

# Managerial Redesign Model for Public Institutions

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## *Abstract*

*It is impossible to ensure a high level functionality of Romanian economy and society without revigorating public organizations, which are the real service suppliers for citizens, local communities and the other types of organizations. The basic condition for such an adjustment is represented by the modernization of their management, a complex approach, strategic and difficult at the same time, if we considered the constructive features and especially the functional ones, irrespective of the chosen method – from promoting strategic management to managerial redesign, from procedure of managerial organization to the professionalization of managers and management – the result should be reflected in the shaping of a performance management, capable of assimilating the Community acquis, the good practices of some similar public institutions and capable of influencing the environmental, national and international behaviour. Focusing managerial modernization on people – managers and executors – on processes, structures, managerial tools, information, knowledge and decisions / actions, facilitates the acquirement of managerial and implicitly economic performances.*

**Keywords:** *procedure of managerial organization, managerial redesign, objectives, managerial tools, managerial performances*

**JEL classification:** D73, H83

## **Introduction**

Is the modernization of public institutions necessary? If the answer is YES, who should get involved in taking this step? Should it be the State, through its central public administration institutions or the managers of deconcentrated / decentralized public institutions?

What does this managerial modernization of public institutions consist of? Which would be the results?

These are fundamental questions which arise today, at the level of the public sector and of its constituent organizations and which are waiting for a detailed and pertinent answer from those who run and manage this important “area” of managerial concern.

Solving such problems is a delicate task, if we were to take into account that:

- most managers in the public sector possess a mentality centred upon expectation, upon waiting, assuming only a “surveillance” role and by no means a strategic or tactical one.

- objectives are hard or impossible to quantify in comparison to the private sector, where maximizing the profit is the main “target” of the enterprise.

- law instability in the last 20 years often makes it impossible for the management to “settle” on strict theoretical and methodological or pragmatic coordinates.

- the degree of managerial decentralization is still low, the so-called decentralized public institution continuing to depend on the State, at least from a financial point of view.

- deconcentrated public institutions have at their disposal a “centre-tailored” management, at the ministry and national authority / agency level, which is unfortunately operationalized following similar patterns, irrespective of the territorial setting.

- real public managers are still lacking in Romania and people who run and manage public institutions and their organizational subdivisions are mostly showing a deficit of “managerial competence”. The main cause of such a situation is represented by the appointment and promotion of these managers mainly on the basis of political criteria.

Our article shall focus on the subject of the management of deconcentrated public institutions, which have in our view the “poorest” management, considering what it should represent for the category of factors that increase the efficiency of such organizations.

