



Emerging Markets Queries in Finance and Business

Transformation of Public Management Process Due to Competitive Intelligence Implementation

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Abstract

Among urban agglomerations, the competition is revealed on European funding, government funding, high skilled human resources, etc. If the regionalization process would have been completed, urban agglomerations in Romania were grouped according to form administrative regions. In this scenario, between cities in the same region there would have emerged a collaborative relationship aiming to further develop the region and to compete with other regions. In the current situation, without regionalization, urban agglomerations are facing a direct competition with even cities that should be colleagues within the administrative regions. Some public managers understand that in order to have an effective management system it is mandatory to adopt a competitive behavior, guided by the rules of competitive intelligence. This paper presents a study regarding transformations occurring in the process of public management as managers implement competitive intelligence within the decision-making system. Through a general analysis are highlighted some future projections in regard to the hierarchy of the most important regions from Romania.

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1. Introduction

Implementation of competitive intelligence in any kind of organization involves structural transmutations, since thereafter the top management has to focus on a wider time range and activities conducted by competitors. As talking about public management, implementation of competitive intelligence brings not just structural

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transmutations, but a global new approach in order to configure a way of “doing businesses” with traditional customers, represented by whole population. The greatest impact will be created on decision-making process, as long as this is the engine of public policies development. But decision-making process among public administration is strong biased by the political factor (Rainey, 2003), as this is the most prevalent way of empowering public managers to rule a city, a county or even a whole country. While the competitive intelligence concept deals with flexible tools that are able to adapt in various circumstances, in line with a dynamic environment, public managers tend to embrace an inflexible attitude in regard to implement a fundamental change into their organizations. Taking into consideration that a competitive behavior is not quite usual for public administration, thus it is understandable why public managers sense their reluctance in shifting to a competitive climate for long term (Dillon et al., 2010). Nevertheless, competitive intelligence means competition and competition is the most appropriate path to social and economical progress, since Romania is part of the European free market. Thereby, while among private businesses the competitive intelligence is already working and generates pecuniary benefits and competitive advantage, there are prerequisites that public administration would also gain benefits by implementing this new approach. Certainly, there are large differences between public and private sector, as public sector is designed to accomplish goals that could be embedded in a large framework, namely public security, social protection, financial regulations and other. Meanwhile, private sector is aiming at maximization of profits, shares’ value, and effective brands portfolio. The main question arises in regard to who or what could be considered as competitor within the public administration. At a local level, it is clearly that one city or county may be considered as a competitor in relation to other cities or counties, notably to those neighboring. Besides embracing a different strategic approach, the implementation of competitive intelligence among public administration brings another dilemma: which are the criteria for competition? In the current scenario for Romania, where the regionalization process did not have official success, the competition might be designed as a long-term run for governmental financial support, private investments, high-skilled human resources and structural EU support for projects aiming at sustainable development.

This paper is approaching the Romanian example of how local public administration should transform its mid-term strategy, according to some results and projections established for a six year range, on the most important cities among the country. We compared relevant macro-economical indicators calculated at a local level, in order to provide a critical analysis on current facts and on future evolutions, as forecasted by National Forecasting Agency. The research is conducted by bearing in mind the organizational system and its subsystems, mainly the decisional and informational, since these are the most exposed to structural transformations.

2. Literature review

According to mainstream opinions expressed in the academic literature and above, competitive intelligence is a tool by which organizations are informed regarding to threats and opportunities related to competitors’ actions (Fuld, 2006). From this point of view, competitive intelligence is an orchestrated tool that approaches short, mid and long term actions. Considering this opinion, there is clear that time is the main factor to consider when implementing competitive intelligence in the management processes (Prescott & Gibbson, 1993). The final product of what we call competitive intelligence is the product of Intelligence, a set of information and that contains statistical and contextual aspects (Kahaner, 1997). Basically, Intelligence, as the product of competitive intelligence, is the decisional support for every organization that intends to gain competitive advantage towards main competitors. All these aspects might be really useful for private companies, as their competitive criteria are clear and more than that, they are easy to quantify and analyze with statistical tools. We do consider that all these aspects can be part of public management strategy, since modern approaches did establish the so-called “New public management” (Dunleavy & Hood, 1994), by which classic public

