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## **WORKING PRINCIPLES OF MODERN PUBLIC ADMINISTRATION**

### **Abstract**

The paper sublimes major theoretical tenets that determine the working principles of modern public administration. The authors neither hunt, nor pretend to discover the "absolute truth" about the best way in which the public administration should work, but they try to aggregate the most important principles that should form the foundations of the public sector in contemporary conditions. On one hand, they discuss introducing market mechanisms in the work of public administration, following to the pattern of the operation of the private sector, but on the other hand, they do not forget the importance of the state and its regulation in the overall functioning of the public sector.

### **1. Introduction**

In the '80s and early '90s of the last century, within the theory of administration a new managerial approach in the public sector working has emerged, in response to the inadequacy of the previous models of management.<sup>3</sup> Regarding this period, the famous author Yao Gilherm Merkor in his work 'Too country',<sup>4</sup> said: "the truth is that while we have too much state and too little state". We can infer from this that the traditional reforms were aimed at building a strictly centralist apparatus which resulted in stagnant and inefficient economies, as well as political systems prone to irresponsibility, authoritarianism and corruption, but also inability of governments to lead and organize the process of development of the state, despite the strict centralization on the other hand.

According to these conceptions, competition, consumers and accountability for the achieved results should have stimulated the new managers in the public administration, in order to exploit the maximum of their staff and budgets.<sup>5</sup> About this reform, Reagan stated: "...the Government is not the solution to our problems, the

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<sup>3</sup>Hughes, Owen E, *Public Management and Administration*, New York, St. Martins Press, 1994, p.58.

<sup>4</sup>Merilee S. Grindle, *Getting Good Government: Capacity Building in the Public Sector of Developing Countries*, published by arrangement with Harvard University Press, 1997.

<sup>5</sup>Rosenbloom, D.H. Kravchuk, R.S. Clerkin, R.M., 2009, *Public Administration – Understanding Management, Politics and Law in the Public Sector – Seventh Edition*, Boston: McGraw – Hill.

government IS the problem".<sup>6</sup> The most appropriate solution to the problem is the realization of the basic components of public management, such as:

- Greater freedom for managers and their simultaneous responsibility for the results;
- Evaluation of work according to the realization of the goals that had already been explicitly set;
- Allocation of resources according to the results;
- Sections branched in multiple independent operating units;
- More work which is compressed in the private sector;
- Larger recruitment flexibility and staff retention;
- Reduction of costs in order to achieve more with less.<sup>7</sup>

The purposes of the new public management are to "free" supervision and "deliver" major responsibilities to the operating management, to be able to create additional "flexibility" or autonomy for managers, so that the public sector managers participate actively and put greater emphasis on risk management, as well as focus on changing the effect.<sup>8</sup> The new public management reform is not a reform of the traditional public administration, but a transformation of the public sector and its relationship to the state and society.

## **2. Theoretical aspects of the principles of modern public administration**

The famous scholars Osborne and Gaebler support the idea of Savas that governments should perform "steering, not rowing". Their argument is that the government is better at determining the general direction than in the operational implementation and, therefore, the privatization of many functions should create a more effective government that delivers services to taxpayers at lower prices. In doing so, through various systems of vouchers, such as giving out computers to students in order to improve the information culture among young people, there is, in the words of Osborne and Gaebler, "reinventing government," as a major stimulus to a particular activity.<sup>9</sup> Osborne and Gaebler, in their book *"Reinventing Government"*, formulate ten principles which should be the foundation of the operation of modern public administration, that is, which should contribute to the improvement of the efficiency of government organizations. Osborne and Gaebler define these principles as:<sup>10</sup>

1. Encouraging competition among service providers;

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<sup>6</sup>"In this present crisis, government is not the solution to our problem; government is the problem." January 20, 1981, From Reagan's Inaugural Address.

<sup>7</sup>Hood C, "Exploring Variations in Public Management Reform in the 1990s in Civil Service Systems in Comparative Perspective", Ed. H. Bekke, J. Perry and T. Toonen, Bloomington, in: Indiana University Press, 1996.

<sup>8</sup>OECD, PUMA, 1996, p. 106.

<sup>9</sup>Osborne, D. Gaebler, T, 1993, *Reinventing Government – How the Entrepreneurial Spirit is Transforming the Public Sector*, New York: Plume.

