

# THE PUBLIC SECTOR IN THE CONTEXT OF ROMANIA'S INTEGRATION INTO THE EUROPEAN UNION

Camelia BĂEȘU

„Ștefan cel Mare” University of Suceava, Romania

[cameliab@seap.usv.ro](mailto:cameliab@seap.usv.ro)

Received 21 September 2020; Accepted 11 December 2020

## Abstract:

*The progress made lately in the information processing and transmission technology and the diversification of information need have lead to a vast market wherein the state is supporting the public sector in different ways, but this fact does not necessarily mean its control or subordination. The determining factors of change, the emergence of new technologies respectively, individualization, delegation, decentralization, financial pressures, trends of internationalization, demographic evolution have had a significant impact on the overall evolution of the public sector.*

*The beginning of the 21<sup>st</sup> century emphasizes a new understanding of the concept of quality within the public sector, of that related to the quality of governing systems provided by the quality of „agreements in administration”, by the ability of public institutions to bring their contribution to the increase of living level of citizens and the involvement of the latter ones, of the society's in public businesses. Public sector, by its organizations, its reform should be made by reorienting from a managerial and economical approach to a rather more traditional combination of public services' values and the development of a new type of relationships between on one side public sector and citizens on the other.*

*The reform of public sector in our country has in view two directions. The first one aims at the increase of efficiency and efficacy of resources used by the public sector by increasing the consumer's choosing capacity of the same service provided by more suppliers (competition increase in service supply). The second one includes the increase in public participation in the decision-making process regarding the quantity and quality of public services as well as the transparency regarding the way in which public policies are being established and implemented.*

**Key words:** public sector, strategic planning, strategies, public policies, reform

**JEL classification:** H 42, H 44, H 83

## 1. INTRODUCTION

At present the public sector in Romania is totally different in terms of its dimensions from that of 1990, but the way in which it is being managed has not undergone through a radical change. What makes it interesting is the correlation, especially on long term, between the way in which the public sector in Romania is being managed and its way of functioning, internal structure, decision-making style by political parties.

In this sense, the basic hypothesis of public sector analysis in this paper aims at:

- qualitative increase in the services provided by public sector, by maximizing citizens' individual wealth, by using different opportunities offered to Romania due to its integration into the European Union, by significant acceleration of the reform of public sector in its internal dimension;
- increase in the democratization and public participation degree in administrative and political decision-making process, by creating a framework of responsibility delegation /distribution (power) which favors the occurrence of another responsibility bearing level of those who hold and manage the power in public sector (politicians and public clerks) for those who are the beneficiaries of this process: citizens, consumers, tax-payers.

The speed by which modernization takes place at present and the lack of clear strategies have lead to the inexistence of some agreement establishing which of the public services must be made by the public sector, by the private one or by public-private partnership.

Improvement of public sector's performances is a goal which plays an important role in political agenda of all industrialized countries. Public sector's performances are generally closed related to the global economical performances of different countries. Most countries consider that they can improve public sector functioning by means of using the good practices of other countries.

Romania will have to make major efforts in the next years in order to get adapted to the role of European Union member. This will definitely be a period of new challenges, new possibilities, but of new responsibilities for public institutions as well. The observations made so far should be the basis of future reforms in the field of public policies. To solve the real problems of the system, the reform should be conceived in the context of budgetary reform and of new policies of human resources, as the reform of public policies will not bring about any result unless it is being supported by experts or the budgetary procedures continue to be unclear and the institutional system of administration will keep its functions non-transparent and superposed.

The first and the most important challenge is that of implementing the links between policies and budget. The second challenge for the development of public policies' reform will be its extension to all the levels of administration. This fact implies the establishing of some hierarchy of public policies documents at national level, at regional one and finally at local one; a clear definition of relationships between different types of planning – such as the relationships between planning of sector policies and spatial planning, between long-term, medium or short planning .

## 2. DETERMINING FACTORS OF PUBLIC SECTOR SIZE

Most studies on public sector are shaping a trend of extension of this one due to share increase and accumulation of budgetary expenditures and of production in public sector in GDP. The conclusion drawn by some economists from the analyses made is that *there is a close relationship between increase in real income per inhabitant and increase in accumulation of budgetary expenditures*. Increase in real income per inhabitant brings about an increase in expenditure share of national product that the governments make and an increase in public sector as against the private one.

Despite numerous opinions, there is a definitely clear delimitation between the public sector and the private one. The transfer of some activities from one sector to another is based on decisions of public choice between competitive demands caused by the existence of limited resources. The state, as public decision-maker must choose between competitive demands when this one has limited budgetary resources, the choice involving a rightful public goal in the field in question.

