

SECȚIUNEA IV: DIMENSIUNI FINANCIARE ALE ECONOMIEI CUNOAȘTERII

PUBLIC SECTOR REFORMS IN TIMES OF GLOBALIZATION

PETROIA¹ Andrei

ABSTRACT. *The decision-makers around the world are increasingly looking to the power of reforms to help them to achieve a range of public policy goals, and crucially to speed up economic development and catch-up with the developed world. In the past three decades, there has been an unprecedented wave of reforms as the traditional model of public administration has come under attack. These reforms originated in developed industrial economies, whose political leaders were under pressure to keep down levels of public taxation and expenditure, while maintaining high levels of welfare and other public services. Likewise, developing countries are increasingly reforming their public sectors to make them less greedy of scarce public resources, more efficient, more competitive and more customer-focused. The research critically examines some of the most topical and challenging issues confronting the public sector in developing countries in an era of globalization. It highlights the influence of globalization on public administration in developing societies. The research also discusses the major challenges and opportunities of globalization on public sector reform in developing societies. The research concludes that globalization has catalyzed the need to accelerate public sector reforms in developing countries and the need to set up correctly-working institutions.*

Key words: public sector, public administration, globalization, public service reform, developing countries, developed countries.

JEL: F62, F68, H83, P11, P41

INTRODUCTION

In the 21st century, all countries and regions recognize that globalization does exercise a long-term influence upon public sector reform. They all agree that this influence is increasing and will exist for a long time. The revolution in public administration during the last twenty years, both in theory and practice, has transformed the geo-political configuration and socio-economic environment of the world. In both highly industrialized and developing countries, the recession of the 70's and 80's triggered pressures for containment and retrenchment of the size and scope of the public sector [Guido Bertucci and Yolande Jemai, 2000].

Public sector reform has been ongoing for the last fifty years with widely diverse forms related to various cultural environments but also with a number of common aspects. In particular, in most countries, the public sectors expanded a great deal between 1945 and 1980. As economies grew and societies became more differentiated, the States conventional tasks of regulation, allocation and redistribution became more complex. Public sector growth was also a function of the type of societies various governments sought to promote: welfare state, communist countries [Guido Bertucci and Yolande Jemai, 2000].

The current globalization movement reveals unprecedented levels of exchange (international trade and unparalleled technological innovations), fuelled by levels of consumer demand never previously known, carrying a potential for growth and prosperity transcending any that the world had ever recorded. However, one cannot ignore the obvious disparity amongst nations and much more needs to be done to close the widening gap between the worlds rich and poor. For developing countries in particular, there is an increasing strain on already limited resources as they seek ways to attract and retain capital and technology. True globalization means the ability to study,

¹ Conf.univ. dr., Academia de Studii Economice a Moldovei, Departamentul “Finanțe și Asigurări”, mun.Chișinău, str. Bănulescu-Bodoni 61, petroia5@hotmail.com

understand and incorporate different and alternative cultural traditions into a common matrix, with respect for diversity and with an open mind. Such a perspective requires holistic and innovative strategies as well as increased sensitivity in many areas but in particular to look afresh at traditional approaches to public sector reforms, which have proved more often than not either limiting in results or a lack of genuine commitment.

I. PUBLIC SECTOR REFORM: CONCEPTUAL EXPLANATION

There have been different views and different definitions with regard to the meaning of the public sector reform, the fact remains that many scholars see it as the attempt, by the government of a particular country, to change ways of doing things.

Public service reform is a planned intervention to raise the level of public service performance. It must have carefully defined goals and a strategy to attain these goals. The ultimate aim of the public service reform is to see remarkable improvement in the public service outputs, such as more effective and responsive service deliveries. This is the driving force behind the public service reform.

