ANALIZA REFORMEI ADMINISTRAŢIEI PUBLICE DIN ROMÂNIA DIN PERSPECTIVA LEADERSHIP-ULUI ŞI A MANAGEMENTULUI

PUBLIC ADMINISTRATION REFORM IN ROMANIA FROM A LEADERSHIP AND MANAGERIAL PERSPECTIVE

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Abstract
Public administration reform has been a top priority for every political party that has held office from 1990 since present, but after more than 20 years of "reform", Romania still faces major administrative problems and challenges while its administrative system in some areas the system still being pre-bureaucratic. One of the causes why reform initiatives and projects have had such a hard time in delivering the promised results is the lack of major political support and consequently lack of leadership in guiding and implementing such measures. We will try to underline the importance of leadership in any major change process – administrative reform fits perfectly in to this category – by pointing out that in the cases were administrative reform succeeded, leadership was a crucial positive contributing factor. After a brief presentation of major changes that took place at administrative level until the countries EU accession we will analyze the latest changes that took place after 2008 and the global financial crisis, which can be seen as a catalyst for the reform process.

Keywords: leadership, management, administrative reform, public administration.

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Rezumat
Reforma administraţiei publice a constituit o prioritate pentru toate partidele care au animat scena politică din 1990 până în prezent, cel puţin la nivel de discurs politic. Cu toate acestea, după 20 de ani de "reformă", Romania încă se confruntă cu probleme administrative majore, sistemul fiind considerat în unele domenii ca prebirocratic. Unul dintre motivele pentru care iniţiativele de reformă au întârziat este lipsa de sprijin politic real şi lipsa consecventă a existentei leadership-ului în gestionarea şi implementarea unor astfel de măsuri. Vom încerca să subliniem importanţa leadership-ului în orice proces de schimbare, subliniind, în cazurile în care reforma a avut succes, contribuţia crucială a acestuia. După o scurtă prezentare a schimbărilor majore care au avut loc la nivel administrativ până la momentul aderării la UE vom analiza ultimele schimbări care au avut loc după anul 2008, an de început al crizei financiare globale, criza care poate fi văzută ca un catalizator al procesului de reformă.

Cuvinte cheie: Leadership, management, reformă administrativă, administraţie publică

1. ADMINISTRATIVE REFORM AND LEADERSHIP

Administrative reform is linked directly with the democratic development of a society; it brings both technical benefits for a better functioning system but also democratic ones by responding to certain discontents in the society. In this sense, administrative reform refers to *the deliberate use of authority and influence to apply new measures to an administrative system so as to change its goals, structures and procedures with a view to improving it for developmental purpose* (United Nations, 1983). The UN aimed at distinguishing reform from other similar efforts like *incremental management*, which is viewed as the *adaptation* of inherited structures, the redistribution of functions and responsibilities, the streamlining of administrative processes, and the revision of rules, regulations and orders governing the civil service (ibid.) or *administrative change* which is defined as the reorganization of ministries, departments, the civil services (ibid.). Other authors went so far as stating that we are witnessing administrative reform only in organizations that were involved in realizing development objectives (Quah, 1976, p. 58). This line of thought is in accordance to our own view regarding reform, which is in essence a substantial change in a present organizational system with the aim at developing and enhancing the system capabilities to achieve the results it is aimed at achieving. Being a change process, it is inevitably linked to leadership, and needs leadership support and steering for being successful. The success of any reform initiative of the public administration is also directly linked to organizational elements like: strategic planning capacity, organizational readiness (read openness) to change, leadership capacity to inspire and create commitment for reform, availability of resources needed for a successful change process. As with private organizations, public administration is dependent on leadership quality for efficiency and effectiveness, although leadership types and methods may differ across these two fields.