The factors determining the delimitation decisions of public sector as against the private or competitive one on the market can be divided into the following groups: ( Stănciulescu, 2003, p.20)

- factors which belong to intrinsic (technical) characteristics of goods and which cannot be traded on the market: national defense, law and regulation making, maintenance of public order, fire protection, street lighting, navigation canals, meteorological observatories, river waters, beaches etc;
- factors which belong to imperfections or drawbacks of market mechanisms and which lead to an increase in transaction costs, but also to inefficiency of market relationships in terms of applying some governmental policies or regulations or even direct involvement of the state in the control systems of production processes as owner of economical supra-units;
- factors which belong to social individual and group interests.

To give the definition of public sector we can analyze in opposition the two traditional sectors previously mentioned. Thus we can describe *the private sector* as being a non-regulated sector, where producers decide what to make depending on the consumer's will of payment, and the provision of goods and services is being made depending on the existence or lack of profits, whereas *the public sector* is a supplier of services which are offered irrespective of the market demands, but depending on the decisions made within the democratic processes, and the provision of services is being made depending on the receiver's needs.

Consequently, the term of public sector must often be used in a less nuanced manner: ( Stănciulescu, 2003, p. 57)

- juridically public sector includes the state and bodies governed by public law;

- financially it includes the state, bodies governed by public law, as well as private institutions financed mostly by the state, and non-profit making organizations from the field of education and health;
- functionally public sector includes all the institutions of public administration, social security, public safety and order, education, health and social and cultural services, irrespective of their financial sources and the producer's juridical status.

### **3. STRATEGIC PLANNING AND STRATEGIC MANAGEMENT IN PUBLIC SECTOR.**

Strategic planning oriented towards goals is a fundamental component of modern governance. Multiannual strategic planning, integration of goals and policy priorities by using fiscal, organizational, human resources and other available types can provide the basis for a more efficient design, management and administration of programs and services.

By a proper monitoring and assessment (by using also other controlling tools), the design and administration of public programs can be improved, the efficacy of policies can be assessed and the strategic plans can be adjusted in time to get some better results in terms of existing, changed or new goals.

Reform strategies are based at world level on the performance improvement of public sector due to its exposure to rigors of market-type mechanisms, but also to redefining the role of public sector in economy. From one country to another the way of accepting change and orienting towards the market's rigors differs, having different forms and sizes: focus on results and higher efficiency, deconcentration of authority and increase in flexibility, increase in responsibility bearing and control, orientation towards clients and services, etc.

The reform of public sector takes place at the level of managerial systems, of organizational structures and of regulations. (Matei, 2006, p.150).

At the beginning of the years '80 the reform of public sector occupied one of the first positions on the public agenda. But what is actually the reform of public sector? In broad lines, this could be regarded as a set of deliberate changes of size, structures and processes in public organizations, including the management way, in view of getting better functioning, in order to increase efficiency and efficacy of allocation of resources. The reform of public sector has not affected the essential roles of wealth state, even if it has reduced and reshaped the space occupied by the public sector. (Boussaguet, 2005, p.87). This process focused on two main aspects, below analyzed.

External size has in view the reduction of the space occupied by public sector in favor of extension of the private sector by consolidating and increasing the use of market mechanisms in the allocation of society resources. This fact is due both to the evolution of economical and political ideas, meaning the reduction of public property and returning as much as possible to private initiative and individual freedom in terms of economy, and the technological evolution which permitted the transformation of some public economical goods into private ones (it facilitated their consumption- for example: telecommunications, transports, some public services). The instruments that reduced the scope of public sector were mainly the following: privatization, corporatization, deregulation, use of quasi-market mechanisms.

The transformation of public sector management by introducing some instruments specific to private sector, performance-driven, to reach some clearly defined objectives is a second aspect which the public sector is based on. This fact permitted the guidance of internal management of public sector to efficiency and efficacy in allocation of resources. In this sense, there have been made significant reforms regarding the budgetary and financial management such as:

- budget planning systems on the basis of programs or results; significant changes of organization and general management in public sector, varied instruments being used such as decentralization and deconcentration;

- restructuring of central administration by separation of regulation and providing functions of public goods; introduction of goal achievement management; introduction of some methods taken from the private sector regarding the recruitment, training and payment of public servants; closer connection of quality of public services asked by the consumer's preferences (development of renunciation/abandon options in the model proposed by Hirschman).

A fundamental component of modern government is goal-oriented strategic planning. The basis for a much more efficient design, management and administration of programs and services consists of multiannual strategic planning, integration of goals and policy priorities using available fiscal, organizational, human resources and of other types. The design and administration of public programs can be improved by a proper monitoring and assessment, but also by using other controlling tools, the efficacy of policies can be assessed and the strategic plans can be adjusted in time to get some better results in terms of existing, changed or new goals.

Policy making and budgetary process are separated most of the times, having distinct ways of working and being incompatible in terms of process, calendar and procedures of result achievement.