administration embrace actions that are specific to private corporations. One opinion in this direction (Niskanen, 1971) expresses that, in the scenario where public managers are working on a contract base, they should benefit of a percent of what they can earn by effective financial resource management. In order to fulfill this opinion (Androniceanu & Sandor, 2006), some of the characteristics a public servant should have in regard to new public management aim at “changing agent” status, who is adaptable and pro-active, guided by moral standards.

By implementing competitive intelligence in public management, one primary aspect public managers should be concerning of is the effectiveness of public services (Falconer, 1996), despite their political affiliation. According to previous authors (Dunleavy & Hood, 1994), public managers should focus on implementing professional management, relevant criteria for performance, promoting disaggregation of hierarchical structures, and stimulating competition within public services. By analyzing Romanian public administration, and mainly local public administration, we consider that a part of these requirements are already under implementation, even not completed. In order to accomplish some of these transformations, Romanian Government decided to fulfill a paradigm change, by which the entire local public administration would have changed. Here occurs another issue, namely the regionalization.

Regionalization is described as “*a system by which the responsibility for policy design and implementation is distributed among different levels of government and special purpose local institutions (private associations, pacts among several local public authorities, districts and cooperation projects within national borders or across national borders, public-private partnership*” (Barca, 2009). According to this general opinion, this process would bring fundamental shifts throughout public administration may gain exactly what the new public management model promotes: autonomous decision-making process, local key performance indicators, key account managers instead of public servants, transparency on resources allocation, effective multi-annual budget planning (Hood, 1996). According to what the European Commission desire to get from this regionalization process, it might be considered that regionalization is that tool that facilitate the implementation of multi-level governance and also facilitate effective tracking of structural funds delivered to EU countries by EFRD pillar (Bafoil, 2010). If in Romania there would have been conducted a complete regionalization process, implementation of competitive intelligence may be inserted on a regional level, easier to supervise and understand.

At this moment, regionalization in Romania involves an ambiguous public management structure, as there are eight Regional Development Agencies with unclear and uncorrelated goals (Ghinea & Moraru, 2011). Since in Romania the process of regionalization is not completed and it seems that there are not strong prerequisites for this, implementation of competitive intelligence is a paradigm that might work among a lower level, namely local public administrations.

3. Competitive intelligence in local public administration in Romania

In this section, we provide a glimpse into a hierarchy of 15 cities among Romania, namely top 15 cities according to 2011 population census (source: recensamantromania.ro). This paper takes into account the main administrative units exceeding a population of 500,000 inhabitants, in order to highlight the competitive nature of urban agglomerations nationwide. The main criterion taken into account is the population size as large urban agglomerations tend to attract large part of the population of a county or region. In conducting the research, we used the National Forecasting Agency for the period 2012 - 2017 on three macro-economic indicators relevant to this topic: GDP / capita, unemployment rate, average net income. Also, in order to provide a holistic approach, we decided to conduct some semi-structured interviews with public managers from some of analyzed counties, so that this study can expose individual opinions about how competitive intelligence is perceived at this level. The main hypothesis of this research consists of the following: within a 5 year range, the competition among the analyzed counties will be reflected in the value of these three indicators. These projections are

developed by the National Forecasting Agency by taking into consideration a positive evolution of macro-economic indicators, since Romania already passed through two financial challenges in the last 4 years, and this might be helpful for future experiences.

3.1. Forecasted values

The first relevant indicator is considered GDP/capita, since the standard of living is one of the most important factors taken into consideration by population when deciding to stay or leave a city or region (Martin, 2012). The National Forecasting Agency provide an increase among GDP/capita for the main counties in Romania, as there are not clear projections in regard to a new economic crisis. Main urban agglomeration in Romania did acquire a good absorption rate regarding EU structural funds and not only, since most of governments pushed public managers to develop more projects with non-refundable support. Even if EU funds absorption rate is not the main factor for increasing the local GDP/capita (Branzas & Ohanyan, 2014), it is clear that an urban agglomeration with continuous incomes will be more attractive for high skilled human resources and for private investors as well.