The issue of leadership in public administration has raised numerous debates, one opinion being that public organizations are because of their different nature, to private ones, implementing and a type of leadership that is inclined to performance (Hinţea, 2006). After almost 7 decades of scientific research on leadership, there are almost as many definitions of leadership as there are persons who have attempted to define the concept (Stogdill, 1974, p. 259), leadership being defined in terms of traits, behaviors, influence, social interaction patterns, role relationships, power and administrative positions. However, most of the studies regarding leadership (if not all) have searched for an answer to a common question: *What is effective leadership? What is an effective leader?* Although there still isn't a simple answer to this question, some insights and progress regarding the nature of leadership have been made:

- Leadership is a *process of intentional influence part of a non-routine activity*, which is different from other similar processes, especially management (for more see Bennis, 1989; Katz and Kahn, 1978),
- Leadership involves a group of followers – a leader without followers is merely a "lone nut",
- Leadership is inspirational – this is probably why leadership is so ambiguous but also so attracting for researchers. It is also why under good leadership "miracles can happen",
- Effectiveness of leadership is influenced by context, dynamics and external environment (Zaccaro and Klimoski, 2001),
- Leadership is exercised with *a purpose,* not just for its own sake.

It is not the purpose of this paper to discuss the different leadership definitions that have been proposed so far, but it is however useful to have a working definition. Thus we see leadership as a process of influence through which an individual gathers support and commitment of a number of followers (members of the organization) with the purpose of creating a positive change towards the effectiveness and success of the organization. We feel that change is inherently linked to leadership and is one of the greatest differences compared to management.

"The fundamental difference between leadership and management lies in their respective functions for organizations and for society. The function of leadership is to create change while the function of management is to create stability" (Barker, 1994, p. 50)

Another important consequence of the fact that leadership is rather inspirational and not necessary rational (although being a cognitive process), is that leadership is a political process, especially when considering public leadership. "Leadership is primarily a political process. The common good emerges from chaotic interaction among people with conflicting goals, values, and ideals. This interaction includes mutual influencing, bargaining, and parochial attitudes. Even though there may be a set of rules used to facilitate the process, it is most definitely not a controlled process" (ibid.).

Thus, success of administrative reform is somehow dependent (not only on but in a substantial amount) on effective leadership, and in the case of public administration reform of political leadership.

2. MAJOR ADMINISTRATIVE REFORMS IN ROMANIA BETWEEN 1990 AND 2007

Central and Eastern Europe, Romania included, has been directly affected by a chronic lack of effectiveness and efficiency of the administrative system and is in substantial need of reform measures,

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"State Reform: Public Administration and Regional Development"
Bucharest, June 21-22, 2011

one major factor being the communist regimes that were present in all ECC countries until the early nineties. After the fall of the communist regime, Romania was facing the difficult task of making a *reform on the move*: on one hand, it had to sustain economic development, transition to a market economy and sustain at least a minimum level of social protection to maintain government legitimacy but at the same time change the supra-dimensioned, centralized sluggish administrative apparatus it had inherited from the former regime – basically it needed a reform of the state while the state continued to perform its fundamental functions (Mora and Ţiclău, 2008).

Unfortunately, not only in Romania, reform measures have been usually taken the form of new regulations and laws passed by Parliament but without a "cultural" support necessary for successful implementation and comprehensive change. In most cases, the implementation process was fragmented or done partially, mainly because of lack of political leadership and support for reforms and confusion and ambiguity in the body of the law. Thus, the major instrument used for administrative reform, administrative regulation was both a plus (as it brought some changes) but also a minus (because it was not sufficient). The major factors that influenced the evolution of the administrative systems were (Hinţea, 2006):

- ***Economic forces*** – first decade after the fall of the communist regime was characterized by political instability which led to low foreign direct investments (FDI) (below 1 bil. USD in 2000). After the EU integration process started (1999) FDI started to grow, reaching 5,4. bil. USD by 2004. The constant involvement of the World Bank and IMF in the monitoring of the economic policies implemented in Romania, have had a positive impact on both FDI and GDP growth, average annual growth between 2000-2007 being around 6%.
- ***External pressures*** – most important pressures came from Romania commitment to be part of NATO and the EU which resulted in a stronger cooperation with the World Bank and IMF in implementing programs for modernizing public administration, resolving stringent socio-economic issues and keeping a financial policy that would lead to economic growth. The pressured was exercised both through the European experts working with the government in Bucharest and through specific requirements underlying programs financed by the E.U. and concerning themselves with the reform of public administration.
- ***Civil society –*** by this we mean citizens, NGO's or the academic field. **Citizens** did not directly put pressure on the government for reforms but they had a significant influence through indirect measures like opinion polls that were more and more used after '89, which showed dissatisfaction with both service quality, service delivery and citizen treatment by civil servants.

