less popular, and it is seen as a source of rigidity and mediocrity.

In essence public management aims at adapting some efficient methods from the private sector and implementing them in the field of public services, the most popular ones being Total Quality Management (TQM), Benchmarking, Management by Objectives (MBO), Program Planning Budgeting Systems (PPBS). This goal has raised a significant academic debate regarding the differences between public and private and the limitations of adapting managerial techniques from the private sector to the public sector. The difference between the public and private sectors tends to become more subtle in modern societies: these differences vary significantly from country to country and from one stage in time to the other. Metcalfe and Richards (1990) observe that “the governments from the most developed countries are on their way to reconsider or review the fundamental assumptions regarding the differences between the public and the private sectors”. Romania has also experienced in the last 20 years significant shifts with regard to ownership of some sectors which traditionally belonged to the state and are now private (telecommunications, banks, public companies, etc). Currently there is a huge debate regarding the government’s initiative to implement private management in some of the state-owned companies, as a solution for enhancing efficiency.

Public management is characterized by specific features regarding: the provision of public goods, the lack of profit as the main indicator of success, specific ethic values, a restrictive legal framework, a specific organizational culture, the relationship with the political realm, etc (Rainey, 1997; Shafriz, Russell, Borick, 2009; Mora, Țiclău, 2008). It represents a specific way of organization of the public sector, focused on performance and results (Greener, 2009).

The evolution and the reform of public administration cannot be understood outside the contextual analysis of the role of the state in each individual case. The action of the state influences the public and private sectors and defines the limits regarding the scope of administrative reform. This has to be understood in the following context: (1) *Macroeconomic*: the health of the economy, existing resources, the soundness of the private sector. The states which are incapable of offering macroeconomic stability, of keeping deficits under control, and of

stimulating the private sector have had a negative development in the functioning of the public sector; (2) *Politic*: political stability, the quality of political elites, the capacity of the political system to be reformed from within and to respond to crises. The capacity of the elites to go beyond mere rhetoric and to build a coherent, long-term program for the administrative reform is essential but nonetheless difficult to achieve. On the other hand, the radical political changes do not automatically imply administrative changes that are equally radical (Kickert, 2009); (3) *Cultural*: dominant values and beliefs, the degree to which change is accepted, the historical perception with regard to the role of the state, etc. Peters (2008) defines administrative tradition as being „a historically established set of values, structures and relations with other institutions which defines the nature of the proper public administration for society”. The differences among countries are significant and have a major impact regarding the functioning of the administrative system. The recent analysis of the reform of public management in countries with a Napoleonic tradition (Ongaro, 2009) shows the possibility of having different clusters of administrative evolution in the Latin, Anglo-Saxon, and Scandinavian countries. Presman, Wildavsky (1973) have shown how top-down reforms are implemented through a long chain of decision-making and multiple administrative levels, the chances for success being at the same level with the weakest link of the chain. The soundness or weakness of these links can be explained also historically. In Romania it is impossible to understand administrative reform in the absence of a historic vision of the evolution of the public sector in the last 100 years. It is about “archaeological maps” (March, Olsen, 1995) featuring the past confrontations and compromises, which explain more or less the structural challenges existing today. Greener (2009, p.47) observes that in France the reform has been more difficult due to the historical links between the civil servants and the politicians, which had allowed the blockage of some reform initiatives. The works of historians such as Lucian Boia (2011) and Neagu Djuvara (2006) are relevant for understanding the development over time of the Romanian administrative culture.

Romania has undergone starting with 1989 at least through four different stages of the administrative reform: (1) *Legislative reform*, more pronounced immediately after 1989 but which continues even today. There are two main reasons for this stage: the real need for the development and the legalistic tradition described above; (2) *Reform at the level of formal structures and procedures*: new forms of organization, new working procedures intra and inter institutions. Decentralization, the settling of the new relations central-local (Dragoș, Neamțu, 2007), the monitoring, control and evaluation mechanisms of performance represent such models; (3) *Reforms at the level of public policies*: reform efforts targeting the human resources, financial mechanisms, and the formulation of public policies; (4) *Structural reforms*: the redefinition of the dimensions of the state and of the areas of priority intervention, the effort to make rational its action regarding the macroeconomic and administrative behavior.

This evolution is explicable from the standpoint of historical realities (an administrative structure specific for a totalitarian state, in which politics and administration overlap, the domination of a legalistic model inspired by the French one, the lack of expertise in public management, the lack of maturity of the political elites). We are now in the early stages of phase 5 – the implementation of a managerial approach of Western origin, focused on two key factors: quality of services and performance (management and measurement). There are several initiatives announcing this managerial stage such as the creation of the city manager position within the local public administration or the efforts aimed at stimulating strategic planning at both the central and local levels.