According to Figure no.1, the highest increase of local GDP/capita is Bucharest, and this is an easy-to-understand information since the main town of Romania gather most part of private investments among the whole country. Also, after Bucharest, the highest increase for this indicator is Timis, with a 6% average increase for every year. This value is understandable since Timis is having one of the most developed urban agglomeration process among west side of Romania.

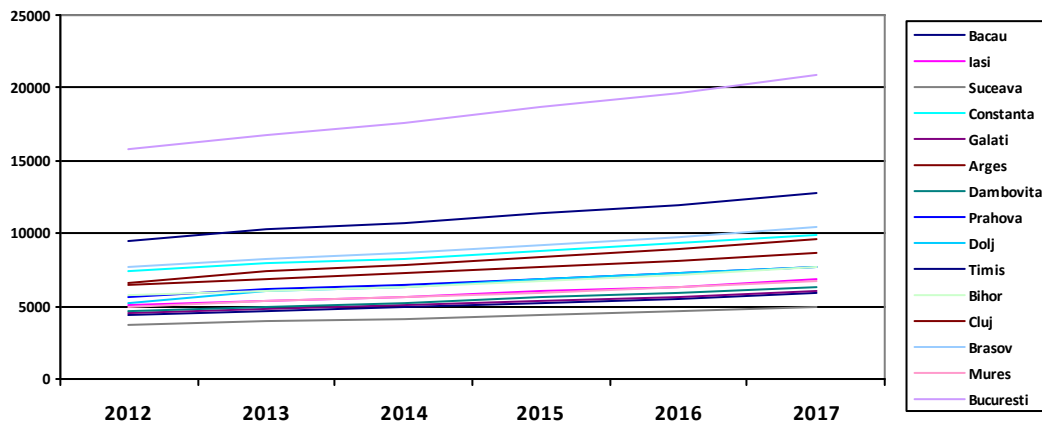


Fig. 1. Forecasting on GDP/capita in analyzed counties;

If we would like to establish a hierarchy on this indicator by excluding Bucharest, then Timiș would get the first position, followed by Brașov, Constanța, Argeș, Cluj, Dolj, Bihor, Iași and Mureș. At a quick visual analysis, the top is dominated by urban agglomerations from the west side of the country, once again excluding Bucharest from this scheme. It is important to notice that every development region is having a representative in this hierarchy, and this is the prerequisite for implementing competitive intelligence tools at a multi-level public administration. Anyhow, the increase of local GDP/capita for every big urban agglomeration is a relevant signal for the necessity of competitive intelligence implementation.

The second relevant indicator for this analysis is the unemployment rate from the same top 15 cities according to population number. Unemployment rate is directly related to urban migration and with brain drain

phenomena, as the lack of jobs is generating a chain effect through whole local economic system. So that, if one or two large companies are leaving a county or a city, the active population tend to follow the most reliable areas in regard to job availability. Since population from Romania is not easily migrating within the country, but rather outside the country, an urban agglomeration that faces exists from large companies will definitely face increasing unemployment rate. In other words, unemployment rate, as talking about competitive intelligence, is a criterion for comparing the effectiveness of local public administration related to private investments.

Table no. 1 is providing forecasted values for this indicator as the National Agency did estimated within period 2012-2017. In this indicators' case, the hierarchy is quite different, as the lowest unemployment rate is not in Bucharest for the next 4 years, but in Timiș. Once again, the forecasted values for this county are optimistic and indicate a strong competitive position for midterm. In order to try a hierarchy for this indicator, after Timiș, Bucharest would be the second one, followed by Cluj, Bihor, Brașov, Iași, Mureș and Suceava. In this case, it is clear that only two development regions plus Bucharest are having good projections. The reason for these values is related to the ability of public managers to attract private investors in their geographical areas. According to these values, we believe that competitive intelligence will play a major role in the western side of the country in regard to private investments. If we zoom out from this level, the big competition on private investors seems to occur between Bucharest and the west side of the country, namely Center, West and North-West development regions.