The **NGO sector** became increasingly strong especially after Romania committed itself to EU integration. National programs and public policies had to be openly discussed with the representatives of the civil society. A good example an initiative for several NGO's to publish a "black list" before the 2004 and 2008 elections with candidates that had problems with the law or were suspected of corruption. The **academic field** had an influence especially through the development of educational programs in public administration offered not only to fresh high-school graduates but also to public officials already in the administrative system.

- ***Political parties*** – have played a double role of both initiator but also element of resistance. On the one side, every political party that has been into power has had administrative reform as a top priority and because of this has promoted a more or less certain laws or regulation in order to implement such reforms. On the other hand, whenever reform had any kind of political cost, parties have been rather reticent to adopting major changes.

Major reforms were implemented after Romania started the negotiation process for EU integration in 1999. Evidently, there were important changes regarding the administrative system, starting with the 1991 Constitution the administrative and another key laws[1], but although they brought major changes compared to the old centralized administration that functioned before 1989, they represent a minimum condition for the administrative system to comply with the new political regime – representative democracy.

Starting from 1999, a series of laws were passed which were part of a much broader reform strategy[2] which effectively started in 2001. The 2001 strategy was developed in collaboration with the EU, which was updated and continued also after the 2004 elections. The declared goal of this strategy was the creation of a more efficient and transparent public administration and a professional body of civil servants.

The newly adopted strategies focused on three main areas of the reform which were determined through a negotiation process with the European Commission (Hinţea, 2006; Mora and Ţiclău, 2008)

[1] Until1994, the main laws that concerned local public administration were: Law 69/1991 – local public administration law, November 1991; Law 70/1991 – local elections law, November 1991; Law regarding local public finance and taxing, May 1994; Law 199/1997 regarding local autonomy.
[2] Staring from 1999, the major laws adopted, concerning PA reform: Law 188/1999 regarding civil servant statute, Law 500/2002 regarding public finances, Law 161/2003 regarding administrative transparency, Law 215/2001 regarding local public administration, Law 544/2001 regarding free access to public information, Law 340/2004 regarding the institution of the prefect, Law 52/2003 regarding transparency in decision making, Law 7/2004 regarding the ethics code of civil servants.

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"State Reform: Public Administration and Regional Development"
Bucharest, June 21-22, 2011

- The reform of the civil service – aimed at creating a professional, stable and independent body of civil servants,
- The reform of local public administration – focused on decentralization and deconcentration of public services and increasing the quality of public services through the use of new managerial techniques,
- Quality of the policy process – aimed at creating systems of coordination and management capacity building of government structures and enhancing managerial capacity of governmental agencies

At institutional level a set of new structures or policies were aimed at modernizing the administrative system (Mora and Ţiclău, 2008):

- Creation of the Central Unit for Public Administration Reform (CUPAR) in 2002 integrated in the structure of the Ministry as a coordinating unit for the national administrative reform process,
- Introduction of the Common Assessment Framework (CAF) în 2005, aimed at evaluating the activities carried out by public institutions in relation to their mission and the achieved results,
- Multi annual modernization programs (MAP) intended to raise administrative capacity of public institutions by using strategic planning in the implementation of reform policies at local level. Until august 2006 4 Ministries, 35 Prefectures and 29 County Councils had published their strategies, action plans and monitoring reports up to date,
- Administrative regulation simplification process – aimed at simplifying administrative procedures and legal framework and making the public administration more open to citizens,
- Introduction of the public administrator position at local public administration level (similar to city manager) in 2004,
- Introduction of the Young Professionals Scheme "Developing The Corps Of Professional Public Managers"(YPS) with the goal of preparing a core group of new generation leaders in the civil service, politically neutral and professionally trained in the modern principles and values of European Union public sector management starting with 2003.

Although these were noticeable step forwards, there were serious limitation especially regarding the implementation process and the results. In 2001 the EU Commission Report stated "Weak policy co-ordination and consultation procedures that continue to reduce the efficiency of the government […] The

financial relationship between central and local levels of government remains unclear [...] The administrative capacity of local government is limited and in most cases there is a serious shortage of the qualified staff needed to manage newly assigned tasks [...]". There were slight improvements until 2006, the EU Commission Report for that year stating Regarding public administration reform, the civil service statute was revised and decentralization legislation was adopted [...] but the government continued to have extensive recourse to emergency ordinance, which is detrimental to the parliament".