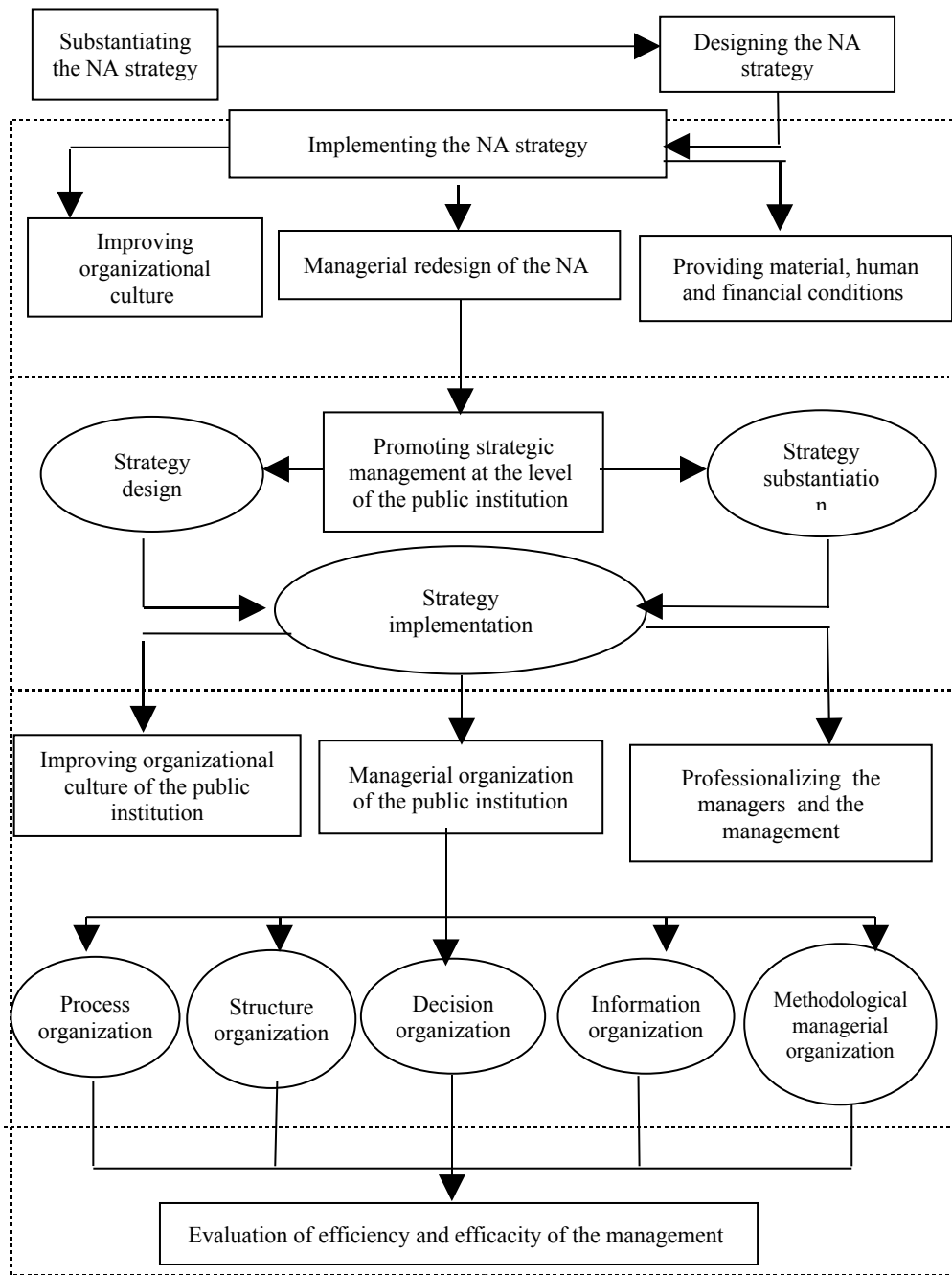
### **1. Managerial redesign**

Modernizing the management of deconcentrated public institutions is conditioned by three important factors:

- the management of the national authority (agency) to which the deconcentrated institution belongs;
- the professionalism of the public managers directly involved in running and managing the deconcentrated institution;
- the degree of managerial and economic decentralization of the national authority (agency).

The proposed managerial redesign model for deconcentrated public institutions (PI) needs an equal-level approach of the national authority (agency)

(NA) to which the public institution belongs in order to guarantee the success (see figure 1).



**Figure 1 Managerial redesign model for national authority – public institution**

The major sequences of this approach are:

### **2.1 Promoting strategic management**

Strategy is usually associated to companies, to enterprises that perform their activity on a competitive market and foresee objectives and methods of performance which can allow the attainment of competitive advantages.

The necessity of promoting strategic management is nevertheless unanimously accepted at the level of public institutions as well, if we were to take into account the following aspects:

- the object of activity of the public institution, completely different from the object of an enterprise;
- constructive and functional features of the public institution and its management;
- the high degree of managerial and economic centralization;
- the considerable political size that marks the management of this category of organizations;
- the lack of a specific market, of competition, case which removes “competitive advantage” from the terminology and practice of strategic management;
- political, economic, law and tax politics which is high ranked in Romania;
- the character of an consistent part of the management in public institutions which is often empirical or amateurish.

Even though it may be considered an obsolete method, hence strategic management is “out of fashion”, in our view, promoting strategic management as substantiation, designing and implementing realistic strategies at the level of public institutions is more than necessary in Romania..

Shaping the future of public institutions through global and partial strategies facilitates the change which can take various forms – reengineering, restructuring reorganization, reform etc.

Strategic management manifests itself in a certain way at the level of public institutions, which is different from other categories of organizations (especially enterprises) and from the two important categories of institutions:

- \* deconcentrated
- \* decentralized

Specific features are generated by both dimensional and functional traits, the latter being the consequence of the degree of managerial and economic decentralization, namely of the degree of decisional and operational autonomy of public institutions.

