

POSSIBILITIES FOR THE PUBLIC SERVICE INNOVATIONS

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***Abstract:** Innovating as a process expressing a certain change is a constant driving force behind the development and advance of an organization. New Public Management and the concept of Good Governance have brought methods of effective public service built on sustainable economic and social development. These two concepts, however, face difficulties in relation to management ethics. That is why a scope for further innovations of the paradigm of governing increases by the level of ethics.*

***Keywords:** Innovations, Public Service, Public Management, Ethics.*

***JEL Classification:** H70, H700.*

1. Introduction

In the Czech Republic, after major restructuring and reforming of the public sector in the nineties, efforts at more significant functional changes of the public service have begun to occur. Based on the changes, not only the question connected to efficiency of its actions gains ground, but also the ethical concept, which reflects quality of the public service administration.

The text deals with the question of development of modern public service management. It is based on innovations as a basic principle of organization improvement. It stems from the analysis of two basic concepts of public service management and their instruments and methods that are instrumental to the application of set goals and functions. By comparing to the results from practice, it tries to find out the real situation. On this basis, it will propose new visions for innovations of the basic paradigm of public service management. The aim is to demonstrate possible ways of public service innovations by means of application of the management ethics model.

2. Ways for innovation management

Innovation is a process expressing a certain change; an application of new innovating systems whose aim is an improvement. Innovations can take place in different forms. Tidd et al. differ *four broad categories (the 4Ps of innovation): Product innovation – changes in the things (products/services) which an organization offers. Process innovation – changes in the ways in which they are created and delivered. Position innovation – changes in the context in which the product/services are introduced. Paradigm innovation – changes in the underlying mental models which frame what the organization does.* [5]

While implementing changes, it is necessary to take both internal and external environments into account. In the context of public service we will assume a more continuous way of improvement; a situation in which an innovation is a manifestation

of continuous changes and a gradual transformation. A sudden change is not a common phenomenon in this field. This fact is, to a great extent, given by the principle of the public sphere. The public service is primarily characterized by a higher level of institutionalization of organization, which is complemented by close ties to the law while performing individual actions. Rigidity rate of the processes in the public service and in the self government is different. In the case of self-governing actions there is a looser operational range, in contrast to the public service which is more bound to legislative standards. In comparison to the private sector, there are stricter legal limits in both cases. Also the operational range of exercising the public services and self-government itself is given by the law. In this respect, the possibilities to innovate the public service management are limited.

3. Transformation of goals and functions

The point of the public service is mostly seen in general goals of improving the quality of citizens' lives, represented by providing quality public services. Specific goals and functions of organizations in the public service are given by the public interest that is aggregated and transmitted to the system mainly via political actors. One of the main instruments is legislation and legislative norms that subsequently define an operational range of the public service. Wright and Nemec set three basic areas that are characteristic of the public service management. *Public organizations act on the basis of politically defined needs; they exist in different legal surroundings and the profit activity motive based on efficiency measuring is absent.* [6] If we take Tidde's scale into account, then for product innovations that are offered to citizens, through processes by which they are distributed and the position to which they are introduced, there are currently many instruments. However the basis is a given paradigm, a certain concept that determines the direction of the public service. The paradigm represents a certain coherent position to the primary functions and goals that it should accomplish.

The change of the modern management concept of the public service was apparent in the model of New Public Management (NPM). The purpose was to offer an alternative possibility of management, focused on efficiency, ideas of citizens as customers and consequent orientation on the public services as a product, emphasized by the responsibility of the manager for the profit, meaning practices resembling market behavior with strong elements of competition. What also served this were the used methods such as delegation of competences, budget procedures, controlling human resources, controlling, benchmarking etc. The drawbacks of this management model lie mainly in excessive orientation on the market way of competition, emphasis on an individual, not a team, economic tasks or selected methods of efficiency measuring.

Solution to the drawbacks of the New Public Management has brought the concept of Good Governance that is no longer so closely oriented on economic efficiency. A client is not perceived as a consumer but more as a citizen. The principle of the reformation of the government paradigm was the necessity to respond more to the question of civil rights, transparency and responsibility. Generally this paradigm is

defined as a group of requirements which lead to such conditions of modern public service functioning, that come out from the Charter of Fundamental Rights and Freedoms. In Council of Europe documents, concretely in Code of Good Governance are defined eight rules, which should be fulfilled by public sector. Generally this paradigm is defined as group of requirements which lead to such conditions of modern public service functioning, that comes out from the Charter of Fundamental Rights and Freedoms. In Council of Europe documents, concretely in Code of Good Governance are defined eight rules, which should be fulfilled by public sector. There are these principles: legitimacy, coequality, impartialness, proportionality, legal certainty, acting in appropriate time period, participation and respect for privacy finally.