Most important barriers for the reform process were (Hinţea, 2006) lack of a managerial culture focused on performance, identifying the reform process as just passing new legislation, negative influence of political influence on the administration, and low capacity regarding strategic planning and coordination of the reform process.

3. CHALLENGES AFTER 2007[3]

After the EU accession, although there was still a monitoring process in place regarding the Justice reform, most instruments that the EC could use to put pressure on the government were not available anymore. Although both 2007 and 2008 were years of good economic growth (6,3% in 2007 and 7,3% in 2008) besides the growth in GDP the budget deficit grew from 3,1% in 2007, to 5% in 2008. 2008 was a critical year for Romania, not only because of the world financial crisis but also because the general parliamentary elections that took place in the fall, followed by the presidential election the next year. From an economical point of view Romania was one of the countries most negatively affected by the crisis, going from a 7,3% GDP growth in 2008 to a -7,2% growth in 2009 and then to a -1,2% in 2010. This led to an agreement with a IMF and EU Commission for a 20 billion EURO loan at the end of 2008, for a 3 year period with certain objectives set by the creditors, most important ones being the reduction for the public deficit through the reduction of public expenses. Economic difficulties corroborated with the political agreement to take an external loan in order to provide the necessary financial capital for the functioning of the state led to a constant pressure (especially from the outside creditors but also from the civil society) on the Government to meet the objectives set forward and to adopt some reforms regarding the general functioning of the state and the public administration. In a sense, the crisis can be seen as a catalyst, a last chance for change in order to "survive".

In this sense there has been significant progress made by the government in the last 3 years:

- reduction of the number of central public agencies from 223 to 112,

[3] Source of economic data: http://www.economywatch.com

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"State Reform: Public Administration and Regional Development"
Bucharest, June 21-22, 2011

- adopting a single law regarding public salaries, new pension law based on a pension proportional to past contributions
- new labor code which brought over 300.000 new labor contracts in the first month after its adoption[4],
- introduction of new cost standards and performance indicators in public infrastructure investments[5],
- a reduction in the number of total public employees (both civil servants and contract-personnel) from 1.3 million (2008) to 1.2 million (2010) – approximately 8% of all public employees,
- reform of the justice system justice - passing 4 new legal codes, plus "the small reform"[6],
- new general law of education centered on the student and using performance indicators[7],
- a new strategy unit at the governmental level aimed at providing both the leadership and the coordination necessary for a system wide reform[8].

These measures were reflected positively in a series of external reports – Moody's, Morgan Stanley, IMF, WB have all revised in a positive manner their economic forecasts between 0,5% to 1% more economic growth, most of them forecasting a growth between 1,5% to 2,5% in 2011. Also the World Bank sees the biggest economic growth from ECE in 2012 in Romania – 4.4%[9]. Also, AT Kearney ranks Romania as number 16 in the top 25 most attractive states for investments in 2011, before Russia or the Czech Republic[10].

However there are several major challenges the Romanian Government needs to address in any future reform initiative:

- Lack of competitiveness is one major issue, not only in economic terms but also regarding education and research. According to the World Economic Forum in the World Competitiveness Report 2009-2010 Romania ranked 64 among 133 states, and 24th from 27 in UE just ahead of Latvia, Greece and Bulgaria. Also from the 110 indicators used to analyze

[4] http://www.cogitus.ro/noutati/emil-boc-353-339-noi-contracte-de-munca-incheiate-in-perioada-1-mai-1-iunie
[5] http://www.cogitus.ro/noutati/guvern-noi-prevederi-contractuale-si-standarde-de-cost-in-lucrarile-de-infrastructura
[6] http://www.legex.ro/Lege-202-25.10.2010-107825.aspx
[7] http://www.ccdis.ro/userfiles/files/Legislatie/Legea-educatiei-nationale.pdf
[8] http://www.cogitus.ro/administratie/reforma-planificarii-strategice-in-romania-un-nou-tip-de-strategy-unit-la-nivelul-guvernului
[9] http://siteresources.worldbank.org/ECAEXT/Resources/258598-1303157205578/summary.pdf
[10] http://promexico.gob.mx/work/sites/mim/resources/LocalContent/210/2/ATKEARNEY_FDICI_2010.pdf

competitiveness, only 24 are seen as being a competitive advantage, the rest of 86 being seen as disadvantages. Regarding education and research Romania ranked among the last from Europe almost on all indicators and under the world average.

