

# **Romania:**

## **Skills against crisis within the public administration**

### **– The way ahead –**

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**Abstract:** *The paper discusses the development of Romanian Public Administration following the abolition of the Communist regime with the focus on Performance Management and Skill Retention. The challenge for the Romanian administrative system lies in the inertia caused by the previous regime and global influences emanating from entering the European Union in 2007. The paper presents proposed research which aims to provide a positive approach by emphasising the challenges and value-adding actions that will lead to the improvement of Public sector quality in Romania. This paper will also show that the recent international economic crisis has provided an opportunity for confronting the classical perception towards skills within the Public sector and the actual standards that should be obtained so as to ensure continuous improvement of professional talent within the administrative apparatus.*

*Public sector management is increasingly seen as more than just modernising state institutions, it is also about fostering dynamic partnerships with civil society and the private sector in order to improve the quality of service delivery, enhance social responsibilities and ensure the broad participation of citizens in decision-making. This calls for increased attention to the issue of decentralised government as a means to support poverty alleviation goals and conflict prevention policies. These trends put increased emphasis on the performance of the civil service and on the need for an effective and efficient public management that is transparent and accountable.*

*In the light of the recent financial crisis, not only in the private sector, which classically is more exposed to adversities, the public sector has had to consider structural changes. Osborne's approach (2002) to defining Global influences on public administration can be summarised with the following statement: Globalization has the tendency to promote elites. In a shrinking state, professionalization of the public services becomes compulsory. Under these circumstances the fostering of talent and talented professionals becomes a necessity, not a whim.*

*Although Romania is not explicitly tackling performance and performance management issues, it has taken a number of measures. These include the unified pay scheme for the public sector, which the Government has put into law, as well as the principle of contributions as the mainstay of the pension draft law. In addition, the streamlining of state agencies and authorities whose activity can be covered by existing ministries are also preconditions for a harmonization of competitiveness criteria in both the public and private sectors, as well as incentives to professionalization.*

*To provide maximum opportunities for career development of public servants, as well as organisational improvement, the Romanian Public sector has to address the following questions:*

- *How can we induce performance filters to retain talents?*
- *What skills do we need for the future?*

- *How can recruitment and training procedures be improved to ensure a quality boost within public organisations?*
- *What can the Public sector offer to professionals under conditions of economic crisis?*
- *What kind of professionals do we need within our Public sector?*
- *How can we use the Crisis to downsize redundant jobs within the public sector?*

*The findings of the research, which come as an answer to the above stated questions, are based on the Researcher's personal observation (as a public servant in the Romanian public administration system) and primary data analysis (national strategies, statistics and legal provision analysis).*

*This is a crucial time to prevent professionals from leaving their countries, or if they leave, to guarantee that they return with relevant and useful knowledge for their homeland.*

*In times of crisis the system needs to show resilience, competitiveness, adaptability and creativity :*

- *resilience – in terms of a well tailored system, with the best professionals from a given critical mass*
- *competitiveness – the system needs to retain the best people and absorb existing professionals, no matter where their basic employment is within the public sector*
- *adaptability – the natural state of things is Change, no matter what the circumstances, but especially given the global context;*
- *creativity – even if public administration appears to be a barren, restricted environment, it doesn't mean it cannot adapt best practice from the Private sector in terms of externalizing workforce recruitment and talent cropping.*

*This research is innovative because it attempts to capture the advantages of a Global crisis in a well defined environment. The term "skills" comprises more notions than just professionalism and specialization, there is scope for a positive interpretation to mitigate against the effects of global economic crisis.*

**Keywords:** *Crisis, skills, professionalization*

It is commonly known that Romania is part of the post-Socialist Eastern Europe block, that in 2007 it has joined the European Union (E.U.) as a member with full rights, thus being acknowledged as a capable partner in deepening the European reforming processes related to both public and private sectors in the member States.

This paper will attempt to focus on the development of the Romanian reforms addressed to re-shaping the Public Administration in the light of the 'credit crunch', which obviously affects the International, European, and Local environment.

It is also known that Romania is considered yet a 'transitional' country according to Parsons (1995), even if one of the conditions for joining the E.U. was that of proving that the State was a developed one. Transition does not exclude development, but still greatly influences the internal processes. The Romanian transitional period started in the 90', when shifting from a dictatorial governance to

a democratic one, in a very steep manner indicating that the change of a system is not possible unless a ‚revolution’ occurs (Skockpol, 1994).

