

HIGH QUALITY MANAGEMENT IN PUBLIC AND PRIVATE SECTOR

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ABSTRACT

The fundamental components of the socio-economic environment are based on the results achieved by public administration structures and private organizations because each of these sectors has different components and also different behaviors. Thus, building an efficient and sustainable public administration means high quality management and managers, public servants with the ability to innovate and work towards performance measurement system for monitoring and decisions-making. For implementing such mechanism, clear and transparent decision processes, a good management of available resources, an adequate institutional and administrative structure and standards centered on public interest promotion are necessary.

This paper aims to present the outcomes of a survey that was meant to evaluate the perception of citizens about their relationship with the private sector and public administration representatives. Knowledge of the image the public administration has among business community allows the establishment of measures to determine its adjustment.

Keywords: *business management, public management, mission and performance, efficient public services.*

JEL Classification: **M1, M21, M38, H10, H50**

1. Introduction

The concepts of high quality management and good governance are indissolubly bounded by the importance for creating proper conditions to the economic development in accordance with the available resources and strengths that could ensure an appropriate quality of the life standard. The relationship between the two areas is the key element both by its complexity and its sensitivity.

It seems paradoxical, but given that the economic environment is facing an accelerated change influenced by many factors among which must be highlighted explosion of technologies, economic globalization (Stiglitz, 2003), the need to achieve performance in order to have a public administration sustainable is increasingly higher. Bruce Baker in his paper Marketing Good Governance (Baker, 2009) points out the role of mass-media and e-governance in identification of the problems that have to be managed for ensuring good governance, high quality management and also to provide guidelines for the politic will to offer the communication between the administration and the segments targeted by the intervention. More than the private, the public suppliers should pay attention to products quality, quality-price ration, but they have to know public needs and citizens expectations to reach institutional performance (Grigorescu, 2008)

The communication costs cut allow a better knowledge of the citizens' opinion regarding the aspects that have to be established or improved so as the public administration institutions and the public services meet the citizens' needs.

In view of taking the proper decisions for a high quality management, the public decision-makers have, first of all, to examine the situation and to know the needs of citizens and their perception of the targeted aspects. An abstract of the questions which need to be answered before taking any decision and putting them into life, was described by Graham et al. : "When this is accomplished, the principles and criteria become tools to help in developing an improvement strategy for governance, and for assessing the gap between the current and desired state of governance. In the context of Fairness, we can begin to determine "where we are now", "where we want to be", "how we get there" – the strategies, priorities and techniques, "how we stay there" - sustainability and "making sure we get there"- the implementation." (Graham & others, 2003: 5)

The public sector activity, but also those of the business environment are strongly connected by the need of the first to attract resources to the public budget with the view of ensuring the good functioning of the state (Denhardt & Denhardt, 2009) and the need of the second one to perform under the context and according to the legal coordinates in force (Munteanu, 2012).

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A similar study on public managers' abilities (Grigorescu & Bob, 2011) shows that working manner and approach of the public servants is vital for the performance of the institution and the quality of the services. They have to have high capacity of analysis, synthesis and implement changes, but also independent judgment and multi-disciplinary vision, skills that are needed for managers as well.

The public opinion on how to relat with the public administration and of the activity performed by this for the community, citizens or the business is very important in view of allowing adjustments or elimination of the negative aspects. It is obvious that a certain level of disappointment will exist permanently in the general perception, mainly where needs, necessities or wishes do not follow the mainstream of expectations.

The present work starts from two hypotheses: *I1 – there are no major differences between the approaches of private and public organizations to management* and *I2 – the influence of the organization's size on the management approach is not greater than the influence of the actual sector of activity*. The confirmation or rejection of the above mentioned hypothesis represent a landmark from where the public administration, in our opinion, the pro-active attitude in ruling this relationship should be of its own, should establish strategies and plans of harmonizing the society wishes and needs with the administration actions.

Also, the research presents the detection of the public and private managers' perception regarding the factors that lead to writing down the mission of the company or institution, of the necessary aptitudes of managers, the effects of a high quality management and the prime element of change in the public sector.

2. Methodology

A quantitative research was achieved, on the basis of a questionnaire filled in with the help of interview operators, among a sample of managers or persons aspiring to leading positions from the public and private sectors. The analyzed group was composed of 668 individuals from Bucharest, Braila, Prahova, Sibiu and Timis. Through an eliminatory process, by which any questionnaires with null answers to any of the questions have been discarded, a set total of 538 valid records were established.