Is there an ideal model for the reform? Is economic boom or rather the economic crisis (due to economic constraints) the perfect moment for initiating the reform? In fact, there is no such thing as a perfect moment for the reform. It will be always looked upon with distrust, it will always generate resistance, and its success will always be contingent upon two factors: the political will of the elites and the technical expertise of the reformers. In Romania resistance to change has been very strong and has had different forms of manifestation. At the conceptual level there are at least two theories that justify it: (1) Theory of the “moment”: the reforms are good in principle but the timing is bad; (2) Theory of the “individual case”: Romania is a specific case; best practices from other countries cannot be applied here.

Resistance to change, doubled by deficiencies regarding political will and technical expertise needed for the reform of the public sector, have generated delays in the implementation of reform initiatives, with significant negative effects: the chaotic development of different sectors within public administration as a whole, which do not function coherently together. Bouckaert (2008, p. 13) argues that the problems which had triggered the need for reform in Western Europe regarded the macroeconomic dimension (significant deficits) and the lack of trust of the public in the traditional public institutions. The pressure had been significant not only from within the system (which is never quite up to completely change itself), but also from exterior: the market and the citizens. What do all these pressures mean in the context of Romania, a country where market mechanisms are far from functioning correctly and where the citizens are not aware of their influence power over the state institutions (Șandor, Tripon, 2008) which have dominated them for a long time? In a research study by OSI from 2007, 61% of the Romanian citizens consider that the current problems Romania faces are due to the functioning of public institutions.

In addition, the pressure for reform from within the administrative system has been less significant than in the case of western systems (resistance to change cannot be ignored even there). In Romania the external pressures had come not so much from the citizens but rather from international organizations – EU mainly,

but also IMF, World Bank, or NATO. This has generated two types of effects: a positive effect since the external pressure has been for a long time the only driver for reform (it was however weakened after the EU integration); a negative effect represented by the slow development of the domestic capabilities for reform – those supposed to implement the reform measures perceived them as foreign, imposed from outside, and thus it was hard for them to claim “ownership” of these reforms (see Figure 1). Another effect had been the creation of institutions (at the request of foreign experts) which were not prepared at the managerial level to function efficiently on the short run and to meet the expectations of both Romanian and foreign reformers (National Agency for Public servants, National Institute for Public Administration etc.).

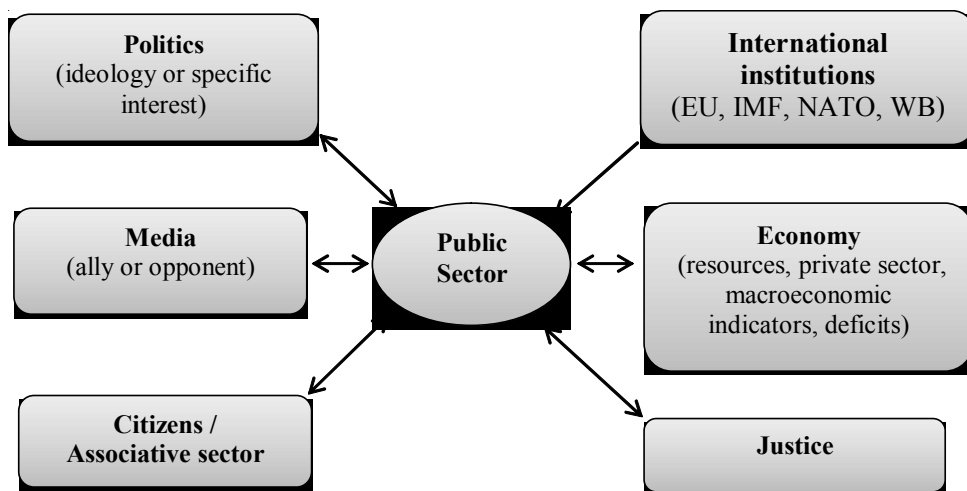


Fig. 1. Pressure factors in the reform process of the public sector in Romania

Pollitt and Bouckaert (2004) operate a distinction between the reform specific in the case of Anglo-Saxon countries, where public management was upgraded by the implementation of New Public Management principles, and the so-called “Weberian” states, structured according to the bureaucratic model, where the upgrade was based on two values, ensuring the shift to the Neo-Weberian stage: performance and participation. Where does Romania fit in these categories? What can be upgraded in our case? With regard to Romania, the biggest challenge seems to be the shift from a pre-bureaucratic model (politization, limited specialization) to a post-bureaucratic type of organization, be it New Public Management or Neo-Weberianism. We have to ask ourselves if the Romanian state can undergo these transformations very quickly, burning stages, when the Western countries have had a longer time available to go through these transformation in an almost “organic” way? We refer here to depolitization, decentralization,

professionalization of public management, etc. This seems to be the main problem Romania has been facing in the last two decades with regard to public administration reform.

