

The Concept of Effective Organization for Quality Performance of Public Administration: For New Democracies



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ABSTRACT: The article considers a possible public administration performance measurement regarding to political organization situation in Croatia. The first performance measurement problem comes from multilevel responsibility and co-production implementations. Second comes with emergence of multilevel products origin. Thirdly, state is very open and integrated in the EU and globalization influence. Therefore, it is crucially important to identify products and the evaluation indicators of the public administration, according with the public goals and social values. The article considers the performance measurement and management methodological at an organizational frame and it also considers the social values influence on a methodology and the role of the public administration in fulfilment of the public policy. Finally, effective organization possible could be built and improved by measuring effectiveness. The paper has tried to show the public service complexity work and the purpose, but first of all the importance public administration for achieving public goals.

KEY WORDS: a performance measurement, an effectiveness, a public administration, social values and effective organization.

1. INTRODUCTION

The most frequently mentioned and very probably the most famous global request, especially towards the new democratic states, was and still is the public administration reform (PA- *public administration*). Since the decision of the Croatian Parliament and the signing of the pre-accession treaty of 2003, for the next ten years until Croatia's entry into the EU on 1 July 2013, public administration reform has not dropped from political agenda, it stayed sometimes with more, sometimes with less intensity. However, not even five years after Croatia joined the EU membership as the 28th member, the need to implement public administration reform has not disappeared from the focus of domestic political and professional publicity, mostly driven by external influencing factors. The article aims to discuss and suggest an approach to establish an effective PA organization on the base of evaluating its performance. Namely, Croatian society has been permeated (and still is) by the three global processes (transition, globalization and integration) and the influence of their holders on the political elite in Croatia and domestic demands for a prosperous (new) state to simultaneously act with its established new PA organization. The article analyses the role of political elites in deciding on the PA organization and manner of effective performance of the administration. It also looks for causes and responses to the issue of influence of external processes and political elites on the current state and on the evaluation of the performance of the PA. The approach to this complex problem puts in the first plan the prerequisites for the establishment of a quality public administration organization with the task of implementing public policies in accordance with social values. Political elites create public policies and are responsible (should be) for the results of these policies, as opposed to public administration, which is responsible for the quality of performance of these policies within a certain time frame and under certain conditions. In other words, good and bad public policies can be well and badly performed, depending on the competences of the PA organization and the its conditions of performance. Public administration design is in the hands of political elites in all countries. But their size and scope depend on the design of the social state. Thus, the appearance of *business* organization which in this case is called 'public administration' and the organizational model depend on the size of the welfare state and the competencies of the process creator. Therefore, the title of the article emphasizes the concept of an effective organization as a guarantor of a quality outcome, where the PA effect is measured by the quality of performance as a key outcome for PA evaluation. For the political elites, the task and measurement are quite different. The elites need to design public policies that will bring them outcomes promoted in election promises according with the social values. These are two different worlds: yesterday that was 'one body' and overnight in democracy they had to be separated (Jambrač, 2020).

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While some external processes had indirect impacts on the design of public administration in Croatia, those other domestic processes were much more direct in positive and negative meaning. The emphasis of the influence of external factors on the political elite in Croatia was on building of the capacity of public administration through institutional changes and modernization. The emphasis of the domestic key political elites was focused on two other different directions: primarily towards 'erasing' the memory of the past regime and the other, through established new organization towards 'production' of the traditional national values, in which the PA remains subject to political elite. Instead, the political elite tried and succeeded in retaining its own parties' ideas about PA performance, by the concept of technological improvement – to 'modernize' the machine – which with its structure of the occupied organization cannot respond to complex domestic needs, demands of European integration, global movements and allow equal chances.

The second section analyses the position of political elites and PA, interpersonal relations, i.e., the necessity of depoliticization as a pledge of unbiased public policy performance. The main contradictions of the transition process towards new (old) social values are analysed – from a socialist self-managing economic system in a one-party regime towards a multi-party market economy – as well as the roles and tasks of PA in new circumstances. The third part is devoted to the approach/aspiration towards an effective organization, measuring the performance and defining the volume of the state (production and products), which has so far taken place in unusual conditions on the domestic scene (early period) and immediately after in the sphere and shadow of European integration. The fourth part provides one possible approach, one concept of creating an effective public administration organization based on effective public policy implementation, i.e., self-reliant organization aimed at achieving social values. So, an existing society from which it is necessary to remove apparent injustices or introduce improvements in the process of achieving a good society. In the fifth part, we describe and problematize the model of measurement considering the current PA position, its 'occupation' by the political parties in power, and thus a possible very creative approach to the performance evaluation. To conclude, a proposal is summarized of a possible effective organization in the context of frequent political ideas of change within an administrative organization, which not only are not a good ground for rooting of the organization but are even worse for designing of the performance effectiveness model. The bona fide of the political elites, the famous word (panacea) – effectiveness – such as 'vinyl' error is repeated in Croatia for a long time, more like a 'sales package' to the domestic public and exogenous demand than the real goal of reforming a key instrument for the success of the state and the community.

2. PROCESSES AND STATE - POLITICAL ELITE AND COMPETENCES

Measuring the performance of public policies by methods of results (MBRs) or objectives (MBOs), in fact, the evaluation of the successes of public policy makers and it does not mean simultaneous evaluation of PA entirely. Assessing the performance of the PA is not a simple or easy task, even when the organization is in right place, responsibilities are clear and with minimal overlaps in a regulatorily stable environment. However, when all of that is not the case, and evaluated public administration in Croatia is anything but that, then it is extremely difficult. What makes the current evaluation of the PA in Croatia are political appraisals or media lamentations, those do not generally differ the roles and tasks of the actors that are being judged. In other words: (a) in Croatia, the policy and administration processes are not yet separate (depoliticized) so it could be quite clear objectively (empirically) to evaluate – the political elite in the creation of public policies – and the administration in its performance and (b) public administration should become professional meritocracy (competent service led by highly-trained career professionals) (Marčetić, 2007).

