

Efficiency and performance in the International Public Organizations

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Abstract: *The paper explores a recent tendency manifested in the international organizations labor market under the pressure of budget cuts dictated by stakeholders. It focuses on the new reality of the administration work field, emphasizing cost cuts in view of obtaining efficiency, exploring ways to measure work performance in this milieu and the potential linkage between resizing and performance indicators. A brief analysis of the cost cut processes and their disputable effects in large public organizations efficiency is undertaken. The research is empirical, but led by factual observations and data under institutional strain prompted by this type of change in large public organizations*

Key-words: *efficiency, performance, organizational change, public organizations*

1. Introduction

In many languages there is almost no difference in terminology between efficiency and performance, especially when it comes to measuring these features of the employee's work, but also in generic terms when discussing about public organizations.

In the same line of thought, the discussion on performance in the economic literature is done in parallel with the one about efficiency. Speaking about the latter is easier and it compensates for the additional management difficulties that the public organization has over private companies. Many differences exist though between the two types of entities, but some similarities are to be depicted: adaptive behavior is one of them and it needs further explanation.

Public organizations frequently ignore this feature due to the lesser speed in reaction in comparison with the entities in the private sector. This does not mean that adaptiveness does not exist in the public organizations, on the contrary: they are adaptive systems that live, grow, change over time, and die. In an analogy with organisms that are shaped by their DNA, Osborne (2007) finds that the public organizations contain in their modus vivendi some sort of instructions for

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developing its enduring capacities and behaviors, with the caveat that they evolve very slowly, are bureaucratic and designed to be stable.

But stability nowadays does not go along with progress anymore, not even in the public sector. Fast changing environmental characteristics and strives call for a reactive behavior even in the reputed slow-motion public entities. Returning to the DNA similarity approach, the solution is genetic engineering. That is to say, it involves changing the system in its most fundamental pieces of public sector: goals, mission, incentives, accountability systems, power structure, and organizational culture (Osborne, 2007).

2. Efficiency. Concept and caveats

Classically, public (office type) organizations with a purely non-profit and non-commercial profile are considered. In a nearby area, public companies operating under a monopoly regime are being discussed, especially when there are political pressures towards deregulation and privatization. The deep reason for these discussions is the general feeling that too much public funds are spent and that management must be faulty. If the public-type organization is of international allure (United Nations and associated, European Union and its institutions), the discussion on efficiency is open to the member States that are the main stakeholders or sponsors.

Therefore, a thorough approach to the subject should be based on the discussion on the effectiveness of an office-type public organization, basically in the headquarters of the above-mentioned organizations. It is to be noticed that the dominant theory associated with office-style public organizations behaviour recognizes that its main concern is maximizing its budget (Niskanen, 1991). The question of how much of the public organization's activity is guided by SMART objectives or conditionality related to economic optimization criteria is emphasized by the so-called new public management.

Analysing how the public organization responds to conditions similar to those that guide private companies' strategy represents a concern of past decades. Osborne and Gaebler (1992) argue that the public organization must be "mission driven, instead of rules driven", and that the effect of this pragmatic orientation is to define measurable objectives. These then become the benchmark against which the effectiveness of a public organization is appreciated. Obviously, the possible objectives is associated with the needs of a large number of stakeholders or, generically, with the needs of society. It is unlikely that the public organization's objectives are SMART expressed, in the most common logic of the concept.

What is of interest then - to international public organizations in particular - is a certain trend or variation margins associated with these goals, which reflects a state of equilibrium in the society at large. And again, if this efficiency is translated

to the case of the international public organization, it can then be inferred that the desired state of equilibrium, which is associated with objectives that give a picture of its standing, reflects the various interests of the State stakeholders involved. The sought result of these public organizations activity is the achievement of the mentioned balance as a status or as progression. It could be said that these stakeholders are not particularly interested in the amount of the operating costs, at least in the start-up phase. This may be because, on one hand, there are no terms of comparison in the case of public goods and services that were not obtained and, on the other hand, obtaining the results without taking into account the price paid seems adequate to the interested stakeholder.

The matter of efficiency - reporting the outputs to the inputs - began to be taken forward to the public organizations' dashboard along with the development of the new public handbook. The comparison between the operating mode of a private company and the one of a public organization became more common as the segment of the competitive industries expanded. Finally, an approach is taken in which the management of the public organization is valued depending on the costs for which the proposed objectives are achieved. To what extent is this accomplished and whether it is essential to the existence of the public organization in general remains to be analysed for each type of organization and the purposes it serves.