What does the reform of public management mean? It consists of deliberate changes in the structure and processes of public sector organizations with the purpose of making them function better (Pollitt and Bouckaert, 2004, p. 8). This definition highlights the areas that need to be targeted by reformers: structures and processes. One should keep in mind that reform efforts need to be deliberate, which means planned ahead and well structured. Another question, equally important, would be why do we need the reform of public management? If after the implementation of reform actions the functioning of the public organization is even worse than at the initial starting point, the reforms cannot be justified. If a public service is outsourced to a private firm, does this make it instantly better? Of course not. There are numerous cases in which public services, after being privatized, were re-nationalized. In other cases, though the reform intended to curb unnecessary red tape, it ended up creating even more of it (a textbook of 700 pages regarding the curbing of red tape is a good example). It is true that all modern politicians want perhaps to be perceived as a true reformer. Margaret Thatcher and Ronald Reagan are the iconic reformers who as leaders of their public administrations had fought hard against bureaucracy. They tried to blame public administration and the bureaucrats for all the ills from within the system, to mobilize the citizens against it, and to privatize the public sector by transferring managers and procedures from the private sector. This strategy can lead to negative consequences on the long run, regarding the credibility and attractiveness of the public sector: no organization can support the morale of the personnel on the long run or attract the desired public servants if it is perceived as bad, corrupt, formed of incompetent people, and subject to public disapproval (Hennessy, 1989, p.170).

Another problem is related to the limited application of the same type of reform to different countries/administrative systems: „the ideas of the New Public Management and other reforms of the public sector have assumed that the same reform agenda can be used to improve public management almost anywhere, the main rationale being that bureaucracies are conceived as being ultimately very similar, if not identical. Although there is some reason to think that public bureaucracies are similar, there are equal or better reasons to think that they are distinctive, and that their distinctiveness is likely to persist even in the face of the pressures for convergence” (Painter and Peters, 2009, p. 1). The starting point is different from one case to the other. The specificity of Eastern Europe doubled by the communist legacy of the region, are new dimensions to be considered. What does the culture of performance mean in Romania? Which is the level of managerial quality in the private and public sectors?

The essence of the reform of public management is the enhancing of the functioning of the organization or of the system (depending on the scope of the reform) and not merely advocating for theories and procedures which are fashionable. The increase of performance and quality of services are key concepts (Țiclău, Mora, Țigănaș, Bacali, 2010). The performance dynamic can be stimulated by several types of approaches: (Bouckaert, 2008, p.15): (1) The increase of managerial pressure enhances performance: who and how exercises it in the case of Romania? (2) The increase of specialization enhances performance: up to what extent is managerial specialization a feature of the Romanian public administration apparatus (Profițoiu, Andrei, Nica, Stefanescu, 2010)? (3) The involvement of citizens enhances performance (Baba, Cătălin, Cherecheș, Mora, Țiclău, 2009): how involved are the Romanian citizens in the functioning of public services, and mainly in performance measurement (Antonie, 2011)?

The paths of reform are perceived as ranging from an initial point (Alpha) to a desirable future stage (Omega). In the case of Romania the Omega point itself has been hard to define since it is not clear where we want to be in the future. Aside from broad goals such as the construction of a European state, and EU integration, the definition of strategic objectives is still lacking. It is not about the “obsession” of creating a country project but rather about the drafting of strategic objectives to be followed in the process of reforming public administration. Romania has been living in an incrementalism of failure, where level after level of managerial organization is build deficient, procedures and regulations form a precarious equilibrium, and where nothing makes sense as a whole (mostly because it was not planned as a whole). There are elements embedded in the system which have existed and influenced each other for decades, creating a system that is hard to reform at least in the short run. Reformers run often into those who oppose it (sometimes for irrational reasons) and the discontentment of population with the status quo does not translate automatically into huge support for the reform.

The international experience has shown us that there are different strategies for administrative reform. Pollitt and Bouckaert (2004, p.202) categorize these strategies based on three key criteria: political-administrative system, law, and market economy. Below are listed several of these strategies: (1) *Distancing and blaming*: Used mostly in US, UK, and Australia, it is based on the attack of the politicians towards the bureaucracy. The problem resides in the malfunctioning of public administration for which the cure is to bring private managers into the syste; (2) *Maintaining-consolidation of existing mechanisms*. The reduction of the administrative system is accomplished through budget cuts, public campaigns against the inefficient use of resources, no hiring etc.; (3) *Modernization of the administrative system*. It includes new flexible ways of management, new budgetary mechanisms, provision of public services etc. (4) *Transforming the system into a market-oriented one*. It needs to meet as many requests as possible of the

MTM - market type mechanism- competition, flexibility, values, the culture of the private sector; (5) Downsizing of the administrative system. As many tasks as possible are transferred to the public sector through privatization and outsourcing.