<sup>10</sup>Osborne, D and Gaebler, T, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, New York and London, Penguin, 1992.

2. Giving control power directly to the citizens and the community, rather than concentrating on the presence of the control function only in bureaucracy;
3. Performance measurement by focusing not only on the invested, but also on the results;
4. Focus on the goal, rather than on the rules and regulations;
5. Redefining clients as customers who will be offered a choice;
6. Problem prevention rather than solution;
7. Earning money instead of their consumption;
8. Decentralization of governing;
9. Application of market rather than bureaucratic mechanisms in the administration;
10. The existence of all sectors - public, private and voluntary - should be directed toward solving the problems of the community.

Therefore, Clinton began to introduce the reform for reintroducing government, "a government that works better, but it costs less." President Clinton's inspiration for the reform "*reinventing government*" was the aforementioned book by Osborne and Gilberto. He stated:

"This book should be read by every elected official in America. This book gives the impression."

In fact, President Clinton announced the review of state performance led by the Vice President (Al Gaulle). It was a six-month research aimed at improvement of the federal administration:

"Our goal is to make a federal government to be cheaper and more effective, and to change the culture of our state bureaucracy of self-sufficiency and authority to the initiative and empowerment. We intend to redesign, to re-introduce and to revitalize the entire government."<sup>11</sup>

The idea that the public administration has its own consumers (customers) is not new. In early 1936, the American theorist Marshall Dimock recommended: "consumer satisfaction is the criterion that should be applied equally in the administration, as well as conducting business."<sup>12</sup> However, the economic definition of consumer as a subject who possesses the ability and assets to buy products and services in order to satisfy his needs and requirements does not always represent the ideal definition of 'client' in the public sector. As an example, we would point out to the welfare users, prisoners, disabled and others who can also be designated as clients or consumers (customers) of public administration. Differences exist in the selection of a particular service, meaning that even though the public service reforms are intended to provide greater choice of services to meet the specific needs of the citizens, in many services provisioned by the public sector, the state emerges as a monopoly with no internal or external competition.

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<sup>11</sup>Shafritz J. M. Russel E.W, Borick C.P, *Introducing Public Administration, - Sixth Edition*, Pearson Longman, London, 2009.

<sup>12</sup>Laurence Lynn, *Public Management as Art, Science and Profession*, Chatham, NJ: Chatham House, 1996, p. 82.

### 3. Principle of transparency and openness

The transparency has become one of the main preconditions for successful and responsible public sector.<sup>13</sup> This principle concerns the work of the administration, as well as citizens' access to public information. In accordance with the principle of openness, users should have easy physical access to the administration at time suiting their needs and information should be provided in an understandable language. An example of creating a more pleasant contact with public officials and user's time-savior is the "one-stop shop" model, where one place unites more public services.

The right to free access to information in accordance with the principle of transparency and accountability of the public administration is an effective mechanism of control of the public services by the citizens. Pursuant to this right, the citizens have access to the information that are in possession of the public administration bodies and organizations. This principle has been introduced in a series of documents of the European Union (Maastricht Treaty, Regulation 1049/2001, Declaration on Free Access to Information of the EU 2001 Environmental, Green Paper on the European Transparency Initiative<sup>14</sup> etc.). In addition, it is a part of the judicial practice in the EU.

In the last 10 years,<sup>15</sup> there is also a significant increase on national level. The legislation through which the countries might implement this law is a constitutional issue or a right guaranteed by the constitution that should be made operational further with legal norms. (For example, in France, it is Article 14 - The right to know how taxes are used; in Argentina, Article 41 - Access to information on the environment available to the government; in Macedonia, Article 16 - Free access to information, freedom to receive and impart information.) A special contribution to the implementation and realization of this right has been provided by numerous international non-governmental organizations, which, in their Global campaign for freedom of expression, refer to the information as "oxygen of democracy".<sup>16</sup>

### 4. Principle of Professionalism and Competence

The professionalism protects from the administrative processes of instability, irrationality and inertia "in the public which may arise from political intervention" and it appears as a form of

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<sup>13</sup>Christensen T. and P. Læg Reid, *Reform og lederskap (Reform and Leadership)*, Oslo, Universitetsforlaget, 2002.