Public sector reform is the final aspect of the New Public Management (NPM). Although public sector reform may form part of a broader program of institutional and political reform, when associated with NPM, it is more likely to focus on the basic issue of internal organization with reference to size, recruitment, remuneration, career management, and promotion. In many ways, public sector reform incorporates aspects of de-concentration and management decentralization. As with other aspect of NPM, public sector reform spreads to the developing world through the influence of the World Bank, and the Northern states who had undertaken similar policies [Fatile, Jacob Olufemi and Adejuwon, Kehinde David, 2010].

Paul Sunday Omoyefa sees it as the total overhauling of the government administrative machinery with the aim of injecting real effectiveness, efficiency, hard-core competence, and financial prudence in the running of the public sector [Paul Sunday Omoyef, 2008]. According to N.Manning, in his study on Reforms in Developing and Transitional Countries, he argued that, reforms in the public sector are carried out, in order to reduce government expenditure by retaining aggregate costs, improve policy responsiveness, attract skilled workers and build public and private sector confidence in government as regulator/service providers [Manning, N. and Evans, G., 2003]. On the informal or implicit side, reforms are undertaken to achieve or strengthen public sector discipline. That is to say equal access and equal treatment thus no impartiality in relation to employment in the public sector where it should be representative of society.

Experience and evidence show that the public sector has to reduce the cost-burden it puts on the economy and roll-back so as not to crowd-out the private sector. The public sector itself has become more customer-focused and efficient by adopting private-sector approaches to management or be privatized altogether. The focus of the public sector will be one of policy formulation rather than implementation a series of reforms collectively known as New Public Management (NPM). During the past three decades there has been an unprecedented wave of reforms as the traditional model of public administration has come under attack. These reforms originated in developed industrial economies, whose political leaders were under pressure to keep down levels of public taxation and expenditure, while maintaining high levels of welfare and other public services. A significant feature of the reforms was the belief that the state had become too large and over committed, and that the market offered superior mechanisms for achieving the efficient supply of goods and services [World Bank, 1996]. As the reform movement has spread through globalization processes, reformers were faced with a choice between competing concepts of the state; this is often expressed as a choice between old public administration and new public management [Dunleavy, P. & Hood, C., 1994], with the additional dimension that the state is also expected to be responsible for the effective management of social and economic development, or development management [World Bank, 1997].

II. PUBLIC ADMINISTRATION IN DEVELOPING SOCIETIES

The main target of the globalization process, which affects many dynamics of social life, is the nation states. On one hand the area of the states sovereignty has been narrowed and on the other hand its functions, functioning and responsibilities as shaped after the World War II were redefined. The state has abandoned to market forces, the areas that it occupied after 1945, under the influence of the new right policies. With the applications of privatization and deregulation, states role on production, accumulation and distribution was weakened and its regulatory role came to the front line. This transformation symbolizes a transition from interventionist state to regulatory or arbitrator state. Not only the state and its socio-economic functions were transformed, but also states institutional organization and its functioning, the judicial rules on which it is dependent, personnel regime and lastly conceptualization of public services entered into a thoroughly transformation process [Sezen, S., 2001]. This transformation could be described as a shift from the public administration to new public management. NPM considers that public sector can be managed as in private sector and the values and operational techniques of the private sector can be adapted to public sector. It advocates treating citizens like customers, separating public administrators from the public policy process, and convincing both that government is nothing more than a business within the public sector. As Sassen has noted, globalization has been accompanied by the creation of new legal regimes and legal practices and the expansion and renovation of some older forms that bypass national legal systems [Sassen Saskia, 2000].

Meanwhile, public administration systems appear to help some countries to have far more benefits than others, even if many social scientists believe that international economic, trade, and political systems have played more significant role in helping some countries to get far more benefits than others. Public administration systems in both developed and developing countries tend to respond differently to the challenge of global forces [Chon-Kyun, K., 2008].