These strategies can be implemented separately or in different combinations, as long as they are part of a global vision regarding the reform of the administrative system. The strategic formulation of the objectives of the reform is difficult and sometimes illusory. Change usually implies a variety of variables and uncontrollable risks which make impossible the drafting of a detailed, step-by-step plan. However, the general strategic objectives can be defined and implemented if one keeps in mind the Napoleonic adage „*on s'engage et puis on voit*” which emphasizes the importance of flexibility and rapid reaction to existing challenges. Osborne and Gaebler argue that it is cheaper to anticipate problems than to solve them once they occur. This however implies the existence of a certain kind of political responsibility: „...there are three types of people in the world: those who make things happen; those who watch things happen; and those who don't know what hit them....Unfortunately most of our governments don't know what hit them”. Especially during crises we understand how much we would like the politicians and the entire public sector to be more accountable and oriented toward economic prosperity during the times of economic growth.

What does New Public Management really mean? Hood, one of the pioneers of the new managerial approach in the public sector (1991, p.4-5), considers that NPM is based on 6 key elements: (1) Professional management for public organizations; (2) Explicit performance standards; (3) Focus on outcomes as opposed to procedures; (4) Creation of smaller functional units within the public services, by breaking down the big organizations into smaller segments, capable to function efficient at the managerial level; (5) Use of the competition in all areas of the public sector; (6) Use of the techniques specific to the private sector. The introduction of the principle “do more with less”, thus advocating rational and efficient use of the public resources.

It is important to mention the major influence played by a book called *Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector* (Osborne and Gaebler, 1992) on both the politicians and the scientists in the field of public administration/public management. The authors, who coined the concept of “reinventing government”, argue that this is based on the following principles: (1) *Catalytic government* - separating steering (policy and regulatory functions) from rowing (service delivery and compliance functions); (2) *Community owned government* - enabling the community to serve their own needs, rather than the direct provision of services for them; (3) *Competitive government* - injecting competition into service delivery to ensure cost-effectiveness and quality services provision meeting the needs of the market; (4) *Mission-driven government* - transforming rules-and-procedures-driven organizations into entities that are clear on their missions and mandates, and have few internal obstacles in the

way of accomplishing them; (5) *Results-oriented government* - funding outcomes, not inputs; (6) *Customer-driven government* - meeting the needs of the customer, not the bureaucracy; (7) *Enterprising government* - earning rather than spending; (8) *Anticipatory government* - prevention rather than cure; (9) *Decentralized government* - from hierarchy to participation and teamwork; (10) *Market-oriented government* - leveraging change through market mechanisms.

The political version of NPM, Reinventing Government is mostly present in the activity of two administrations at the international level which sought to structure the public sector based on this post-bureaucratic paradigm: Clinton/Gore (National Performance Review) and Blair (Modernizing Government). In the American case the most known advocate was not the president but the vice-president Al Gore, who lunched in 1996 *Creating a government that works better and costs less: report of the National Performance Review* (Gore, 1996). The manner in which this report is drafted shows from the very beginning the focus on managerialism: “*We can no longer afford to pay more for - and get less from - our government. The answer for every problem cannot always be another program or more money. It is time to radically change the way the government operates- to shift from top down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from bottom up. We must reward the people and ideas that work and get rid of don't that don't*” (1993, p.1). All the ingredients which form NPM can be found in this report, the attack toward the bureaucracy, the desire for radical changes, the wish to do more with less. Tony Blair (1999) in his *Modernizing Government* offers a similar picture of the reform of public services, focusing on five dimensions: (1) *Policy making*: we will be *forward looking* in developing policies to deliver outcomes that matter, not simply reacting to short-term pressures; (2) *Responsive public services*: we will deliver public services to *meet the needs of citizens*, not the convenience of service providers; (3) *Quality public services*: we will deliver efficient, high quality public services and *will not tolerate mediocrity*; (4) *Information age government*: we will use *new technology* to meet the needs of citizens and business, and not trail behind technological developments; (5) *Public service*: we will *value public service*, not denigrate it. We will: - modernize the civil service, revise performance management arrangements, tackle under-representation of women, ethnic minorities and people with disabilities and build the capability for innovation- establish a public sector employment forum to bring together and develop key players across the public sector.

