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Public Management and Governance 21st century concepts and case studies for modernising public administration

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Public Management and Governance

21st century concepts and case studies for modernising public administration

LOGON Reader



**LOGON Reader
Public Management and Governance**

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1 Introduction

Since the end of the Cold War, extensive political, economical and social changes have swept through Europe and the world as a whole. Technological, demographical and ecological factors also played their part in this process. Although we are unable to estimate the full impact that these far-reaching changes have had on the public sector today – on democratic institutions, public mandates and the funding thereof – we know that traditional bureaucratic public administrations and political decision-making processes in many industrialised countries are and have been transformed profoundly by the two fundamental concepts of

- New Public Management and
- Public Governance.

In the meantime, both Eastern and Western European countries follow these strategies with great engagement.¹

This paper outlines the underlying keynotes of these concepts, the main elements supporting this transformation to date and future perspectives. In doing so, we rely on the assumption that the individual parts of the state, i.e. central state, provincial and regional governments, regional authorities as well as public enterprises and other organisations whose activities are predominantly based on a public mandate², are affected by this transformation³.

Administrative reforms in the public sector are part of day-to-day management, taking place on all levels of a state system – sometimes only on a small scale. The adoption of basic management ideas, to fulfil public mandates, and of the two economic success factors efficiency and effectiveness as they conform to New Public Management represents a fundamental change in the self-conception of the public sector. In doing just this, the public administrations have embraced a business-oriented approach, thus initiating a firm departure from bureaucratic administration. This process was urgently necessary, as the modern social welfare state was no longer able to amply ensure the diverse service and infrastructure tasks using the methods of a sovereign state. In addition, changes of social values, such as increasing and divergent expectations of the individual towards government, as well as global economic crisis in many industrialised nations during the last decades have triggered this extensive and unique modernisation.

¹ For more information please see e.g. Löffler/Vintar (2004): Improving the Quality of East and West European Public Services or Caddy/Vintar (2002): Building better quality administration for the Public: Case Studies from Central and Eastern Europe.

² In Austria and other industrialised nations these include, for instance, associations of local authorities in charge of public water supply and sewage disposal, associations and foundations in charge of public education and cultural issues.

³ However, numerous studies and the results of the Speyerer quality competitions of the administrations in Germany, Austria and Switzerland have shown that cities, cantons and federal provinces or states as well as municipal / regional utilities and waste disposal plants are tackling the stages of NPM transformation considerably faster than large bureaucracies in ministries of central states.

2 Public Management – an international strategy for the reorganisation of the state

The globally followed reform and reorganisation strategy for states and public administrations, called New Public Management (NPM), has been introduced gradually since the late 80s / early 90s of the 20th century. Although different priorities have been set in the individual parts of the world and various countries (Japan and parts of South East Asia; North America, North and Western Europe), this international reform strategy is based on a standardised system of logic, the one of modern management and entrepreneurial thought. As early as 1992, the influential book penned by Osborne and Gaebler "Reinventing Government – How the Entrepreneurial Spirit is transforming the Public Sector" provided a compilation of concepts and first experiences in the USA and other reform countries of the first hour.

2.1 Definition and theory of NPM

NPM is defined as a stronger economic (especially in terms of business management) role of state and public administration – developed specifically using practical considerations – and thus a new system of control for the fulfilment of public tasks in line categories of management.

How do scientists define NPM?

Overall, NPM strives for "the stimulation of new action mechanisms in the public sector with the objective of improving quality, efficiency and effectiveness of service production". (Naschold/Bogumil 1998, p. 79).

According to Schedler/Proeller (2003, p. 5) "NPM is the generic term for the global, relatively uniform 'overall movement' of administrative reforms based on an institutional perspective. The switch-over of governance from input to output is characteristic of NPM reforms".

Schedler/Proeller (2003, p. 41 et sqq.) have provided a clear overview of the **basic assumptions** of New Public Management:

- An optimistic image of man (according to which, for instance, man is willing to perform and is motivated by success; if he is included, he is also willing to get involved with reforms);
- Realisation that state and public administration are necessary;
- Yet, public administrations are not putting ample efforts into efficiency and effectiveness; there are only minor shortcomings however with respect to the rule of law;
- The opinion that rational management is possible (administration is a complex social entity functioning like other organisations);
- The understanding that competition improves efficiency and effectiveness more than planning and controlling;
- The belief that policy and administration "can learn" (politics and administration are systems that can learn).

The NPM concept has been and still is accentuated by the prevailing state concept, i.e. the underlying political position on public intervention⁴. Therefore, the NPM approach in the USA, New

⁴ Three simplified state concepts can be distinguished today, which have stood in opposition to each other for the past decades; the ideas of a social (welfare) state and the idea of a neo-liberal state focusing on the market, which is also strongly advocated by the European Union. Finally the concept of the "guarantor state" is currently evolving, which envisions a synthesis of the aforementioned two state concepts: a "slim" welfare-securing state is being developed from the social

Zealand and parts of Great Britain, where there has been and still is a strong trend toward pursuing neo-liberal modernisation policies, is particularly market-oriented. The focus is on the deregulation and denationalisation or privatisation of public services as well as benchmarking (comparing and learning from the best). In Scandinavia, however, other reform approaches are at the heart of NPM; they are considered a "regime of result management expanded to include instruments of competition, electoral freedom as well as selective decentralisation and privatisation projects" (Naschold/Riegler 1997, p. 16). As different as the concepts of state, strategies and instruments to be applied may be, NPM involves two conditions:

1. It has been established that approaches involving one-dimensional reform and reorganisation are insufficient. An integrated and comprehensive strategy is required, which, if possible, should be applied to different managerial functions simultaneously because of the mutual dependencies. Examples are new task sharing between politics and administration, comprehensive customer orientation, human resource development, delegation and creation of responsibility centres.
2. In addition, it has become clear that a balance between corporate forces and ideologies but also between "state bureaucrats" and "competition fetishists" needs to be established. Economists and social researchers, such as Henry Mintzberg and Joseph E. Stiglitz in the USA or Egon Matzner in Austria, have formulated this. Stiglitz (2001, p. 219 et seq.) points out the necessity of a "balanced view of the role of government, one which recognizes both the limitations and failures of markets and government, but which sees the two as working together, in partnership, with the precise nature of the partnership differing among countries, depending on their stages of both political and economic development".

The following overview outlines the key NPM strategies and design principles which are especially significant for Central European countries such as Austria and Germany.

Figure 1: Vital NPM strategies and instruments (according to Naschold/Bogumil 1998, p. 83)

Strategy	NPM design principle (instrument)
"Political" management	Strategic management at the level of political and administrative leadership; central public tasks and their financing are identified (contracts); Separation of political-administrative leadership and implementation of duties
Slim, more flexible organisational structures	Decentralisation, decartelisation and / or spin-off strategies (outsourcing of functions from public administration and set-up of independent legal entities fully owned by the local authorities); Merging of responsibilities for technical expertise and resources at the level of the executing organisational units (creation of output and accountability centres), thereby reducing "middle management"; Cross-sectoral units offer services to strategic functions and operational units

welfare state and the neo-liberal mini-state. It does not abandon welfare responsibilities, but involves social groups in the setting out of public duties and invites citizens to participate in the process.

Procedure	<p>Result-oriented approach (considering requirements and wishes of citizens and customer groups) by specifying “products“ (output) and required or desired effects (“outcome“);</p> <p>Target agreements and contract management with the operating units;</p> <p>Control of target agreements (controlling) by means of performance reports, cost and performance analysis, effect analysis (evaluations);</p> <p>Competition and competition-related processes (e.g. comparisons between similar facilities and businesses in the public sector, comparisons between public and private sector service offerings) are introduced or pushed as incentive for change</p>
Staff and organisational development	<p>Executives at all levels are given greater responsibility for target conformity, employee and innovation-oriented activities;</p> <p>Staff development in terms of increased qualification through continuing education, meetings between employers and employees, career and appointment planning;</p> <p>Organisational development by creating a new corporate identity, comprehensive delegation approaches, emphasising team and project work</p>
Relations to the outside	<p>Orientation on conditions prevailing in the business environment;</p> <p>Expanding customer orientation through marketing and quality management;</p> <p>Opening up for competition and pushing for comparisons between different administrations based on performance and cost figures</p>

2.2 Main dimensions and fields of action

The complex NPM approach incorporates several dimensions, which are in principle included in modern and self-critical management concepts. Yet, they also need to satisfy the conditions to fulfil public duties.

