

Process efficiency of local self-government in Slovak republic

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Abstract. In the framework of modern public administration, state-run administration and self-government organizations put the most emphasis on the result of the provided service, particular demands of citizens, responsibility for the provided service with respect to budget, and a product-oriented approach that is not distracted by other activities. Analysis of, and the resulting changes in, particular elements in the activities of public administration institutions, including organization of local self-government, can lead to efficient, economical and useful functioning of these organizations. This leads to optimization of processes in the organization of local self-government so that the latter can carry out its functions internally, as well as externally.

Keywords: state government, local self-government, management, process, efficiency.

JEL Classification: H76

1. INTRODUCTION

Public administration, generally speaking, consists of a set of organization activities carried out in public interest by administration authorities and other commissioned subjects according to the law and legally established forms. It is necessary to mention that public administration carries out many legal activities which are not legally specified, but which follow from the public nature of its tasks to satisfy social demands. For this reason, they are also interconnected and legally secured.

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Public administration organizations are subject to the same rules of economic rationality and their managers face the same amount of uncertainty and risks as managers in the business world. In the business sector, the law only states what managers are not allowed to do. In the public sector, the law states what managers are allowed to do. In line with these views, most academic papers on public administration management focus on the specific nature of the current conditions, factors and influences that differentiate public administration management from business or sales management. These differences are caused by internal as well as external factors, their mutual relations and correlations.

According to Wright and Nemeč (2003), there are three basic areas where public and private organizations differ (even though these differences are gradually disappearing):

- public organizations operate to meet political demands (not demands generated by the markets);
- measurement of performance, which is the result of profit-oriented private sector, same cannot be applied in public sector (for this reason, public institutions have no precise system for measuring performance and/or showing their efficiency);
- public and private management operate in the different legal settings.

1.1 Management, process and efficiency of public administration

There has been an ongoing discussion among experts about the differences between public and private management for some time now. Modern approaches of New Public Management, and others, show that the existence of public administration management is beyond doubt. Although, as pointed out by Farnham and Horton (1996), if one tries to draw exact lines between these two sectors, the distinction becomes unclear and it is difficult to define.

Public administration management has to deal with several specific issues. One of the most discussed problems is the tendency of low efficiency which leads to excessive waste of public resources. This is also affected by an insufficient, or non-existing, system for efficiency evaluation which should be a standard measure used in the management of every organization. Another problem for public administration management stems from the fact that it is funded by public resources and the managers have limited options in their decisions how to use this money. On the other hand, there are difficulties related to control and a tendency to use public resources in an unwise manner, since managers do not approach the resources as they would their own money. The last but also the key feature of issues connected to public administration process management is a strict legal settings.

Process management also involves constant checking that processes are reaching their maximum potential. At the same time, it involves searching for new possibilities to constantly improve the processes and the implementation of these possibilities into practice (Tuček & Zámečník, 2007). This means that an organization run by process management is constantly trying to satisfy customer demands and at the same time its own (internal) demands. This effort also leads to higher quality of offered products and services, and to optimization of the content and relations among processes in the organization. Process oriented management can be defined using ten basic features:

1. Organization processes are clearly defined and described in the organization's executive documents.
2. Each process has its customers who obtain, through the process, certain added value. The organization's own employees may also be the customers of the process by utilizing outputs of other processes.

3. Each process within the organization must have an owner who holds responsibility and authority related to the process.
4. To each process are assigned its basic performance indicators and target values derived from the objectives of the organization.
5. Customer satisfaction (whether of internal or external customers) is considered the key performance indicator of the processes.
6. Processes which create no added value for the customer must be eliminated to cut losses.
7. Performance of particular processes, as well as their level, is systematically compared with the best competitor using benchmarking.
8. Skills of the people directly engaged in the processes are constantly cultivated and reviewed.
9. The process owner distributes responsibilities and authority among all employees according to their assessed skills.
10. Individual processes are constantly improved in order to increase performance of the whole organization (Petříková, 2010).

Three basic pillars of process oriented management are the notions of a process as a basic idea, horizontal mentoring of processes, and information necessity. The notion of a process as a basic idea means that a process oriented organization makes sure that individual functional units are seen as parts of processes that run in the organization. This means that processes are seen as above the organizational structure and each process has its owner (holder) who feels strong responsibility for achieving the desired results of the process.

In a simplified manner, one could say that the priority of process management is the realization of the right things, by the right people, in the right time, and in the right place, using basic management tools such as planning, organizing, leading and control.