<sup>14</sup>Adopted in May 2006 by the European Commission.

<sup>15</sup>A. Pavlovska-Daneva, E. Davitkovska, *Pravo za sloboden pristap do informacii od javen karakter (Right to Free Access to Public Information)* Faculty of Law "Justinijan Prvi", University Ss. Cyril and Methodius, Skopje, 2010.

<sup>16</sup>A. Pavlovska-Daneva, E. Davitkovska, *Pravo za sloboden pristap do informacii od javen karakter (Right to Free Access to Public Information)*, Faculty of Law "Justinijan Prvi", University Ss. Cyril and Methodius, Skopje, 2010.

social control that is "counter-challenge of the bureaucratic control".<sup>17</sup> Only through professionalism and expertise, as well as internal de-politicization, can the administration achieve fair representation of the interests of the state.<sup>18</sup> Established criteria relating to professionalism of public administration are:

- Well-developed awareness of creating a dignified and ethical public administration;
- The deep sense of responsibility to serve the public honestly and well, as well as management and governance in accordance with the rules of ethics, with additional sanctions in case of breach of professionalism;
- Successful public administration has a critical reflection on their work, while unsuccessful one seeks deficiencies within others.

### **5. Principle of Efficiency, Economy and Effectiveness**

The principle of efficiency refers to the expenses of the public administration in the creation of goods and services. Economically, effectiveness is defined in two ways: productive efficiency (measured by the average cost of production of goods and services) and allocating efficiency (measured by the extent to which the economic system mirrors the combination of products and services which reflects the preferences of the people expressed through their decisions in terms of consumption).<sup>19</sup>

One of the features of allocating efficiency is the principle of fair competition (allowing consumers to influence producers in their decisions about what will be produced). This cannot be implemented in certain public activities - the monopoly of public administration actually protects the interests of the wider public (such as, for example, central government, local government, etc). The extent can be determined in most public services, such as education (number of students enrolled, etc), health care (admission of patients, staff, medical equipment, etc). However, measuring is difficult in some other public activities, such as the collection of taxes. The problem is that the "products" of the public sector cannot be measured easily. This is confirmed by the arguments of Barzelay.<sup>20</sup>

Since the concept of production is excluded, the influential concept of effective governance was a ticking bomb for the reformers. This inspired flourishing of established bureaucratic focus and ensured that the more specialized functions became their own separate worlds. More specifically, it could be argued that there is an increase in the efficiency of the state whenever the consumption of consumer bases decreases. On the contrary, it is much easier in the industrial

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<sup>17</sup>Роџер Кинг, "Организирано јавно дејствување и процеси во модерната држава", Мијат Дамјановиќ, Снежана Џорџевиќ, *Предизвиците на модерната управа и управување*, Белград, 1995, р. 395-419.

<sup>18</sup>Kavaran, *Organization for Cadres and Management*, p. 233.

<sup>19</sup>Norman Flynn, *Public Sector Management*, SAGA Publications of London, Thousand Oaks, New Delhi and Singapore, 2007.

<sup>20</sup>M. Barzelay, *Breaking Through Bureaucracy: A New Vision for Managing in Government*, University of California Press, Berkeley, 1992.

environment to argue that the cost reduction improves the performance only if it leads to reduction of the unit cost.

The management activity is unique, but it is composed of multiple elements - administrative activities, which in their unity comprise the global administrative function. Its activities also include: implementation of the established policy and execution of laws and other regulations and general acts; monitoring the status in the areas in which they are established and providing initiative to address issues in those areas; resolving administrative matters; performing administrative or managerial supervision; drafting regulations and other general acts and performing other constitutionally and legally established matters, such as professional activities of the Assembly and the Government. Therefore, the efficiency in the work of administrative bodies means maximum realization of the goals of the administrative activities, with minimal use of time, human and material resources. That, in turn, means maximum effect of the implementation of the administrative procedures in the resolution of administrative matters, in the exercise of administrative or managerial supervision, in the analytical expert activities, in the normative activities, etc.<sup>21</sup>

The principle of cost effectiveness refers to the cost reduction, i.e. to the rational spending of the budget funds and increase in the productivity of public bodies or services by public bodies, where citizens should receive a lower price with higher quality.<sup>22</sup> In general, the measurement results reveal how a certain organization uses the funds in a specific period.<sup>23</sup> In practice, these measurements gain meaning through reports on the financial operation of the public body.