At first glance, it is about a modified **organisational structure** in the public sector, which needs to develop new confidence in state efficiency while at the same time creating an understanding for limitedness of public control of larger social developments. Mintzberg put it succinctly: “The state needs the commitment of its citizens,(...) it is in dire need of vitality (...) this is especially true for client-oriented qualified services such as health care and education. Services in these sectors can never be better than the persons who render them. Therefore, these specialists need to be released from two factors: from the direct control exercised by state bureaucracy and the narrow constraints of market competition (...).” (Mintzberg 1996, p. 16).

This changed organisation culture includes new political and administrative role models, a management-oriented self-conception of managers and a new kind of interaction with staff members. A new “culture of errors“ (the aim is to receive as much feedback as possible from citizens and service recipients, defects are generally seen as a possibility to improve), extensive communication and cooperation instead of secrecy and a lack of information based on division of labour and isolation of public servants.

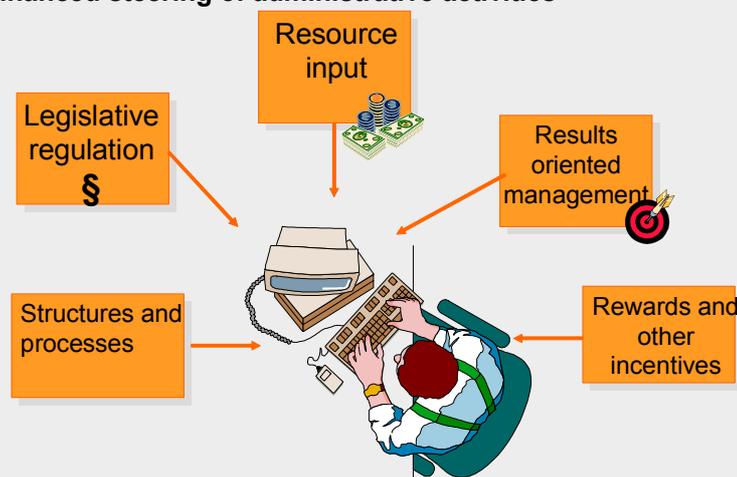
Another dimension is the **“control philosophy“**, which is moving away from direct orders and interventions from “above“ into the actions of performing employees towards indirect control via targets and performance agreements (“control at distance“). This process attributes special importance to self-control and aspiration for quality. As a logical consequence, controlling, which is based on performance reports submitted by those implementing the action to the “political“ cus-

tomers through a periodic compilation and analysis of operating figures for the achievement of objectives and the development of measures to secure the achievement of objectives and – at the end of the management cycle – actual vs. target comparisons, gains major importance.

Further dimensions are the use of new **organisational principles**, such as the opening up towards the outside world, team work, work on projects, matrix management, delegation of responsibilities for results and the required decision-making competencies, if possible at the level of the performing employees, expansion of budgeting and accounting activities and – last but not least – inclusion of a large variety of **management instruments**. Examples for such instruments are quality management and quality assessment, analyses of excellence and shortcomings, performance evaluation and determination of achievement of objectives, employee motivation, cost and performance analysis, etc.

The following diagram is an example of a NPM-enhanced management concept

Figure 2: NPM-enhanced steering of administrative activities

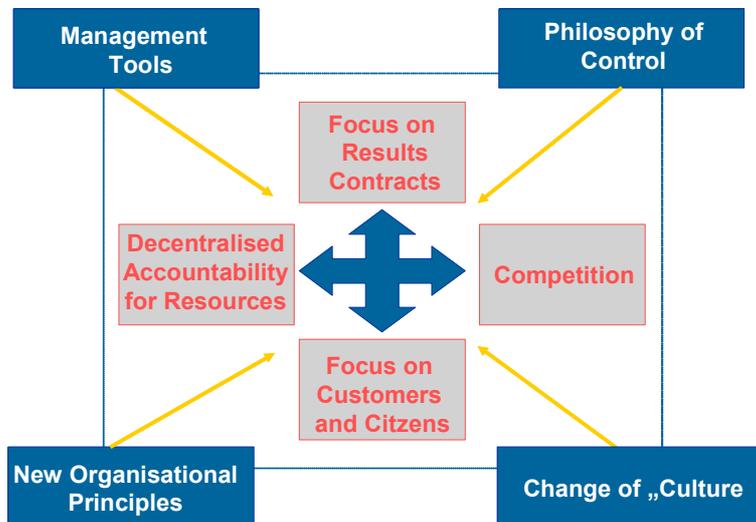


To date, control through laws and directives but also via public budgets constituted the core of management in the bureaucratic model. By legislative management, fundamental rules of conduct with only little scope of discretion are stipulated which normally need to be observed in the form of general procedural and specific legal standards. Other instruments are employed to ensure the legality of administrative action. The evolutionary process of administrative services is influenced through public budgets by providing resources – as a rule this involves money, staff and technology; overall, this involves "input" control, which is frequently exercised without directly relating to the required and/desired services.

NPM now adds new forms of governance, particularly results-oriented control (stipulating what results need to be achieved – objectives), increased delegation of powers (competencies) together with the responsibility for the results achieved (control through new organisational structures), as well as incentives for efficient and customer-oriented conduct.

As mentioned above, the central fields of action for NPM are the strong focus on citizens and customers (with respect to output management). Also included are outcomes such as positive overall social effects, lean and decentralised organisational structures (especially by linking professional responsibility with the responsibility for commercial use at the level of acting organisational units) as well as the institutionalisation of competition, performance comparisons and other market mechanisms. They are summarised in figure 3.

Figure 3: NPM - A complex modernisation process



The conceptual diversity of NPM results from the various starting points in the different countries, various political approaches and from a certain scientific but also commercial "competition" for the respective key terms. The following (partial) concepts may be considered part of NPM:

- concept of "lean state" ("lean government"),
- of the "new governance model" (Neues Steuerungsmodell or NSM, which is used in most German cities and local authorities),
- of "impact-oriented administrative management" (wirkungsorientierte Verwaltungsführung or WOV), which has long been implemented in Switzerland on a large scale and is to some extent an objective in Austria,
- of quality management promoted in public administrations of the European Union (QM, as well as TQM – total quality management),
- of orientation on competition, and
- of new public budgeting (e.g. through global budgets) and reporting to the various interest groups.

Case study: Smart Saving through Strategic Management

Concept of the administrative district Osnabrück (FRG) in the summary

The district of Osnabrück is a territorial authority composed of 34 cities and local authorities (Gemeinden). The district has a total population of 357.000 people and an administration with some 1.000 staff members. In 2003 and 2004 it has been running a deficit of approximately 20 million euros, while the total volume of the budget amounts to 270 million euros.

Globalisation, individualisation, demographic change, advances in communication and information technologies etc. require ever greater consideration of the functions and working methods employed in local administration. Hence, questions also arise more and more often concerning the impact of services provided by the state, as well as regarding the nature of the provision of services.

There is also a growing need at local-authority level to consider and look into development trends early, this in a situation, in which resources are becoming ever shorter, and by considerable deficits in local authority budgets. The demands related to the abilities of local administrations to solve problems have hence increased considerably. And especially deficits in budgets pose new challenges for the control concepts at local government level.

Local administration has to consolidate budgets and solve problems in policy fields at the same time. In order to close this strategic gap, clear strategies are needed; these should be developed in collaboration with the local authority players. Only if the orientation of local authority action is made clear to all players it is possible to combine and use resources effectively and efficiently. And it is only with a clear strategy that the right points of emphasis and impulses can be set in the face of short resources and deficit budgets.

Management by goals is the basis of strategic management. The district of Osnabrück has created an effective tool for the administration and for the political arena to manage complexity by networking the various fields of action and topics affecting citizens, and thus to achieve economic efficiency. Thus, the management cycle has been developed together with the local administration players, and is now an established tool used in the district for strategic management. The key elements are goal definition, contracts, reporting and control.