2. MATERIAL AND METHODS

The research part of this thesis is focused on territorial self-government in the Slovak republic (the population of Slovakia is over 5 414 000), on the level of municipality which is defined by Slovak Constitution, Article 64 as the basic unit of territorial self-government. In order to narrow down the research area, the thesis will focus on the municipalities which acquired the status of town under the conditions laid down in Section 22 of Act 369/1990 as subsequently amended. Under these conditions, a municipality becomes a town if:

- a) it is an economic, administrative and cultural center, or a center of tourism, or a spa town,
- b) it also provides services for residents of neighboring municipalities,
- c) it has transport connections to neighboring municipalities,
- d) it shows an urban character of at least part of the buildings,
- e) it has at least 5000 inhabitants (facultative condition).

Statistical Office of the Slovak republic gives the number of **2890 Slovak municipalities** as of 31 December 2012 (the time of the survey) out of which **138 have the town status**. By choosing towns as the research sample, we eliminated broad and very specific problems that arise in managing and financing small municipalities in Slovakia. These issues could negatively affect the results of the research. Small municipalities (with less than 500 inhabitants) often struggle with many duties they have to perform according to law. They are unable to perform, or they perform incorrectly, many original and delegated competences because of personal, financial, qualification, or other reasons. It leads to the unwanted effect of preferring the delegated duties over the original ones. But this is only a fraction of all the problems of

small municipalities, which we leave out in order to focus on process management of self-government processes. Results published in this thesis present some findings obtained during the scientific project VEGA 1/0098/13 Position of Process Management in Transformation of Traditional Public Administration Organizations into Knowledge Based Organizations. **The research was realized by Faculty of Public Administration** (Pavol Jozef Šafárik University in Košice) and study is concluded by authors of this paper. Similar research was realized in the Czech Republic (in a comparable country) by prof. Řepa (2009, http://bpr.panrepa.org/Survey_090403-V1x.pdf) but process management is studied especially in the private sector. In the public sector, this area is not so explored. This is the reason for our research in territorial self-government of Slovakia.

The abovementioned research consisted of nine research questions. For this paper, we have chosen the following **research question**: Is there a statistically significant connection between perception of efficiency of a town's self-government processes and perception of process efficiency in a particular section of the town office?

To this research question we formed a **hypothesis**: There exists a statistically significant correlation between the perception of self-administration processes and the perception of process efficiency in particular sections of the municipal office.

The Kolmogorov-Smirnov test shows the results of normality (The Kolmogorov-Smirnov test tries to determine if two datasets differ significantly). Kolmogorov-Smirnov test, showed that in this case both variables are not normally distributed. For this reason, we used the Gamma correlation coefficient to assess the relationship between the two variables. In this paper, we also use contingency tables (is a type of table in a matrix format that displays the (multivariate) frequency distribution of the variables).

As the research sample of a **questionnaire survey**, we chose town offices in the Slovak republic. They are the executive offices carrying out organization and administration duties of municipal assemblies and mayors, as well as of other bodies established by the municipal assemblies. Town office activities are regulated by Section 16 of Act 369/1990 as subsequently amended. We obtain the necessary information from the Urban and Municipal Statistics database of the Statistical Office of the Slovak republic. The questionnaires (only closed questions) were distributed (personally as well as electronically) to every Slovak town office and we asked about each of the following process areas:

- complex development of the town/municipality (CD)
- municipal ownership (MO)
- municipal enterprise (ME)
- environment (E)
- service development (SD)

The research sample, information sources and the research area focus on **every town** in the Slovak republic. According to the Statistical Office of the Slovak republic, there are 138 municipalities with town status (31 December, 2012). Data collection has been carried out in the course of the months **May through August 2014**. Respondents to our questionnaires were chosen from top executives in Slovak town offices whose job is to manage executive offices that carry out organization and administration affairs of town offices and mayors, as well as other bodies established by the town assembly. As top executives they can influence implementation and improvement of process management in self-government practice. The research sample consists of 56 out of 138 Slovak towns. **The return rate for our five research areas is 280 questionnaires out of 690 possible**. We had only one negative methodical experience. Managers in the public sector are not willing to participate in research.

The following criteria were set in order to process the data obtained in the questionnaire survey:

- Sex, age and education of the executive.
- Number of years spent working in public administration and at the particular post.
- Working department of the executive.

The first investigated attribute was the sex of the respondents. The results for this attribute were almost equal with 146 female respondents (52.14%) and 134 male respondents (47.86%), the difference thus being 12 respondents.

Regarding the age of the respondents, the most executives were in the range of 41 – 50 years (33.93%). Similar numbers were obtained for the range of 31 - 40 years (30.71% of respondents) and the range of 51 and older (31.43% of respondents). Managers younger than 30 years constitute the smallest proportion – 11 out of 280 asked, which is only 3.93%. This is explained by the fact that manager posts are offered to applicants with more experience in the area.