When things are so set, we have intended to measure the effectiveness's of the PA performance, i.e., measuring by the results of the state as an organizational entity, things are much more complex (Radin, 2006). Although in the 21st century, the 'classical' state as a political organization has a different role, its 'modern' role through the PA as its instrument in (market) society is not smaller. On the contrary, the responsibility of the state has spread to a number of other areas; its role become more complex, the expectations of citizens to ensure a good life grow and its role in global relations is decisive (Koprić, 2015). Moreover, expectations of business sector are not smaller (resident and non-residents). However, their goals are not entirely unique: the citizens are looking for a more powerful social state vs. entrepreneurial sector requests as smaller and cheaper public service as possible, consequently less taxes. But, indeed, both of them want a 'strong' state. The key difference in the importance/ranking of priorities reflects to the tax burden of prosperity. The size of the social state determines the degree of tax burden. So, as the first step before carrying out the concept of welfare state, all actors should agree to a certain size of the state, and consequently the tax burden distribution (OECD, 2010).

Citizens expect, as the Constitution of the Republic of Croatia states, that the state is responsible for quality of life and prosperity. It is, or should be, responsible for maintaining a good society (Galbraith, 2007). In addition, the modern state is in charge and responsible for the state of the environment at both levels of equilibrium: its protection and management. In other words, the demands put before the state and the PA are not diminishing rather, they are growing in line with the social development and the

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level of complexity of governance in the globalized world and the established integrations. In this context, its administrative organization-executive apparatus can't be based on old concepts and cannot 'survive' two or more different (overlapping) concepts by proclaiming them as reforms (Koprić, 2008; 2010a; 2015; 2017).

Since states and societies differ greatly (by size, population, type of organization, model of the political system, economic concept, culture, etc.), they are even more different in terms of the adopted social values. Well-known comparisons of aggregate indicators, such as comparisons of countries per capita GDP, does not say anything about people or society, or anything about the quality of public administration, especially not about the lives of individual citizens and what they believe (Sen, 2012). Therefore, political organizations are people, therefore, they should not be understood as an object or thing that has no 'feelings', 'no age', because, in fact, state is a legal *person* (legal persons have a personality) which grows together with their citizens based on their experience, knowledge, competences and values which they strive for (Fukuyama, 2005; Pritchett, and Woolcock, 2003). Therefore, first of all, it is necessary to determine what constitutes the values of a political organization (not promises of political elites) and on these pillars an organization should be designed i.e., build the public administration affairs to implement them as measurable outcomes (Jambrač, 2016). Given the apparent processes of openness and integration of Croatia, comparison with other countries, i.e., the assessment of the prosperity of the Croatian society in relation to other societies and states, is needed but not necessary. It seems more important than comparing to others, to know the expectations of their own citizens, i.e., to determine own social values (like Singapore government made in *White Book* in 1989) (Huntington, 1997: p. 389). Nevertheless, the political parties and their populist 'We' (representing the people) should be submitted to public policies and checked in the public discourse (Müller, 2017). In that sense, public administration is as big as how many tasks it has set up at a certain level. By dissociating – depoliticising – the public administration is released; it becomes autonomous in fulfilling its obligations regardless of the results and frequency of elections in the country. Otherwise, PA becomes (is) 'conquered' by the winner, and its area of independent continuous decision-making is very narrow or almost minimal, especially in creating its own competences.

It is quite clear that in such an approach to the state role and organization of PA i.e., measuring of its results, there will inevitably be conflict with two completely different models of today's *market* society development in Croatia. Depending on the 'side' – values we chose, on one side, exogenous factors (harmonization and constant growth of consumption as an imperative of survival i.e., maintaining a dynamic market society status measured by GDP) or on another side, endogenous factors, demand for reforms and advocating subjective improvement of the lives of their own citizens. In such relationships, in a constant highly politicized society, an ordinary citizen with everyday obligations finds it difficult to separate the 'truth' from 'lies' in appropriating the results or responsibilities presented above, according to what the political elite (represented as 'We') talks and sees, in face with daily struggle for work, seeking a job, or in other requests addressed to the state (administration). Things are further complicated when the citizens or investors suffer the consequences of non-harmonized regulations, multilateral responsibility and dislocation of various services, etc. (Jambrač, 2014). Feelings of powerlessness or anger or disappointment are directed to the majority of those in front side – employees in the PA – however, for the most part, the administration is least deserving of it.¹

The paper seeks to present with this approach the issue of performance measurement (pm). It also seeks, with relatively sufficient arguments, to highlight the crucial influence of social values in the presented organizational model and the concept of performance management (PM) in Public Administration (PA) (Manojlović Toman, 2016; 2017). There are different combinations of state and market relations in the EU (Campbell and Pederson, 2007). Each of these models is a special story and, to a lesser extent overlap with some of the other mentioned models, though they also achieve certain specific values of a particular community. In other words, combining all three democratic and all three economic concepts, with different traditions of 'public (general) good' (which Croatia inherits especially in education and health) has led to much worse economic and social results than what are objectively our potentials. Croatian citizens expected something completely different! If we can judge by public opinion polls and exodus of younger and more mobile and emancipated generations into more prosperous countries, the state has not fulfilled their expectations.