From this perspective we signal two major aspects:

- deconcentrated public institutions find themselves subordinated to national agencies or authorities, which are also subordinated to the Prime

Minister's Office Staff or to some ministries<sup>1</sup>. The degree of decentralization is very low and this category of public institutions is forced to function under macroeconomic and social management, which, in our case, is the management of the national agency or authority. Therefore, the projection of the future of such a public institution is ultimately determined by the strategy and by the politics of the agency (authority) on which it depends. It is very difficult, if not quite impossible, to design and to apply a strategy based on the the deconcentrated institution issue, as long as everything is being "prescribed" from the "centre", namely:

- \* the management of the institution, in the sense that managerial configuration and managers are being appointed by the agency (authority) of which the institution is a part;

- \* number and structure of the personnel are being established by ANFP (National Authority of Civil Servants);

- \* the configuration of the process, of the structure and organization of the institution is also being dictated by the agency (authority);

- \* the interference of politics with the management of the public institution is at a very high level (directors and executive directors, sometimes even chiefs of divisions are nominated mainly on political criteria rather than professional and managerial competence);

- \* managerial teams are highly instable, especially in the situation when a coalition is forming the government of the country; political algorithm becomes decisive, seriously damaging the performances of the management system in the institution;

- \* there is a lack of continuity in the strategic approach of public institutions, in the respect that government's change every four years, or even on shorter periods of time, brings substantial changes in national strategy and politics.

- in respect to decentralised public institutions, the situation is much more favourable, much more permissive in order to fundament, design and apply realistic strategies. Organizations of local public administration (town halls, local councils etc.), State universities, hospitals and others can be registered in this category. Elements that describe and sustain the strategic behaviour of these public institutions refer to:

- \* the very high level of decisional and operational autonomy allowing the management to adopt some of the most strategic decisions;

- \* the adjustment to the requirements and opportunities of the environment of which the decentralised public institution is being hold responsible can be provided by the institution with no interference from the ministry or from other macroeconomic or social organism which it belongs to;

- \* the interference of politics is much more reduced, allowing a much more courageous promotion of strategic management;

- \* favourable conditions are being created in order to obtain a better reevaluation of human potential, especially of managers' potential;

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<sup>1</sup> Romanian Government has already adopted a decision of transfer of the deconcentrated public institution in the subordination of the ministries.

\* professional and managerial competence is the most important advantage for managers; choosing one or other candidate for a management position is generally based on competence (see the case of mayors elected by citizens, of local councillors, rectors and pro-rectors, deans and deputy deans in the higher education institutions, hospital managers etc;

\* the mobility of management systems is much more higher, allowing change to occur and thus promoting NOVELTY, by the means of international transfer of managerial know-how inclusively.

The “radiography” of these two public institutions categories, performed from the perspective of promoting strategic management, makes us draw the conclusion that the decentralization trend must be pursued and even accelerated at the level of deconcentrated institutions. Without decisional autonomy (in the first place) and operational autonomy, at least at a medium level, no adequate reevaluation of the potential of the field or area to which the respective institution belongs to can be entered into discussion. **“Directing from the Centre”** proves to be beneficial only up to a point, namely to the transmission of methodological elements which would facilitate the running of activities, to the implication of national agencies (authorities) in establishing objectives, to the specification of the methods of achievement, to the sizing of necessary resources etc. Beyond this point, the “direction from the centre” can only be harmful with regard to its efficiency and efficacy.

Even in the case of public institutions the following saying needs to be applied: **strategy is fundamental and designed by the management of the organization, it is approved by the owners** (State, through the agency / authority they belong to) **and applied by managers**. If this premise is satisfied, we may call upon promoting strategic management in its true essence.

**The sequences of substantiation, design and implementation of the strategy, applying to a public institution as well,** are listed below:

### ***I. Strategy substantiation***

#### ***a. Premises***

These premises must be put forward with shades of difference for public deconcentrated institutions and for decentralized institutions, respectively. The manner of manifestation differs, hence many of these premises depend on contextual influences. If for a deconcentrated public institution such influences are lower because of their degree of dependency of the national agency (authority), it is compulsory to take into account the following variables in the case of decentralised institutions:

- interests of main stakeholders and the way these interests get satisfied. This category comprises: State, local authorities ranked on a higher level than the decentralised public institution, clients (local community, citizens), facilities suppliers;
- financial and banking organisms, public managers, employees (civil servants or personnel under contract), trade unions;

- provision of continuity and flexibility of the strategic process, ruled by the manifestations which occur and by the intensity of manifestations of some endogenous and contextual variables;
- internationalization of the activities of the public institution from the perspective of the integration in the European Union and of the alignment to European standards;
- provision of international transfer of managerial know-how, with priority on the European area.