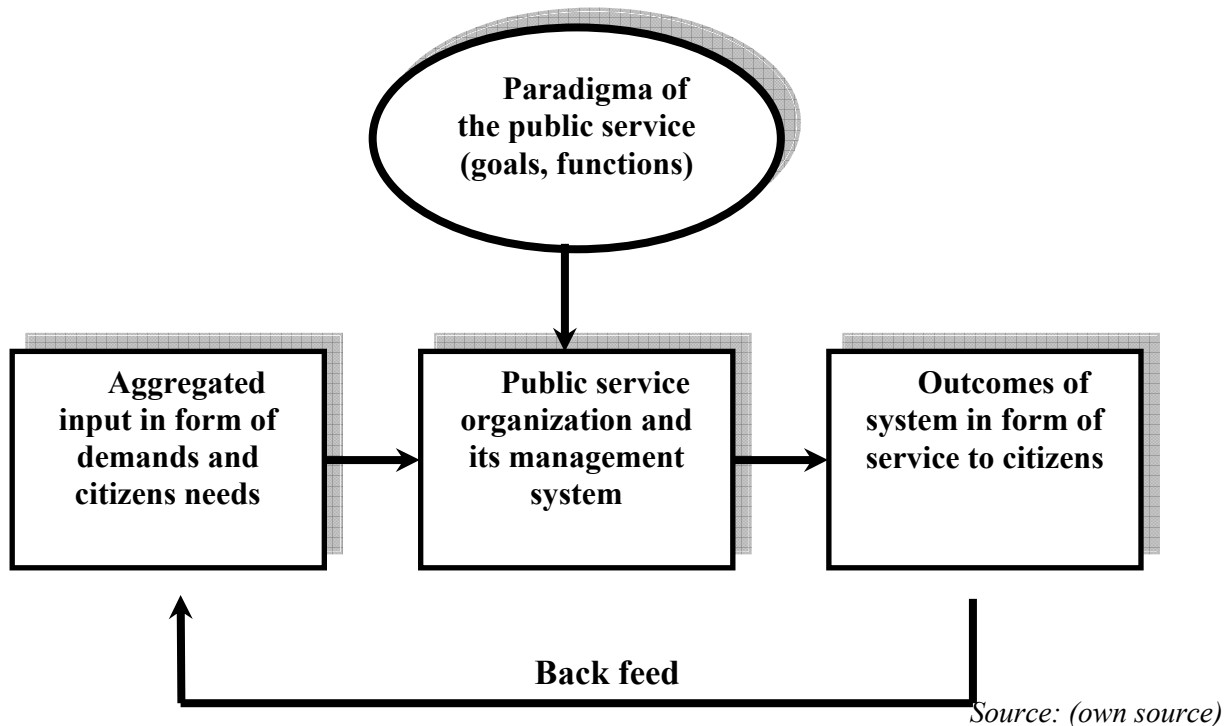
Complementing the efficiency-orientation of the public service management with the question of democratic character helped reached a fundamental advance. Effective providing of public services, built on a permanent economic and social development is a good direction for the public service. Reinforcement of control mechanisms, restructuring of public service organization and better engagement of the citizens represent positive steps.

4. Scope for a new paradigm of the public service management

The development of new paradigms of public service management so far has gone in two directions built on an organizational reconstruction. This should be followed by another level of progress represented by ethics application. The ethical dimension of public affairs management should represent another base for progress in public management. Steps such as engaging citizens in decision-making, better transparency, fair and impartial behavior, adherence to legislature etc. form supporting processes in terms of ethics application. In the public service, there is a space for maximum application of ethics especially in connection with decision-making. The leading role is played by authority management that applies general patterns of management algorithm also in the area of public service. The difference lies in the view of the owner of the organization. The public sphere does not conform to the demand of a private owner but to the public interest that is defined differently. Here ethics represent a possible viewpoint of performance efficiency.

Public Service isn't an isolated system. It is closely related to its surroundings without which it couldn't exist. Thus, a manager has to take his surroundings into account and has to control his organization in connection with the surroundings. This establishes a need for responsible management focused on quality management, development in ethical approach, therefore, in general, application of management ethics system that will be the basic method of application of ethical governance concept.