3. ACCESS TO AN EFFECTIVE ORGANIZATION: VOLUME OF STATE AND PA PERFORMANCE

The roots of performance measurements lie in the doctrine of New Public Management (NPM), whose application is sometime called the 'normalization' by some theoreticians. This term implies equal application of management methods in the public and private business sector, with the aim of achieving as much efficiency, economy and effectiveness as possible (3E). United States and the United Kingdom went further than other countries in the application of the doctrine of the NPM; they privatized or excluded most public services from central government responsibility. Other countries did not go at the same speed. Continental Europe differs not only in speed but also in approach to NPA reforms of their societies, primarily for the reasons of the reform

¹ Available on the web site: <https://www.express.hr/ekonomix/jad-i-bijeda-desetina-hrvata-ne-moze-si-priustiti-meso-15390>.

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purpose (Perko Šeparović, 2006). Reform processes vary depending on the country's commitment to the role of their PA in the functioning of society and the market. Pollitt and Bouckaert (2004) have identified four reform strategies: minimum state (broad privatization), modernization (technological change and changes in public sector value), market approach (introduction of techniques and the values from the private sector to public sector), and preservation (strengthening of the present approach) of the old mode of operation. While the United States and the UK drastically cut costs and size, in the other countries social expenses remained high until today, and in some way influenced the organization of the state and the values of society, by breaking through all organizational levels, and settled as the base of welfare state (Van Doren et al., 2010). The Scandinavian countries and the Netherlands are good examples, let's call it a better way of adapting the state to new social and global market demands and circumstances.

If the question of material deprivation in the former social and economic system was an issue of ideology (recognition of system failure) so interpreted by the West, today it refers to the consequences of management failure or more precisely the unsuccessful production of 'good society' (Galbraith, 2007). If we look at material deprivation statistic by Eurostat² for 2017, most Soviet satellites (Warsaw Pact State), more precisely, people who live in them measured by material deprivation live better than the people of Croatia. We should not have to remind or perhaps we must because of new generations, that these states in relation to Croatia, were significantly lagging behind before 1990s in the true sense of the that word. Today, the situation has changed significantly. It seems that the key public policies and/or management in Croatia were unsuccessful, although the economic model and business circumstances have changed. Countries where material deprivation is lower than the EU average (EUROSTAT, 2017) have very different state organizations, they established different democratic models and quite differently (if at all) applied the doctrine of the NPM. Why is that so? First, the cultures (people) are different; second, the industries have different structures and traditions; third, each of the countries strives to turn their comparative advantages into economic performance/competitiveness more effectively; fourth, their social values are different (Sen, 2012) and fifth, approach i.e., the commitment of the political elites to domestic and global movements is different (Stiglitz, 2004; Rodrik 2007). Therefore, global trends that appear from time to time in the West and overflow on other shores countries, always have for their ultimate goal the opening of opportunities, first to those who are advocating the trend and have already been qualified for them. Others, such as the political elite in the Scandinavian countries, are well-considered (politically), analysed (economically) and they attempt to predict the sociological consequences (impact on their social values) of possible adoption of particular trends or models. This was the case with NPM, globalization, 'modernization' and many other short-term and long-term concepts that change clothing from time to time (not content) like the already-forgotten yet very up-to-date Washington consensus (Sachs, 2007).

3.1 A step towards effective institutional development and capacity development at the central level

Today's contemporary approach to development and thus capacity-building and institution-development at the central state level, could be defined for policy makers in one sentence: "We have a real chance to create a difference and we must do everything we can to use it."³ We have this, it is valid for every society and every country, however, the choice of options, and then the results of the adopted institutional framework constitute the real differences. Their differences are not essentially the fruit of international ties – membership or 'trade' – but rather it is from the cultural differences of individual societies or nations. Smaller countries (states) like Croatia can build their nation exclusively by maximizing their own comparative advantages (Jambrač, 2016). Croatian potentials are not small or economically weak. What is the obstacle to the successful activation of Croatian potentials?

"The institutional framework is crucial for the development and sustainability of organizations and vice versa, the development of organizations has backward influence on the development of the institutional framework. Practically this means that any restriction that gives positive results remains, while the restriction that stifles the organization's development, changes the institutional framework to a greater or lesser extent, has to leave", explains North and adds. "Not taking steps by changing an institutional framework means holding down constraints that do not allow the development of an organization i.e. lead the society through an adverse cycle." On the other hand, in our everyday life, interaction with others, within or outside the family or in the business operations, the guiding structure predominantly define the rules and norms of behaviour and the generalized way of thinking (Pusić, 2007; Koprić et al., 2014), things which we have to understand and have on our mind. "Those informal constraints are important in themselves, and not just as supplements to formal rules, is seen at the constitutional arrangements adopted by different societies and which result in different outcome" (Fukuyama, 2000; North, 2003: p. 101-113; Rodrik, 2007) like Argentina (Moyo, 2018: p. 27). Rodrik adds: "Those reforms are successful if they link healthy economic principles to local capabilities, constraints and opportunities. Because the local circumstances differ and the differing reforms generate different results."

² EUROSTAT (2018) Severe Material Deprivation Rate, 2017%. Available on the web site: http://ec.europa.eu/eurostat/statistics-explained/index.php/Material_deprivation_and_low_work_intensity_statistics.

³ World Bank (2000) *Reforming Public Institutions and Strengthening Governance*. USA: Washington., World Bank. Available on the web site: www1.worldbank.org/publicsector/Reforming.pdf.