The principle of effectiveness is, in fact, a guarantee that the organization will achieve its objectives, i.e. the outcome satisfies the broader public interest (for example, improving health services, building cultural facilities, reducing the crime rate, etc).

Within the functional concept, the most important instruments for measuring the effectiveness of individuals are the contracts to be delivered - the manager who is responsible for the program negotiates with the superiors a contract. In this contract, objective goals are set and they should be achieved over a period of one year or some other specified period. At the end of that period, the person would get proper evaluation for the executed task.<sup>24</sup> The evaluation of the effectiveness of civil servants can illustrate the following: a possible alteration or modification of dysfunctional work behavior, transfer of managerial perceptions of employees in relation to the quantity of their work, an estimate of the future potential of the employee, recording of disciplinary offenses, as well as distinctive behavior of

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<sup>21</sup>Grizo and Davitkovski, *Management Problems*, Skopje, 2001.

<sup>22</sup>Heinrich C. J. and Y. Choi, 'Performance-Based Contracting in Social Welfare Programs', *American Review of Public Administration* 37, 2007.

<sup>23</sup>Norman Flynn, *Public Sector Management*, SAGA Publications of London, Thousand Oaks, New Delhi and Singapore, 2007.

<sup>24</sup>Heinrich C. J. and Y. Choi, Performance- Based Contracting in Social Welfare Programs, *American Review of Public Administration*, 37, 2007.

the civil servant.<sup>25</sup> In addition, there are five basic models of evaluation of the effectiveness of civil servants:

- Supervisors' assessment (the supervisor evaluates the work of subordinate);
- Self-assessment (the individual is evaluated independently through complemented standard format, by writing a narrative report on their work or sending their working product as proof of realization);
- Mutual assessment (mutual assessment department employees who are on the same hierarchical position evaluate themselves - horizontal assessment);
- Subordinates' assessment (the subordinate employees assess the efficiency of the supervisor);
- Group assessment (independent evaluators, most often prominent experts, evaluate the work of the entire unit, by interviews or on-site visit).<sup>26</sup>

### 6. Principle of Accountability and Responsiveness

Public administration is often equated with the term guardian (patron) of the modern administrative state. It turns out that the fundamental political question has to be answered: who guards the guardians?

Among the researchers, in general, there are two different definitions of this principle.

According to the first, linked to Karl J. Friedrich (1901-1984),<sup>27</sup> it is assumed that control can be achieved with the help of 'inner sense of personal responsibility'. According to this approach, the civil servants possess ethical values and professional standards that will lead to carrying out their tasks. A second definition related to Herman Finfair<sup>28</sup> assumes that the personal sense of responsibility is not enough. Thus, to achieve responsible behavior, external forces have to be applied. These values are insufficient, so there must be ways to identify and punish behavior that is not in accordance with law and the legislative acts. Also, there should be a way to reward civil servants who stand out.

In its most basic form, responsibility should be understood as the public responsibility to report to any other independent organization and to provide an explanation for their actions. This requirement can be met through the submission of an annual report, but it can be politically fulfilled when the minister fights for his political existence during the meetings for parliamentary questions. In addition, the responsibility can be both financial and administrative, and there is a responsibility for making policy decisions. Thus, it depends on an external organization, usually one that has political

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<sup>25</sup>Jay M. Shafritz, E.W. Russel, Christopher P. Borick, *Introducing Public Administration*, Pearson Longman, Sixth edition, 2009.

<sup>26</sup>Jay M. Shafritz, E.W. Russel, Christopher P. Borick, *Introducing Public Administration*, Pearson Longman, Sixth edition, 2009.

<sup>27</sup>Friedrich, Carl J, 'The Nature of Administrative Responsibility' in: Carl J. Friedrich (ed), *Public Policy*, Cambridge, MA: Harvard University Press, 1940.