Blair's version of the reform includes new aspects such as “information age” but it incorporates the same general vision in which the change of the public sector is based on a managerial approach, using managerial tools and by promoting a culture which is essentially managerial: “*...modernisation must go further. It must engage with how government itself works. Modernising government is a vital part of our programme of renewal for Britain. The old arguments about*

government are now outdated - big government against small government, interventionism against laissez-faire. The new issues are the right issues: modernising government, better government, getting government right.” In conclusion, we are dealing with a managerial approach to the reform of public administration, based on several explicit principles such as: outcomes, performance, flexibility, etc. it is inevitable to ask ourselves today, in the context of the economic crises, if these well-packaged reforms have been at all successful. After attempts aimed at downsizing the public sector, introducing more flexibility, we are still taking about a government which is too big, about huge public spending (translated into deficits) and the need to curb waste.

We believe that the only reason that justifies the reform efforts is the enhancement of the functioning of the targeted organizations/sectors. If following the reform the functioning worsen, that the justification for the reform vanishes. Which is the type of public sector that we want? What type of changes is necessary? Where are the key strategic issues that the Romanian public administration currently faces? How much reform can the system still take? Do we have the resources necessary for reform? Is it possible to have reforms without popular support? Where do we start from and how do we offer reform a meaning? Any strategic reform movement in Romania should consider at least these general questions.

Romania – between legal, public policy and structural reforms

As already discussed, Western societies have experimented for quite a while with the managerial paradigm with regard the reform of public administration. Be it NPM, Reinventing Government, Neo-Weberianism, the Western societies had tries (oftentimes successfully) to transform the complaints regarding the functioning of the public sector into an endeavor for building a post-bureaucratic society. The evolution of Romania (Profiroiu, 2006) has been a lot more intense and chaotic, due to a process of burning stages in the transition from pre-bureaucracy to post-bureaucracy and to some deficiencies regarding the managerial capacity of the state and of the public organizations. By using the PEST analysis we strive to offer a preliminary analysis of the context of the administrative reform in Romania.

Political Factors

Political factors used in the analysis are the following: (1) The difficulty of assimilating the common strategic decisions, except for EU accession and NATO; (2) Lack of know-how; the expertise of political parties in post-bureaucracy reforms is low; in terms of administrative reform, political programs are

superficial and generalist; (3) Lack of know how in the key political institutions (i.e. the Romanian Parliament does not have an assessment unit like GAO); (4) The politization of the public sector – a generalized practice in the last 20 years. The most sensitive areas are: 4.1. Central Public Administration / Agencies (Possible solution: limit the politically appointed positions); 4.2. “Deconcentrated” institutions (Possible solution: massive decrease in their number and influence through decentralization/limitation of politically appointed positions); 4.3. Local administration (Possible solution: limitation of politically appointed positions; growing pressure from the citizens to increase performance).

The relation between the parliament and the Government has always been dominated by the aggressive legislative activity undertaken by the government (even during periods when one party as opposed to a coalition had the majority in Parliament) (see Figure 6 and Figure 7) .

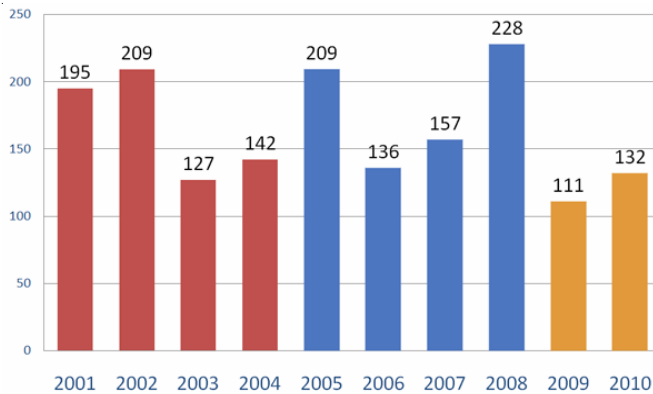


Fig.6 Number of Emergency Governmental Ordinances (EGO)