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"The immediate implication of this is that growth strategies require significant local knowledge" (Rodrik, 2007, p. 44). Therefore, our first problem of institutional development is related to ourselves and then to exogenous factors i.e., differentiating the principles of harmonization from the adoption of foreign institutes (rules) that characterize a certain group of societies, very different from our society. By adopting institutional solutions by political decision, they become irritant (Teubner, 1998) in the existing interaction because, largely they do not remove or repair constraints, rather they change the very essence of social relations. Resistance is visible on all social levels in Croatia. The reason for the resistance lies in the lack of a response to the question, how and what kind of society do we build?

Therefore, the first problem faced by the Croatian political elite and society is the lack of established social values necessary for the functioning of society and institutional formulation, and then, consequently, for the definition of indicators (performance indicators - PI) that might be relevant for measuring and evaluation of the quality of public policy and performance of the PA. North (2003) warns, "history (modern economics) is simply not understandable if we do not recognize the central role of subjective preferences in the context of formal constraints, which allow us to express our beliefs by paying low or no cost." This could in some way be defined as the domestic task of political elites, before accepting the suggestions for reform measures to be carried out. In other words, we did not 'start to exist' yesterday. Here, we argue, for centuries we lived and worked under very different circumstances and they radically influenced our behaviour - our genes (Polšek and Bovan, 2014, Mokyr, 2017). Or, as Edmund Burke in 1790 interpreted *returning to the beginnings* by valuing the heritage in every aspect (Kymlicka, 2004, p. 165; Levin, 2017, p. 79). It is very important. In terms of embracing the values of modern liberalism, the decision about the *accurate* (individual) or *good* (social/public) access is in front of us. It's (has to be) our choice. Because, unfettered political freedoms, just with appropriate policy for economic growth and progress, can create strong, trusted institutions.

The second aspect of the PA concerns the degree of globalization and the integration of the state into the world's processes. Croatia, because of the generally accepted accession process in the European Union and our business-minded fear of not jeopardizing the process, had no open or serious discussion about the impact of the globalization and integration process on the state and society, which would not only open up some sensitive and to the society important questions, but could also most likely offer some valuable answers to them. Namely, globalization and (euro) integration are the two main processes that have unavoidable and lasting influence on the state as an organization and have a significant influence on the functioning of society, i.e., the change of the social values. Also, not a less important process was the process of building a pluralistic society (both political and civil), as guardians and instigators and claimant of democracy. However, all of these processes steamed up and then were brought down. In the case of Croatia, the changes are either less voluntary or unclear, and therefore cause much greater resistance, even towards those changes that are mostly to a (quiet) majority in society, acceptable. The discussion is still missing. The countries of the European Union, have approached and acted differently (by means and dynamics) towards the processes of globalization and integration. (For example, Austria, Finland and Sweden joined the EU in 1995; Norway did not). Their approach was conditioned by the acceptance of the distinctive differences of their societies, the diversity of their traditions, cultures and institutional solutions, by their new association. Basically, all of these *old* members (EU 15) have been trying and succeeding, to find the right solutions (balance) between preserving their own social values, economic development and participation in global processes. Therefore, in the Croatian approach to organization and measuring the achievement of the PA, it should first start from the results (ratings) that citizens give to public policies (political governance), and only then, perhaps to public administration measurement. Perhaps, because we can hardly expect a positive performance PA rating in the case of negative assessment of public policies. Croatia (state and people) is a too brief time in the democracy, in order that the citizens could identify politics (power) and governance as two separate mechanisms. This is still strongly supported by political elites, maintaining a highly politicized governance concept and public-sector model as 'state ownership', what is typical for post-communist countries (Koprić, 2010b; Müller, 2015). We could conclude, changes in the PA will only take place if the political leaders of the country committed to them or were forced and if they were at the forefront of these changes. However (history had shown), regulations changes are an easier part of the initiated changes, but they are insufficient for the ultimately progress. To achieve the assumed (projected) outcomes of public policies, cooperation with 'partners' at all levels of government (coherent policy implementation) and full participation – agreement between the PA and the majority of citizens – is necessary for prosperity atmosphere as a main factor for progress. Therefore, the poll results conducted among citizens in developed countries are important for creating public policies or responses to public opinion (Hooghe and Marks, 2008, p. 12-13). Public opinion polls in Croatia still have no weight which they should have. In other words, public opinion has little or no effect on public policy makers. "We are the people"! – is today like as it before in the former regime, sound mantra of political elites.

Understanding the role and significance of the PA in implementation of public policies (reforms) is key to the success of each actor and creator. In other words, for change of rooted relations and terms, especially in the organization of the PA, a social consensus is needed that must to be achieved by a wide public debate (Fukuyama, 2000). Citizens have to know what will happen and why,

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and of course, how long will it last and what are the costs. After forty-five years of democratic centralism (as a political model and method of persuasion) and ten years of pluralistic society, after 2003 a new (albeit known) model of multilevel governance (Đulabić, 2007a) is presented to us, in which, *de facto*, all actors participate in the process without clear formal rules; the process in which tolerance and appreciation of the arguments is a method for finding solution (the so-called 'flexible' consensus). The model mentioned above is a well-known (for us) 'collective' concept of proposing, creating and ultimately a community model for adopting policies, programs, plans, projects, etc. The model of multilevel governance is (partly) in contrast to today's model of choice of the leading people of the local state and in a contrast with many other institutes in the current legislation of territorial organization (Koprić calls the local leaders: *sheriffs*, 2017). So, how can anybody on a voluntary basis compel local leaders of a certain level of authority to accept an agreement, especially if it brings nothing at that level. This situation is particularly evident in the poor use of EU funds available to Croatia (Lalić Novak, 2010).