Can the public organization's behavior be judged as similar to a private company in terms of speed of reaction to environmental stimulus? We believe that public organizations respond tardily and mainly to political stimulus. This increases the pressure on management to perform while keeping the „business” running and creating at the same time an aura of legitimacy on the whole process (Bărbulescu, 2015) and also diminishing the risk of spoiled organizational culture (Neacșu, 2015).

3. Efficiency and performance. Do they go together? Specificities of the public sector and large organizations

In the case of the International public organizations, it is obvious that their support by the member States, in fact the participation of these in the arrangement associated with the existence of the respective public organization, is conditioned by the way in which national interests are respected in its way of functioning and by the achievement of the specific objectives set at the national level. The participation of a State in such an arrangement by which an international public organization is funded means that the respective national entity endorses that mission and considers it fulfilled along with the objectives which are achieved in an acceptable manner.

When it comes to discussing the effectiveness of a public organization, then it is possible that its origin could be a dissatisfied state. Discontent is the result of missed goals, which leads to the conclusion that some resources are wasted. It is also possible that the dissatisfaction is generated by a comparative situation, over time or

with the private sector. It is important to emphasise that no such comparison is reasonable in terms of public spending and choice versus profit oriented choice in the private sector. The result of this dissatisfaction is reflected in a so-called theoretical approach to the international public organization effectiveness issue.

The theoretical and logical basis for this discussion is extremely narrow, all the more so since the public organization's objectives are predominantly political or at least entail political implications for which the issue of costs plays no role, as discussed *ex ante*. However, the practical consequence of such dissatisfaction is still the pressure to reduce costs, in the absence of a real solution to achieve efficiency.

At the level of a contributing State, the consequence translates into a cut of the public contributions, with an immediate impact on the public organization's budget. Finally, financially speaking, the budget cut can be considered as an expression of a more efficient act of the public organization. In addition, as the quantification of results and performance is, in the vast majority of cases, relatively difficult, the cost reduction becomes defining in the efficiency assessment of an international public organization.

Paradoxically, an analysis on how efficiency may be increased in a public organization turns the discussion into the issue of effectiveness; in reverse order, it brings us into analysing its mission. At this level, it is not surprising to note that the stakeholder State is ultimately interested in how an international organization aligns itself primarily to a set of prescribed rules and generates indirect and general environmental effects based on these rules (Băcanu, 2008).

One might conclude that what is of particular interest is the policy line designated for the organization's behaviour. Only in a secondary stand does the issue of the direct effects can be considered for the assessment of effectiveness. Logically, it can be inferred through case studies associated with past decades and with large international organizations that in reality costs are not relevant.

The flow of contributions, going to the extreme complete withdrawal of a State from financing an international organization, is used to achieve political alignment. Of course, political effects such as cutting assessed contributions by withdrawing from treaties, agreements and associated has to be considered. But withdrawal from funding an international organization through voluntary contributions is handy and can lead to short-term desired effects, as discussed above.

The recent example of the countries that withdrew from the International Criminal Court (ICC) in The Hague is significant, as they did not pulled out due to the cost and efficiency of the organization. On the same line of constraining reasoning it is to be noticed that the big contributors actually condition their financial support to an organization to the adoption of a political line by the latter.

Consequently, the so-called improvement in the efficiency of international public organizations needs to be studied in conjunction with a clearly defined pre-set paradigm. Assuming this is achieved, the approach should follow the guidelines provided by the public organization's experience. It is likely that the most useful

examples are given by large public organizations in the states that have assumed the ideas of the new public management.

4. The new public management paradigm

Referring to the public organization, Henry (2004) calls the 1970-1980 decade in the US one of "efficiency and effectiveness management". It was a decade in which the issue of evaluating public organizations and their programs became preeminent. The specialists involved in the public organization's management found not only that there are no systems for evaluating activities and, in particular, measuring effectiveness, but the actual operating modalities are particularly dilemmatic and challenging.

The opinion of the local accountants, finance people and administrators were requested, assuming that they had more experience, but the final outcome was inconsistent at the level of the public perception. It was one of the reasons for President Reagan's political success and the flourishing of his ideas on the need for smaller and less-consuming government bodies.