This paper represents an attempt to assess the future perspectives for the Romanian public administration in terms of professional performance.

The challenge for the Romanian administrative system lies in the inertia caused by the previous regime and global influences emanating from European Union accession in 2007.

Due to the ever changing nature of an open system such as the social one, as well as because of the recent political developments within the Cabinet, the findings of this paper are relevant more to a further deeper analysis of the topic rather than providing explicit answers at this time.

### **1. From workers to public servants**

During the Socialist regime, individuals were ‚naturally’ working for the public sector, since the private sector disappeared completely during the 70’s. In addition, so as to be able to work, one should be a member of the Communist Party. Non-members were usually shunned and pushed on the outskirts of society as „unreliable”.

Even though professions were categorised and ranked, basically all individuals were part of a national unitary payment scheme in which little creativity was allowed, and little was done to encourage performance development. On one hand that kind of scheme offered an apparent stability for the employees. The path was quite simple: one started studying around the age of six, and later on was encouraged to go to university and then apply for a job. Jobs used to be guaranteed by the State, so the prospective of unemployment was virtually nonexistent. Continuity was ensured in terms of providing individuals with the perspective of a career, job security, and almost equal payment to all strata of workers. On the other hand, once an individual was hired, there weren’t many opportunities for professional development, and training was provided only to those who chose to apply for either peripheral or low-skilled jobs.

Individuals were exposed to a deeply centralized and controlled work environment, while the labour market represented a monopoly of the Government, without receiving any external inputs, thus presenting no challenges either for the Government, or for the job seekers or employees.

The purpose for reminding the aspects described above is that of giving an account of where the change emerged from, and why after the Romanian Revolution in 1989 the public administration started changing face.

The principal aspect was that the public sector did not encourage individual performance, nor did it try to assess the best methods to be used so as to achieve performance.

After the Romanian Revolution in 1989, the situation presented itself as follows: in the early days of the transitional ‚era’ the civil service lacked in unity of vision and lacked in unity of organization.

It was only in 1999 that the government decided to statute and regulate the framework of the Romanian civil service in the first attempt to provide a unitary

purpose and responsibility for all the governmental employees, either from the central administration or from the local one.

As Hinteá (in Bouckaert *et al.*, 2008) argues, the Romanian administrative environment has a tradition of failing to act as a catalyst for change and reform, due to the legacy of a centralised and mainly politically driven administrative system. This situation began changing with the emergence of the Law regulating the status of public servants in 1999 (Law no. 188/1999 regarding the status of public servants). Under the provisions of this Law, which is still applicable to the public servants in Romania, the public functions were brought to a certain degree of equivalence. Under the previous regulations, employees of the public sector organizations were mainly contractual workers. This act changed their status and initiated the unification of public employment processes.

In addition the above mentioned law contributed to the strengthening of certain provisions of the Romanian Constitution, which stipulates among others that the public servants are entitled to pursue their career development, and be supported by their employers to seek the best professional training, and achieve the best individual performance.

The purpose of this short comparison between the ‘old ways’ and the beginning of the re-shaping of the Romanian public administration is that of marking the moment when the government actually started modernizing the approach towards achieving a performing and efficient public administration.

It may seem to have been a rather steep transformation, but as stated in the beginning of this paper, change sometimes needs to be radical in order to be efficient.

## **2. Training and professional development – an institutional approach**

Due to the Global economic crisis, all States have been affected more or less, and while attempting to perform damage control, they need to re-shape the public institution along the national policies.

Globalization, according to Flynn and Strehl (1996), creates pressure on the public administration in each country, producing change in the distribution of public services and an ideological response from governments through their apparatus of public servants. Another statement of these authors is that Globalization of the private sector generates pressure from this sector towards the public sector by forcing efficiency improvements and reduction of the scale of the public service, creating the shift from „quantity” to „quality”. In the light of the recent financial crisis, not only in the private sector, which classically is more exposed to adversities, the public sector has had to consider structural changes. Osborne’s approach (2002) to defining Global influences on public administration can be summarised with the following statement: Globalization has the tendency to promote elites. In a shrinking state, professionalization of the public services becomes compulsory. Under these circumstances the fostering of talent and talented professionals becomes a necessity, not a whim.