<sup>28</sup>Finer Herman, 'Administrative Responsibility in Democratic Government', *Public Administration Review* 1, 1941.

legitimacy, which reviews and evaluates what the administration has worked. Therefore, bodies and organizations that have public authority to decide on administrative matters are responsible for the damages caused by taking illegal actions or unlawful refusals to take appropriate action. In this way, the responsibility of the state for the damages inflicted by the officials who decide on administrative matters is confirmed once again, only to ensure legal certainty for the parties. The responsibility also includes the principle of representative public service (this term is used by Donald Kingsley to designate the public administration as representative body through which the characteristics of the population in whose name it works are defined).<sup>29</sup>

Responsiveness means that the government, as well as any public servant, should suit the needs and demands of the public, primarily the service users. The developmental dynamics of modern administrative reforms (new public management), which are based on management principles in the public sector, have led to the development of the principle of participatory governance. In accordance with this principle, the internal regulation of public authorities should be characterized by reduction in the strict hierarchical placement of staff in public bodies. It should enable the lower officers to participate in the public body's policymaking, as well as proportional placement of human staff from minority groups. It should also incorporate the following concept: citizens' participation in the public bodies' policymaking through public hearings and research and, additionally, advisory role of public bodies toward citizens.<sup>30</sup>

Consequently, one cannot argue that the public administration is an end to itself. Rather, it exists to provide services to the citizens in a civil and democratic society, as they appear as customers of public administration, as users of its services that pay for themselves in the capacity of taxpayers. Hence, public administration is obliged to get rid of the remnants of bureaucratic elements in its operation and to show all of its efficiency, responsiveness, availability to citizens and professionalism in the settlement of administrative cases. Therefore, in theory, the terms "availability of public administration", "service oriented public administration" etc. are seen as synonymous with the principle of responsiveness.

### **7. Principle of Predictability and Legal Certainty**

As a fundamental principle, legal certainty is based on the European Administrative Space. It encompasses the principles of trust and predictability, as well as numerous other principles and mechanisms that include protection against arbitrariness in the exercise of public affairs or in determining the rights and legal interests of citizens in the administrative procedure. This principle includes accurate determination of responsibilities and other matters.

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<sup>29</sup>Meier K. J, 'Representative Bureaucracy: An Empirical Assessment', *American Political Science Review* 69, 1975.

<sup>30</sup> Barker, A and B. G. Peters, *Advising West European Government*, 1993.

The principle of predictability, as a fundamental part of the principle of legal certainty, in itself includes:

- Material legitimacy;
- Formal legitimacy;
- Proportionality principle in solving matters;
- Rationality in solving matters;
- Reasonable use of discretionary powers in solving matters.

Legal certainty, in turn, means avoiding repeated changing of general legal norms, because each time they change, a new legal situation is created. That implies new obligations or rights of the citizens who enter into administrative relations, which causes their uncertainty and mistrust in institutions.

### **Conclusion**

The traditional bureaucracy in public administration carried the epithet "broken" or "fragile". Thus, the public began to lose trust in it, and, consequently, in the government.<sup>31</sup> These were the reasons why in the early 1990's new reforms began, on the basis of the principles of transparency, accountability, efficiency, economy, equity and predictability, as well as legal certainty. First, these features were incorporated in the Anglo-Saxon countries, such as USA, UK, New Zealand and Australia. Under the influence of the international organizations like the OECD, the European Union, SIGMA and others, other countries began to apply them, as well. Each member state or EU membership candidate must incorporate these principles in its legislation.

The theoretical observations and explanations on the basic working principles of the public administration in developed countries are of particular importance for the creation of a legal framework for implementation. Of course, this does not mean that these principles need to be contained and dealt with in a single law or normative text, but we believe that once their theoretical analysis is carried out, it is necessary to monitor their implementation in a certain normative framework that would serve as a basis for further legal elaboration.

In this regard, we wish to announce further analysis of the elaborated principles of public administration working and their representation in the law of the Republic of Macedonia. Therefore, our next effort will be a logical continuation of this research. Namely, we will analyze the Strategy for public administration reforms in the Republic of Macedonia (2010-2015), the Law on the organization and operation of state bodies, the Law on civil servants, the Law on public servants and the Law on administrative procedure. The analysis will permit us to determine how much of the above theoretical tenets on the public administration is represented in the relevant legislation of the Republic of Macedonia.

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<sup>31</sup>Rosenbloom, D. H, Kravchuk R. S, Clerkin R. M, *Public Administration – Understanding Management, Politics and Law in the Public Sector – Seventh Edition*, Boston: McGraw – Hill, 2009.

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