For all questions of the questionnaire, a correlation analysis according to the Bravais-Paerson correlation coefficient has been performed, in order to answer to the above mentioned hypotheses, which calculates as follows:

$$r = r_{xy} = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2} \sqrt{\sum_{i=1}^n (y_i - \bar{y})^2}} \quad (1)$$

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where x , y represent the two statistic variables for private, respectively public organizations that are checked for correlation, \bar{x} , \bar{y} , the mean values of the variables x and y , and $j=1, 2, \dots, n$ the number of the variable.

The correlation analysis has been performed separately for the two indicated hypotheses, the first time, without taking into consideration the size of the organization, and the second time, after categorizing the respondents by their organization size, into small and medium organizations and large organizations. The separation between small and medium organizations has been performed by using a Lickert scale approach, for the answers to question 2:

Q2 *How many employees does your organization have?*

V ₂₀₁	<10	V ₂₀₂	Between 10 and 25
V ₂₀₃	Between 25 and 100	V ₂₀₄	Between 100 and 250
V ₂₀₅	>250		

The mean value of the Lickert scale has been determined by use of the following formula:

$$S = [(-2) * n_i + (-1) * n_i + (0) * n_i + (1) * n_i + (2) * n_i] / n_t \quad (2)$$

where n_t equals 538, namely the size of the experiment population. This mean value has been calculated to be around 0.66, situating the separation border between small and medium sized organizations and large organizations at about 350 employees. Thus the separation limit has been set at 250 employees, which is also consistent with the separation limit set by the EU. Also other weighted mean values have been calculated which supported this figure.

The analyzed variables were codified as V_{ij} where $i=\{3, 4, 7, 9\}$ represents the number of the question and $j=1, 2, \dots, n$ the number of the variable. The questions that we shall analyze in this work are:

Q3 *Which of the following activities belong to the tasks of managers?*

V ₃₀₁	Resource analysis	V ₃₀₂	Organization's position
V ₃₀₃	Strategy	V ₃₀₄	Annual action plans
V ₃₀₅	Public relations	V ₃₀₆	Identification of customer needs
V ₃₀₇	Publicity	V ₃₀₈	Action plan implementation
V ₃₀₉	Activity organization	V ₃₁₀	Resource allocation
V ₃₁₁	Decision justification	V ₃₁₂	Results control
V ₃₁₃	Staff leadership	V ₃₁₄	Market prognosis

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Q4 Which of the lower down elements contribute to the setting down of the company/institution's mission?

V ₄₀₁	Product/service	V ₄₀₂	Market position
V ₄₀₃	Technology	V ₄₀₄	Reputation
V ₄₀₅	Staff	V ₄₀₆	Price policy
V ₄₀₇	Promotion	V ₄₀₈	Market segmentation

Q7 What kind of knowledge must a manager possess?

V ₇₀₁	Strategic management	V ₇₀₂	Product management
V ₇₀₃	HR management	V ₇₀₄	Financial management
V ₇₀₅	Management of technologic processes	V ₇₀₆	Communication
V ₇₀₇	Marketing/PR	V ₇₀₈	Decision theory
V ₇₀₉	Logistics	V ₇₁₀	Project management
V ₇₁₁	R&D management		

Q9. Which is the element you think should be changed in the public sector to obtain a quality management?

V ₉₀₁	Education background/experience	V ₉₀₂	Appointment mechanisms
V ₉₀₃	Performance evaluation procedures	V ₉₀₄	Motivation mechanisms

3. Results

3.1. Global resemblances between public and private approaches to management

This analysis has been performed in order to answer to hypothesis **I1** – **there are no major differences between the approaches of private and public organizations to management.** In other words, we mean to show practical similarities between the management of private organizations and of public ones.

By filtering the answers according to the indicated sector of activity of the respondents organization (public or private), two partial variables have been derived. The distribution of respondents according to their activity sector was 233 respondents from the private sector to 305 respondents from the public sector. The analysis has been performed for questions 3 through 9 of the questionnaire, and the correlation coefficients calculated according to formula (1) are shown in table 1:

Table1. Correlations between private and public sector approaches to management

	Correlation coefficient r_{xy}
Question 3	0,9213
Question 4	0,7265
Question 5	0,9153
Question 6	0,9983
Question 7	0,9437
Question 8	0,8228
Question 9	0,1696