The medium-term development goals for the Osnabrück district in 2004 reflect the strategic orientation:

- 1. Budget consolidation and new district tasks,*
- 2. Strengthening child-raising and education,*
- 3. Viable staff and jobs,*
- 4. Sustainable use of the basis on which our lives depend,*
- 5. Expanding and safeguarding location qualities and preparing them for demographic change.*

These development goals are defined more concretely through main points of action. For example, the following were defined for the concrete implementation of goal no. 1 "Budget consolidation and new district tasks":

- Implement critical review of tasks and reduce tasks,*
- Save funds through co-operation with municipalities.*

This makes clear once again the approach employed in strategic saving. This guarantees that the municipality does not make savings as to harm itself but also have an eye on the future in financially difficult times. Conversion for the tasks and challenges of the future is hence already being carried out in such a way to have an impact on the questions of the future.

Thus, there is a link between strategy and product. For example, there is a medium-term-goal „Budget consolidation and new district tasks“. One of the according main points of action is “Implement critical review of tasks and reduce tasks”. On the product level this means an implementation and refinement of the budget consolidation concept and a determination of the specific consolidation potential.

All reports indicate concretely those areas where there is a need for action and decision-making.

In times of budget deficits, saving is a top priority. However, strategic management makes it possible, nevertheless to keep a focus on the strategic orientation.

- *On the basis of the strategy, the budget is drafted and negotiations carried out to decide the amount of the budgets.*
- *The services of the local authorities are directly related both to the strategy and the funds available.*
- *Determination of the funds takes place in the context of the overall strategy.*

Thus, working with the management cycle has resulted not only in the definition of goals but also in the identification of areas where concrete savings can be made. As a result of the priorities that were defined, a budget consolidation strategy for the years 2003 to 2006 was developed. The key data are:

- *Personnel savings of 1.5 million euros every year,*
- *Critical review of all tasks, services and standards of the local authority,*
- *Structural changes and reorientation of local self-administration,*
- *Measures to reduce bureaucracy.*

Thus, it is strived to optimise in particular the business processes. These measures are supported by a customer monitoring that means that regular telephone surveys are carried out to ask the citizens whether and to what extent they are satisfied with the services provided for them.

In 2003, the strategy has resulted in the following successes:

- *Personnel savings of 1.8 million euros (corresponds to 36 staff posts),*
- *Total savings of approx. 10 million euros.*

This success notwithstanding, Osnabrück still has a long way to go in order to achieve a balanced budget. Without structural changes, the deficits are bound to stay for many years, which will place an increasing burden on local budgets. However, using strategic management helps to save while still keeping a focus on the priority issues.

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2.3 The strengths and weaknesses of NPM

Several years after the implementation of NPM modernisation and a number of international evaluations, the findings of researchers⁵ and, in part, the estimation of representatives of practical politics agree in certain aspects.

In principle, the evaluations show that international competition has extended to state and administrative concepts during the past few years. "Even the welfare state model can not do without this performance competition in terms of quality, costs ... and acceptance" (Naschold 1999, p. 31), therefore, NPM has been implemented in numerous European countries.

The **strengths of the reforms** include:

- Effective correction of the shortcomings in bureaucratic administrative organisations and production of services, particularly at the lower state levels. Many citizen and customer-oriented aspects, but also improved output control (quality gains), have been implemented in Austria's cities⁶. In terms of German municipal administrations, Wollmann's findings (2001, p. 44) regarding strategic NPM strengths ("merits") (and the new governance model – Neues Steuerungsmodell or NSM) can be summarised as follows: "the principles of managerialism and cost transparency have gained a hardly irreversible influence on the German world of administration, thereby correcting and overcoming the traditional dominance of a primarily regulation-driven, hierarchically executed and virtually cost-blind type of administration. In this alone, a profound metamorphosis of the obsolete German management system and the administrative-historic merit of the new governance model as key trigger and drive of this development can be discerned."
- Reinforcement of concrete business-administrative mindset and perception; the term successful "internal modernisation" is often used, particularly in service areas closely oriented toward the market and citizens in city and regional administrations. Particular emphasis is placed on the "proximity to citizens" (e.g. easier access to the state's services), increased flexibility in service provision ("customer-friendly interpretation of discretionary authority" (see Schedler/Proeller 2003, p. 263) and far-reaching efforts to determine the performance outcome and the resources used to this end.

Weaknesses of the reform processes:

- Naschold points out four critical areas – dominance of managerialism (resulting in a difficult relationship between politics and administration), signs of a blockade of participation and other democratisation potentials, low involvement rate of administrative staff and difficulties of the social welfare system (p. 27 et seq.).
- Lack of a pronounced awareness of the administrative culture; this lack of soft modernisation factors interferes especially in the often tedious modification processes, "resulting in disso-

⁵ See Naschold (1999), Wollmann (2001), Schedler/Proeller (2003) and Reichard (2002) among others.

⁶ An interim balance drawn for the administrative modernisation of Austrian cities in 2003 supplied the following assessment: "in the majority of cities, the administrative reforms resulted in customer-oriented and leaner structures... quality improvements which have partially been implemented in the meantime were the focus for four fifths of the cities...cooperation with private service providers is of growing significance (PPP projects are being implemented in half of the cities)" (Biwald et al. 2003, p. 63)

nances between formal interventions and cultural realities not being recognised and turning into pitfalls for the modification processes" (Schedler/Proeller 2003, p. 272).

- Human resources are still primarily considered a cost factor; potentials of employee development (e.g. installation of new, performance-improving incentive structures, continuing education for executives) are often not fully exploited, employee orientation is of secondary importance in case of conflict with cost saving constraints (cp. Dearing 2003, p. 100).
- A certain decoupling of political decision-making bodies from "modernised" administration; as public tasks cannot be managed according to a system of business-operational efficiency and effectiveness logics, or only to a limited extent, tension between economic control through managers in the administration and political control by the responsible political entities increases⁷. However, in democratic systems "the economic efficiency shall always be based on democratic-political targets" (Naschold 1999, p. 31).

Two issues are weighted differently in theory and practice:

1. The hollowing out and reduction of public administrative tasks by transferring as many tasks as possible to the market sector as well as to non-profit organisations;
2. The extent to which profit-oriented strategies and instruments are integrated into management work of the public sector.

The assessment depends on conditions, traditions, prevailing political ideologies (status of "neo liberalisation") in the individual countries. Therefore, no meaningful international comparison can be made. The extent to which the public sector is limited to the "social benefit state" and the extent to which public actions can be implemented into private sector categories must be measured against the respective conditions and future perspectives.

⁷ See Bovaird/Löffler 2003 a, p. 18: "In the NPM, managers were given a much greater role in policy making than before, essentially at the expense of politicians and service professionals...it led to a vision of the public sector which often seemed peculiarly empty of political values and political debate".

3 Quality management and the public sector

3.1 Quality and quality concepts

In modern society, quality is an often cited slogan with no clearly outlined definition. It is used in various contexts (originally in the industry), yet the intended meaning varies widely. It stands as agreed, however, that quality

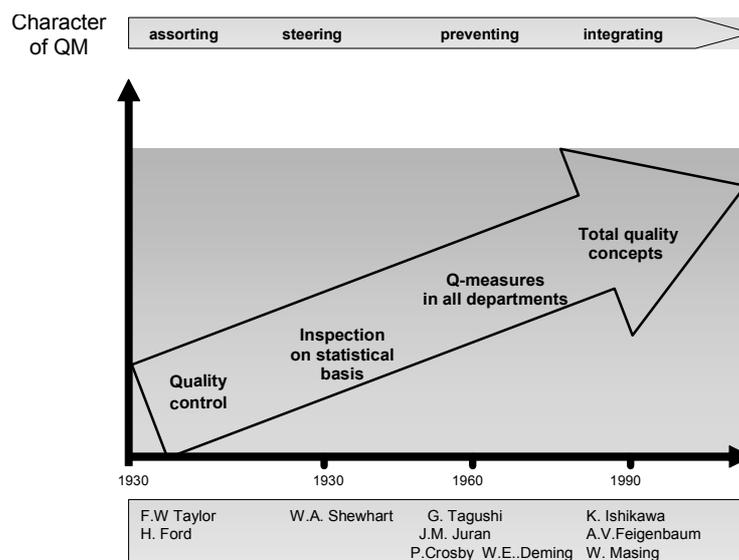
- represents a variety characteristics inherent or assigned to a product or procedure;
- is one of the standards based on which consumers make their purchase decisions;
- is a factor which correlates strongly with the competitive situation and performance of a provider.