#### **b. Strategy basis**

There are three important grounds that supply relevant information for the design of the proper strategy:

- **the diagnostic study**, which allows the designers the access to information regarding the place and the role of the public institution in the public administration system and in the society, regarding the strong and weak points approaches in their causal chain, the viability potential depending on them and the strategic recommendations aiming at amplifying the viability potential.

- **the market study**, which points out the opportunities and the vulnerabilities of the specific environment, the main “clients” (citizens, local community), materials and financial resources suppliers etc.

- **the national strategy** regarding public administration

The efficient revaluation of these resources – information supplies is mandatory in order to provide a realistic strategy, capable of ensuring the progress of the targeted public institution. If we were to consider that Romania has much to do in the field of public administration from the integration perspective, we can get the picture of the particular importance of strategic planning at the level of public institutions.

### ***II. Strategy design***

Obviously, at this stage, the six components of the strategy shall be substantiated – mission, strategic objectives, methods of achievement, resources about to be engaged, deadlines and methods of gaining competitive advantage.

A number of special traits appear in this field as well, regarding the definition of the objectives (not all of them are economic issues, even if a public institution for instance – especially a decentralised one – centres round efficiency and efficacy principles), the shaping of the main strategic options (such as public-private partnerships, setting up of mixed trading companies etc.), the sizing of resources (resources originating from the Government associated with own resources) and also the fixing of deadlines for the achievement

### ***III. Strategy operationalization***

It is undeniably the most difficult stage of strategic management since it requires the active and responsible involvement of the public institution management in adopting decisions and initiating actions in order to achieve strategic objectives.

The most important sustaining element is the **management**, which needs continuous modernization in order to facilitate the strategic implementation, therefore we consider the methods listed below to be significant.

## 2.2 Proper managerial redesign

Although reengineering was considered to be the most important method of managerial change at the company level, we believe that it can be equally approached at the public institution level, within due limits, as an important option for the procedure of managerial organization. It supposes the approach on processes of the organization and its management, taking into account that working processes can be divided in two categories: management processes and execution processes.

From the methodological perspective, managerial redesign needs to run through several stages<sup>2</sup>:

- **preparing the action of managerial redesign:**
  - ✓ forming the team of specialists involved in redesigning the management of the public institution;
  - ✓ informing and training the team members on managerial redesign;
  - ✓ designing the working schedule of the team;
  - ✓ informing and empowering employees on the necessity and opportunity of managerial redesign.
- **analyzing managerial viability:**
  - ✓ gathering data and information regarding the configuration and functionality of the management system and its composing parts (methodological, decisional, informational and organizational);
  - ✓ analyzing information on the management of the public institution on the whole;
  - ✓ analyzing information regarding managerial subsystems:
    - human resources management;
    - methodological;
    - decisional;
    - informational;
    - organizational.
- **reengineering the management of the organization;**

At this stage it is necessary to take into account the specific features of the public institutions in the sense that the team of specialists which provides the managerial design must reevaluate the causes which produce strong points, must try to eliminate those which cause weak points and must consider the potential of managerial viability with the occasion of the analysis, everything from the perspective of providing the favourable conditions for the strategic objectives to be achieved.

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<sup>2</sup> See O. Nicolescu, I. Verboncu – *Managerial methodologies*, Editura Universitară, Bucharest, 2008;  
O. Nicolescu, I. Verboncu – *Management of the organization*, Editura Economică, Bucharest, 2007



**Managerial redesign is a complex strategic approach, both from the point of view of the action of conceiving the new management system and especially from the perspective of the duration of the operationalization and of its impact on the functionality of the organization during a time period held to be strategic.**

In order to achieve the **objectives**, adequate **working processes** are required, having a different degree of aggregation. Their division and sizing into functions, activities, attributions and tasks are defined by the complexity of the objectives in whose achievement they take an immediate part. Since the building of the system of objectives is following a top-down direction, the construction of the process necessary for their achievement is shaping from complex to simple. As a consequence, process redesign is materialized in the appearance of new working processes, in the development of existing processes or in the attenuation and elimination of some others, with the purpose of providing a complete harmony between objectives and processes on the background of designing a new “map of the processes” in which the main processes are emphasized (**activities**, above all).