These considerations match the following traits that can be distinguished as cross-national influences on labour markets (Osborne and Brown, 2005):

- professionalization of public services, by increased infusion of managerialism
- constant change of the traditional environment and the move from „blue-collar” employees to a ”white-collar” supremacy
- shrinking recruitment platform due to the emergence of „the minimal state”, causing the need to create an elite of public servants
- structural changes within public service organizations
- public administration labour market becomes flexible in terms of employment: professionals need to demonstrate better skills, while there is an increased exchange of personnel between the private and the public sector.

Since the 1980s the public service employment across Europe has been under public scrutiny and the need for change has become more pressing. Most European countries, according to Bach *et al.* (1999), had an intricate system of legal and administrative regulations, rudimentary forms of human resource management, which still persist, shadowed by very traditional patterns which do not ensure performance and staff retention.

In 2005, The United Nations elaborated a Report called “Unlocking the human potential for public sector performance”. The Report demonstrates that the development performance of countries is heavily underpinned by the quality of public institutions and places emphasis on the strengthening of national capacity for public administration. Also, it points out that HRM has evolved significantly in the past decades, as external and internal pressures have forced governments to redefine the role of the state and recalibrate public administration capacities. This Report recommends certain actions to be taken by governments, such as upgrading the role of HRM by professionalizing the public service, strengthening appointment on merit, balancing motivation and payment and instilling performance orientation among public servants.

HRM has brought a new perspective on training. If before the reforms of public administration in the 80’s employees were expected to be professional, but not over-qualified, nowadays individuals are expected to master certain skills and abilities, including communication skills and management concepts. Everybody is expected to be able to multi-task.

If concepts such as efficiency and performance measurement were successfully implemented in the public-sector, by transferring best practices from the private-sector, the same cannot be said about training and the measurement of training performance/success. Governments acknowledge the need for better trained employees. Better training, in addition to improving services provided by the public administration employees, is likely to result in higher job motivation, as it results in increased knowledge and increased decision autonomy for the civil servants.

Training should ensure quality, performance and staff retention. Although the public service is known as a “lifetime employer”, providing training and career

guidance does not guarantee retention. There are numerous cases of individuals shifting from public sector to private sector. One of the reasons is that by being provided with qualitative training, a professional can find career-satisfaction in another domain. Training does not guarantee fidelity.

Training is acknowledged as a critical and vital component to enhance human resource development and to ensure good governance. Practice has shown that, even if training should be assured for every public servant, as provisioned by law, some managers believe training to be a strong motivational tool, which should be used only to reward good results.

The case of Romania is slightly special, and is not easy to be categorized, as due to the ‘Socialist legacy’ and the historical and cultural background (Pollitt and Bouckaert, 2004; Hood, 1998), the success or failure in designing an efficient framework for training and career development within the public administration lies in both the previous practices, as well as the ability of a government to induce change and challenge those practices. Romania still holds a huge apparatus which relies on the work of a 14% (National Institute of Statistics, 2008) employees in the public services, thus making the Romanian government responsible for their training and professional development in public sector organizations.

It is obvious that following the ‘tradition’ of other States of applying a rational choice when investing resources in the development of programmes increasing professional performance for the civil servants Romania is in the pursuit of cheaper and higher-qualified services, by implementing (possibly) more effective measures for career development (Pollitt and Bouckaert, 2004).

The approach adopted by the Romanian government was that of constituting the National Institute of Administration (NIA), starting with 2001, thus acknowledging the necessity of having a professionalized organization focused on providing targeted training for all categories of public servants. Maybe this approach wasn’t the ‘best fit’ (Marchington and Wilkinson, 2005), because instead of supporting the decentralisation of services it provided the public administration with another huge organization which attempted to control the institutions nationwide in terms of training, thus making obvious the path dependency on the Socialist legacy.

Previously, in 1991, by taking over the former Faculty of Political Studies within the University of Bucharest, the Romanian government, through the Ministry of Education founded the National School of Political and Administrative Studies (NSPAS). This institution aimed at promoting administrative studies to skilled professionals, but in a more academic style rather than an applicative one. While providing students with theoretical knowledge, it failed in promoting employment opportunities within the public service (this affirmation is sustained by the researcher’s personal experience as a graduate of this institution). Although the declared mission of this institution is that of providing professionals for the elaboration of public policies, the reality shows that the existing academic programmes are too costly for potential students, public sector employers do not encourage individuals to attend such courses, there are not specific agreements between public institutions and NSPAS leading to collaboration in providing

training for civil servants, and most of the students are either aiming at obtaining a higher-ranked position within the Romanian administration (sometimes they are required to attend NSPAS, sometimes they are denied participation in employment contests after graduating), or choose to leave the public sector for the private one.