- Low innovation and creativity – the European Innovation Scoreboard (EIS)[11] ranks Romania 25 out of the 27 EU states (although the same report highlights the rapid growth of this field). Looking at the global Innovation Scoreboard in 2008[12] (GIS 2008) Romania ranks on the last position, 48.
- Administrative and managerial capacity – the same Global Competitiveness Report (GCR) ranks Romania 112/133 regarding public spending (wasteful public spending) and 128/133 on transparency of governmental policy. At local public administration level, the lack of administrative capacity owes its existence to the weak expertise of public officials and the reluctance of trained specialists to work at the local level of administration, to the political-driven approach in managing local affairs, and of particular importance, to the municipalities' size (Dragoş and Neamţu, 2007, p.634).
- Lack of know-how regarding administrative reform - the expertise of not only political parties but also public institution is almost zero; in terms of administrativeve reform, political programs are superficial and generalist.
- Predictability and coherence in the legal framework – the constant change of legal framework is seen as the second major barrier in opening a business in Romania according to the World Economic Forum Report for 2010. According to the same GCR[13] for 2009-2010, Romania ranks 87/133 regarding the "legal burden" and 86/133on "efficiency of the legal framework".
- Lack of leadership and strategic vision – a recurring problem is inconsistence in reform measures. Each government has started new strategies that don't always take into considerations what was done through former measures. Another issue is fragmentation of reform process, most changes being sectorial but not part of a national strategy.

[11] http://www.proinno-europe.eu/node/19270
[12] http://www.proinno-europe.eu/node/19067
[13] http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2009-10.pdf

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"State Reform: Public Administration and Regional Development"
Bucharest, June 21-22, 2011

4. RECOMMENDATIONS FOR A COMPREHENSIVE ADMINISTRATIVE REFORM

Taking into consideration the challenges presented above it is impossible to find easy solutions but that does not mean impossibility of any solutions. Inspired by the Reinventing Government model proposed by Osborne and Gaebler (1992) and having in mind the comprehensive reform program implemented in UK by Tony Blair – Modernizing government, we thing that a comprehensive reform should have two major strategic directions:

I. Redefining the role of the state – it is clear that in the current economic situation with great pressure for efficiency and cost containment, the present administration is not viable in long therm. Reform should be aimed at creating a more supple, better organized and open public administration that is focused on performance, quality services and responding to citizen needs. One important aspect of this is the decentralization process which needs to continue, providing a legal framework being just the first step.

II. Increasing the states efficiency – this means an institutional change, public institutions focused on results and performance not processes and compliance to legal framework. It encompasses values like rational use of resources, value for money but also quality and equal treatment for citizens and better access to state services.

The major objectives of such a reform process should be:

- The development of strategic capacity at the level of the PM's office. The creation of a strategic unit subordinated to the PM (together with a Strategic Council – political will – and an International Advisory Board – technical expertise). An integrated working group with the Ministery of Finance (policy implementation within the budgetary context).
- Reducing political influence on public administration by creating certain limitations on political appointees in both central and local administration. This will in turn reduce the risk of corruption.
- The enhancement of the managerial capacity at the level of central and local public administration by introducing performance indicators and conducting evaluations based on results.
- The development of strategic planning capacity and performance measurement (GPRA – Government Performance and Results Act).
- The development of evaluation capacity of public policy (Government Accountability Office) which should offer valuable information regarding impact of governmental policy both at central and local level and also increase the level of accountability of civil servants.
- Continuing the process of decentralization and regionalization for a more open and close to the citizen administration.

- Developing a partnership with both the private sector and the NGOs leading to both higher quality services with lower costs but also shared responsibility for the services offered.

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"State Reform: Public Administration and Regional Development"
Bucharest, June 21-22, 2011