Table 1. Projections on unemployment rate

	2012	2013	2014	2015	2016	2017
Bacău	6.4	6.2	6.1	6	5.9	5.8
Iași	5.1	4.8	4.7	4.6	4.5	4.4
Suceava	5.5	5.2	5.2	5.1	5	4.9
Galați	4.5	4	3.9	3.8	3.7	3.6
Constanța	8.9	8	7.9	7.8	7.6	7.5
Argeș	6.1	5.9	5.8	5.5	5.5	5.4
Dâmbovița	7.5	7	6.9	6.5	6.4	6.3
Prahova	5.6	5.2	5.2	5	4.9	4.8
Dolj	9.4	8.5	8.4	8.2	8.1	8
Timiș	2	1.6	1.5	1.4	1.3	1.2
Bihor	4.2	3.5	3.4	3.3	3.3	3.2
Cluj	3.8	3	3	2.9	2.9	2.8
Brașov	4.9	3.8	3.7	3.6	3.5	3.4
Mureș	6	5	4.9	4.9	4.9	4.8
București	2	1.9	1.9	1.7	1.6	1.6

The third indicator that might stimulate implementation of competitive intelligence within local public management is the average net income. Average net income is another important indicator as talking about competitive intelligence in public management process. Since GDP/capita and unemployment rate are indicators that embed knowledge for investors rather than for citizens or high-skilled workers, the average net income is an indicator that provides information for these categories as well. Level of average net income is actually a source of information for mostly of job seekers and investors. For job seekers and high skilled workers, a high average net income might be convincing enough for leaving a city or a region at least for a short time run. For the second category, private investors, a high level of net income is providing information regarding to labor productivity, worker's qualification level or about the effectiveness of public management process. One private investor is aware that an urban agglomeration with low average income does not provide high skilled human resources. Based on same projections delivered by National Forecasting Agency, the hierarchy on this indicator is changing again, different than the previous one. The first place goes to Bucharest, with a large gap towards the next counties that are Cluj and Timis, with similar projections for 2014-2017.

Right after these two counties, are following Arges and Prahova, with almost similar values. The next ones are Brasov, and the distance is getting larger for Galati and Iasi. This top is dominated by the most industrialized towns from Romania, since the local businesses inhere are exporting the final products and the return allows a higher profit margin.

As about competitive intelligence regarding to this indicator, since an urban agglomeration is offering a high average income, the odds for getting high qualified human resources are rapidly increasing. This indicator is also a result of private investments on midterm and long-term.

Table 2. Projections on average net income

	2012	2013	2014	2015	2016	2017
Bacău	1.288	1.328	1.369	1.412	1.459	1.510
Iași	1.371	1.455	1.538	1.609	1.667	1.721
Suceava	1.148	1.212	1.273	1.328	1.371	1.415
Galați	1.424	1.506	1.578	1.646	1.707	1.768
Constanța	1.351	1.426	1.494	1.552	1.606	1.660
Argeș	1.541	1.639	1.719	1.799	1.870	1.942
Dâmbovița	1.323	1.397	1.468	1.539	1.603	1.668
Prahova	1.510	1.594	1.677	1.765	1.845	1.921
Dolj	1.370	1.407	1.478	1.542	1.600	1.654
Timiș	1.581	1.672	1.772	1.865	1.943	2.015
Bihor	1.123	1.168	1.214	1.254	1.285	1.331
Cluj	1.574	1.691	1.796	1.875	1.945	2.020
Brașov	1.463	1.552	1.644	1.725	1.797	1.870
Mureș	1.315	1.383	1.455	1.515	1.566	1.619
București	2.213	2.349	2.470	2.582	2.683	2.782

Comparing the hierarchies for each indicator, it is observed that Bucharest is leading the *competition* with other counties and urban agglomerations. Meanwhile, Cluj and Timis are having strong positioning for all three indicators analyzed here, followed by Arges and Brasov for two out of three indicators.

