

## THE NEW PUBLIC GOVERNANCE ASSUMED THROUGH QUALITY REPORTS IN THE PUBLIC SECTOR

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### **Abstract**

*The main purpose of public institutions is to ensure social, economic and political order and security, which is why the highest priority within them is the implementation and development of an efficient functioning system that ensures a good organization at local level. At present, in Romania, the system of public administration is undergoing an administrative reform pursuing both quantitative and qualitative progress indicators. These modernization processes aim to combine the existing traditions and customs, settled at the level of local communities, with the elements of modernism corresponding to the international principles and standards that the state has adopted and committed to implement.*

**Keywords:** Public sector, public governance, financial reporting, innovation, systemic change

**Clasificare JEL :** H70, M40, M41

### **1. Introduction and context of the study**

The process of globalization influences economic and financial activities, the pursuit of standardization of reports and information and information about these global levels. If applications can be applied, the phenomenon of internationalization can be accompanied by harmonization, care is a process of reconciling different points of view, and it cannot uniformize, when the rigidity can produce an overlap where the total opposite can be seen, except from other countries. Starting with the '90s, the public sector can create a care harmonization system to create a unique set of standard accountants for this sector and must create or promote management and introduce all levels of public administration.

A series of accounting reforms and adopting European services, these are against a set of standards inspired by international public sector accounting standards (IPSAS) issued by the IPSAS Council, as they are not a legitimate power, adopting local level is purely voluntary. Based on these standards, one can control and must present information on providing situations of use of an important role in making decisions, the reports issued by the public sector must have accurate data in order to be able to consider a relevant source of information, for different categories of users.

In the last few months, the decades have been managing the financing from the public administrations. The management of the public financing includes activities related to: accounting, reporting, monitoring, evaluation, budget preparation and execution, stabilization of the level of taxation, management of the databases, allocation of resources, distribution of income, supervision and control[8]-[10].

The transition of the new management finances the public sector is visibly changed to be able to control, these changes are established according to Hood, removing the differences between the public and the private sector and the shifting of the responsibility of the process for a greater element of responsibility in terms of results. ". This management advice places great emphasis on managerial skills, which you can have less depending on yourself, encouraging the tools and techniques can control the evolution [4].

## 2. Impact of the new public governance in the public sector

The search for innovative solutions for the public sector brings into question a delicate problem regarding the maximum potential offered by the application of hierarchical, competitive and collaborative strategies, and the conclusion reached by the people who studied the phenomenon is that the multi-actor collaboration is clearly superior to the others then, when we talk about the implementation and development of a new concept. Hierarchical strategies empower a small group of decision makers, usually decision makers from the top of the organization, who are trying to find a relevant solution to the problem they are facing [7]. The advantage of this approach comes from the fact that the leaders in the system have the ability to implement techniques and procedures necessary to develop clear and fast solutions mobilizing the resources of the organization, but nevertheless they have a major disadvantage, namely that of not being able to exchange ideas and knowledge because this method is based on a small number of people. Competitive innovation strategies involve a large number of participants, who are rivals among them, looking for the most innovative solutions that can be applied in practice in the shortest time, often wasting financial and physical resources, in an unjustified way, to test new products and technologies. Compared to the strategies listed above, the collaborative strategy facilitates the exchange of knowledge, skills and ideas between the participants, stimulating mutual learning processes. Interhuman collaboration constructively manages thinking differences to find common solutions, these ideas are implemented by politicians, managers, employees, citizens and experts. The innovative element is related to the efficient use of resources, increasing transparency and accountability in government finances. The reforms implemented worldwide have not had the desired success, a result that can be explained by: raising awareness that budget creation is a political process, not only technical, but also by the lack of political and managerial commitment in achieving sustainable changes, lack of professional competences, the lack of homogenization of accounting systems and through poor intergovernmental relations [11].

The traditional functions of the government have undergone major changes due to the reforms in the public sector, aiming to involve the private sector in the provision of public services. Over time, public sector entities have “reinvented, resized, privatized, developed, decentralized”, to lessen the intensity of public concerns about institutional costs and effectiveness [5]. The changes listed above have led to the creation in the public sector of indirect forms of governance under the name of “third party government” or “power of attorney”. These new forms of governance have led public institutions to develop complex and interdependent relationships with different third parties, in addressing the problems arising in public policy. These approaches have created a new paradigm called the New Public Governance [9], which is based on organizational sociology and information network theory, explaining the increasing fragmentation and uncertainty regarding waste in public management. The new public governance describes power relations as asymmetrical, allowing the private sector to become involved in solving public problems, developing sustainable public policies and inter-organizational relations. However, the notion of “public governance” appears in the researchers' writings as having considerable theoretical and ideological baggage. Existing governance approaches have been around since 1978, when authors Hanf and Scharpf use the notion of governance as a way to explore how communities and political networks work, and in 1999 author Frederickson argues that public governance combined with the theory of administrative conjunction it is the simplest way to position the public administration in the branch of the disciplines of the reality of the modern world [3].