Furthermore, quality has passed through several concept phases during the past decades:

- quality in terms of mere conformity with technical specifications and other formal requirements;
- quality in terms of requirements and its intended use ("fitness for use");
- quality in terms of greatly improved compliance with customer and user requirements, while subjective benefit calculations also play a role.

The quality of the performance achieved in the private sector as well as by public administrators was traditionally controlled through the medium of technical and legal standards, e.g. safety regulations and procedural rules. However, for several years now, quality has meant more, namely aligning products, processes and procedures with the expectations and demands of customers and citizens. For example, quality management can - after surveys conducted among users - serve to increase the acceptance of politics and public administration by the public in general. By incorporating employees and customers it can also be used to improve performance related to the usefulness for the user in a number of different ways.

Figure 4: The development of quality management ideas



Source: Sachse (2002), p. 6

The conceptional bases in the private sector comprise quality systems such as ISO 9000 ff. standards (further development as ISO/DIS 9001:2000) as well as the model of the “European Foundation for Quality Management“ (EFQM), which has been used by major European companies since the early 1990s, and several others. These concepts are helpful for “Total Quality Management“ (TQM) that is an integrated management system aimed at securing satisfied customers incorporating the whole enterprise with all its activities, employees, customers and the entire corporate environment. In practical terms, systems such as EFQM work with performance indicators in nine different fields, in which a number of sub criteria identify the most important factors in the search for defining and securing quality.

Quality management - in the sense of describing the status achieved and examining the strengths and weaknesses of an organisational unit - can be conducted by the company itself, through the medium of its management and employees. This is referred to as self-assessment or self-evaluation. At the same time, an assessment by external experts is also possible. A combination of both points of view is also beneficial because it permits the comparison of internal and external opinions.

Transferring quality management concepts to public administration is not easy, as the public sector fulfils official duties and delivers a variety of services. In goods production, all production phases strive to fulfil quality requirements. The “zero error” strategy is applied. However, with regard to services, and partially with regard to sovereign activities, production and consumption (use) are inseparably connected and hence not manageable in advance. In addition, quality assessments are not objectively measurable in all aspects. The greater the share of human activity in a service, the more variegated the performance rendered. Here, a distinction between the process of service provision and the achieved result is often necessary. The quality of providing care in a nursing home, for instance, will be assessed not only with regard to usefulness, duration, reliability of provision, but also with regard to the respect between the persons involved, the patience shown, the expression of sympathy, etc.

Criteria for assessing the quality of services

The following criteria may be used for quality assessment by the client / recipient of services:

Tangibles	Credibility
Reliability	Security
Responsiveness	Access
Competence	Communication
Courtesy	Understanding the consumer

Source: Zeithaml et al. according to Bovaird/Löffler (2003), p. 139

The dimensions of quality management in public tasks are, to some extent, even more complicated, because, apart from the individual benefits, the benefit for the general public or conflicting expectations of individual citizens or customer groups but also the available resources and political priorities need to be taken into account. Therefore, Oppen (1995, p. 41 et seq.) and Scheler/Proeller (2003, p. 69 et seq.) distinguish the following “public“ quality aspects:

- Product-oriented quality (compliance with standards, certain performance characteristics and additional services);
- Client-oriented quality (benefit for recipient);
- Process-oriented quality (process security, speed, efficiency, legitimacy of services rendered);
- Value-oriented quality (acceptable or desired cost-performance ratio; cost-effect ratio);
- Political quality (policy assesses quality according to its objective benefits for society; social benefits; adequacy of state intervention).

Case study: Improvement of the client service at the local government level
Experiences of the 13th district in Budapest

The modernisation of public administration started in Hungary in different directions. Great attention has been devoted to raise the standard of client services, to get acquainted with the quality and performance management methods and with their possible adaptation.

The office management in the 13th district of Budapest realized that the contentment of citizens is often influenced by their first impression. Therefore, the primary tasks were to cease the queuing and to diminish the time needed by the administration for the implementation of single proceedings. A modern, citizen- and child-friendly, efficient local public administration was desired. In order to bring the administration closer to the citizens, client offices were out placed; new offices were established outside the Mayor's Office in different locations of the district nearby the main public transport stations.

In the 1990's, the office in Budapest was among the first ones which set the aim of introducing the Quality Management System ISO 9001 in public administration and of acquiring a certification. The aims were to get familiar with the client service system in the private sector, to analyze methods that can be applied, to get to know the innovations of the Ministry of Interior, to ensure conditions of participating in model pilot projects and further, to improve quality attitude, to strengthen a service character and to establish conditions of client contentment measurement to check competence, politeness and helpfulness of the employees. A benchmarking programme has been launched in order to improve the performance and efficiency of the office.

In 1999 a Quality Management Handbook was formulated. The Handbook defines all activities and administration processes, the quality programme determines concrete short-term tasks in order to achieve the office's purposes for each year.

The 13th district of Budapest was the first one that implemented the concept of a one-window administration and carried out the continuous traceability of the administration processes. Based on a feedback from the clients and partners it was assessed that the placement and the appearance of the client service offices is of a European standard.

The one-window administration was implemented in following steps:

- 1. PHARE project, getting to know the elements of one-window administration, introducing the software system "workflow" , auditing the client service - 1998;*
- 2. introduction of quality management system ISO 9001, certifying audit - 1999;*
- 3. enlargement of the client service, building out transferred client service offices - 2000;*
- 4. creation of an own internet homepage, making it possible to download forms - 2001;*
- 5. ISO 9001:2000 certified, introduction of a regular client-contentment measurement - 2002;*
- 6. "child-friendly office" - 2003;*
- 7. building up a client service based on telephone and internet, creating conditions for booking - 2003;*
- 8. introduction of CAF model in the mayor's office - 2004.*

The results such as:

- *citizen friendly and client related administration,*
- *modern client service,*
- *higher client contentment,*
- *transparency and effective administrative work or*
- *traceability of administrative processes*

were presented in the frame of practical presentations to partners and public administration organizations that were interested. The „workflow” system was studied not only by local governments but also by experts from central public administration organizations and ministries. A more than 300 pages study was prepared; the study presents the experiences of the experiment that had been implemented in the frame of an agreement with the Ministry of Interior.

The well thought-out placement of the client service, the selection, training and preparation of employees, the development of quality attitude of employees, the utilization of proven quality management systems and performance management methods have brought spectacular results in the office.

3.2 CAF – a European quality promotion tool⁸

Following years of informal consultations, there was an increasing need within the European Union for a more intensive and formal response in order to optimise cooperation with respect to the modernisation of government services. In 1997, this need was given substance in the formation of a steering committee at European level (IPSG – the Innovative Public Services Group). Following a ministerial declaration containing “the general principles concerning the improvement of the quality of services provided to citizens” the IPSG working group developed a quality tool specifically intended for and adapted to the public sector. This resulted in 2000 in the CAF - Common Assessment Framework that is a set of criteria important for the modernisation in the public sector based on the principles of TQM and derived from the EFQM model and the German Speyer model. In 2002, the model was simplified and improved.

The CAF shows three characteristics:

- capturing the unique features of public sector organisations;
- serving as a tool for public administrators that want to improve their organisation;
- building a bridge across the various models in use in quality management.

The CAF has been designed for use in all parts of the public sector, applicable to public organisations at a national/federal, regional and local level. It may also be used under a wide variety of circumstances, e.g. as part of a systematic programme of reform or as a basis for targeting improvement efforts in public service organisations. In some cases, and especially in very large organisations, a self-assessment may also be undertaken in a part of an organisation, e.g. a selected section or department.