The Regulatory Activity of the Parliament 2001-2010

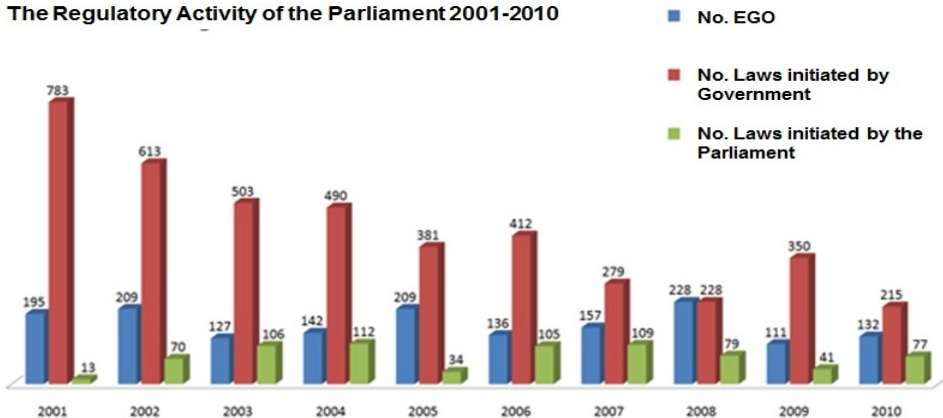


Fig.7 The Regulatory Activity of the Parliament 2001-2010

*** Several characteristics of the human resource in the Romanian public sector. By the end of 2010, the number of public servants was 130,469. The total number of positions in the public sector is 160,019 (a small amount compared to the number of contract staff), while the total number of public sector employees is 1,266,550. In 2008 the total number of public sector employees was 1,373,780 (107,230 more than in 2010).

Fig. 2. Public Servants

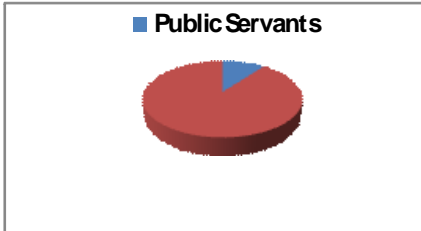
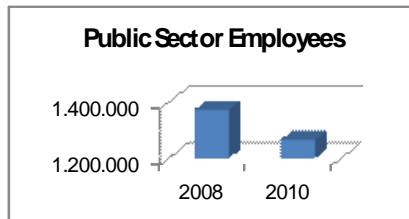


Fig. 3. Public Sector Employees



Most of the local public sector employees, in 2008, worked in Administration, Defense, Social Care (22.1 per thousand inhabitants), Education (17.3) and Health Care (14.6). Source: A.T. Kearney study, 2008.

Fig. 4. Public Sector Employees by gender

By gender:

- Men: 36.14%
- Women: 63.86%

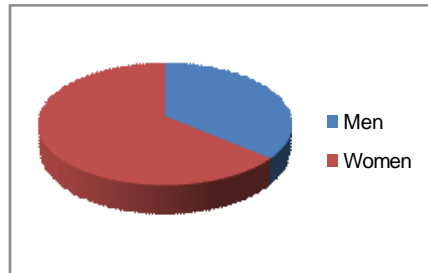
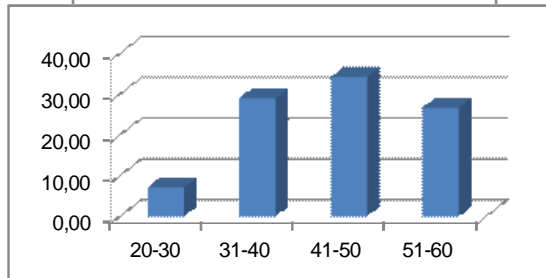


Fig. 5.

Public Sector Employees by age groups

Age groups:

- 20-30 years old: 7.09 %
- 31-40 years old : 28.94%
- 41-50 years old : 34.22%
- 51-60 years old : 26.65%



Economic Factors

Economic factors used in the analysis are the following: (1) The lack of strategic perspective with regard to development priorities. The lack of multi-annual planning; (2) The irrationality of public spending (i.e.: the situation of about 40.000 public investment programs started in the past and not finished yet); (3) Government revenue is at 30-31 % of GDP, while in other EU countries it is

up to 38-39 % of GDP; (4) Low competitiveness issues (they affect the private and public sector as well).

Socio-cultural Factors

Socio-cultural factors used in the analysis are the following: (1) An atypical distribution by sectors of the work force in Romania compared with the EU: approx. 30% of the population works in agriculture; (2) A high percentage of the active population who works abroad (important effects for the functioning of the public administration; they develop a comparative, critical assessment of quality of Romanian public services vs. Western public services); (3) A dysfunctional educational system. There is no Romanian university in Top 500. The international PISA study, conducted on a sample of high school students age 15 from 65 countries, places the Chinese region Shanghai in the first positions (Hong Kong is in the 4th), while Romania occupies position 49. This is the worst ranking among the EU countries and the third worst in Europe (the last two positions are occupied by Montenegro and Albania); (4) The “specific” profile of public services consumer in Romania. 61% of the Romanian citizens consider that the current problems Romania faces are due to the functioning of public institutions. High levels of trust are related to institutions such as Firefighters: 88%, Army: 71%, Ambulance units: 81%, Postal Services: 77%, Romanian National Bank: 68%, Gendarmerie: 57%) which are not necessarily connected to elective and democratic processes. Low levels of trust concern the most important institutions and people within the democratic design (such as the members of the Parliament: 7%, City Hall: 27%, Mayor of the community they live in: 26%, NGOs: 27 %, Courts of law: 21%, Ministries: 16%, Government Agencies: 13%). For example, the low trust in the court system represents a huge problem for a transition country, where justice should be the sector which could bring rationality and objectivity. *Sources: Trust Barometer, IRES, March 2010, Public Opinion Barometer, November 2007.*