Source: Author's calculations

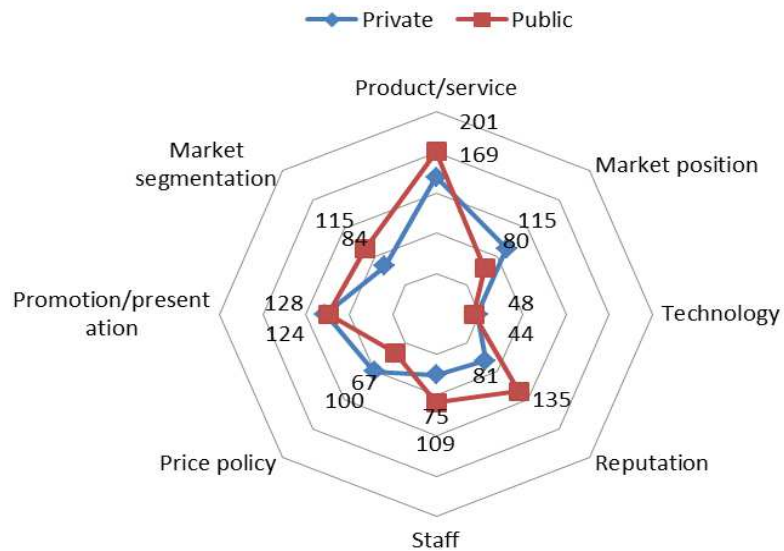
Two main conclusions can be derived from table 1:

- All correlations between the approaches of the private and public sector to management are positive;
- There is a strong correlation between these two approaches.

In this regard, the correlation analysis of the two approaches to management indicates towards a confirmation of hypothesis **II**. However, this doesn't mean, that private and public management are the same, but rather that the expectations of employees and of other stakeholders from management are similar.

Two figures stand out from this analysis and need to be further analyzed: the correlation coefficients regarding questions **Q4** and **Q9**. While the correlation determined for question 4 is still quite strong, with a value exceeding 0.72, it is significantly smaller than the others. The distribution of answers to question **Q4** is shown on figure 1.

Figure 1. Mission constitutive elements of the organization

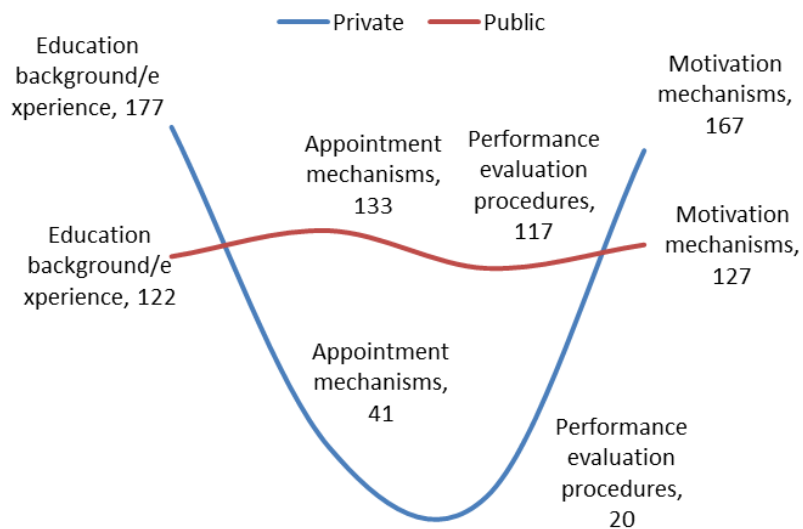


Source: Author's interpretation

As can be seen technology and promotion get similar amounts of interest from both sectors, whereas Product/service, staff, reputation and market segmentation are higher valued by the public sector and price policy and market position are more important to the private sector. This leads to the conclusion that the difference in approach determined by this issue is normal, thus not representing an actual anomaly.

In regard to question **Q9**, the analysis is a little more complicated. Here we have two different views of the same problem: efficient public service delivery – an outside point of view, and an inside point of view. Partial distributions to Answers to this question are shown in figure 2.

Figure 2. Change coordinates for efficient public service delivery



Source: Author's interpretation

The answers to this question are directly linked to the issue of understanding customer needs. While both sectors show the same level of acknowledgement for the importance of identifying and understanding customer needs, as shown in question Q3, which has a correlation coefficient of 0.92, by analyzing the answers to question Q9, it becomes obvious that the vision on how to achieve this is completely different between the two sectors.