Another public institution involved in the career management of the public servants is the National Agency of Public Servants (NAPS), founded in 1995.

In December 2009 the above mentioned entity absorbed NIA, which was considered redundant, too costly, and inefficient in terms of the number of employees. NAPS is now entirely responsible for the public servants' careers, not only by approving the number of vacancies and the setting up of employment contests, but also in terms of training and professional development.

In addition, the new Law regulating the unitary payment scheme has been issued and is in the process of being gradually implemented nationwide.

The purpose of mentioning these institutions and the above regulation is that of emphasising the fact that in Romania professional training is directly dependant on certain institutions and is either promoted or prevented by the appearance or disappearance of such entities, instead of being dictated by the actual professional and individual needs.

On the other hand, even if the evolution of training services is strictly related to an institutional approach, and apparently based only on financial reasons, the 'credit crunch' provided a welcomed breach in the pattern.

Parallel to NIA a certain number of regional centres providing professional training for public servants were founded. Sometimes their functions overlapped those of NIA, being preferred by organizations because of the geographical proximity, and for the wider variety of training programmes delivered to their clients.

The dissolving of NIA, and the new regulations regarding the Status of public servants have changed the environment of training for the public sector, aspects which will be analysed in the following sub-chapter.

### **3. Emergence of new partnerships and new opportunities**

According to Bouckaert *et al.* (2008), one of the most important reforms relates to development of a professional body of civil servants, competitive with the private sector workers. The trend for countries which follow the Lisbon Agenda, one of the tasks for the next few years is that of reforming public services. To acquire this target, Governments have either founded specific institutions or programmes focused on on-the-job training or more academic studies, provided by universities.

The principles to be followed when engaging in the reforms regarding different aspects of public administration were set by the European Union (E.U.), according to the directions of New Public Management (NPM) through the Lisbon Agenda, and they are as it follows:

- improving efficiency and effectiveness in public sector by professionalizing the managerial roles

- adoption of „best practice” from the private sector in order to create the basis for change
- flattening of the hierachies
- development of more sophisticated systems of human resource management
- special attention to the quality of professional training within the public service sector and development of career-path counseling for public servants.

The Romanian trend was to overlook the acquisition of skills by low-rank public servants. This fact can be assessed by reading the National Institute for Public Administration Strategy and Objectives Statement, which can be found on the website. Until 2007, the main objective was that of providing specialized training for high-ranked public servants only. Beginning with 2007, although things should stand differently, local government seeks other training providers for their employees.

There are no statistics to compare the number of public servants who actually benefited from professional training, nor do internal practices encourage staff to undertake higher education. Also, there is no official feed-back from employees.

The enforcement of the new Romanian unitary payment scheme brought to attention the necessary downsizing of the apparatus, and the need to concentrate on inducing performance into the public service, also backed-up by the Global economic crisis.

According to McCourt and Eldridge (2003), transitional countries such as Romania experience the ‚moonlighting’ practice: low wages in public services lead to individuals accepting a second job, thus not working at their maximum potential for the government.

In light of the new unitary payment scheme the concept mentioned above was regulated. By downsizing the apparatus, and due to obvious economic factors, the Romanian government accepted to allow public servants to undertake secondary jobs. Under the previous provisions the only fields of work in which they were allowed to find a secondary job were the Academia and journalism. Nowadays it has been acknowledged that as long as an employee can provide at least satisfactory performance in public administration, he/she is free to seek a second job.

On one hand it may be argued that such an event would jeopardize the quality of services provided by public institutions. On the other hand it may be embraced as an opportunity for public servants to experience private sector employment, and develop transferable skills which could not be achieved while being stuck in a very normated system such as the public administration. While not being the ‚best practice’, it may prove to be one of the mechanisms which take the embedded centralising practices to an end and shake the public administration from a certain kind of inertia in which it has been stuck for decades.

By providing individuals with the alternative to seek better payment one also provides the system with a natural rotation framework for professionals, which



would improve eventually the recruiting practices within the public sector and best practice transfer from the private sector to the public sector and reverse.

In addition, the new regulation dismisses the obligation of public service institutions to compulsory send employees to professional training at least once per year. While it may seem a shortcoming of this new Law, the provision proved to be an incentive for public sector organizations to find alternatives and better organize the budget so as to provide eager employees with the opportunities they deserve.

