UTILIZATION OF SELECTED INNOVATIVE MANAGEMENT METHODS IN LOCAL SELF GOVERNMENT

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ABSTRACT

Purpose: The article deals with research of possibilities of applying selected innovative management methods in the area of public administration. Public administration is undergoing numerous changes. Regarding the fact that this is not a commercial sphere, searching for appropriate methods of management is sometimes very difficult. The article points to possibilities which may be properly used for better functioning and operation of public administration, thus leading to higher satisfaction of citizens living in towns and municipalities.

Methodology: When handling the issue of quality assessment of provided services and their effectiveness, primary data were used which had been gathered by means of an interview and a questionnaire method carried out in 2010 after the communal election to local self-governments. Implementation of proposed changes will be evaluated again in 2015, i.e. after the next election. Respective proposals also arise from secondary data following a comparison of introduction of similar changes in foreign countries. The research used methods of statistical hypothesis testing.

Results: The results are used for enhancing efficiency of public administration management. This area cannot be considered as an profitable, because used mostly public finance. How these resources are used is largely determined by citizens. Citizens also affecting management of public administration. Within the scientific grant the overall success of implementation of changes will be evaluated also after the communal election.

Originality: Solution is constituted by the fact that in each country it is inevitable to approach reforms of public administration taking into account specific conditions.
Keywords: local self-government; quality of services, effectiveness of self-government; process attributes of self-government

1 INTRODUCTION

The extensive decentralization of competences as a part of public administration reform in the Slovak Republic has brought a challenge for local self-government units to provide a wide portfolio of various public goods and services. Despite the absence of competitive pressure to which organizations within a private sector are exposed, demands for higher effectiveness, professionalism or quality are legitimate when the status of public finance is taken into consideration. In this respect it is essential to introduce not only changes in the technical-organizational character but, first of all, to innovate existing (many times obsolete) management approaches.

Since the end of the 1970s the management of public organizations has been strongly influenced by the concept of New Public Management which underlies promotion of changes to managers’ mentality and thinking in public administration towards thinking within market logic as well as the implementation of proper tools from a private sector for the purpose of achieving its higher effectiveness. The formation of a new current era of modern public management (Pollit and Bouckaert, 2004:11, Katsamunská, 2012:74-81) dates from elaboration of the concept of New Public Management and continues through the formation of other subsequent concepts, e.g. New Public Services, Reinventing Government, Good Governance, Public Management Value, Collaborative Public Management. In comparison with these, however, New Public Management may be deemed to be one of the dominant notions, which has substantially impaired traditional Weber’s understanding of execution of administration and transformed understanding of public administration more than customer services based on market principles (Dunleavy and Hood, 1994).

Approximately 60 countries of the world have hitherto attempted to implement system reforms within the NPM style, with completely different final effects and results, though (Rósta, 2011:13). There are no relevant analyses which would ascertain a causative relationship between reform steps in administrative systems and the enhancement of their effectiveness and transparency as expected effects (Walle and Hammerschmidt, 2011:190-209). This is also caused by reforms having combined NPM elements with other tools and waves of reform processes which have continually followed some previous provisions. Despite this, it can be asserted that under the impact of New Public Management a large number of new approaches from a private sector have been implemented to organizations of public administration.
On the other hand, some authors criticise NPM. They claim that this concerns enforcement of NPM public services following market models, bringing the principle of sanctions and rewards for the purpose of enhancing services with a smaller number of employees, which also has its negatives. Instead of promoting energy and creativity of employees previously suppressed within bureaucratic procedures, NPM reforms often lead to unnecessary audits, whereas creativity is continuously substantially restrained (Sitala, J. 2013, p. 469).

It is necessary to accentuate the fact that the concept cannot be, due to its predominantly theoretical basis, applied without reservations to any organization of public administration. In practice it is mainly presented as a set of various tools, procedures and methods from a private sector which can be used when determined conditions are fulfilled (Hrabalová, Klímová and Nunvářová, 2005:34).

In case of a dual system of public administration of the Slovak Republic, the area of self-government, in comparison with a subsystem of public administration, is through its relatively independent principle of autonomy closer to enterprises, which also corresponds to the essence of the concept of New Public Management. With organizations of self-government acquiring authority and competences not only for performance but also for ensuring performance of its activities, it is inevitable to change focus on them as living units which bear full responsibility for their operation and specific results. Within the process of the overall reform of public administration have been introduced some mandatory measures which were to increase quality and the way of management with finances, e.g. programme budgeting (Sedláková and Vaňovská, 2013:1-7); their impact is, however, basically related only to selected areas of financial effectiveness, etc.