The last attribute is the level of education of the executives. 226 out of 280 respondents (80.71%) are working at their manager post with a Master’s degree university education. The other levels of education show similar low values, with 17 respondents (6.07%) for secondary education with school leaving examination, 14 respondents (5.00%) for Bachelor’s degree university education, and 23 respondents (8.21%) for PhD degree university education.

While this is a case of managers, as the length of their practice in the public administration dominates the highest period of 11 and more years (68.93 % respondents) though recently this position was taken by respondents for 11and more years only almost 40 % respondents (39.49 %).

In order to confirm the presence of business processes in the field of self-government, we focused on the utilization of process outputs by customers. By internal customer we mean another executive/employee of the town office. By external customer we mean mainly citizens, public and private organizations etc. Table 1 shows that 156 respondents (55.71%) say they use process outputs very often and 66 managers (23.57) say they use process outputs often. There is no unused process output. The frequency is then specified in Figure 1 with 69.29% for daily usage of process outputs, 17.86% for weekly usage, 8.93% for monthly usage and only 3.93% for usage once a year.

Table 1

Proportion of process outputs usage by internal/external customers

Answer	n	% of the respondents
Very often	156	55.71
Often	66	23.57
Doesn't know	44	15.71
Almost never	14	5.00
Never	0	0.00

Source: Authors, n=280)

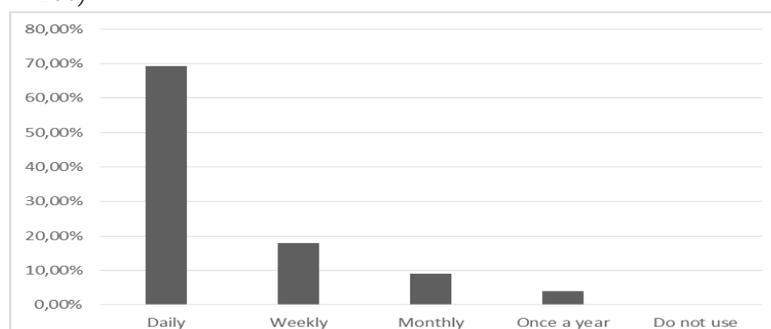


Figure 1. Frequency of process outputs usage by internal/external customers in %

Source: Authors, n=280

Because our research confirmed that internal and external customers utilize processes used in managing local self-government organizations, we must ask how efficiently the analyzed processes are being run. Therefore, we formulated the following hypothesis.

3. RESULTS AND DISCUSSION

The hypothesis assumes that there is a statistically significant correlation between perception of efficiency of self-government processes and perception of efficiency of processes run in particular sections of the town office. This leads us to the following research question: Is there a statistically significant correlation between perception of efficiency of self-government processes of the town as a whole and perception of efficiency of processes run in particular sections of the town office? Our aim was to show the existence of a relation between the perception of efficiency of self-government processes and the perception of efficiency of processes run in a particular section of the town office. Results of a normality test, the Kolmogorov-Smirnov test, showed that in this case both variables are not normally distributed (Table 2). For this reason, we used the Gamma correlation coefficient to assess the relationship between the two variables: perception of efficiency of self-government processes and perception of efficiency of processes in a particular section of the town office. The test showed a statistically significant relation ($\gamma = 0.53$, $z = 9.66$, $p < 0.001$, $n = 280$) and so the data confirm the hypothesis.

Table 2

Kolmogorov – Smirnov test

Variables	D	P
Perception of efficiency of self-administration processes	d = .19	p < .01
Perception of efficiency of processes in a particular section of the town office	d = .27	p < .01

Source: Authors

Analysis of the questionnaire responses confirmed the existence of two process management phenomena which we researched in the practice of town office managers – there is a correlation between the processes, and the managers take into account the whole town office when carrying out their duties. There is a direct relation between process efficiency in the town office sections and the complex efficiency of self-government processes of the town as a whole. This means that if there is an increase in process efficiency of the whole town office, there is an increase in efficiency of its particular sections, and vice versa.

From the perspective of further optimization of town office processes it is interesting that only 82 out of 279 respondents agree that processes in the town office as a whole are efficient. However, 68 of those who agree are satisfied with the actual state of the processes, and 14 are not satisfied. It is clear that the executives don't see the processes as optimally tuned, which makes them dissatisfied (Table 3).

Business process management itself is a process used to secure permanent increase in performance of an organization, with customer satisfaction as the main indicator (Šmída, 2007).