Fig. 1: Systematic model of the public service



5. Current management methods

Application of modern management methods fully taken from the private sector, modified or specially designed for the public service represents a way to management improvement in this sector. It is a reaction to the changes happening in connection to the reformation after the year 1989. Modifications in management style are to help improve the quality and efficiency of performance, support democratic principles and orient on the citizens' satisfaction. We can summarize the most used methods according to a certain range, areas on which they are focused. There is a wide range of methods; the following list represents a summary of the most used ones.

Strategic management represents a basic method of management prospects creation and organization direction. The goal of strategic management and planning is the creation of medium-term and long-term visions. It expects the creation of an environment for fulfilling the functions and goals including optimizing the sources usage and development. The purpose of strategy is operating in the long-term horizon. Suitable supplement of strategic planning is **Balanced Scorecard**. BSC serves to strategic planning by means of balanced indicators. Efficiency of organization is valued by the help of combination of financial and non-financial indicators. It helps assess the results of activity of the organization in a more complex way.

ISO norms introduce a system of organization management according to a specific type (9001, 14 001, 27 001 etc.). It deals with management systems focused on effective functioning and prevention. What is used the most in the public sector is the management of quality. To a certain extent, the **Total Quality Management**, also called the most complex quality system, is a superstructure of ISO 9001.

A range of next methods is built on learning, searching for optimal processes by the help of analysis of the inner and outer surroundings. **The method of a learning organization** is based on the system in which all parts of an organization take part in the identification and dealing with troubles. By this, a continuous improvement is achieved. **Benchmarking** represents a way of comparing to the others. The point is to find a good practice from the experience of more parties, determine a standard and then applying it in general. They are confronted according to selected characteristic of a corresponding organization which is usable in the public sector with respect to its nature. **The CAF model** or Common Assessment Framework was created for the purpose of the public sector. It is expected that the rising results of efficiency of the organization in the area of relationships with citizens are achieved by self classification. The principle lies in management efficiency assessment and searching for organizational causes whose goal is an improvement. Another source of self classification is, for instance, the model of excellence **EFQM**.

Budget procedure's goal is to form a budget system that spends resources that an organization has in the most effective way. The budget can be stamped as a certain financial instrument of organization management. It is a short-term instrument because the budget is, in principle, put together for one calendar year. Also, more long-term budget prospects apply but they are not so tight and they more often represent hypothesis.

Controlling is a broad concept whose sense is to regulate the course of an organization. The control is focused more on the organization as a whole, emphasizing the strategic level.

In practice, all the above mentioned methods are applied. Many institutions utilize their combination and mutual combination. Application of individual methods without conceptual frame is not pragmatic and does not offer appropriate result. The management system is a complex process that consists of certain advancement. In decision-making, it is necessary to pay attention to inner and outer surroundings, to understand a given problem in context of the whole society and a task of an organization in it, and according to these findings use a suitable combination of methods.

6. Management ethics – a new way of public service management

The task of the public service management is not only the orientation on institutional action results. It also has an essential function of creating the social surroundings and its cultivation. This fact is also supported by the transition from NPM to the Good Government concept. However, the foreshadowed development is not yet finished. Innovations are, above all, dependant on knowledge. It is a process of creation of new possibilities based on acquired knowledge and experience. The principle of the proposed paradigm transition is built on acquired knowledge oriented to the necessity for establishment of an ethical dimension of society functioning, as a means of tenability. All organizations, and above all the public ones, should lay stress on non-economic values in management. Because as Dytrt and Striteska show: *Practical application of ethics in management positively affects the forms and methods*

of managing events, which creates the internal structure of public organizations. Unilateral management objectives, as well as unilateral non-complex decisions do not have only the impact of an economic nature in the end. [2]

What is extremely important while managing any type of an organization are the indicators. This, however, doesn't mean that only quantitative and financially measurable indicators have to be used. By using the balance model of qualitative and quantitative indicators, optimal functioning of an organization, also with respect to the non-measurable values, can be achieved. *The goal is to apply an efficiency measuring system that moves away from the financial measures and is oriented to creation of values. So called non-financial indicators represent an area suitable for providing the public service efficiency performance whose function is not a creation of profit. Non financial indicators are indicators of fulfillment of strategic goals of the public service. [2]*

Currently the used public sphere management methods are not directly concentrated on the area of ethics. However, they can be used for its application in real circumstances. What is important, though, is the general dimension that opens the question of ethics and prepares ground for its practical application. That is the reason why it is necessary to struggle for further development of the public service management paradigm. A manager in the public sector needs not only effective methods but he is also bound by general goals and function of the public service.