Innovations in a public sector have a tendency to be closely perceived only as innovations in the field of providing services and woefully little attention is paid to innovations in management. Among innovative methods aimed at the enhancement of overall effectiveness, most frequently implemented by local self-governments, and which have their basis in a private sector, may be ranked: benchmarking, quality management concepts (ISO standards, Total Quality Management (TQM), European Foundation for Quality Management (EFQM), Common Assessment Framework (CAF), outsourcing, controlling reengineering, Balanced Scorecard (BSC) and others. It is interesting to ascertain in this respect to what extent these methods are applied within self-government in the Slovak Republic.
2 METHODOLOGY

When handling the issue of implementation of innovative management methods in self-government, primarily process management, associated with the assessment of quality of provided services and their effectiveness, primary data were used which had been collected by means of an interview and a questionnaire method, carried out in 2010 after the communal election to local self-governments. Implementation of proposed changes will be evaluated again in 2015, i.e. after the next election. Respective proposals also arise from secondary data following a comparison of introduction of similar changes in foreign countries. The research used methods of statistical hypothesis testing.

The subject of the research were municipal offices in the Slovak Republic. The sample of respondents was constituted by managers of municipal offices. The survey was carried out in September – November 2010. Questionnaires were distributed in person, by post or via electronic mail, whereas respondents had been contacted to a large extent via telephone before completion of questionnaires. 138 municipal offices have been addressed, with questionnaires having been specifically distributed with one copy addressed to the office’s general manager. Out of 138 questionnaires 89 were completed and delivered back, which represents 64.49% return rate. After collecting data representativeness of the sample was evaluated. Processing results used descriptive statistics and hypotheses were tested through suitable statistical methods, e.g. t-test, one-sample tests. The results are presented at the level of statistical significance $p = 0.05$.

2.1 The extent of utilization of selected innovative management methods in local self-governments of the Slovak Republic.

Hypothesis: Management of municipal offices considers it necessary to implement modern innovative management methods.

Among selected innovative methods and approaches were enlisted the following: electronization of processes, process management, ISO standards, quality management, CAF model, Benchmarking, Balance Scorecard Method, reengineering, outsourcing.

Methods of descriptive and inductive statistics were used to verify this hypothesis.
Figure 1 – Necessity to implement selected management approaches and methods in municipal offices of the Slovak Republic

The most significant results from the field of descriptive statistics are presented by the Figure no. 1. For each method respondents could select again one of these answers: I consider improper for self-government, I can envision utilization of this method in practice, I consider it necessary to implement this, and I do not know.

The lowest values with all methods and approaches can be observed within the answer “I consider improper for self-government”. In comparison with this answer there were higher values within each method in the answer “I can envision utilization of this method in management of the office”. As regards a definite answer that it is essential to utilize a specific technique, the highest necessity concerned electronization of processes (87.64%), process management (51.16%), benchmarking (43.02%) and quality management (34.49%). 27.06% of respondents considered it necessary to implement certification by ISO standards, 26.44% opted for outsourcing and 18.60% for CAF model. Only 9.30% expressed their opinion that reengineering was necessary and 4.70% selected the method of Balanced Scorecard. These low values in methods of reengineering, Balanced Scorecard or CAF model are probably related to the fact that low a low level of knowledge of these techniques was proved. The respective answers attest that 62.07% of respondents did not know Balanced Scorecard, 46.51% did not know reengineering and 34.48% did not know CAF model. This was also substantially demonstrated by the fact within the “I-do-not-know” answer these methods prevailed to a great extent. Among interesting findings is the fact that respondents did not rule out the necessity to implement modern techniques into operation of municipal offices. On the contrary, methods
designated as familiar were assessed as suitable for improvement of operation of self-government offices. It follows from the results of the questionnaire that for evaluation and understanding of the situation concerning application of information, essential for success, their proper comprehension must be ensured (Slimák and Zgodavová, 2011:2).

By one-sample tests were verified hypotheses related to the necessity to implement innovative approaches within management of self-governments. The question was formulated as follows: “Please, select the option which most corresponds to your opinion on the usability of given methods and procedures in practical management of a municipal office”. Respondents could choose from these options: I consider improper for self-government, I can envision its utilization in practical management of the office, I consider it necessary to implement this, and I do not know. As an expression of an opinion that implementation is necessary were regarded the answers to this effect: “I consider it necessary to implement” and “I can envision utilization of this method in practical management of the office”.

