

WHAT KINDS OF NEW BRANDING IN ADMINISTRATION IS NECESSARY TO APPLY IN EUROPEAN PUBLIC AND NON-PROFIT SECTORS? A PARTICULAR REFERENCE TO EASTERN EUROPEAN COUNTRIES

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Abstract:

Nowadays, a neo-liberal –even libertarian– way of thinking has penetrated everywhere, not only in the organization and management of private businesses, but in public and non-governmental sectors as well. In such a context the principles orienting New Public Management (NPM) should be replaced by those proper of New Governance models in order to keep the essence values of “Social Europe”.

In the implementation of such principles the notion of sustainable development should not be considered only from an ecological view, but also from the view of social values as social cohesion, social quality, poverty reduction, employment encouragement, etc., thus providing basis for the achievement of progress goals for the benefit of each and every one. This is the essence of sustainable development’s theory and practice. Maybe nowadays there are not a number of countries in this situation in the world, but this is not an argument to justify looks in the other direction when aiming New Governance in your own country.

Keywords: *New Public Management (NPM); New Governance; social models; social policies*

¿QUÉ TIPOS DE NUEVAS MARCAS EN LA ADMINISTRACIÓN ES NECESARIO APLICAR EN LOS SECTORES PÚBLICO Y NO LUCRATIVO EUROPEOS? UNA REFERENCIA PARTICULAR A LOS PAÍSES DE EUROPA ORIENTAL

Resumen:

Hoy en día el pensamiento neo-liberal –incluso libertario– impregna todo, no sólo la organización y gestión empresarial, sino también lo tocante a los sectores público y no gubernamental. En tal contexto los principios orientadores de la Nueva Gestión Pública (NGP) deben ser reemplazados por los propios de los modelos de Nueva Gobernanza para así mantener los valores esenciales de la “Europa Social”.

En la implementación de tales principios la noción de desarrollo sostenible no debe afrontarse sólo desde un punto de vista ecológico, sino también desde el de los valores sociales y de cohesión social, calidad social, reducción de la pobreza, estímulo del empleo, etc., que proporcionen la base para lograr metas de progreso en beneficio de todos y cada uno. Esta es la esencia de la teoría y la práctica del desarrollo sostenible. Puede que hoy en día no haya muchos países en esta situación en el mundo, pero esto no es un argumento que justifique mirar en otra dirección cuando se pretende la Nueva Gobernanza en un país.

Palabras clave: *Nueva Gestión Pública (NGP); Nueva Gobernanza; modelos sociales; políticas sociales*

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1. Introduction

Nowadays we face degrees of neo-liberalism, economization and marketing ideology and practice higher than ever. Looking for the origins of such situation, let us remember the after-war period of creation and maintenance of welfare states in the West, which accentuated some other values than current ones, namely Keynesian state interference into economics, large public sector, clear political boundaries of left and right, clear class identities and traditions... of industry workers, farmers, white and blue-collars servants and so on. The scientific approach in Social Sciences at that time was much more based on holistic than on individualistic assumptions. Macroeconomics and political economy had the same importance as micro-economics, and macro-social indicators mattered much more than nowadays. Maybe Social Sciences were not interdisciplinary in their present meaning, but every science itself had a holistic understanding of what was going around and the consciousness that the problems cannot be solved by applying only individualistic approaches or performing in separate segments. Society was understood as a whole, showing several and diverse main directions of developing; it was not the pure –and mere– sum of individuals.

Nevertheless, such concept of society as a whole was rejected first by British Prime Minister Margaret Thatcher and American President Ronald Reagan (Guogis and Bernotas 2009). Specifically, Thatcher declared that there is no such notion as society, but there are only individuals. She was fully supported by neoliberals in the USA and other Anglo-Saxon countries. Later on other countries took this fashion to their societies.

All this neo-liberal –even libertarian– way of thinking penetrated everywhere, not only in the organization and management of private businesses, but in public and non-governmental sectors as well. We should pay attention to this fact: what is now somewhere considered as a new notion of New Public Management (NPM) is not truly new anymore, as it was invented 30 years ago in Anglo-Saxon countries and has been showing not only its positive, but also negative effects for a long time.