The CAF constitutes a blueprint of the organisation. It is a representation of all aspects that must be present in the proper management of an organisation in order to achieve satisfactory results. All these elements are translated into nine criteria and further operationalised, and given concrete form in sub criteria.

⁸ This section is based on an article of Patrick Staes and Nick Thijs (2004)

The list of criteria and sub criteria is as follows⁹:

ENABLERS

Criterion 1.

Leadership

- Sub criterion 1.1 Give a direction to the organisation: develop and communicate a clear vision, mission and values
- Sub criterion 1.2 Develop and implement a system for managing the organisation
- Sub criterion 1.3 Motivate and support the people in the organisation and act as a role model
- Sub criterion 1.4 Manage the relations with politicians and other stakeholders

Criterion 2

Strategy and planning

- Sub criterion 2.1 Gather information relating to present and future needs of stakeholders
- Sub criterion 2.2 Develop, review and update strategy and planning
- Sub criterion 2.3 Implement strategy and planning in the whole organisation

Criterion 3

Human Resources Management

- Sub criterion 3.1 Plan, manage and improve human resources with regard to strategy and planning
- Sub criterion 3.2 Identify, develop and use competencies of the employees aligning individual, team and organisational targets and goals
- Sub criterion 3.3 Involve employees by developing dialogue and empowerment

Criterion 4

Partnerships and Resources

- Sub criterion 4.1 Develops and implements key partnership relations
- Sub criterion 4.2 Develops and implements partnerships with the customer/citizen
- Sub criterion 4.3 Manages knowledge
- Sub criterion 4.4 Manages finances
- Sub criterion 4.5 Manages technology
- Sub criterion 4.6 Manages buildings and assets

Criterion 5

Process and Change Management

- Sub criterion 5.1 Identifies, designs, manages and improves processes
- Sub criterion 5.2 Develops and delivers services and products by involving the customer/citizen
- Sub criterion 5.3 Plans and manages modernisation and innovation

RESULTS

Criterion 6

Customer/Citizen-oriented Results

- Sub criterion 6.1 Results of customer/citizen satisfaction measurements
- Sub criterion 6.2 Indicators of customer/citizen-oriented measurements

Criterion 7

People Satisfaction

- Sub criterion 7.1 Results of people satisfaction and motivation measurements
- Sub criterion 7.2 Indicators of people results

⁹ More information about CAF can be found on: www.eipa.nl

Criterion 8**Society Results**

Sub criterion 8.1

Results of societal performance

Sub criterion 8.2

Results of environmental performance

Criterion 9**Key Performance Results**

Sub criterion 9.1

Goal achievement

Sub criterion 9.2

Financial performance

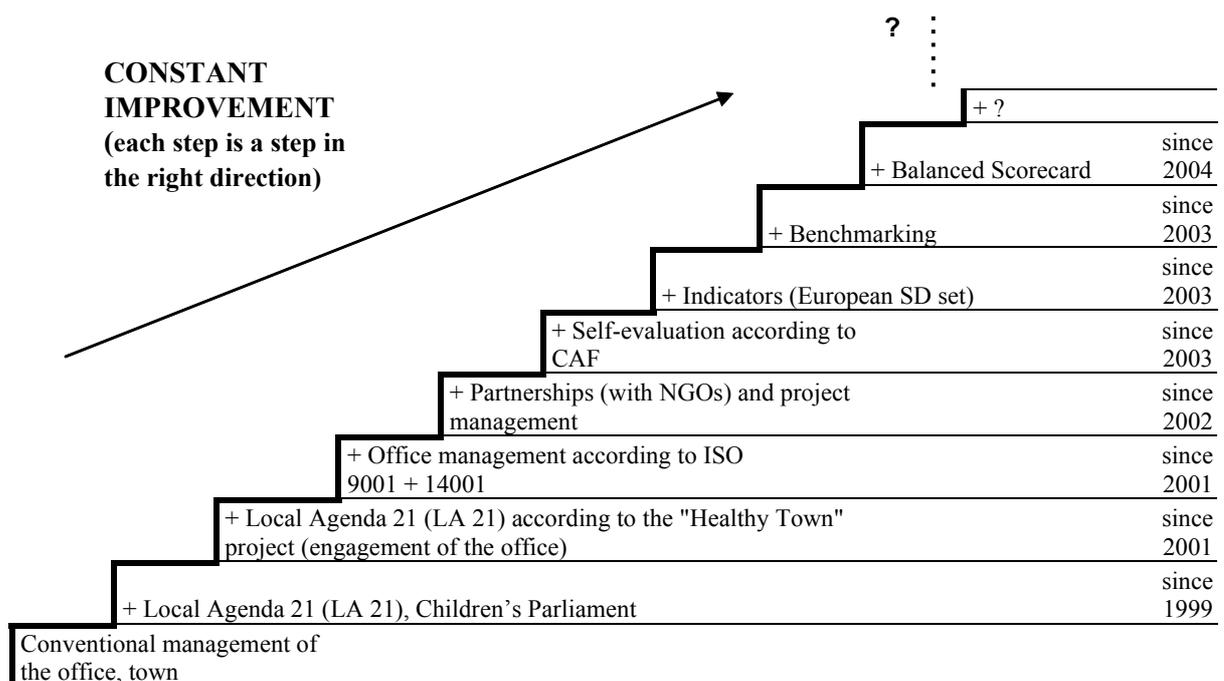
Using the CAF provides an organisation with a powerful framework to initiate a process of continuous improvement. It shows not only the different fields of modernisation and the most important sub criteria but provides as well:

- an assessment based on evidence,
- a means to achieve consistency of direction and consensus on what needs to be done to improve an organisation,
- an assessment against a set of criteria which has become widely accepted across Europe,
- a means of measuring progress over time through periodic self-assessment,
- a link between goals and supportive strategies and processes,
- a means to focus improvement activity where it is most needed,
- opportunities to promote and share good practice within different areas of an organisation and with other organisations,
- a means to create enthusiasm among employees by involving them in the improvement process,
- opportunities to identify progress and outstanding levels of achievement,
- a means to integrate various quality initiatives into.

Case Study: How to do correct things in the correct manner
 CAF application at the Municipal Office of Vsetín, Czech Republic

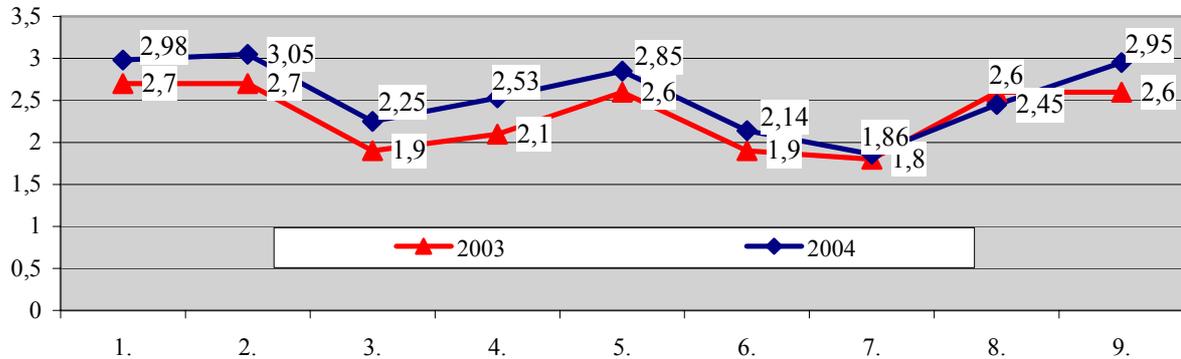
Vsetín is a small Moravian town located amidst a beautiful mountainous landscape near the border with Slovakia. The town has the population of 29 thousand. The region for which the Municipal Office of Vsetín provides services of state administration includes, besides Vsetín itself, another 31 communities, with the region’s population being approximately 70 thousand. Two hundred persons work for the Municipal Office.

In 2001 the Municipal Office management decided to begin improving systemically the office’s work. The primary objective has become a satisfied citizen/customer. At the same time, emphasis was placed on the office’s effectiveness and performance. The office’s approach to improvement is shown on the following diagram.

