

## **REDESIGNING THE MANAGEMENT SYSTEM THROUGH INVESTMENTS AND REENGINEERING IN THE ROMANIAN PUBLIC SECTOR**

*Amalia Venera TODORU<sup>1</sup>*

### **ABSTRACT**

*I approached, in this paper, the need for an organizational change within the public administration sector, by adapting and using the management method of reengineering while promoting a knowledge-based management. A new rethinking of the processes within public administration is obviously necessary, so that they become effective, citizen-oriented and able to provide high quality by using them intelligently, in a creative manner of the tacit and explicit knowledge that are specific to the knowledge-based organizations.*

*We will try to propose a model of organizational change through reengineering, based on scientific research and observations, which can be materialized in a strategy for the organizational management subsystems.*

*The fundamental objective of this paper expresses the need for an organizational change through reengineering, in response to the challenges of a more uncertain and complex external environment, which involves a redesign, a management rethinking within a new context that is dominated by the knowledge revolution. Reengineering, this new philosophy of management, creates the premises for the organizations within the field of public administration, to change into flexible systems based on knowledge and structured to serve the needs of citizens, also constituting a pertinent response to the challenges regarding the need for radical change of the services in this field of activity.*

**KEY WORDS:** reengineering, performances, public administration, process, innovation

**JEL CLASSIFICATION:**M14

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### **1. INTRODUCTION**

The process of public administration's modernization in Romania takes place in a special international context. The European Union is facing the greatest economic crisis in its history, which has generated a high level of unemployment, a decline in the economic growth and an increasing of debts. At the same time, both the globalization and aging process and also the pressure on climate changes and the resources depletion are intensifying. Thus, the quality of life and the welfare of citizens in the XXI century becomes a more complex issue than ever, as the policies regarding it, must have an integrated, multi-sectoral and multi-dimensional nature.

We must also admit that the public sector, in general, is facing an increasing of expectations from the entire society, while the financial problems are more and more acute.

The entire public sector from all the developed countries was forced to increase productivity (OECD, 1997 Pollitt&Bouckaert2000). The pressure to reduce budgets constantly, without reducing the performances achieved in this sector, has made managers look for solutions of improving productivity.

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<sup>1</sup> University "Constantin Brâncuși", Târgu-Jiu, Romania,

These solutions were focused on concepts such as: managerialism (Pollit, 1993), market-based public administration (Lan&Rosenbloom, 1992), entrepreneurial government (Osborne D., & Gaebler T., 1992) or the most famous concept New Public Management (Hood C., 1991). Also, a new approach is being outlined, "reinventing government", which is a model of management, being a more evolved form of NPM. This model emphasizes more the markets and competition, above anything else, and suggests that the public service users should be treated as customers. (Radu, I., et al., 2008).

The model of "public value" management is a recent approach that allows the orientation towards stakeholders, especially towards the new value brought to the private sector by them, which leads to the application of the corporate governance principles in the public sector. The main advantages of this management model are: the improvement of efficiency, equity and efficiency in providing services, introducing new programs to meet the new political aspirations or the new challenges the organization is facing, the reformulation of the organization's mission so that the old capabilities to be used more efficiently. (Radu, I., et al., 2008).

In what concerns the Romanian public administration system, we notice that there are major dysfunctions regarding the management practices that reflect a low degree of satisfaction of the citizens' needs generated by (Radu, I., et al., 2008):

- Bureaucracy;
- High costs and low productivity;
- A high level of the public management politicization;
- Low transparency;
- A relatively low qualification of human resources;
- A rigid and unstable organizational structure;
- Weaknesses in organizational culture and leadership;
- Efficiency and low effectiveness;
- The lack of an integrated informational system in the local public administration.

This diagnosis indicates the need for further government management practices, new methods and techniques that lead to providing quality public services for citizens and economic agents.

Otherwise, at European and international level, the managers in public sector sought new ways of working to meet the new challenges and changes. Thus, beside the design principles based on microeconomic theories, the managers have widely adopted methods and techniques, such as: Management by Objectives (MBO), Total Quality Management (TQM), benchmarking, Lean Management, Business Process Reengineering (BPR).

## **2. BPR – METHODOLOGY**

What at first was developed as a new management approach in American corporations is now used in the public sector as a possible way to provide quality public services as high as possible, given the fact that financial pressures are more and more accentuated.

Reengineering aims at redesigning the processes, the current activity of all those who contribute to the creation of value and has been cited as a major way of flexibility and modernization of economic processes within a company through fundamental reengineering and their radical redesign. Michael Hammer and James Champy (Hammer M., Champy J., 1993) introduced the concept of reengineering, which means fundamental rethinking, radical redesign of

business processes to achieve dramatic improvements in critical measures of the performances' evaluation such as quality, costs, service and speed.