The evaluation difficulties, as well as the issue of the waste-fraud-abuse triad in public organizations, seemed to be better managed by cutting budgets or even by the solution of privatizing public administration - implicitly of an important segment of public organizations and companies. In 1992, a so-called reform of the administration begins, which is later recognised under the new public management theory label. Continuing with the US example, this management consisted of standardizing administrative operations by implementing no less than 4,000 standards. There were 640,000 pages of rules, according to Henry (2004), which resulted in the elimination of nearly 500,000 jobs in the federal administration (it does not mean that so many people have been fired, but only that a significant part of the vacant posts were dismantled from the organogram), and in the dismissal of merely 2,000 people.

The same author recalls that in summary, eight years after the paradigm of the new administration was implemented, almost 70% of the public organizations' managers declared that no reforms had occurred in their respective organizations.

On the practical side of public organizations' efficiency, the main area that has been emphasized as essential in increasing effectiveness is the area of labour productivity. Going further with the new paradigm and following the US administration reform's example, it is easy to see what the general "trajectory" was: a number of tasks were standardized *a l'américaine*, and then some operational improvements were made. To what extent did these have a positive impact on cost reduction or to what extent the reduction of budgets created the impression of increasing labour productivity by reducing the denominator "consumption of resources" is difficult to assess.

But if the overall impression was that if the new orientation was positive and the customer, that is, the taxpayer or the direct customer for administration services was satisfied *and* voted accordingly, then the approach was agreed upon. In fact, the new paradigm was considered valid by these indirect results, even if quantitative economics are not convincing.

Taking this example further, the question arises whether this kind of national experience can form the basis of an approach for assessing the effectiveness and efficiency of the international public organizations. Unexpectedly, we believe that the answer is affirmative. Nonetheless, the arguments are not generated by the rationality of some economic models, but by the use of the economic-political-military power of contributing States to impose the so-called performance evaluation models.

As outlined above, these are simple camouflages for imposing political models through this same authority in a combination of State-sponsor specific factors.

5. Conclusions

The current moment marks a clear concern for improving the public organization's management, in the hope that its activity better responds to the public needs such of the kind that generated its emergence. Even though it is difficult to pinpoint the present issue in quantitative approaches, it seems more important, however, to have a general view on the usefulness of the effort to improve the public organization as a whole.

The aforementioned concern is highlighted by the use of company management specific concepts: performance/results, objectives, effectiveness, productivity. The emphasis on assessing the results versus costs of the public organization's activity falls under the same line of approach, which is specific to the new public management. The performance problem is correlated with that of the evaluation. A first nodal point in the conceptual construction is the concomitant condition that performance should be relevant *and* can be evaluated. Although significant progress was made, starting with the discussion of the issue, there are still divergences of opinion among stakeholders. If the public organization is of international allure, divergences between States-stakeholders are also reflected in the way performance is interpreted. These divergences are indirectly replicated in the way that the States-stakeholders contribute to the budgets construction and to the work of organizations.

It is to be noticed that prior to an academic validation of performance relevance and assessment, States-stakeholders react by expressing opinions, sometimes critical, or by exerting pressure to blend the organization's mix of activities as they desire. Logically, the discussion of effectiveness synthesizes the theme of performance-appraisal, adding to it the difficulty of designating the organization's goals.

Qualitative aspects are predominant, and the difficulties of a quantitative approach are all the more important as the mission of an international public organization is to mediate more consistent incongruities between States-stakeholders that fund it. If the objectives are predominantly political and have a fuzzy expression, then the discussion about effectiveness is fuzzy as well. Assuming there is an ideal quantitative definition of the public organization's objectives, the effectiveness appraisal is simplified to the extent that there is a convergence of views on generic operating costs.

For the time being, the public's view of the overall costs of a public organization is that they are too high and the apparatus is accordingly ineffective. In the same line of thought, the view is that efficiency in the public sector is inferior to that of the private sector. It is difficult to appreciate the extent to which this opinion is generated by States-stakeholders dissatisfied with the political performance of the organization. From this perspective, it is clear that the discussions about efficiency are based more on qualitative elements, while quantitative ones are questionable and precarious.

Finally, it is worth pointing out that the use of these concepts for the public organization is at an early stage. The favorable view of their use is a predominantly "qualitative" side in which public emotion plays a determining role.

6. References

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