Working processes, irrespective of their degree of aggregation, must have an adequate structural and organizational support, namely an organizational structure that can favour the achievement of the objectives.

This explains why another approach in managerial redesign is represented by the **structural redesign**, materialized in the resizing of the necessary positions and functions, of management and execution, of functional and operational divisions, simultaneously with their “disposal” in a configuration pre-established through the hierarchy levels, hierarchy weight and organizational relationships.

It is also necessary to find a suitable organizational formula, in accordance with dimensional and functional features and with contextual influences – from the simple, hierarchical structure, to the classical hierarchical and functional structure, or to the matrix or divisional structure etc.

The next decisive step in providing a high viability of the organization aims at endowing the management and executive positions with people having the required competence. Making people compatible to the positions can be achieved through the agency of competence; personal authority granted by the managerial and professional knowledge, qualities and natural dispositions needs to satisfy the official authority, namely the rights to decide the positions are endowed with. Therefore the next managerial component subjected to the redesign process is the **human resources management**, an extremely dynamic managerial “area”, as well as vulnerable, in which recruitment, selection, appointment, motivation, improvement and protection of the employees are key activities.

Quality men provide the professionalization of management, since:

- **managers** are directly involved in substantiating and adopting decisions; for this purpose they make use of managerial tools and of relevant information, released through ascendant rationalized information channels;
- **executors** initiate necessary actions to operationalize decisions by reevaluating information mainly released through ascendant lines.

This explains why the quality of decisions and actions depends not only on the manner and methods of decisional redesign, but on the solutions for methodological, managerial and informational redesign as well.

With regard to the **decisional component** of management, substance shifts are necessary, which can be materialized in:

- the rigorous delimitation and sizing of the authority on hierarchical level.
- the improvement in the quality of decisions, through a more judicious scientific substantiation, through their empowering, through ensuring the operativity of the adoption, application and suitable formulation.
- the typological improvement of adopted decisions, in the sense of increasing the weight of strategic and tactical decisions, of risk and uncertainty decisions.

In return, **informational redesign** supposes:

- improving the quality of information
- rationalizing informational situations and lines they travel on
- increasing the degree of informatization of management and execution processes
- turning informational procedures more sophisticated

Since the lack of a methodological and managerial component shaped in a judicious way leads to no awareness of the managers' labour conscription, a special attention needs to be paid to the **procedure of managerial organization**, whose content derives from:

- ⇒ promoting and using modern and sophisticated management systems, methods and techniques, capable of facilitating the practising of management processes and their functions (prevision, organization, coordination, practice and self evaluation), where there is no lack of management through objectives, management through budgets, instrument panel, diagnostic or decisional methods having mathematical ground (ELECTRE method, decisional tree etc.);
- ⇒ promoting and using design / redesign and maintenance methodologies in the functioning of the management system and of its components (methodological, decisional, informational, organizational or human resources management), which are otherwise exemplified in the present material..

The passage from the empirical and amateurish approach to professionalism in management is impossible without the usage of some modern management systems, methods and techniques.

We recommend that public institutions appeal to deconcentration and that national agencies (authorities) embrace management through objectives as a priority. The latter is decisive in rendering some features of order, discipline and strictness to the management and execution processes and implicitly in obtaining appealing results.

The last stage of the redesign methodology provides the shaping of the **configuration of a new management system**, whose functioning must bring an advantage of efficiency and efficacy.

### Conclusions

Redesigned management according to this methodological scenario generates managerial performances who, in their turn, promote economic and social performances. If in obtaining managerial performances, the responsibility is exclusively assigned to managers, executors are mainly held responsible of achieving economic performances.

The success of this strategic approach is conditioned by the manner managers get involved at the two levels of organization – national agency and public institution – by the law frame which is created, as well as by their professionalism. Besides the inherent difficulties which need to be overcome, we consider that modernizing public management through redesign can be ensured.

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