Table 3

Contingency table: Respondent opinions regarding the actual state of all processes running in town offices of the Slovak republic

	Satisfied with the actual state of the processes	Not satisfied with the actual state of the processes	Total
Processes in the town office as a whole are absolutely efficient	16	1	17
Processes in the town office as a whole are almost completely efficient	52	13	65
Total	68	14	82

Source: Authors, n= 279

This means that an organization run by process management is constantly trying to meet customer demands and also its own (internal) demands. Therefore, another attribute we analyzed in relation to process management was the proportion of internal (town office employees) and external (citizens) customers who use results of the processes. 79.28% of the executives use the results very often and often with daily frequency showing 69.29%. This means that for 97.86% of the respondents, the results of an activity/a process are goods/services which meet client demands (98.93% of those asked). Our results show that there are business processes in Slovak town offices that require efficient management.

Table 4

Contingency table: Respondent opinions regarding the actual state of processes running in selected sections of town offices of the Slovak republic

	Satisfied with the current state of processes	Not satisfied with the current state of processes	Total
Processes in a particular section of the town office are absolutely efficient	44	2	46
Processes in a particular section of the town office are nearly completely efficient	108	28	136
Total	152	30	182

Source: Authors, n= 279

The ideas presented in Table 3 are further developed in Table 4 which also focuses on optimization of processes in a town office, but this time in a more specific way. 182 out of 279 respondents agree that processes in a particular section of the town office are efficient. 152 of those who agree are satisfied with the actual state of the processes and 30 are not satisfied. It is interesting how these executives think that the processes in the town office as a whole are not optimal, but they are less critical when it comes to their particular section (nevertheless, 97% of respondents are not satisfied with the current state of the processes).

Table 5

Contingency table: Respondent opinions regarding possibilities for optimization of processes in Slovak town offices as a whole

	See space for improvement of processes	Do not see space for improvement of processes	Total
Processes in the town office as a whole are absolutely efficient	17	0	17
Processes in the town office as a whole are nearly completely efficient	65	1	66
Total	82	1	83

Source: Authors, n= 280

Previous tables showed the level of satisfaction of the respondents. Tables 5 and 6 show opinions of managers regarding the possibility of improving the processes in town self-administration. 82 respondents (out of 280) say that processes in the town office as a whole are effective, but at the same time they see some space for future improvement of the activities. Only one respondent thinks the processes are so efficient he/she doesn't see any space for improvement.

Table 6

Contingency table: Respondent opinions regarding possibilities for optimization of processes in selected sections of Slovak town offices

	See space for improvement of processes	Do not see space for improvement of processes	Total
Processes in particular section of town office absolutely efficient	44	2	46
Processes in particular section of town office nearly completely efficient	136	1	137
Total	180	3	183

Source: Authors, n= 280

The level of particular sections of the town office again shows certain amount of benevolence on the part of the respondents. 180 respondents (out of 280) say that processes in a particular section of the town office are efficient but as practical managers they also see some space for improvement (See Table 6). Only three respondents think the processes are so efficient that there is no space for improvement. The high number of managers who see space for improvement in the process activities (180 respondents) is due to the fact that, unlike in the previous Table, here they evaluated processes which they actually manage and supervise.

Process management includes constant monitoring that processes are reaching their maximum potential. This leads to a constant search for possibilities of improvement of the processes, followed by implementation of the possibilities into practice (Tuček & Zámečník, 2007). This is the reason our research, the results of which we present here, focused on possibilities of improvement. Although respondent satisfaction with the current state of the processes reached 74.91%, it is interesting that 98.57% of the managers see space for improvement. This can be explained by the fact that executives are also aware of

how fast all the relevant areas (technical, political, economic, legal, etc.) are progressing. And they naturally wish to adapt to this dynamic era.

4. CONCLUSION

Although process management clearly has its place in the field of local self-government, it is also true that processes running in this area obviously fail due to many specific factors. The most typical reasons for failure are: too long duration of the processes, insufficient funds of the municipality, lack of necessary and qualified personnel, strong bureaucratization, lack of sanctions for insufficient carrying out of self-government duties, insufficient documentation of the processes, and insufficient digitalization of public administration as such.

It is characteristic of the administration field that its processes in the various sections are relatively unified, laid down by respective regulations and they are applied in the whole structure of public administration. In the framework of public administration processes, local self-government is the owner of administrative and decision-making processes, in the framework of public interest it is the owner of administrative and decision-making processes, but it is also the “co-owner” (with state-run administration) of executive and regulation processes. Administrative processes, like the filling office, registry, and also management and archiving of documents, are the key, integrating element.

The aim of a more efficient local self-government is to create an economical, transparent, flexible and competitive self-government with regular accounting and comparison of cost-effectiveness. Local self-government needs to start implementing program budgeting, accrual accounting, it needs to gradually implement a system of cost centers and cost effectiveness comparison, and it needs to implement new methods of management (benchmarking, controlling, etc.). Professional and highly qualified executives, implementation of managerial methods, systematic education and also digitalization of administration processes are the prerequisites for reaching this goal.

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