3.2. *Appropriate transformation among public management process in regard to competitive intelligence*

This part of the paper consists of a set of transformations that would occur once the indicator exposed above would be taken into consideration when public managers are using competitive intelligence tools. In the first part of this paper we mentioned about decisional and informational subsystems as those mainly impacted by usage of competitive intelligence. As conducting some semi-structured interviews, we gathered information about how public managers perceive their own behavior in terms of competitive actions towards main “competitors”, namely other cities or counties. Some of them are expressing doubts about having a competitive behavior towards other cities or counties, since there might be same political influence or even some economical reasons in common topics and projects. Still, there were some opinions about how other counties or cities are acting as they are involved in a competition. In this regard, the usage of Intelligence is a topic that most of the public managers are not aware about and do not take into consideration the benefits of using this. Even these three indicators are not difficult to collect and analyze, some of public managers are not observing the advantages of how gathering Intelligence might improve the public management process.

As talking about managerial subsystems, we consider that these two mentioned above management subsystems are facing the biggest challenges in public management process, since there it may be observed a strong reluctance in having a competitive behavior towards other urban agglomerations, generated by a strong change resistance (Fernandez & Rainey, 2006). Decisional subsystem may be transformed by wide flexible structures in areas such as:

- Private investments: public managers have to delegate decision authority for public servants that are able to search reliable private investors, without any political bias or personal fondness. As seen in section above, private investments are building GDP/capita and also average net income. More than this, as Romania is not having a strong score from rating agencies in related to investments, it is clear that the amount of private investments is limited and the competition will get more aggressive on this topic. So far, out of all analyzed counties, only Cluj is having an own office designed for gaining private investments;
- EU funding opportunities: this is similar to private investments seeking, since the issue is connected to financing sources. Towards this area, the public management process should provide a high decisional autonomy to those employees who are having skills for proposing and implementing EU funded projects in local or regional communities. As Romania is not a performer in getting EU funds, large applicants such as local and regional institutions are having advantages for obtaining non-refundable financial aid from the EU and by that, the indicators mentioned above would improve their value;
- Public marketing: this activities involve creativity and adaptability, but first of all, it is necessary that a public management system to establish an office that provide marketing consultancy for an urban agglomeration or even a region. Public marketing exceeds corporate marketing, since urban agglomerations are not selling usual products and services as companies do, but they are providing public services, welfare, and public security, opportunities for youth and safety for elderly. Providing decisional autonomy in this particular field would mean a third party supplier of consultancy with full decision competences.

The second subsystem, the informational one, should face transformation in terms of speed, short hierarchical relations between senders and recipients and unique point of access for decision-making information. The informational subsystem is usually working inertly among public management, especially in public institutions. Any transformation of informational subsystem might be considered an effect from adapting decisional subsystem to competitive intelligence approach. For example, if there would be established a private investment office with autonomy in decision-making processes, the information surrounding this area would not reach to those who have no competences in topic. More than that, implementation of competitive intelligence requires significant security among information and accessibility to them from outside the organization.

4. Conclusions

This paper provides a glimpse into transformation of some particular components of the public management process, having in consideration some macro-economic indicators. These indicators are relevant as talking about competitive intelligence, since one of the most visible criteria for a competitive behavior is standard of living. Both GDP/capita and average net incomes are reliable indicators when analyzing the effectiveness of public administration and public management process. Competitive intelligence among urban agglomerations is not used in a conscious way at this moment, mostly because public managers don't take account of opportunities and threats coming from other urban agglomerations. We consider that transformation in public management process should include new approaches on decisional and informational subsystems on long term, focusing on magnetizing private investments, EU non-refundable support and high qualified human resources.

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