Table 1 – Necessity to implement modern management methods

<table>
<thead>
<tr>
<th>H</th>
<th>H0: 50% of office management consider it necessary to implement the respective method or can envision its utilization in practical management of the office (separately for each hypothesis H1-H9)</th>
<th>p</th>
<th>P&lt;0.05?</th>
<th>Unilateral 95% confidence interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>HA</td>
<td>H1: More than 50% of management consider it necessary to implement electronization of processes or can envision utilization of this procedure in practical management of the office</td>
<td>0.000</td>
<td>Yes</td>
<td>(96.7%; 100%)</td>
</tr>
<tr>
<td>HA</td>
<td>H2: More than 50% of management consider it necessary to implement process management or can envision utilization of this procedure in practical management of the office</td>
<td>0.000</td>
<td>Yes</td>
<td>(79.1%; 100%)</td>
</tr>
<tr>
<td>HA</td>
<td>H3: More than 50% of management consider it necessary to implement ISO standards or can envision utilization of this procedure in practical management of the office</td>
<td>0.000</td>
<td>Yes</td>
<td>(65.4%; 100%)</td>
</tr>
<tr>
<td>HA</td>
<td>H4: More than 50% of management consider it necessary to implement quality management or can envision utilization of this procedure in practical management of the office</td>
<td>0.000</td>
<td>Yes</td>
<td>(71.5%; 100%)</td>
</tr>
<tr>
<td>HA</td>
<td>H5: More than 50% of management consider it necessary to implement CAF model or can</td>
<td>0.263</td>
<td>No</td>
<td>(44.7%; 100%)</td>
</tr>
</tbody>
</table>
The results clearly attest that it is possible to accept 6 out of 9 alternative hypotheses, specifically more than 50% of management of municipal offices consider it necessary to implement (or can envision utilization in practical management of the office) electronization of processes, process management, ISO standards, quality management, benchmarking and Balanced Scorecard. On the other hand, in case of CAF model, reengineering and outsourcing, presumption at the given level of statistical significance in HA was not ascertained. These methods, however, belonged to least familiar terms within descriptive statistics as well.

Research hypothesis RH, which expresses the fact that management of municipal offices consider it necessary to implement modern management methods, is accepted on the basis of presented results (Knežová, 2011).

2.2 Quality of services of self-government and their effectiveness

As already mentioned above, the objective of implementation of innovative methods into management of local self-government is to contribute to higher effectiveness and quality of its operation. Nevertheless, this requires definition of
what these terms of effectiveness and quality in public administration encompass, what possibilities of them being expressed and evaluated there are.

By comparing the environment of the commercial sphere and public management some open question may be reached. Manager’s success and effectiveness in an enterprise will be reflected on company’s profitability, steady and sustainable position within the market, which represents a clear evaluation criterion and measure of management quality. Sustainable position within the market and company’s profitability consist in competitiveness, company’s effectiveness or customer satisfaction and loyalty, etc. Although organizations of public administration cannot be linked with the category of profitability, or with them fighting for their position within the market, it is not possible to reflect on management of organizations of public administration without specifying such an evaluation criterion which would clearly delimit responsibility of management – or elected representatives in case of self-government – mayor and deputies. In this respect it is important to analyse the aforementioned orientation to efficient operation of a public organization, which shall also be evident in higher satisfaction of citizens with execution of public administration.

Public administration in general has its specifics and when implementing some management principles it is necessary to come up with answers to several questions. The area of public administration is traditionally in the centre of attention on the part of researchers in the field of management theory. Unlike with market-oriented enterprising, this area provides solution to significantly more difficult problems connected with application of general management principles. This is mainly due to lack of market. This fact leads to necessity of employing a great deal of abstraction to apply these principles. There are no simple answers to questions like “who is a customer?” or “what is customers’ interest?” (Répa, 2006:108).

There are a number of opinions on delimitation of the term effectiveness in public administration. Basic theoretical thoughts of effectiveness of public administration are determined by these facts:

- it is inevitable that effectiveness is understood as a multi-dimensional category, because are other criteria arising along with this term, such as expediency, rationality and economy, and at the same time we can consider various indicators of its evaluation,

- effectiveness of public administration can be measured and evaluated at different levels (at the level of the entire system of public administration, relationships between individual elements of public administration, within the organization, etc.), however it is also important to evaluate effectiveness in relation to whether it concerns financial effectiveness, effectiveness of processes, management effectiveness, etc.
Public organizations in their essence provide citizens with different outputs, and in accordance with modernization trends they should strive for maximum effectiveness, transparency and quality of provided services, which has a major impact on quality of life, as well as positive development of economy. Nevertheless, the creation of effective self-government is prevented by such factors as increasing bureaucracy (a larger number of documents, records and reports), complicated and frequently changed administrative procedures, law inflations (passing new laws and regulations on the part of lawgivers), as well as competition in acquisition of finances from EU funds. For the purpose of overcoming these obstacles and making self-government more competitive, it is necessary that the management system changes from the function model to the process-oriented model. This means implementation of BPM, management of changes as well as implementation of principles of project management (Ziemba, and Oblak, 2013:4).