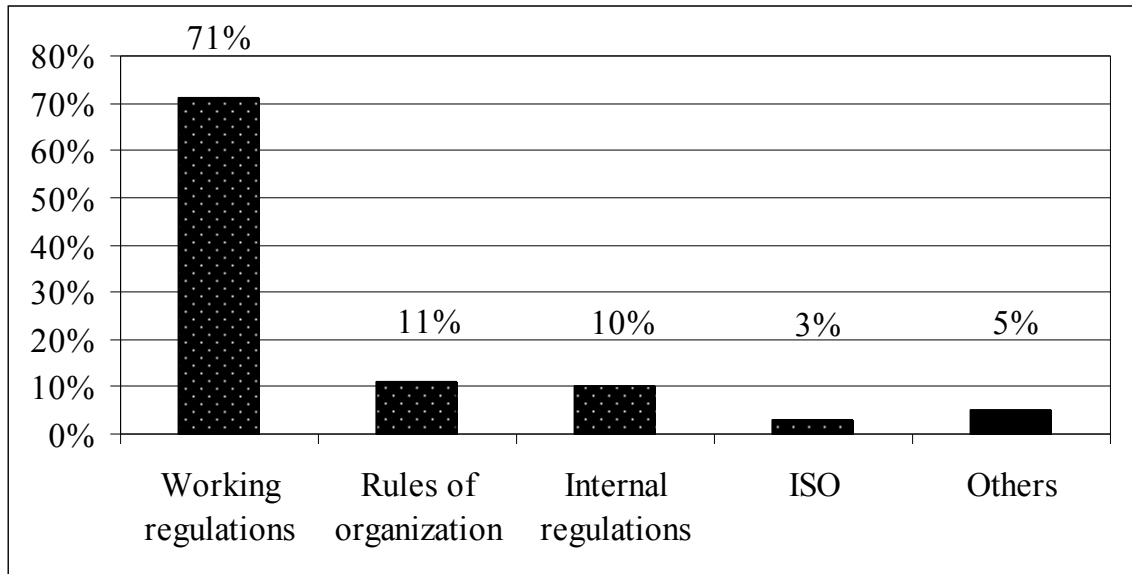
Public service management should therefore be built on strategic decision-making and should be oriented to the long-term goals fulfillment. Application of ethics is a complex, forward-looking process. It has to be applied systematically. It is an essential prerequisite of a long-term and effective organization functioning. *. Business ethics-driven object leads to economic efficiency. Business ethics and long-term economic effectiveness are commonly manifested in the final goal as the culture of the organization. [2]*

The transition in the paradigm and the importance of applying the management ethics system is evident in current practice. The research of town authorities⁴ shows that an overwhelming majority of managers consider current ways of ethics application sufficient, and they use unsatisfactory instruments. The instrument of ethical codex of employees was applied only in 22 % of cases out of all respondents. What is striking is that 72 % of respondents do not miss any further instruments for ethics application in the process of public service management. For a half of the polled in this group, a sufficient instrument for ethics application is the current legislation. Even though the task of legal norms is not to directly apply ethical questions that are connected with a general conceptual dimension. According to Dolista and Ježek, *the law cannot provide a detailed answer for every question. This is where a space for ethics occurs. [1]* The remaining half sees the working regulations, rules of

⁴ Source: Own research – questionnaire form of research. Research was addressed to 583 towns in Czech Republic with more than 2 500 inhabitants. Answers sent 179 respondents, i.e. 30, 70 %.

organization, internal regulations of authorities and ISO norms as appropriate supplemental instruments.

Fig. 2: A diagram of instruments frequency



Source: (own source)

It would be useful to present a comprehensive concept of management mechanism built on an expansion and elaboration of the existing public service concept.

7. Conclusion

The same way in which it was proven that NPM is not an ideal concept of the public service, a similar development is beginning to occur also in Good Governance. Companies suffer from a deficit of ethical environment. Current schemes for the public service management do not provide adequate instruments for ethics application to the management system. As it was pointed out, the used methods are concentrated on different goals and values, which are, to a certain extent, caused by the defined function of the public service. Therefore, there is a broad space for innovations built on changes in the underlying mental models. If there is an alteration to the paradigm, it is possible to use the currently introduced methods in the appropriate manner.

However, as it was emphasized, management ethics has to be applied as a complex system built on transparent functions and goals. From this point of view, it is necessary to develop the mechanisms of an appropriate application dimension to the management environment providing the brought changes.

Acknowledgement

The paper was financially supported by project IGA/69/FaME/10/D from the Internal Grant Agency of Tomas Bata University in Zlín entitled “Management innovation” (“Inovace managementu”).

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