4. EFFECTIVE PERFORMANCE MANAGEMENT

Today it is unquestionable that the reform of the PA must be supported and guided by the highest state level. This, of course, is not enough especially in case of Croatia, because Croatian Parliament is occupied with members those have different approach to the state organization reforms – namely they do not want to abolish their function. (They are also the chiefs, mayors and parliamentarians at the same time). Finland may be a good example of how to approach PA reform in a good way. In Finland, the new government in February 2016 published a document about public administration reform in several steps by 2020. (CLARA, 2017). Reforms in Finland were discussed for a long time on the public scene before the publishing of the document. By presenting the reform document to the public, government showed a comprehensive approach and the importance of reform (Koprić, 2008). Holistic approach and consequently reform strategy should be subject to scrutiny at least through three mechanisms that promote public sector effectiveness and good governance: a) rules and limitations; b) decentralization and partnership; and c) competencies. Given the current situation in Croatia, a new paradigm is needed (Koprić, 2011). These three mechanisms are part of the State Effective Organization Strategy and should contribute to the greater success of change and, above all, perhaps to the understanding of all levels of government according to the responsibilities of governance, the need for co-operation and partnership, and the acceptance of a hierarchy wherewith the rules of play and limitations are established (Lalić Novak et al., 2015). Namely, co-operation is not only necessary, it is critical in order to develop and apply analytical management tools for achieving presumptive effects. While the first mechanism is mainly tied to the central state and the second mechanism to the local state, the third mechanism is common. Because, there are no universal rules or procedures that can be mapped and applied in all circumstances from other states - there is no unique drug. This only means it is necessary to assess institutional capacity to know and understand the actual situations in the selected sectors and to identify feasible reform options and their ability to be implemented in a reasonable time. The state has at its disposal all vertical mechanisms as well as other entities in its possession (Đulabić, 2007b). It is the responsibility of the political elite in power.

"In each society changes will take place on margins, where specific issues require concrete solutions. These adjustments do not have a major impact on the changes because the backbone of their solution is in existing formal constraints" warns Douglas North. In a society, described by North, changes happened from bottom up, i.e., citizens fought for changes. However, in Croatia everything has a different direction – top-down – not just for convergence reasons, mostly because of our cognitive deficits and not knowing new circumstances. In fact, firstly, proposed solutions from abroad may have sometimes positive effects (in some specific cases) but they are certainly not universally applicable. Secondly, the top-down approach gives current political actors the power to set their own local or cognitive constraints (mostly based on populism policy). The imposition of local constrains as a suitable solution for the national level, did not and will not create favourable conditions for social development in a regionally very diverse country. Identifying the foundation on which the offered solutions has been developed could helped us to find an appropriate solution during the convergence process. However, convergence itself does not contain it; it contains only the unknown implications of *acquis* along with international organizations pressures, which for certain concessions seek certain changes of formal restrictions (IMF, WB, EC etc.). Ultimately, the compromise has (in most cases) a positive impact only for one side – and this is not the host (Rodrik, 2011). "Therefore, the adjustments that are largely determined by negotiating groups under some kind of coercion or pressure led to the imposition of a certain set of (same) rules in societies with different institutional arrangements, which will probably result in completely divergent outcomes" (North, 2003: p. 142-144). Unfortunately, Croatia is full of outcomes like that, which testify about this. This responsibility is not borne by the public administration.

4.1 Effective performance – a way to good governance

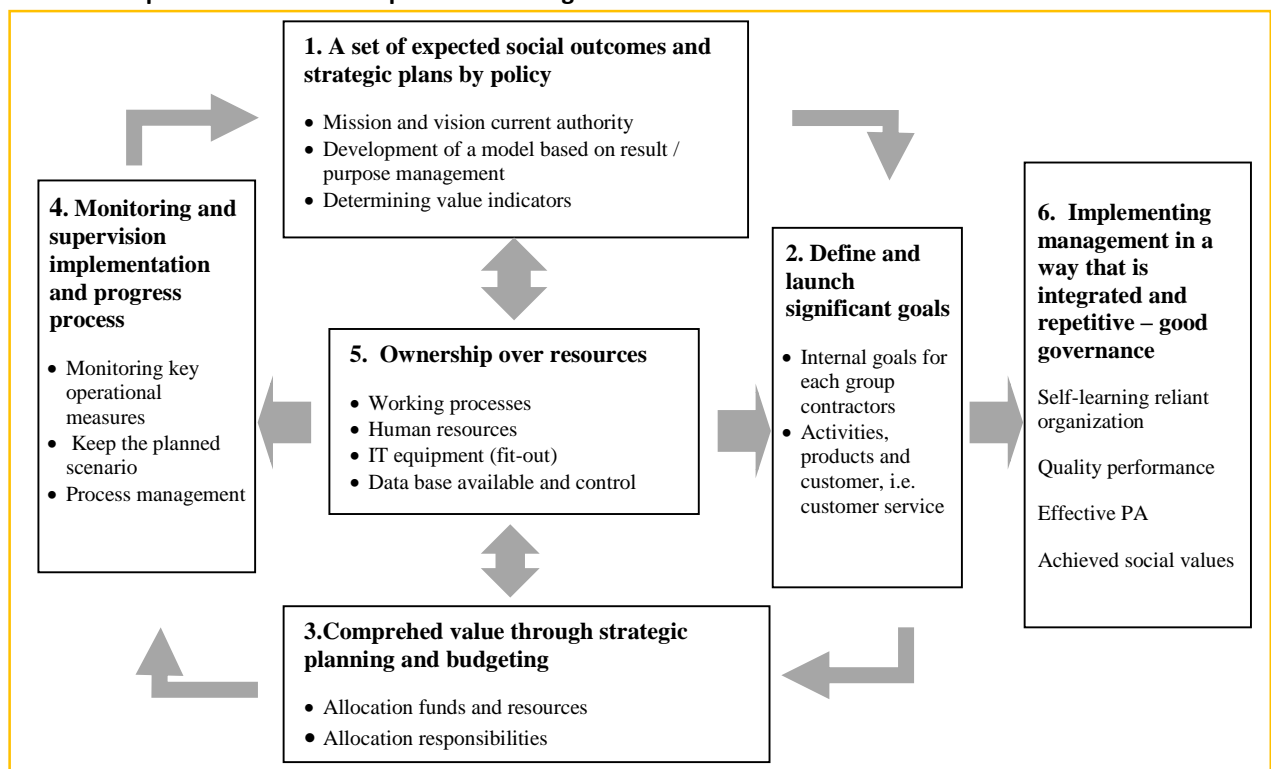
Certainly, for the implementation of any activities in the society, at least two key factors are needed: trust and cooperation, i.e., the relationship between the authorities and the citizens must be created in the space of mutual communication and cooperation (Fukuyama, 2000), which should be caused by (positive or negative) reactions – by realization of an active citizen (Pusić, 2007).