Within the context of elimination of transnational commercial disputes, the role of national legislation was receded, yet the role of international commercial arbitration centers has gained significance. This development can be interpreted as the privatization of jurisdiction. The concrete indicator of this development is the increasing number of international commercial arbitration centres. In 1993, there were 127 arbitration centres [Sassen Saskia, 2000]. On the other hand, in the countries, where there is a separate jurisdiction order for public administration, the dependence of public administration to administrative law is seriously eroded and the function of administrative law is transformed. A scholar suggests that in global era, administrative law now appears to be moving from its role as a surrogate political process that legitimates new extension of public power, to one that legitimates new blends of public and private power and/or private power used for public interest ends [Aman, A.C., 1999].

Managing the public sector in today's environment of constant change, particularly in view of globalization, has become an increasingly demanding challenge for national decision makers, policy advisors, service delivery managers and civil servants at large. The functions and role of the State have been transformed substantially. The general configuration of its responsibilities has changed and this has introduced important modifications both in the policy arena and in the requirements for high-level skills, qualitatively and quantitatively. Overall, the course of change points to a shift of focus away from hands-on management and the direct production of services and goods towards strategic planning with a view to the establishment and maintenance, refinement and reform of an enabling framework for private enterprise and individual initiative. As noted by OECD, Emerging markets are booming. Growth in the emerging world has been several percentage points faster than global growth since 2001, and on average almost five percentage points faster than OECD growth in the same period. Nonetheless, the gap in income per capita between the emerging world and the developed world remains massive, and governments in emerging markets are under pressure to stimulate even faster growth in an effort to catch up with living standards in

the most developed nations. To do this, governments in Latin America, Africa, Asia and Eastern Europe are increasingly looking to harness the power of information and communications technology. (Economist Intelligence Unit 2007)

Likewise, developing countries are increasingly reforming their public sectors to make them less greedy of scarce public resources, more efficient, more competitive and more customer-focused. In short, the New Public Management (NPM) type of reforms implemented by OECD countries in the 1980s and 90s are finding new buyers in developing countries, if not as a matter of choice, but surely as a matter of necessity to ensure international competitiveness of their economies in an era of globalization.

While the globalization process has been eroding the states sovereignty within the national borders, it has also modified the way of using the existent authority of the state. In this context, we can say that there were two-dimensions of authority delegation: authority delegation within the national borders and at international level. Therefore a two-dimensional erosion of states authorities is in question. While the states economic, political and judiciary authorities are transferred to the transnational powers, it is forced to share its existing authorities with the other actors. The result of globalization is not only the loss of states power but also the change of ways and methods of using the remainder of its power. This transformation is expressed through the concepts of governance and new public management. Governance has redefined the use of public competence and suggests the joint use of this authority not only by the official actors but also by the unofficial actors and it gives importance to the role of non-governmental organizations. New public management considers the delivery of public services as a technical issue and instead of the concepts like public interest, conformity to the law; it substitutes the management-related concepts such as profitability, productivity and the customer preferences. Briefly, both the governance and the new public management lead to the elimination of the political content of the public services and their reduction to a technical activity [Sezen, S., 2001].

III. PUBLIC SECTOR REFORM: CHALLENGES AND OPPORTUNITIES OF GLOBALISATION

Globalization, a dominant force in the 20th century's last decade, is shaping a new era of interaction among nations, economies and people. It is increasing the contacts between people across national boundaries in economy, in technology, in culture and in governance. But it is also fragmenting production processes, labor markets, political entities and societies. So, while globalization has positive innovative, dynamic aspects, it also has negative, disruptive, marginalizing aspects [United Nations Development Programme (UNDP), 1999].

Among the forces of globalization that are reorienting visions about how national public sectors should be organized, four are of special significance. The first is the spread of global markets, especially those relating to financial integration and liberalization. Fiscal deficits experienced by most states in the 1970s and 1980s and thus the need to control budget deficits to get economies out of inflation and recession and promote the private sector is the second pressure leading to much debate on issues of downsizing, marketization and privatization which gained prominence as methods for controlling the fiscal deficits and thus the restructuring of the public sector. The third pressure for reform was ideological. If globalization and the fiscal crisis provided the structural contexts for reform, it was the multilateral institutions that offered the arguments, policies and in many cases, guidance for reforms. The fourth pressure for reform came largely from society and is related to the democratization process as it was linked with calls for better forms of representative and accountable government. Popular pressures for democratization were also linked with the increased concern for respect of human rights and equity in opportunity issues and the inclusion of minority groups in terms of race, ethnic groups, gender, religion, class, disability, age, sexual orientation, etc. A resulting increase in the number of social groups and organizations to ensure that public and individual interests are protected will thus require more thinking on

representative bureaucracy in the arena of public sector reform [Guido, B. and Yolande, J., 2000]. They noted further thus:

„In responding or (in some countries) trying to cope with the pressures mentioned above, public service as an institution is currently under strain. A greater role for the private sector in national development has shifted the responsibility of public administration from directing the economy to facilitating and managing it. And increasingly, the concept of public service applies to multiple levels of government: international, national and sub-national. It encompasses elected and non-elected officials, governmental and non-governmental organisations. This has heightened the need to increase public administration capacity in coordination and conflict resolution through effective management of legal and regulatory frameworks. The public task environment today then makes extraordinary demands of all professionals and these add new dimensions to the leadership criteria.”

It is becoming increasingly evident that so far globalization has benefited only a relatively small number of countries and that some regions of the world are still not integrated into the world economy. Moreover, some States have not yet adapted to increasing interdependence and as a consequence many have suffered from the adjustment costs of globalization. As stated by Helleiner G.K., "The challenge both at the national and global levels is, through conscious policy choices, to make the new globalized system ... work for maximum human welfare. The task before us all is to make globalization functional, to civilize it" [Helleiner, G.K., 2000]. In order to turn globalization into an opportunity for all, we need a new vision for the future, a vision that goes beyond what Soros calls "market fundamentalism" [Soros, George, 2000].

Globalization with the revolution of information technology has been dramatically changing human behaviour, management of corporations, and governance of states much more than the industrial revolution transformed the agricultural society. The markets and trade, in fact, are borderless, communication is much easier via the Internet and mobile instruments, and the world is getting much closer. While globalization is dramatically dividing the world into powerful and powerless countries with regards to information technology, trade, and economy, the winner and the loser inevitably happen in the global marketplace. Nonetheless, the vast majority of people in the planet still get their signals not from global financial markets, let alone cyberspace, but from the national capital, and personal access to the twenty-four-hour interconnected world still remains restricted to a minority of the world's population [Yergin, D. and Stanislaw, J., 2002].

Developed countries, including the Western European and North American countries, have definitely benefited far more from globalization than others because of the nature of globalization as well as strong public administration systems. By contrast, many developing countries have benefited less from globalization because they have considerable disadvantages in the global market place in addition to weak public administration systems. The issue is the nature of globalization and the global market systems, which are beyond public administration systems; and the limitations of public administration responding to those factors beyond public administration systems. Those factors are directly related to the reason public administration systems in developing countries have not effectively respond to globalization and the reason developing countries have benefited far less from globalization than developed countries [Chon-Kyun, K., 2008].

Globalization is in part a result of global market forces and other international actors and in part of decisions made by individual countries in responding to it through their own policies. It must be emphasized that it is still individual governments, which are setting the policies and the rules of the globalized economy. Globalization, driven by information technology, telecommunications and economic liberalization, has the potential to transform the traditional ways in which organizations and people operate, co-operate and interface. What we should then direct our attention to, today, is the type of institutional changes and managerial approaches necessary to face and embrace globalization. This, thus, leads to the question of adopting appropriate public sector reforms best suited to take full advantage of globalization.

In line with what Corkery prescribed in the case of developing countries, the following six factors have been shown to contribute to the successful implementation of public sector reforms [Corkery J. et al., 1998]:

- 1) Explicit political support over an extended period to give the exercise credibility and create acceptance of the fact that the reform is going to be introduced;
- 2) Clearly defined goal and a strategy for its achievement which takes account of what can be achieved in the political and institutional environment obtaining;
- 3) Effective communication between all the actors and stakeholders on the objectives and strategies of the program;
- 4) An agency responsible for the implementation of the strategy with sufficient influence to put the program into effect and the intellectual and tactical capacity required for the effective execution of its tasks;
- 5) Involvement of the ministries/agencies in the identification of issues to be addressed and the development and implementation of programs to address these;
- 6) A feedback, monitoring and evaluation process.