Case study: a structural illness – the public retirement system

This section concerns itself with a case study from a specific policy area – the public retirement system. It is illustrative for the structural deficiencies of the public system in Romania, which have developed over time through an incrementalism of errors. According to Preda, Vlad (2011) there were approx. 2.5 million retired people in 1989 in Romania and there are now almost 6 million retired people. Over 1.5 million retired people are 59 years old or younger. The number of people with disability pension grew (by 430%) from 208,000 (1990) to 892,000 (2008.) In Romania there are over 900,000 people that receive disability pensions (from a total population of almost 22 million citizens) and in some districts their number rose up to 30% from the total number of the retired

population. In other districts only 6% - 7% of the retired people receive disability pensions. At present, for every taxpayer there are approximately 1.2 people that receive a pension of some sort. In 2009 the total deficit of the public retirement fund was 1.7 billion Euros; in 2010 it was 2.55 billion Euros. If this process continues, the deficit is expected to reach at least 4 billion Euros in 2025. This brief analysis shows the long-term deficiencies of the retirement system- the use of retirement as a means to hide high unemployment rates, significant inequalities, frauds, lack of self-sustainability of the entire system, short-term thinking which focuses on dealing with urgent matter but without considering the effects on medium and long terms. This case study is by no means unique in either Romania or Eastern Europe. Other examples can be found as well.

Technological Factors

Technological factors used in the analysis are the following: (1) We have to remember that E-Government does not represent merely a technological solution but rather an integrated component of the administrative reform which implies specific decisions and priorities; (2) Low access to online public services. In Romania, out of 20 basic public services, only 45% are available online as well (the 2nd worst position in EU according to Eurostat, 2011); (3) Romania ranks very low among the EU member states with regard to the percentage of the households with Internet access (42%). The situation is worse only in Bulgaria (33%); (4) However, between 2006-2010 internet access in Romania has tripled, from 14 to 42% (Eurostat); (5) Romania occupies the 4th position in the world and the first place in Europe in a top regarding high speed Internet connections, conducted by Akamai company.

The profile of the Romanian public administration: a framework for reform

Aside from the PEST analysis, which offers us the framework within which reform efforts take place, it is interesting to analyze the profile of the Romanian public administration after more than 20 years of continuous changes. It is based on several important characteristics: (1) A mentality of the public administration which favors the importance of regulations over implementation (the assumption is that once there is a law, the problem is solved); (2) The precarious functioning of both public services and private ones – theoretically, the private sector should provide a model of service quality for the public sector (the citizens' trust in publicly owned companies is 42% while in private companies - 29%; in state universities - 58% and in private universities - 21%); (3) The “swing” between pre-bureaucracy and post-bureaucracy. The transition from the communist

administrative system to stages of development based on “reinventing the government”, new public management and total quality management is difficult. On top of these challenges, there is also the global economic crisis; (4) The lack of a managerial culture at the level of public administration and political decision-makers; (5) The excessive influence of politics in public administration; (6) The lack of well-defined indicators for performance measurement; (7) Coordination issues of the reform process at the local and central level; (8) Problems related to organizational culture, HRM and leadership. Lack of strategic planning capacity.

By connecting the data describing the context for reform (PEST) with the profile of the Romanian public administration, we find ourselves in the presence of a state that faces significant structural challenges regarding: (1) Predictability and coherence; (2) Managerial performance; (3) Rational use of public resources.

The problems the public sector has faced and continues to face had been initially addressed in an almost entirely legislative approach. As already mentioned, immediately after 1989, such an approach seemed logical, since there was no legal framework in place suited for the functioning of a democratic society. After 2000, we have the first reforms aiming at specific policy sectors perceived as crucial (the analysis was heavily influenced by EU and other international institutions involved in the reform in the pre-accession stage: (1) The reform of civil service : the creation of a body of professional public servants (Ȇandor, Tripon, 2008); (2) The reform of local public administration (this is based on the enhancement of public management at the local level and the promotion of decentralization and de- concentration of public services); (3) The development of the public policy formulation process (it is based on the enhancement of the coordination systems of governmental activities and the improvement of managerial capacity of governmental agencies).