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For a functional state, authority, at least two values are key; accomplished trust and openness for cooperation on a horizontal and a vertical level. One dimension of this is manifested at the public-organizational level (politics and administration), the other on the social (everyday) level, between citizens. Organizational level, on the one hand, is concerned with the fact that professional management should design a system (organization and indicators) for effective performance and possible performance measurement. On the other hand, regardless of the created product (policies), without the built trust, any dimension of communication and cooperation will be difficult to realize, that is, the results will probably be modest.

Schema I. is one of the possible approaches to building a model of effective performance of PA organization. All that is mentioned above is within the presented scheme. Namely, the scheme clearly shows how the organization has a defined strategy, required resources and defined division of responsibilities; a set of necessary conditions that precede the evaluation of the organization from the outside and individually within the organization itself. Clear division of tasks and powers over time creates trust and the foundations of cooperation. In the real dictionary these are 'citizen expectations'; on a global level, this is the rule of law. Within that organization, members of the organization create its values, tend to social prosperity and enhance integrity of the employees. Namely, management staff are only people who strive to achieve their own and organizational ambitions and goals in the best possible way. Frederickson claims (1980) that the administration is not 'a subject'; it is people and therefore it cannot be completely impartial but key impact on their behaviour are the values of organization. Actually, the PA performs a list of legitimate values of current political power that its policy consists of, although it can be more or less in conflict with the social majority or with the values of the administration. Such autonomous PA position in the state organization would maybe help to create an autonomous "public" administration, unlike the creation of 'my' administration, as any political option or coalition comes to power. On the other hand, most of the PA's processes are longer than one mandate and leave permanent positive or negative effects on society. The perception about PA, actual or created, as for example of the banking sector, is immutable important for the ultimate result of the society as a whole. Therefore, 'lamenting' about inactivity and ignorance of employees in the public sector does not bring anything good to the main organization on which the state rests. Moreover, speakers who talk about this, do not understand or even worse reject the importance of the administration for achieving the prosperity of society.

Scheme I. Effective public administration performance organization model



Source: Performance Management in the Public Sector (Accenture). Processed and adapted – author.

5. EFFECTIVENESS MODEL AND PERFORMANCE ISSUES

Given the many overlaps of functions in public domain in Croatia at all levels (horizontally and vertically), as well as the influence of individual and public, technical, political and value mismatches and differences, the problems also create the unreliable sources of data that should be reliable, accessible (verifiable) and with as few as possible derivate indicators. In many cases, perhaps policy

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makers do not have so many difficulties to show or interpret reach of certain results or show them as own achievements, as long as society is willing to ignore the professional interpretation and findings (people are everyday overwhelmed with countless indicators and data displayed in the media). Achievements such as 'We made everything we promised' speak nothing, and speak the least of the quality, efforts and costs of the 'achievements'. So, not only do we not know exactly what we have achieved but there are some achievements that are perhaps even harming for both, society and governance (particularly in the sphere of professionalism, legitimacy and credibility PA) as a whole.

Measurement of effects, in fact, is systematic data collection, observation, recording effects associated with goals set for measurement. There are prescribed data collection procedures (state agency), but something quite else is management based on external information (e.g. public opinion pool) and collected data. PA collected data has colour, smell and taste, because that are closely connected with PA organization, i.e., staff. Sometimes indicators can show very different results and PA could utilize only those who support them. By establishing a unique system of collecting useful data and incorporating them into the development of documents and procedures with the purpose and potential of effective use, at least the different interpretations of some indicators would be revealed. Its goal would be potential interventions in the organization of memorizing, learning and ultimately changing not only the procedures but the organization itself (self-learning and reliant organization) (Senge, 2001). In today's social climate of total gain of economic values, the public service organization is under constant pressure to reach the government's (policy) goals, meet high citizen expectations and at the same time run its job impartially, productively and economically. Public service is constantly faced with the pressure of reducing financial resources for their work. However, on the other hand, simultaneously not with reduced expectations. Consequences are, on the one side, that there are growing demands for transparency, openness and predictability, while on the other hand, stronger attention of public and policy makers about the amount and purpose of spending resources as well as the ability to ensure additional funds. However, it is necessary to find a suitable balance between possibilities and expectations. Both, possibilities and expectations, seek public discourse. Because, the consequences of the decision on the extent of the state have direct effect on height taxes of citizens and business subjects.