The concept of reengineering is based on the following key-words:

- Fundamental – refers to the fact that the strategist of reengineering asks himself the most basic questions about the organization, such as: Why does he do that?; Why does he do it that way?. From the reengineering point of view nothing is absolute, what and how a company does something is less important than what and how it should do.
- Radical – requires radical redesign that goes to the root of things, everything that has been there so far is ignored and new methods of work are being invented, so the whole company is being reinvented.
- Spectacular – reengineering does not involve any marginal or gradual improvement, but it makes spectacular leaps in achieving results. It has an impact on productivity and quality of products and services that are carried to perfection.
- Processes – is the most important element of the definition. A process is a set of activities that take one or more inputs and creates something at the output, meaning a value.

Quality – is one of the essential gains of reengineering, an unprecedented improvement in serving the customer, to meet his exigencies in the best conditions.

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The essential element of Reengineering is that organizations need to approach the work around the processes. BPR insists on the need of restructuring the processes before restructuring the institutions and hierarchies, but this restructuring of processes must be done in a different way than before. This is possible if there is a high IT potential that enables an innovative design regarding the development of activities.

BPR provides the missing link between strategy and the information system design, at least in theory. Therefore, a holistic approach is recommended that encourages the introduction of objectives, organization, IT and culture in a coherent perspective.

Reengineering is spread in the public sector, especially in health services, in the legal and judicial system, in education (Van Belle, 1997; Grotevant, 1998) and in the sphere of social security (Halachmi, A., 1995), in different countries such as: USA, Great Britain, Spain, Netherlands and Denmark.

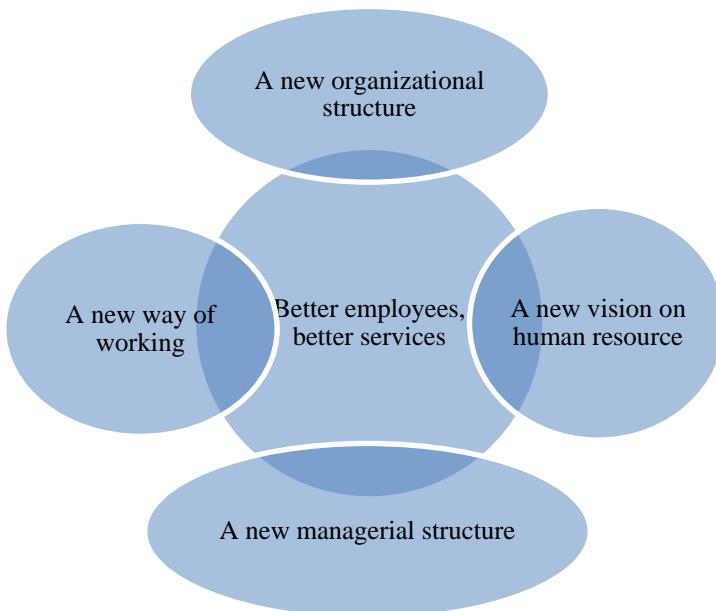
When we talk about the public sector, we have to analyse the economic and political feasibility in their effort to restructure even from the beginning the business process for any agency or service. Therefore, BPR is seen as a call for creativity and imagination in searching for new ways of achieving the objectives of the business process, unlike the improvement process that is considered incremental.

Public administrations have to take into considerations two major objectives:

- ✓ Public administrations need to become a better employer for the civil servants, promoting modern techniques regarding the human resource and ensuring the development and use of tacit knowledge as a development vector of the organizations;

- ✓ Administrations should provide better services, focusing on quality, thus, ensuring the satisfaction of the increasingly demanding interests of the citizens-customers;

These objectives can be achieved through changes in four domains, namely: the new organizational structure, a new vision of the human resource, a new management culture, a new way of working, as it can be seen in the following figure:



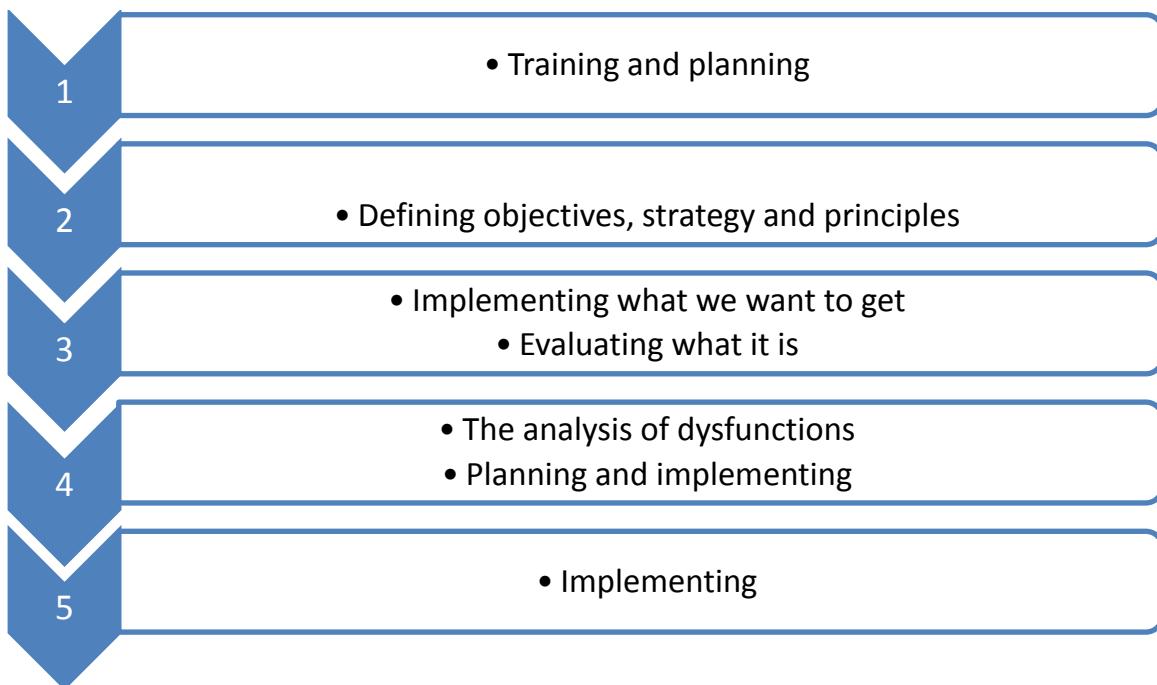
**Figure 1 – The pillars of reform in public administration**

*Source: adaptation (Parys M., Thijs, N., 2005)*

The fourth pillar involves a new way of working, which means: the follow up of some procedures effectively sustained by modern information and communication technologies by a senior staff that is aware of the importance of the organization's objectives and has the abilities to achieve them. To accomplish this new way of working, it was concluded that Reengineering can be used as a tool for a radical redesign of processes. Thus, the processes can be rethought to represent a way to add value to the citizens-customers. These elements are closely related to the new mission and to the strategic objectives of local or central public administration. The crucial questions to be answered to concern the following aspects:

- What do we have to do what we do?
- What is the newly created value of what we do?
- What we do faster and better is a benefit to society?
- Do our customers expect us to work faster and better?

Therefore, we can think of a model of implementing a flexible BPR which ensures the transition between the present environment and the future situation and is structured in the following stages:

**Figure 2 – BPR phases**

The mission and vision are specified in the first stage, as well as the strategic and operational objectives. The purpose of BPR is also defined, and the opportunities of reengineering already identified are based on available resources and the analysis of risks. The opportunities for change are prioritized and each and every opportunity for change is described in detail in the program.

Phase two includes the elaboration of a clear vision in accordance with the strategic and operational objectives for each opportunity for change. The risk analysis is further explored and obstacles of change are identified.

The processes are further identified and developed ("to be"). There is also an assessment and analysis of the present situation ("as is"). Successful projects are selected for implementation.

The analyses regarding the gaps between what is and what we want to be are analyzed in the fourth phase. An overall plan for implementation is prepared which includes a transition plan, a communication plan, the budget, the human resources plan and the needs for communicational technology, etc. The elaboration of the continuous improvement plan has an important role that is related to the management of continuous improvement. Once the process has been changed, a program of control and improvement of processes may be initiated for the continuous adequacy with the customer's needs and expectations.

Benchmarking is a very useful and very common method in the processes' Reengineering. It can be defined as an investigation of practical improvements, which supposes the comparison with other organizations that have successfully solved the problems that the organization wants to solve. For this, relevant institutions are identified and a process of collaboration with them is initiated. For the public administration, this method can be a starting point in making reengineering projects.

These new procedures are applied in the last phase.

A feed-back planning is required in each stage with the people involved (civil servants, consultants).

### 3. CONCLUSIONS

BPR, as a modern method for the improvement of performances and public administration, is still a challenge for many local and central public administrations, providing viable solutions regarding the citizen-customer's satisfaction, the reducing of costs, the decrease of time by redesigning processes, their improvement being approached through the simplification and elimination of activities that do not add value and are not necessary in terms of the regulations in force. There is a very high potentiality in public administration to improve processes. We should also note that this approach chooses complex processes in which a large number of people and departments that must be properly coordinated occur. All these elements are characteristic to public administration where, there are processes that use data and documents, having their double nature of inputs – outputs and where different sectors and organizations are interacting in a model of complex relationships.

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