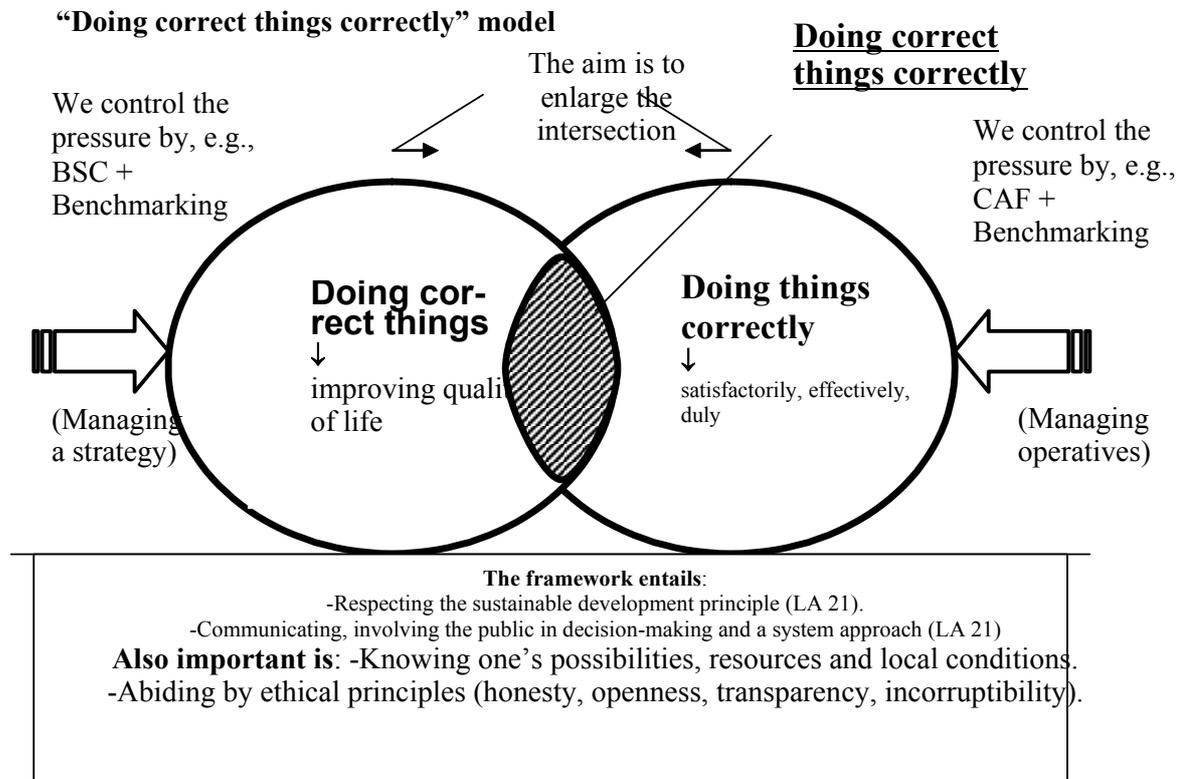


The CAF model was encountered for the first time in 2002, when it was perceived as a source of inspiration for improving the office’s work. The first self-evaluation was carried out in 2003, the second in 2004. The evaluation was assigned in 2004 for external assessment.

The results of the self-evaluation for 2003 and 2004 are shown in the following diagram:



The major benefit resulting from CAF application in the office is an office management model that may be entitled “Doing correct things correctly” (see the picture below). “Doing correct things” is depicted by the left ellipse (managing a strategy), “doing things correctly” by the right ellipse (managing operatives). The endeavour is to enlarge the intersection, i.e. to do as many correct things as possible correctly. Improvement and a procedural approach is part of this model.



When applying the model, each criterion inspired the team to take a number of measures. The following text assigns one major benefit to each criterion:

- *Criterion 1 management: Definition of the town's vision, strategies and necessary connections by means of the Balanced Scorecard (BSC).*
- *Criterion 2 strategy and planning: Drawing up of performance parameters for all office staff linking up to the town's strategies.*
- *Criterion 3 human resources management: Launching of motivation programmes interconnected with rewarding, "success of the week" and "improvement suggestions".*
- *Criterion 4 partnership and resources: Improvement of the financial controlling system.*
- *Criterion 5 procedure and change management: Regulation of procedures of state administration execution by means of procedural benchmarking (49 towns involved).*
- *Criterion 6 customers/citizens – results: Good results of measuring citizens' satisfaction by means of the European Set of Sustainable Development Indicators methodology.*
- *Criterion 7 employees – results: Improving values of the labour-quality evaluation system, "audit of workplaces, audit results and complaints".*
- *Criterion 8 society – results: Attaining certification according to ISO 9001 and ISO 14001.*
- *Criterion 9 key results of activity and performance: Determination of key results, their target values (using the Balanced Scorecard method) and commencement of measurement.*

The experience of the town of Vsetín with the CAF model, BSC, procedural approach etc has been published by the Ministry of the Interior of the Czech Republic (the Public Administration Modernisation Department) as good practice in the publication "Management of State Administration Execution Procedures – Vsetín Case Study". The publication is available at the Ministry in Czech.

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4 Public Governance to "political" governance

Until some time ago, governance in the public sector (in comparison to corporate governance in the world of enterprises) was considered – with little accuracy – to be “responsible and good governance and administration” (OECD 2001, p. 259). In a study carried out by the World Bank in 1989, the governance concept was used in connection with the developmental cooperation between the World Bank and third world countries (cp. König 2001, p. 2). At the time, the World Bank requested the countries receiving aid to pay more attention to institutional factors: an orderly state and effective public administration, establishment and assurance of basic democratic principles, respect of human rights. Recently, the significance of “public governance” has been underscored, particularly in connection with improved political decision-making processes, the “political” control of the fulfilment of tasks, the democratic involvement of citizens (“civil society”) in general as well as in practical questions of daily life and cooperation in social networks.

4.1 Reasons for Public Governance

For the following reasons, the discussion revolving around public governance has become more intense and caught public attention during the past five to ten years:

- Realisation that there is insufficient political control and shortcomings in the implementation of administrative modernisation; such as the partial neglect of economic principles and fiscal targets by political decision-makers (inadequate stringent use of scarce funds; partly insufficient provision of appropriate creativity at all levels of public action), unilateral orientation of modernisation toward too narrowly defined efficiency criteria (“internal modernisation”) with political decision deficits and / or through insufficiently reflected outsourcing of public activities to independent organisations while public funding continues;
- Old, aggravated problem issues and some new targets are challenging public administration and policy, economy, “civil society”; such as high unemployment rates, more demands for communication and participation from citizens, medium-term EU-targets of the Lisbon strategy (from the year 2000);
- Limits to the economisation of various public areas are becoming visible; quality cannot be measured in all aspects, quality must also be something one can feel and experience;
- The stronger influence of the media, particularly of new media like the Internet is becoming tangible and translating into increased pressure for transparency as well as the search for a new quality in the dialogue between politics, administration and citizens;
- Morals and ethical values are to be continuously communicated, strengthened and developed, also in the public sector.

4.2 Public governance: definition and objectives

According to Professor Hill from the German University of Administrative Sciences in Speyer, governance is an holistic approach “to assess the quality of regulation and governance, problem solving and design of the state's field of action” (Hill 2000, p. 8). He emphasises the quality perspective of public fulfilment of tasks and the institutional aspects as the basic objective.

In contrast, experts of governance international¹⁰ highlight the aspect of cooperation with the various stakeholders in their definition: "The negotiation by multiple stakeholders of improved policy outcomes and agreed governance principles. To be sustainable, these have to be made operational and evaluated by multiple stakeholders on a regular basis".

An international group of researchers (Bovaird et al. 2002, p. 12) adapted the governance approach to local politics ("local governance") and suggested the following definition: "Local governance may be defined as the set of formal and informal rules, structures and processes by which local stakeholders collectively solve their problems and meet social needs. This process is inclusive because each local stakeholder brings important qualities, abilities and resources. In this process, it is critical to build and maintain trust, commitment and a system of bargaining".