The two links are particularly important in the functioning of public administration; responsibility and professionalism (Marčetić, 2005; 2007). Both values withdraw their development (the position they have within the state) from the same source – the origin of public administration development – and both point to the need of autonomy in performing complex public tasks. On the one hand, autonomy leads to and implies responsibility for the performance, while on the other hand, the performance of the process is hampered because of the unstable environment; changes outside the PA domain (frequent changes in budget and other conditions, especially legal and organizational framework in Croatia). All together have a direct effect on performance and outcomes of Croatian public administration and both values have their origin in inheritance from the former socialist state (party = state = law), where responsibility had a political dimension and professionalism was subordinated to party loyalty, which further aggravates its neutral and professional position even today. Namely, the political elite in Croatia retained an attractive bond of party loyalty under the mantle of *stories* about professionalism – *only my professional is a true professional*.

5.1 Socially targeted methodology of measurement of effectiveness

What is the outcome and what it is used for? The last few decades, governments, academia, international organizations and business people are increasingly focusing on indicators that measure well-being complementing GDP as a measurable effect of public policies. In that way was prosperity index⁴ (not only) designed, which on the one hand evaluates the indicator of revenue growth, and on the other hand, pays attention to the evaluation of the improvement of subjective well-being of citizens, i.e., achievements of certain social values. By dedicating the country to certain values, the country also decided on the certain size and the amount of public sector costs, whose task is to lead the society (public affairs) in achieving these values. Accordingly, countries differ in the share of public expenditure in GDP as well as the welfare state rank. In most north European countries, the public sector's share of GDP is above 50 percent. At the same time, they are heavily decentralized countries with the best public administration and the most satisfied citizens, according to international measurements (Legatum Prosperity Index 2017).

The measurement of the performance of the adopted policies can be carried out by measuring the achievement of the final effects on the various societies (general result) – the policy and governance value – while measuring the performance of the public administration itself should be carried out by evaluating the performance of (certain) public policies. However, to make the measurement a publicly useful and stimulating process, it is necessary to provide certain preconditions. First of all, public policy performance implies a stable environment and clearly defined responsibilities. On the other hand, in order for the evaluation to be fair, the task of the measurement system must to be clearly distinguish politically from the administrative, not just conceptual,

⁴ THE LEGATUM PROSPERITY INDEX 2017: Creating the Pathways from Poverty to Prosperity. Available on the web site <http://www.prosperity.com/rankings>.

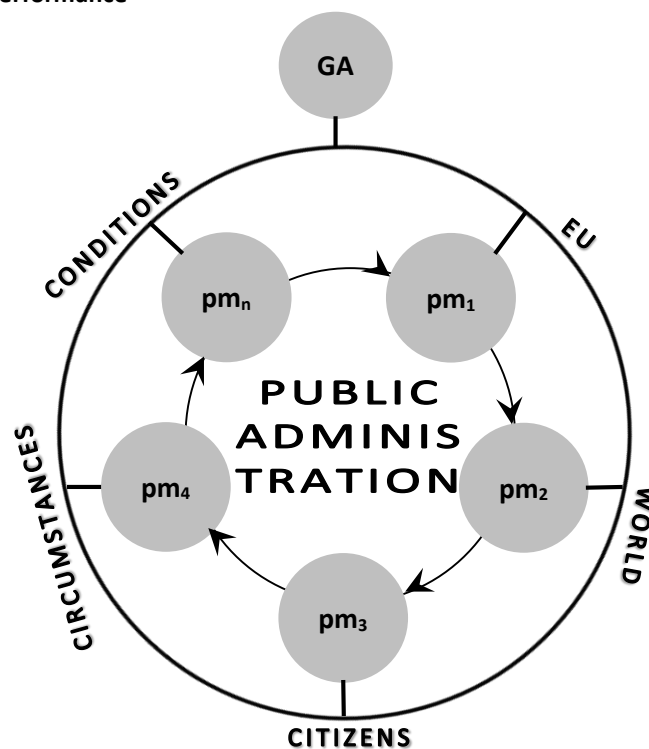
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but transparent division of role in public policy performance (de Bruijn, 2008). In this way, citizens would be able to clearly recognize the value of the performance and the value of public policy over time. Unfortunately, in Croatia both processes are placed in the same basket and the social consequences of public policies are focused solely on the PA.

Therefore, on a macro level – the design of policies and goals – shall remain political will and more or less making prosperous public policy. For government, this means decision-making and carrying out of policies, resources and goals (GA), and for PA preparing and implementing an adequate strategy and the resources needed for its implementation in the best possible way (scheme I.). At the implementation level, this should mean that PA has responsibility and ownership over the performance functions. The backlinks between the government and the PA lie in the resources envisaged and the time that PA will demand and the government will provide, which could change the level and scope of the set goals or time, or both. It is therefore necessary to separate the political (political elite) from the executive responsibility of implementation and evaluation of the performance of public administration.

In the model of performance (scheme II.), staff are in the centre of performance PA, i.e., the PA capacity it has. It is worth to notice the absence of any link with political elites in the process of performance. Because, the political elite is grading their politics according to preferences, statistical data and public opinion. It is assumed that the 'agreement' on the goals and the resources has been achieved – everything else remained within the competence of the public administration. The so-called process organization (shown in the scheme) would be in a constant rotation process of quality performance check (plan - do - check/control - improve/change - act). However, as we have already pointed out, the proposed cycle assumes a stable environment that ensures the security of the prerequisites at the beginning of the process (means, time, regulation at home and abroad) throughout the course of the performance.