Good government and governance must be a firm belief and needs to be continuously practiced. It cannot come in spurts like the many public administration reform programs that many countries have embarked upon and failed over the last 30 years because of the lack of sustainable institution building and commitment to its success. It must be emphasized that Public Sector Reform is not a new phenomenon brought about by the process of Globalization instead it is a change about change not change to a specific final stage but an acceptance of the need for change as a permanent state. It involves developing support systems to nurture an attitude of service excellence in meeting the needs of the public with high standards of quality, courtesy and responsiveness. It is about fostering an environment that induces and welcomes continuous change for greater efficiency and effectiveness by employing modern management tools and techniques while paying attention to morale and welfare of public officers. Civil service reform then encompasses both institution building and human resources development in a unique combination of strategies, programmes, policies and institutional tools. Designing and implementing civil service reform, in all cases, will entail a judicious combination, which only experienced and ethical people are able to bring about.

Globalization has been transforming the traditional nation-state governance by utilizing more supranational, sub national, for-profit, and non-profit organizations, that is, nongovernmental organizations (NGOs). The total number of NGOs around the world, from neighborhood-based groups to large international organizations, surely numbers in the millions [Mathews, J.T., 1991]. Globalization provides more freedom and discretion for the low level of government due to the revolution of information technology. To attract investment or promote trade, local governments directly work with foreign governments and big corporations, and thus create more jobs and stimulate the local economy. In addition, local programs and services are delivered and managed more efficiently via e-government, though local governments rely heavily on state transfers to maintain municipal programs. When contracting out municipal programs like social service programs with not for-profit or for-profit agencies, local governments can manage them efficiently by using advanced information technology [Brown, M.M. and Brudney, J.L., 1998].

CONCLUSIONS

The influence of globalization has led to an emphasis on one other essential characteristic of people and organizations: continuous learning. For the public service of the 21st century to be successful, it will have to embrace the philosophy of the learning organization. Adequate training through a wide array of means such as formal education at all levels, on-the-job training and

continuing education, distance learning and use of modern technology, coaching and mentoring, should be provided to meet all the existing and new demands and requirements.

It is increasingly being acknowledged that good governance is a key element in the development process of any country, and in ensuring that globalization benefits all in society. Improving and reforming public administration and governance systems is critical in addressing a number of issues, including making globalization work for all; alleviating poverty and income inequality; advancing human rights and democracy; protecting the environment and promoting sustainable development; and managing violent conflict and combating international crime. States can either guarantee peoples freedom and a measure of social justice, or can hold back development. How the public sector is structured, administered and operated, as well as what policies are pursued, has therefore a great impact on peoples well-being [Guido, B and Yolande, J., 2000].

Public administration systems in many developing countries are not yet significantly either proactive or positive to globalization. Strong public administration systems seem to help their countries to have more benefits from globalization than others in spite of the fact that plural social and political systems limit a proactive role of public administration. Public administration in the Western European and North American countries has significantly streamlined numerous systems including personnel, budget, and entire organizations by privatizing, outsourcing, contracting out, deregulating, downsizing, or restructuring government functions and services and thus has become more efficient, effective, productive, responsive, and transparent. This in turn could play a significant role in helping those countries to maintain strong economic, financial, and trade systems, while developed countries have remarkable advantages with regards to multinational or transnational corporations and global supranational or nongovernmental organizations. It, however, remains questionable whether weak public administration systems lead their countries to have far less benefits from globalization than others because public administration systems and governance in many developing countries, including the African, Asian, and South American countries, are more likely to be determined by unstable political structure and behavior, underdeveloped economic system, poor technology, weak infrastructure, and poor education. Poor nations have considerable disadvantages in the global marketplace due to fewer resources, including skilled manpower and technology, and fewer intangible information-based products beyond public administration systems [Chon-Kyun, K., 2008].