The following – relatively pragmatic – **target of governance** may apply in connection with administrative modernisation:

- Securing social freedom and cohesion in the community (reducing the conflict rate to a certain extent, and the violence level if necessary) through political action,
- The issue of equal treatment of various segments of the population (gender aspect, ethnical groups, age, religion) is given special emphasis here,
- To accelerate cooperation between public and private actors on an equal partner-like footing to solve social problems (including or supporting minorities; also attracting loosely organised groups; satisfying all parties involved to the greatest extent possible), and thus also
- Increasing the faith in democracy (boosting the acceptance level to a certain degree; improving voter turnout).

Therefore, politics and administration can define governance as an approach to handling public affairs with the aim of establishing "win-win-solutions" for all parties involved. This calls for social interaction to be geared even more toward basic democratic principles such as fairness and transparency, and last but not least, the strengthening and promotion of own initiatives among persons with an interest in community life. Scandinavian as well as German examples show how citizen participation can be improved. The city of Duisburg, for instance, received the Speyerer Quality Award in 2002 also because it had integrated projects such as "office for citizen commitment", "social agencies", "citizen service stations" and "call centres" into the modernisation process. Citizens were allowed to participate in local politics within the scope of modern "round tables", idea workshops, advisory committees, and working groups. Several public-private partnerships were established.

Politics and administration are well advised to recognise the dialectics that involvement (of the company's own employees as well as of citizens, institutions and enterprises) may be encouraged, strengthened and interconnected, but can and should never be conclusively measured, planned and administrated (cp. Hummel 2000, quoted by Hill, 2002, p. 3).

¹⁰ Governance International in Great Britain – www.govint.org (quoted according to Bovaird/Löffler 2003, p. 165)

About the role of citizens and civil society in the governance concept

“A healthy climate for understanding public services requires a clarified understanding of the important concept of citizenship, and an ability to distinguish citizens, voters and taxpayers and ‘customers’. Citizens are bearer of rights and duties in a framework of community. Citizenship aggregates; the concept of ‘customers’ disaggregates. The satisfaction of individual ‘customers’ may not add up to an overarching public good. For this reason ... political accountability must always come higher in the public service hierarchy of values than ‘customer’ or stakeholder accountability. The true role of public servants is not just to serve ‘customers’ but also to balance the interests and preserve the rights of ‘citizens’. It is the sum and balance of these interests, democratically determined, that may add up to something that could be called the public interest.”

Canadian Centre... (2000), p. 55

Governance serves to strengthen and, if necessary also to emphasise or reinterpret, basic values relating to public action. This is not insignificant with regard to administrative modernisation in view of the strong adoption (by international advisors) of US-American values, strategies and concepts, because the political value system in the USA is markedly different from the European values. Quoting Hutton, Matzner (2002, p. 4) summarised the latter as follows:

- Social obligation of property; in Europe property is associated with social obligations;
- Social contract; includes all citizens in the European tradition, calling for public welfare for the poor and provision for emergencies;
- Conservation of the public sphere, which usually includes the comprehensive public infrastructure facilities and services most European countries have in common and is known as "Daseinsvorsorge" or services of general interest in the German-speaking regions.

"To name just a few, public gardens, public squares, public television, public museums, public transport should not only be valued as expressions of collective will. They are essential for the better understanding of our private decisions." (Hutton 2002, p. 84).

The accentuation of values in models and codes of conduct is another aspect of governance. To this end, various countries have adopted and propagated concepts for the public service, guidelines for managers and rules of conduct (e.g. for public controllers)¹¹.

Finally, governance can also be considered an aspect of political modernisation, which was not sufficiently underscored in the management reforms implemented so far, even though the strategic NPM aspects, for instance, would provide many operational approaches to representatives of the political system in the legislative and executive branches of government.

¹¹ See, for example, the Canadian "Principles of the Conflict of Interest and Post-Employment Code for the Public Service", Annex 1, p. 65, the "Components of an Ethics Regime", Annex 2, p. 67 f both in: Canadian Centre (2000) as well as the UK Civil Service Code (Annex 3, p. 69 f)

4.3 Some principles of public governance

The following principles of public governance are taken from Bovaird/Löffler (2003, p. 10) and the White Paper of the European Union "Good Governance":

Figure 5: Principles of public governance

Transparency	Decision-making processes and public institutions should be transparent, e.g. selection criteria for managers, cost comparisons for individual products and performances.
Participation	Extensive participation in addition to politics results in more trust, higher process-related and output qualities.
Equal treatment	Abolishment of discrimination of groups based on sex, race, religion or age.
Responsibility (accountability)	Responsibility for the quality of services, efficiency, sustainability etc. towards stakeholders, e.g. individual citizens, customer groups, associations/non-governmental organisations (NGOs), employee's associations and trade associations.
Effectiveness	Requirements need to be met and problems need to be solved based on objectivity and evaluation; e.g. therapeutic results and effects of health care measures are significant, not number of beds, x-ray findings, treatments.
Coherence	Policies and actions must match and be coherent; political and administrative actions must be coordinated; qualification measures must correspond to the respective outcomes.
Sustainability	Estimation of the effects of public action in the long term (one to several decades), usually including economic (e.g. full employment, quality of public finances), social (e.g. equal opportunities), and ecological aspects (environmental quality).
Evaluation	The implementation of all the listed principles is evaluated periodically.

These principles must be discussed in detail, implemented and evaluated on an ongoing basis with respect to changing corporate factors by politicians, citizens, society, the media, public administrations, and NGOs.

There are different interpretations of the basic principle of **"responsibility" (accountability)**. Usually responsibility is understood to be the obligation or willingness to render an account. We report to a supervisor, parliament, the public, how the given tasks, the given orders have been fulfilled. In addition, it demands to determine and demonstrate the sustainable effects achieved.

Accountability is also understood to be – although discussions are contentious – the acceptance of personal consequences in case of events which could have been prevented by accurate and attentive action. In some countries, this responsibility is mainly seen as political accountability. This aspect is especially highlighted in Canada: "Public office holders are responsible for all that occurs within their authority, but are not always subject to personal consequences such as discipline or blame for problems that occur. The issue and degree of blame depend, among other things, on whether office holders were personally involved in activities, or should have been; that is, on a fair assessment of whether they could have avoided the problem or ought to have taken steps to correct it.... Political realities mean that responsibility and accountability are often taken to imply that ministers are to blame when things go wrong. But in fairness, and in terms of common sense, ministers cannot and should not be blamed and certainly should not be compelled to resign for all matters that go wrong which fall within their authority, irrespective of the importance of the problem or the minister's knowledge of or influence on it..." (Canadian Centre..., 2000, p.9f)

Another aspect of responsibility is the fact that managers in politics and administration are responsible for the quality of the organisational structure, for the welfare and equal treatment as well as for commitment of their employees. This is to ensure that the public sector acts as role model for other sectors in business and society.

Case study: Association of Rural Municipalities*Promotion of sustainable development in Latvia*

The association of rural municipalities was established in 1999 to promote the development of rural municipalities. The following four rural municipalities are involved in the co-operation: Līvberze (2219 inhabitants) and Glūda (2780 inhabitants) rural municipalities in Jelgava region, Jaunberze (1174 inhabitants) and Bērze (2075 inhabitants) rural municipalities in Dobeles region. The key objective of this co-operation is to promote the social and economic development by implementing local and international level projects contributing to the development of the whole region.

During the period from 1999 to 2004 several local projects were implemented: "Introduction of Information Technologies in the Association Rural Municipalities "Bērzes krasti", "Society Integration Programme Elaboration for the Association Rural Municipalities "Bērzes krasti", "Children Festival in K.Ulmanis Museum "Pikšas"", "Slavic Ethnic Culture Values to Unite Various Nationalities", "Summer and Winter sports games in Berzes krasti", "Establishment of Educational and Recreational Centre for Children and Youth in Jaunberze parish", and other; two of them are presented below.

Summer and winter sports games in "Berzes krasti"

The main goal of this project is to use the values conveyed by sports activities so that young people may gain social skills such as teamwork, tolerance and respect of the rules. Thank to the collaborative efforts between public bodies, educational institutions and sports organisations of the Jelgava and Dobeles regions, several activities are scheduled. These include summer and winter sports competitions, seminars and lectures about the between practising sports and health, and the dissemination of experiences and best practises compiled in one publication.