We can say that governance is one of the important elements that managers rely on to make decisions, and its analysis involves focusing on formal and informal structures in order to implement the decisions taken. In practice, most of the informal structures are considered in order to substantiate the decisions, this situation being created by the practices of corruption, but the government comes to combat this phenomenon by implementing information on the dependence of

states on other organizations in ensuring compliance, rules and in improving their own services provided. The complexity of the organizations influences the governance structures, which is why the new forms of governance bring to the fore the interdependent relationships that are established by the whole government, the networks and markets, and the institutional networks replace the traditional hierarchical procedures (table 1).

Table 1. Characteristics of differentiated forms of government

| Governance characteristics          | Institutional characteristics                                     |
|-------------------------------------|-------------------------------------------------------------------|
| Functional decentralization         | Privatization of public enterprises                               |
| Specialized agencies                | Market competition                                                |
| Fragmented policies                 | The new public management                                         |
| „Outsourcing”                       | Sistemele alternative de livrare                                  |
| Greater use of markets and networks | Special purpose state agencies<br>Involvement of non-state actors |
| More interdependence                | Professionalization of the activity of "advocacy"                 |

Source: Shergold (2008, p. 18).

The new public governance involves in the governance process non-state actors by reducing the boundaries between the public and the private sector, but also by modernizing the management mechanisms and eliminating the orders in favor of coordination and cooperation at the network structures level.

Table 2: From order to coordination, cooperation and collaboration [2]

|               |                                                                                 |
|---------------|---------------------------------------------------------------------------------|
| Command       | Centralized control process - lines of hierarchical authority                   |
| Coordination  | Collective decision-making process - involves the participation of institutions |
| Cooperation   | Sharing ideas and resources - for mutual benefit                                |
| Collaboration | Joint innovation process - brokered by autonomous institutions                  |

The development and delivery of public policies highlight the interest expressed by "stakeholders" in their elaboration, adding value to the governance process by giving the participants a new perspective on the knowledge and implementation of the knowledge held. This collaboration generates mutual benefits for all the participants in the governance process, stimulating the development of inter-organizational relations but also a better management of mutual knowledge and interests. It can also be said that governance creates a favorable environment for ordering rules and collective actions, focusing on grants, contracts and agreements that are not just under the authority of the government.

Theoreticians who have studied the issue of public governance argue that the phenomenon of globalization facilitates the diffusion of public authority, which is why its success or failure is not influenced only by the emerging structures but also by the leadership of the organization and the competences of the civil servants [6]. It can also be stated that public policies must be the result of a process of negotiation between civil servants and the different participating entities. The advantage of this dispute is that it identifies the problems that need to be solved by harmonizing the views on the problem and establishing directions of action. At the same time, this situation results in the malfunctions that may compromise the success of the implementation, and the governments have the obligation to remedy this situation as soon as possible. The tendency to increase the demand for personalized services together with the increasing number of problems requires cross-sectoral collaborations in order to solve them. This is why there is a need for a culture that

promotes the diplomatic skills of civil servants and their openness to dialogue and negotiation with a deliberative democratic perspective. Another problem encountered is in assuming the responsibilities for the decisions taken, especially if they do not lead to the achievement of the objectives influencing the degree of user confidence in the decision makers. Emphasizing the mistakes made by the decision makers can lead to negotiation bottlenecks, which are not beneficial to any of the participants [1].

Within public governance, a number of problems raise the management of unname resources, which most of the time do not have the necessary skills to add value to the structure of which it is part.

### 3. The current state of governance and results orientation in Romania

The main component regarding the construction of the structural arrangements of public institutions is trust. This component is an unstable element in the Romanian society, very difficult to settle at the population level because it is reluctant to the quality of the services offered by the state institutions and to the promises of improvement and diversification of these services. Because of this, Romanians give more confidence to international institutions and not to national or regional institutions.