The occurrence of the global economic crisis at the end of 2008 has generated a new set of reforms, structural in nature, which aimed at modifying the size, the structure and the way of functioning of the state. The main areas targeted includes: (1) *Education reform* (Classification of universities on the basis of international assessments, „funding follows the student” principle, massive decentralization of pre-university education, new performance standards for professors, focus on excellence through financial support of the best programs (based on quality indicators); (2) *Re-organization of governmental agencies* (reduction from 223 to 112); this example is interesting from the perspective of the anti-bureaucratic rhetoric found in other countries as well. During the economic boom some of the Romanian state agencies spent their money on yachts, training sessions in Las Vegas or on very expensive luxury cars; also, in state agencies (but also in other areas of public administration system), bonuses like: bonus for returning from holiday, bonus for birthday, bonus for smiling etc. had become a generalized

practice. All these things made them a very “appealing” target in terms of anti-bureaucratic discourse; (4) *Creating a unitary public pay system*. In 2008 there were big differences in the public payment system, the salaries varied on a scale from 1 to 100 (some heads of agencies had incomes up to 20.000 Euros/month, while the lowest salary in the public sector was around 200 Euros), (5) *Reforming the justice* (passing 4 new legal codes, “the small reform”). A new Labor Code (very criticized by the unions) is pending adoption; (6) *Reforming the pension system*: men and women will retire at the same age -65, discouraging the early retirements by tightening access to this type of pension, new and more stringent criteria for disability pensions that will discourage abusive retirements which are medically unjustified, (7) *Financial system reform*: establishment of a Fiscal Council which analyzes whether government measures are included in the fiscal strategy- an effort to curb waste and to encourage rationality in public spendings through external pressure, a 3-year fiscal budgetary strategy, the introduction of cost and personnel standards for public administration (limitation of the number of employees and the maximum cost by type of investment, in local government) etc.

The examples described above follow the general principles underlying at the foundation of the post-bureaucratic paradigm, however they present several national characteristics as well – the continuous reform of the legal framework, the reform of the pay system in the public sector, the obsession regarding the creation of a highly trained body of civil servants. There is a mix of bureaucratic objectives – depolitization, as well as post-bureaucratic ones – performance standards, less waste, curbing red-tape. It illustrates the strategic problems the Romanian public system faces, in its effort to build simultaneously or subsequently both a bureaucratic and a post-bureaucratic model. The Romanian administrative system is placed in a typology of the reforms built upon two main factors: the impact of the reforms (scope and intensity) and their motivation (reforms initiated due to external pressures, „must do” reforms, or reforms motivated ideologically). The impact of the reforms varies from one period to the other, based on the implication of the political actors and the macro-economic and social context. The motivation for reform is still external, more than 20 years after the revolution. This fact can be explained in various ways- lack of expertise in the field of managerial reform at the level of the political parties, lack of managerial capacity at the level of the public sector (the private sector is by no means in Romania a possible model for the public one yet) and the lack of a third sector, non-governmental, consisting of think tanks among other entities, which could generate both pressure and input for the public sector.

Tabel 1. What kind of reform do we want

	THE MOTIVATION FOR THE REFORMS	
THE IMPACT OF THE REFORMS	„Must do” reforms	Ideologically driven reforms
Structural reforms		
Policy reforms		

Conclusions

In conclusion, at this point the directions for reform in Romania could be:

- *Redefining the size, the role and the functions of the state:* (1) Changing the size: a more flexible, better organized state, able to be a partner for the society; (2) Redefining priorities: a state focused on good governance and quality of services.

- *Increasing the efficiency of the state:* (1) Increasing the institutional performance. Making the public institutions focus on results and performance and not only on procedures; (2) Rational use of resources; (3) Simplifying the administrative system: better regulation, simplified procedures and enhanced predictability in the judicial process.

- The strategic directions must be correlated with operational decisions which follow the logic of managerial approaches. They need to address the issues that are still sensitive in the Romanian context: (1) The development of strategic planning capacity at the level of central and local public administration; (2) The enhancement of the managerial capacity and performance measurement at the level of central and local public administration; (3) The development of the evaluation capacity at the level of central and local public administration; (4) Contracting out the public services to the private sector and the NGOs.

Romania is just entering a stage in which there are sound prerequisites in place for a managerial reform oriented toward a post-bureaucratic model focused on two elements – performance and the quality of public services. In order for it to be successful, a strategic perspective of the reform is needed (clear definition of the targets to be reached on medium and long term), development of professional management in public administration, and the building of a managerial culture in the public sector from Romania. In the absence of structural changes, there are few chances that reforms aimed at specific policy areas will succeed. The lack of managerial reform will reinforce the incrementalism of failure.

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