This is also confirmed by the very high difference in standard deviation, which for the private sector is twelve times higher than for the public sector, namely 82.24 to 6.84, with comparable average values for both samples. Thus, for the private sector, education background and experience of the manager as well as motivation mechanisms are more important than appointment mechanisms and performance evaluation procedures, while for the public sector, all four dimensions are equally important.

At this point it must be said, that given the nature of the question, a certain lack of correlation was to be expected. Different points of view only seldom lead to the same conclusions. However, the very weak correlation between these two variables and the almost uniform distribution of the answers given by employees of the public sectors may be seen as anomalies of the studies phenomenon.

3.2. Influence of the organization's size on the approach to management

This analysis aims to confirm the second hypothesis of this paper, namely **I2 – the influence of the organization's size on the management approach is not greater than the influence of the actual sector of activity** (here public or private). For that, answers have been classified in organizations with under 250 employees and organizations with over 250 employees, according to the rules mentioned in the previous section. Table 2 shows the distribution of organizations according to both their size and sector of activity.

Table 2. Distribution of organizations according to size and sector

Type of organization	Small & medium	Large	Total
Private	169	64	233
Public	116	189	305
Total	285	253	538

Source: Author's calculations

According to table 2 for each question four partial variables can be determined, and also four correlation coefficients be calculated: correlation of small public organization to small private organizations (Correl_small), correlation of large private to large public organizations (Correl_large), correlation of small public organizations to large public organizations (Correl_public) and correlation of small private organizations to large private organizations (Correl_private). These coefficients are shown in table 3 also for questions **Q3** through **Q9**.

Table 3. Partial correlation coefficients for questions Q3 through Q9

	Q3	Q4	Q5	Q6	Q7	Q8	Q9
Correl_global	0,9213	0,7265	0,9153	0,9983	0,9437	0,8228	0,1696
Correl_small	0,8151	0,8473	0,7845	0,9937	0,9648	0,8548	0,4182
Correl_large	0,9304	0,5170	0,9415	0,9928	0,9034	0,7253	0,4529
Correl_private	0,8689	0,8145	0,7854	0,9861	0,9573	0,9112	0,6810
Correl_public	0,8947	0,9046	0,9282	0,9867	0,9500	0,9645	-0,9015

Source: Author's calculations

As can be seen, there are certain variations in the partial correlation coefficients, which cannot either totally confirm or totally dismiss hypothesis **I2**. These variations are, with exception of question **Q9**, small, revolving around the global correlation coefficient. The following observations can be made:

- Of the 24 partial correlation coefficients for questions **Q3-Q8**, 12 are larger than their corresponding global coefficient and 12 are smaller;
- For each of the questions **Q3, Q4, Q7** and **Q9**, three partial coefficients are either higher (**Q4, Q7, Q8**) or lower (**Q3**) than the corresponding global coefficient, and are balanced out by the fourth partial coefficient;
- The weakest correlation is measured for question **Q4**, regarding the management approach between large public and large private organizations. This result was to be expected, given first the conclusions from the first correlation analysis but also from the nature and hue differences between these kinds of organizations;
- Partial correlation coefficients tend to have greater error probabilities because of smaller populations.

Taking the above mentioned facts into consideration, and acknowledging the small variations of partial correlation coefficients to the global ones as the sole indicator of any statistical rules in the study of the influence of the organization's size on the management approach, we consider hypothesis **I2** partially confirmed.

The coefficient *Correl_public* for question **Q9** represents an anomaly. While all other partial coefficients calculated for this question are in the range they were expected to be, the correlation coefficient between the management approach of small and medium sized public organizations and the approach of large ones is not only very high, as an absolute value, but also it is the only one that is negative (approximately -0,9). Basically, this means that the factors that are valued highly by small and medium organizations are valued low by large one and vice versa. This is the only coefficient in the study that indicates a strong difference between management approaches that can be attributed to the organization's size.

Conclusions

The main conclusion that can be drawn from this study regards the fact that there are no different practical global approaches to management that derive either from the activity sector or from the size of the organization. Differences appear in the tools and instruments different organizations use to solve problems. Also, a great influence is played by the missions of the respective organizations.

There are however specific approaches to punctual management issues, which can be seen from the distribution of partial correlation coefficients in table 3. This was

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actually to be expected, given the different natures, strength and missions of the organizations.

Both hypotheses were confirmed, although, hypothesis I2 cannot be totally confirmed, due to the very specific nature and high detailing level of the according study. However, even a partial confirmation, due to the lack of rules that can be derived from the study results is in this case considered to be enough.

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