Even if the time between the absorption of NIA by NAPS and this report has been short, by personal observation and a few unstructured interviews conducted with active public servants within the Romanian public administration it has become obvious that public institutions are still interested in providing employees with professional training. And besides the fact that this practice has not been abolished, new partnerships have come to light.

Now it is the time for private entities and international partners to take the place of NIA, and compete on delivering professional training to Romanian public servants.

Among the new partners there are the European Institute of Public Administration, the European Institute in Romania, Performance Management Inc. From Canada, the Romanian Ministry of Culture and National Patrimony through its Centre for Training, and several other mid-sized organizations. It is not a necessity to name all of them here, but the above mentioned prove a deeper involvement of international actors in the re-shaping of training services provided to public servants.

Also, this period of economic crisis proves to be an incentive for public servants to channel their career development towards the studying of a secondary or tertiary foreign language. The Status of public servant does regulate the need for public servants to have knowledge of a secondary foreign language besides the native tongue, but until 2010 the institutional pressure to attend such courses wasn't imposing on individuals. It was only when professionals attained a certain degree of freedom in deciding what courses to attend that it proved necessary to develop such special courses.

The IT&C literacy among public servants is not that high. 2010 brought, again, a new perspective on such skills. Also, NAPS has extended the national programme for the European Computer Driving License until 2012, with prospectives for 2015.

In the background of the Romanian training and career development framework for the public sector there still are to be mentioned a few national programmes dedicated to highly skilled professionals: The Young Professionals Scheme (YPS), and the Governmental Scholarships.

It is not the purpose of this paper to mention dates and figures about the above mentioned programmes, but in light of the 'credit crunch' it is worth mentioning that an approximate number of 800 (according to the head of the Romanian Trade Union of the Public Servants) are still waiting to be employed by the government.

As a graduate of YPS the researcher may mention the degree of difficulty of the training, which provides participants not only with professional development, but also focuses on personal development.

Both programmes were designed for achieving a professional body of middle- and top-management trained individuals, ready and able to undertake key-positions within the Romanian public administration. Although financial resources are scarce both programmes are still running.

Their weak point is that public sector institutions are still reluctant in hiring such professionals, although their training is aimed at a holistic approach to any kind of issues public administration may raise, as well as actively participating in the design of public policies.

The initial questions addressed when starting this paper were the following:

- How can we induce performance filters to retain talents?
- What skills do we need for the future?
- How can recruitment and training procedures be improved to ensure a quality boost within public organisations?
- What can the Public sector offer to professionals under conditions of economic crisis?
- What kind of professionals do we need within our Public sector?
- How can we use the Crisis to downsize redundant jobs within the public sector?

The following and last section of this paper will shortly address these questions, and will provide (open-ended) answers to other adjacent issues.

#### **4. The Way Ahead**

In terms of retaining performance, the Global crisis has provided a natural sifting mechanism: the best fit will find a way either to promote as an individual in the same environment (in this case, public administration), or will shift to the private sector. There is no reassurance related to Romania or any other state in maintaining true values within the system, but on the other hand the excessive number of redundancies and the prevention of creating the same amount of jobs within the same environment proves that only the professionals and the best skilled will be able to retain a much wanted job. Also, the notion of the State as a 'lifetime employer' has been naturally made redundant. Which leads to the conclusion that it is the time for young professionals to take a shot at getting hired and state their demands, as well as provide their 'clients' with better services, in order to ensure a few years of constant professional development for themselves. The idea of retiring from a public service position has been challenged.

The skills needed for the future are 'transferable' and also managerial talents are needed at all levels. It is not specifically mentioned in any regulation or national strategy what kind of capacities and abilities public servants should acquire, but the environment requires individuals prepared to undertake all sorts of tasks, and be able to multi-task at the same time. This Global crisis has enhanced

the ability of people to be more prepared for low-skilled positions, but at the same time to aim at constantly improving, and asking more from their employers.

The public sector offers, at this point, the same challenges as the private sector: job insecurity, prevalence of high-demands on employees, but also an equitable dialogue between employers and employees. In addition, it has been shown that crises do provide opportunities for re-balancing costs and benefits, and enhancing emergent initiatives from the private sector towards the public sector.

Eventually, the Romanian public sector will suffer a transformation which will lead to a more ‘means-tested’ reaction from the State rather than following the welfare Socialist tradition in providing everybody with a job.

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