As the public service of the future needs a unique combination of knowledge, skills and attitudes, one of the principal goals of civil service reforms is to build a framework able to attract, retain, develop and motivate personnel of the appropriate calibre for service to the government and to the country. This requires the provision of adequate remuneration to public sector employees. Traditional notion of bureaucracies founded on the premise that individuals in the public sector work to serve the public good as opposed to catering to personal and sectoral interests is unrealistic. This presupposes a basic income that will allow public servants to carry out their duties without succumbing to extraneous pressures.

There are a number of factors that have helped to ensure the success of Public Sector Reform Programs to ensure their success and which practitioners point to as crucial in the program design phase. Experience from the case of Mauritius is revealing and suggests that on its own even the most well-intentioned of reforms is insufficient to support specific policy goals, let alone to stimulate growth. It suggests that reforms will succeed only if they offer the right combination of services on the demand side, and the right combination of leadership and project management approaches on the supply side. By analogy, for a plant to survive, it needs sunlight, water and soil: and if one of these ingredients is removed, the plant cannot exist. So, too with reforms: if they fail or succeed it is on the basis of them having or not having a complete set of these critical factors.

Globalisation has catalysed the need to accelerate public sector reforms in developing countries and the need to set up correctly-working institutions. The time is ripe for reform. The challenge will be to adapt the model to different social, economic, political, legal and cultural contexts.

BIBLIOGRAPHY

1. Aman, A.C. (1999). Administrative law for a new century. In Aseem, P and Jeffrey A. H (eds). Globalization and Governance. London: Routledge.
2. Brown, M. M. and Brudney, J.L (1998). A Smarter, Better, and Cheaper Government: Contracting and Geographic Information Systems. Public Administration Review .
3. Chon-Kyun, K (2008). Public Administration in the age of Globalization. International Public Management Review
4. Corkery J. et al. (1998). Management of Public Service Reform: A Comparative Review of Experiences in the Management of Programmes of Reform of the Administrative Arm of Central Government, IOS Press, Amsterdam, Netherlands.
5. Dunleavy, P. & Hood, C. (1994). From Old Public Administration to New Public Management. in Public Money and Management.
6. Fatile, J.O and Adejuwon, K.D (2010). Public Sector Reform in Africa: Issues, Lessons and Future Directions. Journal of Sustainable Development in Africa, Clarion University of Pennsylvania, Clarion, Pennsylvania
7. Guido, B and Yolande, J (2000). Public Sector Reform Revisited in the Context of Globalization. Paper presented at Seminar on Public Administration Reform in Asia, Beijing.
8. Manning, N (2003). Public Management Reforms in Developing and Transitional Countries. Public Sector Group -The World Bank
9. Mathews, J. T (1991). Preserving the Global Environment. New York: Norton.
10. Omoyefa, P.S (2008). The Politics of Public Sector Reforms in Africa. Lesotho: National University of Lesotho.
11. Sassen, Saskia (2000), The State and the New Geography of Power, in: The End of Globalization, (Eds. Don Kalb et al.), USA (Maryland): Rowman and Littlefield Publishers, Inc.
12. Sezen, S (2001). The Impact of Globalization on the Organization of Public Administration: Turkish Case. Turkish Public Administration Annual.
13. Soros, George (2000). Open Society. Reforming Global Capitalism, Public Affairs Press, New York.
14. United Nations Development Programme (UNDP) (1999). 1999 Human Development Report, UNDP, New York.
15. Yergin, D. and Stanislaw, J (2002). The Commanding Heights: The Battle for the World Economy. Touchstone.
16. World Bank (1997). The State in a Changing World, World Development Report 1997, Oxford, Oxford University Press.
17. World Bank (1996). From Plan to Market, World Development Report 1996, Oxford, Oxford University Press.