2. New scenarios for the application of New Public Management principles

Can New Public Management principles fit and be accommodated, i.e. successfully implemented in post-socialist Eastern European countries used to hierarchical public administration models? The real situation is that Eastern-Russian traditions of administration and the developing world indicators and problems pose great difficulties acting as barriers when aiming a successful implementation of such westernized procedures. The implementation of New Public Management sometimes causes more problems than benefits and achievements in Eastern European countries.

New Public Management had its principles and had its methods. They both were united under the implementation of private sector practices in the public sector. These principles lay in efficiency seeking, orientation towards results, satisfaction of clients with services, and strongly quantifiable results. Methods and procedures are even more concrete than the principles: benchmarking, global budgeting, priority planning, one-stop, participatory research, etc.

But the quantification of results may become the opposite of itself. Let us take into consideration just a couple of examples: how can you measure the quantities of social workers needed or, in other words, the efficiency of social workers work? Maybe by spending half an hour more with a citizen-client while reading a newspaper or telling an anecdote, the citizen-client will get more satisfied than in a hurry work done... On the other hand, how can you measure the efficiency of scientists' performance? are ten average or bad papers (quantity) better or worse than one understanding contribution (quality)?

According to the author's perception, New Public Management have turned absolute the traditional "3 E-s" efficiency scheme, i.e. the triad *economy-efficiency- effectiveness* (where economy and efficiency show the ratio between costs and results, while effectiveness shows the aim reaching). But this scheme cannot be considered enough or fully adequate, especially in Eastern European situation as other components of efficiency are missed. Thus, if we talk more about social responsibility, we have to take in mind three additional E-s: the fourth E of *equity* –or social justice– (Guogis and Bitinas 2009); the fifth E of *equality*; and the sixth E of *ethics*. What is more, we could consider the possibility of adding a seventh E of *educology*. Even when a matter of discussion, only after adding three or four new E-s we could properly discuss about the new efficiency brand in the present era, when the Western world is suffering from economic crisis and the old methods do not work.

3. In search of a new paradigm

A new public administration paradigm is needed instead of New Public Management, which is already known in academia and by experts as New Governance. It has to be the “new brand” for public sector nowadays. New Governance puts the accents on some other aspects than those of New Public Management, specifically openness, transparency, pluralism, democratization, non-corruption, active role of non-governmental organizations (Guogis 2008). These are postulates defining a new brand ready to face the challenges of a 21st century, when we have experienced crisis times –and still are– and, what is more important, this is the possible way to overcome it.

We can understand that New Public Management was strong not only in principles and theory, but also had very concrete implementation methods, which were taken from the private sector. In this sense, the “trouble” with New Governance is that it really has very attractive theory and principles, but it lacks concrete implementation methods and procedures. The key question soon arises: how to put all this in practice?

The answer is clear: let us invent such methods and procedures, let us do them and let us use them; let us find how transparency can be implemented in practice; let us find how to activate non-governmental organizations; let us, let us find how to have more democracy (or how to increase levels of democracy, if preferred); let us find how to fight against monopolies; and let us find the path to have more pluralism and division of powers. We need a really new brand suitable for public administration in the present circumstances, i.e. to move from the purely economic –even economical– New Public Management postulates to the more socially orientated ones of New Governance model. This is an issue of extreme importance worldwide, not only in underdeveloped or developing countries, but in developed ones as well, as far as problems like inequality, social polarization and/or marginalization are growing rapidly and everywhere (Indriūnas 2011).

This is a real and big trouble because we do not look any more at marginal groups as a reserve for our economic purposes; on the contrary, during the liberal era we began to look upon them as a burden to achieve our intended economic goals. Social costs began to be considered as burden to achieve economic objectives; even those costs associated to educational or health programs appear as a burden. What is happening? We have to stop this evil direction; we have to begin to look to education as a real competitive advantage not only in economic terms but also as spiritual development; we have to look to social reintegration as a reserve for our employment, and so on.

And all this has to be taken into consideration together with a new social brand suitable in both the economic and social spheres, including the formulation of tasks associated to the Dutch found “social quality quadrant”. Inside it, *social-economic security* is located in the up-left corner, while *social inclusion* is located in the left-down one; *social cohesion* is placed at right-up, and *social empowerment* appears at right-down. In this drawing, social inclusion gets its meaning as the social exclusion problem became a vital issue for all societies in modern world, and social cohesion obtains a new meanings in a situation like current one, when the private pension funds are established almost everywhere, there is ageing of population and the young generations are not so willing to be in solidarity to support state social insurance funds.