Each organization, even the one only providing services (including self-government), has its own processes which it performs more or less effectively. Unlike the commercial sphere, effectiveness of processes of self-government cannot be evaluated on the basis of gained profits. Therefore, we evaluate it primarily through other attributes, mainly on the basis of expediency, efficiency, performance and economy.

How the respective purpose has been fulfilled, or public goods and services provided, is expressed by expediency which is evaluated within the output. Outputs are all goods and services produced by the organization of public administration. Expediency of public goods is connected with legal inevitability to provide certain public services to all inhabitants, even in cases when higher
budgetary demands are necessary to do so (which would not be feasible in its essence in the private sphere). For this reason, from an economic perspective a great emphasis is placed on monitoring economy – minimizing, or optimizing of costs respectively, which is typical for public procurement for example and is dominantly applied within inputs.

Apart from an extent of expediency, it is also necessary to explain the term effectiveness which is monitored within the results of processes. Effectiveness records an extent to which goals and intentions have been achieved. The results are social-economic changes, they express the impact, the beneficial effect, or the impact of activities performed by public administration by means of processes of providing public goods and services.

The beneficial effect may be expressed as a degree of subjective satisfaction of a service user, which is significantly related to the evaluation of quality criteria. Various situations can arise in practice. For example, when given allocation follows the purpose that the law has been observed, results achieved and citizens are satisfied with the provided public service, but the given service, with regard to existing possibilities, has not been provided economically. Only when the combination of both dimensions (economy and expediency) is adequate, can the respective use of resources considered to be effective. On the other hand, the service can be provided effectively, but subjective perception of its quality by the user may be evaluated negatively. By not paying for the service directly (costs are shared through taxes, etc.), the user’s dissatisfaction is then reflected within other areas, such as preferences in elections. In addition, there are also outputs that the citizen must accept according to law (e.g. elementary education), but also here one can perceive the criterion of effective provision of the service and its quality.

It is this mutual interconnection of the evaluation and measurement of efficiency and quality which is rather demanding for public administration, and it requires elaboration of other associated categories such as performance or productivity. Performance expresses a degree of an effort exerted in order to achieve a desired result while using available resources and productivity may be subsequently understood as performance for a definite time period.

Organization’s efficiency, which is directly related to efficiency of providing public goods and services can only be ensured once the organization, processes as well as all activities are managed and named on the basis of a common goal that is achieved by means of outputs and results (Grasseová et al., 2004:104-105).

Taking into account efficiency for the perspective of its two key parameters – economy and expediency (or possibly also effectiveness) – in connection with specifications of the production of outputs and results of public organizations is offered by a four-dimensional system of efficiency evaluation according to
Adamaschek (2000:12-24), where parameters such as fulfilment of a legally stipulated task, economical use of resources, customer satisfaction and employees’ satisfaction, become prominent. The given system of four dimensions ensures that activities within management of a public organization are not aimed solely at activities related to cutting costs, but they also sufficiently concern the issue of quality fulfilment of the task stipulated by law, satisfaction of both internal and external customers as well as the factor of economy. An interconnection of these four goals may be a starting point for more rational evaluation of the overall situation and a subsequent decision, when all four relevant factors are equally considered within a uniform process. Within these dimensions it is possible formulate specific indicators, or possibly to create other sets of indicators.

There is an interconnection of objective indicators, which are traditionally perceived as quantitative calculation of costs with assessment of quality, possibly considering the elaboration of a system of minimum level of qualitative standards and at the same time subjective evaluation on the part of the customer. Objective measuring criteria of the volume can be mainly used with homogeneous products where standardization may be considered. In case of objective measuring criteria of quality, the objective is to promote performance quality over the volume. This can concern waiting time, faultiness, etc. By means of subjective criteria of quality we should determine satisfaction of performance recipient. The measured result depends on the recipient’s ideas and needs. The use of a single-criterion method would lead to misleading results, though. However, multi-criteria measurement is not applicable with some products. It is, therefore, essential to gather indicators and corresponding measuring procedures. The provided findings attest a significant characteristic trait of effectiveness of public administration, i.e. its complexity, which should be clearly structured to objective indicators for the purpose of practical examination. Despite the fact that measurement and evaluation of outputs of self-government units is difficult, it is inevitable to search for ways how to overcome aggravating factors.