## 4. PUBLIC POLICIES

### 4.1. The concept of public policy

The term of *policy* has got a pretty confusing meaning for the contemporary Romanian society. The most known meaning of the term is that of partisan action, within some special organizations, called parties, based on some specific values and beliefs. On the other side, in a technocratic context, policy means generically the strategic framework within which topical decisions are being taken and implemented in a field or another, no matter if it is a private or a public organization. It is relatively difficult to draw lines between the concepts of politics and public policy in relation to the public experience and culture in Romania over the last years. ( Nelson, 2005, p.487)

The definitions referring to public policies or their explaining process contain explicitly or implicitly a few important aspects that must be mentioned: global aspect, methodological one (or technical), doctrinarian one (ideological) and democratic aspect.

*The global aspect* refers to a generalizing perspective of formulating process of public policies, to the fact that individuals, parties, institutions, political doctrines, connections and interactions are important elements within a system. Even if each of these elements is important, the theory of public policies emphasizes the added value resulted from the interaction between them.

*The methodological* refers strictly to the way in which each of the phases of public policy is being made and achieved, including the instruments and methods used in each one, such as the approaching of logical framework or the analysis cost/benefit. Although, the methodological aspect is not necessarily neutral, it can and must play an important role in the democratic society, its formalism being capable of playing a similar role to that of juridical formalism, and "the analysis of policies from a technical perspective is a regrettably weak barrier, but necessary against the stream of popular opinion incited by demagogues". ( Nelson, 2005, p.491)

*The doctrinarian aspect* refers to the fundamentals of values and beliefs that are the basis of solutions apprehended as fixed goals within public policies.

*The democratic aspect* refers to the way in which the common citizen is the subject and not only the object of the whole process of public policies. The democratic aspect can be approached from different perspectives. Firstly, public policies are specific to public administration in general and to the Government especially, this meaning that in the democratic pluralist and representative systems the common citizen decides periodically (every four or five years) who governs him. Secondly, the citizen is also involved in different phases of the process of public policy making, especially in seemingly "technical" activities: problem identification, setting the agenda or public policy making in the process of consulting. Thirdly, the democratic aspect refers also to the

common citizen as final beneficiary of these policies. In the opinion of some authors „ it is sufficient to see the literature of the years '80 and '90 about the role of ideational factors in policy making which has no equivalent quantitatively or qualitatively in the previous decades”, and the reason of this phenomenon “can be discovered in the long-shot ideological, political and economical changes which began at the end of the years '70” ( Majone, 2009, p. 532). Therefore, the increased role of ideas and institutions in the process of public policy making can be explained in terms of three relatively new features of this process. These are: rediscovery of efficiency as primary goal of policies, a new comprehension of strategic importance of policy's credibility; a higher and higher will of delegating significant powers of policy making towards technocratic groups which enjoy of a considerable political independence.

These three features have a special importance for Romania in the new context opened by the Euro-Atlantic integration of our country (NATO member since 2003, EU member since 2007). In this sense, the following question is being outlined: What might a description of public policies look like, so that it is relevant for our situation at his moment?

A public policy is a set of activities, procedures and methods used in the management of public sector to maximize the wealth state of community members and which is being influenced by values and doctrines specific to parties being in competition within a system of representative and pluralist democracy.

The first part of the definition refers to the aspect of facts, to “rediscovery of efficiency” respectively, understood in the sense of using this term in the economical theory of welfare; efficiency or optimum Pareto. (Stiglitz, 2000, p.57)

The second part of the definition refers to values, to the influence of political doctrines and ideological visions on the process of public policy making. Efficient policies tend to be more stable, so more credible as compared to the inefficient ones. This might be explained by the fact that an efficient policy improves the position of all or almost of all individuals and groups in a society. If an efficient result is obtained, then a political entrepreneur might propose an alternative to be accepted by all. Thus, efficient policies tend to be stable, whereas inefficient policies always risk to be radically changed. This is valid especially in the case of redistributive policies.

Another aspect emphasized by the above definition refers to public policy seen as an instrument used in the management of public sector.

The problem present in all the countries which are making public policies is the continuity of reform in a dynamic political environment. Instable governments are the biggest obstacle in the path of reform. There is no method to combat political instability, but the medium term goals or the existence of some normative framework of public policy making influence positively the process. Public servants' fear and passivity as well as politicians' indifference and short-term goals must be combated by mutual efforts for a more efficient public administration. In this sense, Aaron Wildavsky's approach is interesting by claiming that: „ it is frustrating to see that those who have the power do not have the intelligence to change something, and those who have intelligence do not have the power to. If all the other solutions fail, the next step is to teach politicians to be analysts” (Wildavsky, 2006, p.31)

#### **4.2. The Process of transformation, opportunities and hazards**

Which might be the factors favoring a mutual reform process, both in the public sector and indirectly inside the political class?