Nevertheless, the most important element of the new brand is social empowerment, clear and definitely differing from the old-day passive social policies which stigmatized the individuals and only passively provided them social benefits. Nowadays it is necessary to speak about reintegration results. In Lithuania, for example, there are no statistics on social reintegration and, due to this reason, any attempt of assessment and/or evaluation of the efficiency of social institutions –the Ministry of Social Affairs and Labour among them– is a very hard or nearly impossible task. Nearly as an anecdotic fact, we can find statistics of the former prisoners used as work force for only one year; it was said that 1/3 of them worked. But there are no statistics about integration of handicapped, mentally ill, dependent diseases, homeless, etc.

So the elements to build the new brand for public sector, i.e. those to be used and valued by public marketing, are mainly related to the social sphere. This is a break up with current economic postulates, but they are required even for economic success, because the recent crisis showed as hard lessons all the ugly sides of neo-liberal principles and postulates giving priority to economic goals and forgetting social responsibility and human values.

4. Present and future of welfare states

As a consequence, welfare state should be saved by the implementation of new approaches to public sector management, and this involves new brands too. Bismarckian and other early-developed welfare state models, like the universal-social-democratic and the conservative-corporative ones, later moved in the liberal-marginal direction of alternative approaches in Anglo-Saxon countries. However, this is not so good, as the values of “Social Europe” appear in this case under threat and, what is more, the liberal-marginal model has other evil, as it creates marginal groups, poverty and polarization. To be precise, even the inclusion of the term “marginal” in its title points to that. And even more: liberal-marginal model creates New Public Management and vice-versa. They are interrelated.

Additionally, in the Eastern European context there is one more problem with all this situation: the mixture and contradiction between private and public interests. New Public Management poses a threat to public sector not only by diminishing it, but by proposing the possibility of a conflict between private and public aims, as well as being negatively directed towards public needs and public services.

The present situation in welfare states has to be carefully examined. Then we can notice that literature is talking more and more about the dismantling of welfare state. In this sense, the Norwegian political scientist and social democrat Asbjorn Wahl wrote a book in 2011 under the revealing title of “*The rise and fall of the welfare state*”. So, has the welfare state really disappeared or is it disappearing at the moment? Luckily, we can assert that this is not true. Maybe a journalist writing for *Dagens Nyheter*, the major Swedish daily newspaper, was more clear than others in this respect when stating that only 1/3 of welfare state has disappeared in Sweden, while 2/3 are still remaining. The processes with the welfare states will move forward and backwards for many years, it is not time to already talk about the death of its principles. This last statement is visible in many countries. Even “minimal” welfare states like Lithuania are showing nowadays some achievements nowadays in terms of social security as, for example, by increasing the salaries of social workers, maintaining long and well paid maternity leaves, etc.

On the other hand, the 34% decrease of percentage devoted to social insurance contribution from former 5.5 to present 1.5% to stimulate private pensions funds shows that the drifting of Lithuanian social policy model from corporative-Bismarckian to liberal-marginal principles will last much longer than it is expected. We can observe various overlapping tendencies and the opposite political decisions too. Neo-liberal and libertarian brands appear as more old-fashioned than one can expect in this case. The new forms of welfare states can rise again not by increasing passively paid social benefits, but also by designing and implementing active social policies which have their core nucleus in social empowerment and reintegration.

In this sense, the highly desired activation in labour market can be achieved together with social security by imposing the principles of “flexicurity” (the term they “invented” in Denmark), that is, “flexible” + “secure” social policies against “workfare” postulates established in Anglo-Saxon countries and other new concepts of flexible and “effective” society. The growth of Gross Domestic Product (GDP) when is not accompanied by an increase of employment figures and/or a decrease of youth employment shows itself one and another day as an evil practice. We must fight to keep jobs and working places like German companies did during their former period of crises, or to keep public employment in countries like Lithuania in Lithuania in order to get employment benefits (or to avoid unemployment damages). The problem of youth unemployment has to be solved by producing, advertising and marketing the required occupations for economy needs. Maybe graduates from some Social Sciences cannot find jobs easily; then a reform and increase of the number of professional schools is necessary. But structures in educational and social security spheres are not the only ones to be reformed –necessarily or by force–, health and other public services should also be included in the reforming list.