Quality in public administration is a degree of fulfillment of eligible customers’ requirements in relation to the provided public service, in case of local self-government also citizens’ requirements related to quality of life in the given municipality or region.

Comparison of performance of public administration in four European countries was analyzed in her study by Sabine Kuhlmann with the following findings (Kuhlman, S., 2010, p. 341).

*Table 2 – Performance Measurement in European local authorities (Kuhlman, S., 2010, p. 341)*

<table>
<thead>
<tr>
<th>Analysis elements</th>
<th>United Kingdom</th>
<th>Germany</th>
<th>France</th>
<th>Sweden</th>
</tr>
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</table>

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### Analysis elements

<table>
<thead>
<tr>
<th></th>
<th>United Kingdom</th>
<th>Germany</th>
<th>France</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steering (central–local)</strong></td>
<td>Top-down, centrally controlled, obligatory</td>
<td>Bottom-up, locally steered, voluntary</td>
<td>Bottom-up, locally steered, voluntary</td>
<td>Bottom-up, locally steered, voluntary</td>
</tr>
<tr>
<td><strong>Transparency/sanctions</strong></td>
<td>Transparency of information outside the authority, sanctions for good/poor performers</td>
<td>Principle of non-disclosure of information, no sanctions</td>
<td>Principle of non-disclosure of information, no sanctions</td>
<td>Transparency of information outside the authority, sanctions for good/poor performers due to customers’ ‘exit option’</td>
</tr>
<tr>
<td><strong>Distribution/uniformity</strong></td>
<td>High, distribution uniformity</td>
<td>Medium distribution, regional variants (East-West)</td>
<td>Low distribution, highly disparate (between cities and rural areas)</td>
<td>High distribution, homogeneous</td>
</tr>
</tbody>
</table>

Evaluation of quality of services provided by self-government pursuant to ISO 1004 is provided in figure no. 3.
Unlike the commercial sphere, where a quality circle, as defined by the ISO 9000 standard, in the area of provision of services by self-government, evaluation of quality is built on some other principles. Perceived quality of the service does not affect a citizen within an increase in requirements for required quality of the service, but affects his decisions regarding the following elections, which shall lead to changes in the management of self-government. The newly elected management shall more or less successfully handle the self-government management process (practical experience shows that this is mostly less successfully). In most cases minimum standards of provided quality are regulated by law. What self-government can change within its own operation, however, is the level of service quality and its positive perception by a citizen, this achieved on the basis of the enhancement of effectiveness of operation of the internal environment (including personnel policy, etc.) as well as improvement of management of self-government.

The afore-presented results of the questionnaire survey have ascertained that the implementation of quality management was considered necessary by representatives of self-government. 12.64% of addressed offices even practice quality management according to their statements and 11.63% have ISO standards implemented (whereas it is important to note that this can often concern the same mechanism, when the implemented system of quality management is actually certification pursuant to ISO standards). When ascertaining data concerning the correct evaluation of impacts of implemented techniques on a real increase in quality or effectiveness, however, these data were...
absent in most cases, and even if they existed, they are rather usable for theoretical purposes in form of case studies.

3 CONCLUSION

The article contains a brief overview of reforms which have been gradually applied in a home country and abroad in management of public administration for the purpose of increasing its effectiveness and quality. Rational use of public finance compels managements to use innovative approaches and methods within management more frequently, which is also testified by the questionnaire survey and statistical evaluation of hypotheses. On the other hand, monitoring of the primary objective of the implementation of innovative methods – higher effectiveness and quality in public organizations – is not subsequently evaluated according to available information. The reasons for this situation can be seen in theoretical and practical undersizing of this area, as the evaluation culture in public administration is at lower level as well as due to a relatively complicated manner of objective evaluation. It is apparent that measuring quality of services provided to citizens by municipalities is very difficult. It is similarly difficult to implement changes and measure their impact. This is due to frequent replacement of management elected by citizens and reluctance of new managers to assess positive aspects of management by their predecessors. Despite this fact, it is vital to monitor in the future not only a degree of use of innovative methods in public administration, but particularly their real impact on the improvement of its operation.

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