Scheme II. Model of performance



In other words, the existence of a stable plan (strategy) determines the performance dynamics that the PA as the executor has set and contracted, which are necessary for effective performance. The politics can change some final outcome (GA – *Goals Agreement*) estimates (e.g., GDP growth), however, they would do it very rarely in cases of clear product production or consequence, as these changes would have disrupted the whole process of performance (in health or education, for example). Also, most political goals are longer than one mandate, so larger changes further reduce the chances of their achievement. In the circumstances of frequent changes, more subjects on all levels in the production process can be hit, mostly conflicts of activity and value occur, which, by ignoring their existence (as is often the case in Croatia) lead to poor performance and distorted image quality/efficiency of the PA performance, i.e., its professionalism (Koprić, 2016).

6. CONCLUDING REMARKS

By 2008, financial crisis and the recession it followed was far more than the crisis of the economy itself. There was a crisis of the functioning of the state and society, that is, continuation of the crisis of the institutions under the weight of high debts and deficits, corruption, eroding quantity and quality of labour. In the crisis, public service was first to be hit by reduction of financial resources; policy that is in line with the doctrine of weakening the state but not by the generally accepted policies. For example, Scandinavian countries took advantage of the crisis to strengthen the welfare state – they turned it into social entrepreneurship. Such approach, on the one hand, maintained the level of economic interactions, but, much more importantly, it boosted faith in the state. On the other hand, maintaining the required level of financial resources has made the public services more adaptable to the circumstances of functioning, thus reinforcing the trust between citizens and the public administration. Croatia has done the opposite. Reduction of funds has had the effect of weakening the quality of public services, a fall in trust and a constant search for an efficient, cheaper organization. However, clearly defining the competences and products of the state organizational level that will produce them is constantly delay(ed) for some other time. Developed old democracies for decades were seeking and finding the answers for the best governance. Croatia cannot spend (lose) so much time searching for its own original paths, but it is necessary to learn from the historical experiences of developed countries of similar magnitude and social values, not repeating the same or similar mistakes. Namely, the empirical application of strange institutions against social values does not produce results, on the contrary, it creates even more damage and, in effect, discourages the idea of effectiveness of public administration. Successful reforms are those which are bound by sound economic principles about local capabilities, constraints and opportunities. Because local circumstances are different and the reforms that operate are differ too, i.e., they need some certain adjustments. Direct implications of this are strategies of growth that require significant local knowledge and cognitions. Most of the theoretical and empirical research of Croatian authors about the local approach in designing a suitable state organization and public administration organization has been mentioned.

The presented model of effective PA organization design with clearly defined goals and well-known measurable indicators (in this paper) and the model rewarding based on the evaluation of the results could be a good guide and motive to approach the process of building and raising the quality of public administration in Croatia and building strong and trustworthy institutions. The power of the institutions is not simply a guarantee of success; it should also to have the capacity to stay firm under domestic and foreign pressures in implementing its own growth strategy which drive to prosperity. It resulted in a change in the organization of the state and disjunction the processes: they separated the political part of the decision maker process from the influence on a course of public administration policy performance. It should also be noted, in the developed countries reforms have been run by scientists – political elite has made the decision – but the final implementation of the decision was made in co-operation. The results of this kind of complementary-comprehensive approach to public administration reform could lead to the creation of an effective, well-developed, citizen-oriented organization. This is a key prerequisite for the fulfilment of social goals, i.e., the creation of an environment for a prosperous life that citizens are prone to live. The organizational concept presented here offers as a distinctive account of effective reasoning with the aim of making process of effective performance. Therefore, it is not only concerned with what is good and what is wrong or bad but is also concerned with what approaches and forms of reasoning could be driven to more effective organization. The trajectory to our good society with the PA directed to citizens.

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Abbreviations:

GA	-	Goals agreement
GDP	-	Gross domestic product
EC	-	European Commission
EU	-	Europe Union
IMF	-	International monetary found
MBO	-	Management by objectives
MBR	-	Management by results
NPM	-	New public management
PM	-	Performance management
PA	-	Public administration
pm	-	performance measurement
RH	-	Republic of Croatia
USA	-	United State of America
UK	-	United Kingdom
WB	-	World bank

Summary:

Developed old democracies for decades were seeking and finding the answers for the best governance. Croatia cannot spend (lose) so much time searching for its own original paths, but it is necessary to learn from the historical experiences of developed countries of similar magnitude and social values, not repeating the same or similar mistakes. Successful reforms are those which are bound by sound economic principles about local capabilities, constraints and opportunities. Because local circumstances are different and the reforms that operate are differ too, i.e. they need some certain adjustments. Direct implications of this are strategies of growth that require significant local knowledge. The presented model of effective PA organization design with clearly defined goals and well-known measurable indicators (in this paper) and the model rewarding based on the evaluation of the results. It could be a good guide and motive to approach the process of building and raising the quality of public administration in

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Croatia and building strong and trustworthy institutions. The power of the institutions is not simply a guarantee of success; they should also to have the capacity to stay firm under domestic and foreign pressures in implementing its own growth strategy which drive to prosperity. The results of this change could make a kind of complementary-comprehensive approach to public administration reform, that could lead to the creation of an effective, well-developed, citizen-oriented organization. The organizational concept presented here offers as a distinctive account of effective reasoning with the aim of making process of effective performance. This is a key prerequisite for the fulfilment of social goals, i.e. the creation of an environment for a prosperous life that citizens are prone to live: PA directed to citizens.