Project tasks or specific goals are:

- to contribute to the co-operation among parish self-governments, educational institutions and sporting organisations in order to hold different sports activities that correspond to the needs of informal education and provides successful experience exchange;
- to organise joint sports activities involving self-governments, educational institutions and sporting organisations;
- to enable all parish inhabitants to take part in sports activities irrespective of their age and gender;
- to integrate the values conveyed by sport into the educational sphere;
- to promote a healthy and active life style.

Project activities are:

- Preparation and dissemination of the informative publication "Come Along and Join Us";
- Preparation and organisation of summer sports activities in "Bērzes krasti";
- Organisation and implementation of a seminar "Sport in My Life";
- Organisation and implementation of a lecture course "Importance of Sport for Health";
- Organisation and implementation of winter sports activities in "Bērzes krasti".

Project results:

- *Summer and winter sports games will be organised, which include 10 types of sports, in four rural civil parishes;*
- *Around 850 local inhabitants will be expected to take part in these sports events;*
- *2 seminars in which popular Latvian sportsmen are involved will be held;*
- *6 lectures for adults on the issue of a healthy life style will be held;*
- *Self-governments will make great efforts in organising local-scale sports activities, activating local inhabitants for the participation in public life of their rural communities;*
- *Population's interest in sport and the values conveyed by sport;*
- *Opportunities of active participation in sport will be provided for all people of the parishes;*
- *Youth's interest in what is the role of sport, professional sports and great achievements in sports will be promoted;*
- *Young people will be motivated to spend their leisure time effectively and usefully;*
- *People will gain knowledge on the role of sport in human health as well as mental and social development of people;*
- *Huge efforts will be made in popularising a healthy life style and improving the public life in the rural parishes.*

Slavic Ethnic Culture Values to Unite Various Nationalities

The aim of the project is to contribute to mutual understanding and co-operation among different nations individuals in the parishes, to contribute to the development of minorities culture and ethnic identity awareness as well as to preserve and develop their cultural properties. Target group are minorities – Slavic national in the parishes of municipality association "Bērzes krasti" in total the Russians, the Byelorussians and the Ukrainians account for 2090 individuals.

Main activities are:

- *The formation of the Slavic folklore and tradition ensemble and support for it's activities;*
- *The preparation, publishing and dissemination of the informative booklet "Winter – Spring cultural activities and traditions of Slavic and Latvian nations";*
- *The organising of Slavic cultural festivity week "Sirokaja Maslenica";*
- *The preparation, publishing and dissemination of the informative booklet "Summer – Autumn cultural activities and traditions of Slavic and Latvian nations";*
- *The conclusion of the project, organising of concert of minorities amateur art.*

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By using the example of the local politics, the following comparison shows that the principles of public governance and public management are substantially different (according to Bovaird/Löffler 2002).

Figure 6: Transition to the good governance model in cities

Functioning of the Local Authority	Developing Good Local Governance
Serving the community by producing policies, services and knowledge („Service Provider“)	Enabling the community to plan and manage its own affairs („Community Developer“)
Improving internal efficiency of local authorities	Improving the external effectiveness of local authorities
Increasing users' satisfaction in local services	Building public trust in local government through transparent processes, accountability and through democratic dialogue

What are the shortcomings of governance in its practical implementation?

In Austria, for example, some shortcomings and developmental deficits of local or regional governance are easy to identify:

- Political decisions are not always based on comprehensive target definitions, on measurable results; in the political discourse, results sometimes count for less than announcements. There are no expert evaluations with respective interpretations and conclusions in sight.
- Usually citizen participation consists of institutionalised protest instead of early integration.
- A low-key dialogue culture exists between administrations and independent experts or politicians and administrative experts. Communication deficits exist even between neighbouring cities and communities respectively.
- Political governance in municipal governments relies on voluntary participation – resulting, for instance, in a lack of professionalism when drafting plans (taking on the builder position) and inadequate analyses of obtained outcomes, etc.
- There are shortcomings in political-administrative management strategies, strategic planning as well as strategic controlling.
- There is no tradition to work with the concepts of team work, "round tables", mediation etc.

- There are some shortcomings when it comes to generating a sufficient acceptance rate when setting obvious priorities (subordination is not communicated and justified) and securing transparency as a measure against inefficiency and corruption.
- A lack of awareness of specific and partially "new" public communication tasks, e.g. information on healthy food, products which meet the criteria of sustainability, information about environmental conditions and their consequences, etc.

Hands-on approaches for the improved implementation of governance in the public sector can easily be derived by contrasting these flaws or underdeveloped fields of public governance with the above mentioned principles.

5 Resumé

Comprehensive modernisation in the public sector has been underway in many developed industrial nations of the world for the last 15 to 20 years. Developments involved matters of public administration, such as deregulating and abandoning lesser organisational tasks, regulating/controlling newly arising problems, such as migrations, the "greying" of the population as well as issues relating to the control of the fulfilment of tasks through extensively improved management (from 'administrating' to managing), and the control of efficiency as well as of effectiveness.

Beginning with the often very ideologically discussed issue of how much the state, how much the market and how much the people themselves should take into their hands, two main areas of action in terms of modernisation have emerged.

On the one hand, there is (new) public management, which includes strategies with a strong focus on business-operational and economic calculations, a modified philosophy of governance and steering ("control at distance"), a new organisational culture (searching for solutions acceptable for both sides, for instance), and an enhanced set of instruments. In principle, public management proves its merit when it is implemented consistently.

However, not all problem issues can be solved with the predominantly economic-oriented system of logics. There are still political governance problems, unresolved issues in the area of coordination between state levels and communication with the citizens. In addition, new lines between the public and private spheres need to be drawn, event-oriented individual solutions must be reduced and solutions based on networking, giving the actors ample leeway need to be implemented more often. Long-term principles such as the principle of transparency and the principle of accountability towards various interest groups need to be reinterpreted. In this context, one speaks of public governance. This is the second area of modernisation which aims to improve democratic dialogue and to foster value-related self-governance of citizens.

In many places, a sweeping reform process has thus been initiated. Yet, it can only slowly dissolve the "reform hold-up", as many reform steps need to be learned first, new attitudes need to be acquired and - maybe reduced but nonetheless sustained - expectations need to be placed in the community's ability to find solutions to the issues. In this regard we can hardly speak of administrative modernisation, but of a reconstruction of the entire public sector which in the end also has a bearing on the role of politics itself.

"Politics is integral to policy making but the role of politicians, which has never been as clear as the conventional model of democratic decision making has tried to suggest, is even more complex today, given the roles played in public decision making by professional groupings, managers, and engaged citizens and other stakeholders." (Bovaird/Löffler 2003, p. 23).

Many concept-related issues remain unresolved; some experience has been made for sure. It appears to be vital for all parties interested in public matters to explore these new concepts and to face up to the questions which need to be solved. Among others these are the tasks of information transfer, consultation and participation which involve both the public (the stakeholders) and the public organisations in various learning processes. As Löffler/Vintar state this mutual learning comprises by the citizens "that they cannot get everything they ask for" whereas "public officials and public politicians have to learn to demonstrate that they listen to citizens" (Löffler/Vintar 2004, p.10). Similar learning processes are to be made inside the different organisational units of the public sector. Managers looking for modernisation have to listen to their employees being constantly in touch with the public. They have also to learn from politicians that

win-win partnerships between the administration and partners from business and voluntary organisations can be an efficient alternative. On the other hand political leaders have to learn that half-hearted modernisation by implementing one or another fashionable tool will not improve sustainability of their public image. Finishing the learning dimension one should add that a new form of knowledge transfer between geographic areas could be helpful. There is a traditional understanding that a meaningful know-how transfer can only take place between Western/Nordic countries to Central and Eastern Europe. Many “policy-makers in CEE countries also seem to be more interested in Western European (and US) experiences with specific public sector modernisation programmes than in experiences arising from the region” (Löffler/Vintar 2004, p. 12). There is a growing agreement across the professional community that cross-cultural learning between Western and Eastern Europe should be more systematic, starting out on a hitherto unseen public learning process. It will lead to new quality of life in the knowledge-based society of future decades. However, in many places the willingness to learn, which also requires resources, has yet to be created.

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