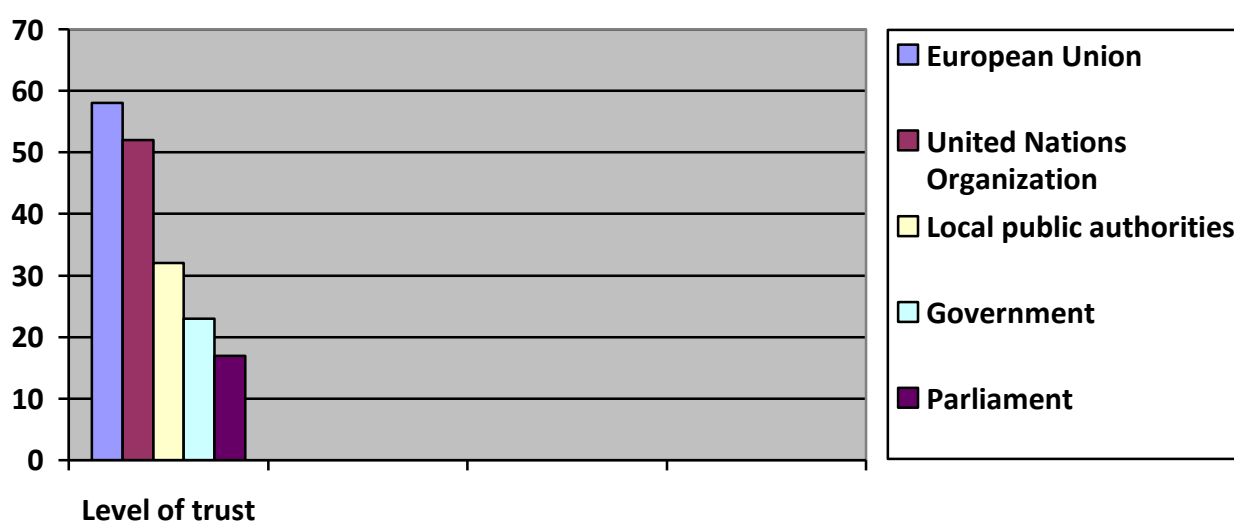


Figure no. 1. The level of confidence expressed by Romanians towards national and international institutions

Source: Standard Eurobarometer 84, 2015, p. 8, [13].

The confidence of Romanians in international institutions is above the European average, and the lack of confidence expressed towards national institutions influences the rating regarding the stage of democratic governance at central level registered by Romania, as it results from "Nations in Transit", a report that it elaborated Freedom House in 2015.

Table 3. Romania - rating of democratic governance at central level

| The year                                          | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------------------|------|------|------|------|------|------|------|------|------|
| Rating of democratic governance at national level | 3,50 | 3,75 | 3,75 | 4,00 | 3,75 | 3,75 | 4,00 | 3,75 | 3,75 |

Note: Ratings are based on a scale of 1 to 7, with 1 representing the best democratic progress and 7 the lowest.

Source: Freedom House (2015), [14].

As a result of the ratings analysis, it can be observed that democratic governance is a process that takes place behind the "closed doors", this is done due to the lack of interest of the governors to submit to the public debates the legislative initiatives and to renounce to issue ordinances of expedite. Even at the local level, Romania is not better foreseen, because the local council decisions are still adopted without being subject to debate and negotiation with the residents whom these decisions directly concern. The rating of local governance is below that of central governance, which results in the high level of malfunctions in this sector.

Table 4. Romania - evolution of the local governance rating

| The year                                       | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------------------------|------|------|------|------|------|------|------|------|------|
| Rating of democratic governance at local level | 3,00 | 3,00 | 3,00 | 3,00 | 3,00 | 3,00 | 3,00 | 3,00 | 3,00 |

*Note: Ratings are based on a scale of 1 to 7, with 1 representing the best democratic progress and 7 the lowest.*

Source: Freedom House (2015), [14].

#### 4. Conclusions

Currently, the evolution of civil society and entities is putting increasing pressure on governments to develop new governance models. However, the challenges of the 21st century are increasingly numerous and complex, being characterized by the sharp dispersion of power, but also by decongesting the boundaries between problems that manifest themselves simultaneously.

The governance process does not ensure guaranteed success, because it depends on the socio-economic environment, the social behavioral environment and the strategies that they assume and implement.

The main problem facing the structures within the levels of government is represented by the way of designing, configuring and managing the relations with the private environment in order to add more value to the public sector.

Another problem facing the new public governance is the solution of the dissatisfaction expressed by the citizens, this problem emphasizing the need for transformations that will help to rebuild the confidence of the citizens in the main democratic institutions. The need to unite new visions implies a change in the thinking and behavior of civil servants, which will be based on eliminating the rigid, traditional thinking that generates corruption in favor of an innovative, flexible thinking in which the citizen plays an active role. This transformation is meant to support the government to improve the problem-solving capacity and to increase the involvement of citizens in the decision-making forum of public institutions. Increasing the role of private economic agents in the governance process produces the effect of responsible democracy through the exchange of information and implementation strategies that take place between them and the state.

The implementation of the network model represents a first step in the global development, which is determined by a lot of factors such as the business environment, the social environment, but not least by the permanent changes in the political environment. The growing interest of the public in providing personalized services implies the extension of responsibilities and influence on the needs and values of local communities. In general, the managers of these institutions focus on reconciling the proposed objectives and measuring the results, trying to highlight their ability to effectively organize the institution's limited resources to meet the unlimited needs of the population. The existence of motivation to meet the objectives set is the main asset for a successful manager, increasing the level of organizational capacity.

The evolution of civil society and the need to reflect a true image of the patrimony were the main causes that led to the implementation of a new management in public institutions and to the harmonization of the national legislative framework with the international accounting norms. The

legislative modernization and the transition to quality management based on results have as main objective the debirocratization of the public system and the simplification of the financial and non-financial reporting methods by increasing the transparency and relevance of the information provided by them. Innovative solutions for the accounting system of public institutions can be inspired by the administrative model of the countries of the European Union, but also of the private sector. A first step in the development of this system is the implementation of the one-stop shop, the development of existing information platforms and the strengthening of public-private partnerships.

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