Specifically in Eastern Europe the most visible necessity of reform relates to the abandoning of the clientelistic nature in public administration. In such a small country as Lithuania clientelistic decisions are taken everywhere. The relations between employers and employees are terrible both in public and private sectors. Exploitation, alienation and other evils persist. Sometimes you can get better results by drinking coffee together with your employer than by properly performing at job, improving your abilities or your qualification. Even in the social security field, where there should be a clear design of structure and functions making very difficult to be corrupt and clientelistic, the possibility of special additional social benefits exist, thus changing the game rules for structures, merited persons, scientists, judges. and other privileged groups. Of course, the new brand of welfare state has to finish with privileges in social

security, education, health services and other fields. It has to be based on the principles of social justice and equal opportunities for everybody.

From a structural and a moral point of view it is easier to implement New Governance principles and methods in countries which comprise institutional-redistributive and corporative-conservative social models, as this is the case in Nordic and continental Western European countries. However, it is not so easy when we are talking on corporative-clientelistic models as those existing in Southern European countries, or on the post-communist corporative-clientelistic models proper of Eastern European countries. But it is not so easy to implement such principles in Anglo-Saxon countries with liberal-marginal models like Ireland and United Kingdom. In fact, it is really a minor problem to apply New Governance in socially orientated models, the only ones which really pursue the values of “Social Europe”. Nowadays it is already easier to talk about social responsibility and social justice in countries as Sweden, Denmark, Norway, Finland, France, Germany, The Netherlands or Austria. The problem lies in finding the way to face the problem of New Governance in countries which have strong clientelistic elements or are in favour for wildly competitive free market models. And we could talk on exclusion examples too, as in case of Switzerland, a small and peculiar country in Europe with many liberal-marginal elements, but where its meritocratic powers are able to conciliate New Public Management values and methods with New Governance principles. Similarly, in the Asian context, Singapore can be pointed out as a strange successful example of mixture of different management models in public sector, including New Governance.

Successful implementation of New Governance principles seems to be more viable in social market economies than in those following a free market model. And we should realize that not all countries world around, and specifically not all European countries, have abandoned social market postulates during the last three neo-liberalism decades or prior to current crisis times. Countries as Germany, Sweden, Denmark or The Netherlands even adhered to social responsibility and social justice schemes even during these years. The situation in these countries appears as clearly different mainly because of the notion of importance of sustainable development was considered not only from an ecological point of view, but also from the point of view of social values as social cohesion, social quality, poverty reduction, employment encouragement, etc. Sustainable development is there understood as achievement of progress goals not at the expense of marginalization and by getting a “plus” of development for somebody while on the contrary getting a “minus” for other/s. The only considered option is getting a “plus” in the development for all (maybe, not so fast for somebody), without any “minus” for anybody. This is not a game of words, but this is the essence of sustainable development’s theory and practice. Maybe nowadays there are not a number of countries in this situation in the world, but this is not an argument to justify looks in the other direction when aiming New Governance in your own country.

5. Final remarks

The quotation of a reference by the Hungarian political scientist Atila Agh about Swedish Presidency in European Union in 2009 provides chance for some final remarks in this paper. It was said that the urgent tasks of that Swedish Presidency were identified in the speech of the Prime Minister Fredrik Reinfeldt in front of the European Parliament. Among the very first items to be addressed, he mentioned the elaboration of the Europe 2020 strategy and expressed his deep commitment to the Nordic values and specifically the productivist approach in social policy: “I want to see a Europe that continues to develop the European social model. That combines a well-functioning welfare system with growth. With social cohesion” (Reinfeldt 2009).

No doubt, indeed, that “Swedes push for Nordic flavour” to the new European growth strategy, allegedly “the Swedes aspire to a new Lisbon Agenda very much in their own image”, namely “paying a lot of attention to the social dimension” with flexicurity and “active inclusion strategies” on one side, while the “green growth and environmental sustainability are like to feature high among the strategy’s new priorities” on the other (Agh and Vertes 2010:183-184). It is note-worthy that these words were said not even by one or another Swedish social democratic leader (what could be possible to predict), but by a right-wing Swedish politician who understands the values of “Social Europe” like his social democratic colleagues. Such ideas by Fredrik Reinfeldt much correspond to the main principles of New Governance.

New Governance ideas, in contrast to those of New Public Management, provide elements for the agreement of all political parties and forces aiming a better management of their own countries.

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