Romania will continue to get modernized by adapting the occidental model to the national context and traditions. This model is not specific to Romania only, but to all societies that are willing to close the gaps, to take validated models. Romania will be put under strong external pressure in order to get modernized and to get its public sector reformed by means of instruments and procedures imported and using widely this expertise, being determined by the need of being the beneficiary as much as possible of the developing opportunities provided by the entrance and integration into the European Union. The use of these opportunities involves the adaptation and

performance convergence of the Romanian public sector and especially of the administration with public sector and the administration of the other member countries. Thus, in the next years we will assist to an increasing pressure on the public administration to exploit and use as better as possible the developing chances provided with. This pressure will require the Romanian administration to make efforts to adapt to the managerial, organizational and planning culture specific to developed states in order to capitalize the opportunities given ( structural funds especially).

On the whole, the administration in Romania will have to adapt to the way and style of management and planning promoting efficiency and efficacy in the public sector.

In this sense, there can be noticed a process of elite circulation between the political environment and that of the public sector, on one side, and the business environment, entrepreneurial one, on the other one. Actually, the exchange of management practices, methods and procedures between the private sector and the public one is essential for the success of the internal reform of public sector for the following reasons:

- this process of reform could improve the governing performances regarding the making and implementation of some efficient public policies and implicitly it would involve the remaining in power for longer time for a party opened to such an evolution;
- such a process implies also a distribution of responsibility between the political factor and public administration and implicitly a certain level of “protection” for the political class in the case of failure;
- the part of the political class in opposition is better protected by a system of power distribution/delegation as in this way they get to power limitation of the parties governing. On the other side, power sharing allows the existence of some autonomous executive decision-making centers ( a party is never completely in opposition, it is possible for it no to govern the country, but it can administer many villages, municipalities or county councils, and in this situation the party has an additional interest in protecting its elected people holding executive functions at local level);
- the process of reform described allows the making of some efficient institutional decisions regarding the significant reduction of corruption and avoiding some punitive, disagreeable and unpopular actions inside the political class;
- such a system makes the periods of power transfer easier, allows the consensual approaching of Romania’s major problems and continuity of main national projects.

## 5. CONCLUSIONS

In the Romanian society more and more vigorous and more and more powerful elements are getting formed, being promoters of modernization: a middle class in ascension, a more efficient, and more trained and exigent entrepreneurial class regarding the services provided by administration, more consolidated, more professional and more outspoken organizations of civil society regarding emergent non-functionalities.

One of the essential problems of the whole institutional administrative framework is related to the legal status of different public institutions and bodies. In reality there are too many bodies at all levels of administration, beginning with ministries and agencies and ending even with departments of institutions. It seems that this concept of *juridical personality* is used in all the cases when clear autonomy for an institution is required.

It is obvious that the two aspects, of internal reform of public sector and that of internal reform of political class are autonomous and evolve according to different rules and rhythms. The main distinctive element is that the internal reform of public sector can be established and implemented in a normative, unitary and coherent way at the level of the Executive, the reform of political class cannot undergo such a path. It is strictly dependant on still diffusely and incompletely expressed pressures of the Romanian society; it cannot have a normative and coherent character, being only stimulated by certain evolutions of public administration and especially at the level of public opinion.

The perspective strictly legalist which dominates the public and administrative culture in Romania at the expense of a larger, managerial perspective oriented towards pragmatic solution of some problems and achievement of goals; the relative abundance of resources in the public sector of the years to come will hide in a certain way the emerging need to get focused on the efficiency and efficacy of their use. There will be such a great pressure to spend important resources available due to the Romanian tax-payer and the European one that the problems regarding the way of selecting the most efficient projects, impact analyses, coordination and planning of public interventions risk to get omissible especially because they can be considered just mere “useless and bureaucratic” elements and procedures. This process can also be emphasized by the fact that Romania has been accustomed and still it is to a culture of public resource penury.

## REFERENCES

1. Stănciulescu, Gabriela, *Managementul utilităților publice*, Ed. Uranus, București, 2003
2. Matei, Lucica, *Management public*, Ed. Economică, 2006
3. Nelson, Barbara, *Politicile publice și administrația publică: o perspectivă de ansamblu*, în *Manual de științe politice*, Iași, 2005
4. Majone, Giandomenico, *Politicile publice și administrația publică: idei, interese și instituții*, în *Manual de politici publice*, Institutul pentru politici publice București, 2009
5. Stiglitz, Joseph E., 2000, *Economics of the Public Sector*, ediția a III-a, W.W. Norton & Company, New York, Londra
6. Boussaguet, Laurie, ș.a, *Dicționar de politici publice*, Ed. Polirom, Iași, 2005
7. Wildavsky, Aaron, *Adevărul despre Putere*, Transaction Publishers, Londra, ed. a XI-a, 2006,