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## **Reforms of the Public Sector Management in Albania**

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***Abstract:***

*The problems treated and the often calumniated problems about public administration in Albania gave an impulse to our research. In inquiring through the comparative analysis of the tow public and private sector, we tried to certify the hypotheses that the public administration has enough problems, and that the reform in a certain point have positive indications, but there's place for improvement.*

*We could say that the paths leading to the integration of the large European family are, among others, the effective reforms in the public sector management, too.*

***Key Words:*** *Private, Public Sector, Management, Reform, Effective*

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## **1. Introduction**

Our study has been focused on the public management and its object is the issue of reforms in public sector management and their effectiveness in Albania. The impetus to this study relates to a series of rapid transformations of the Albanian society after the 90s.

Changes at the present time are characterized by dynamism, speed and complexity, so the public sector, central and local governments should agree and operate actively as far as these rapid changes are concerned in the socio-economic context. Recent research in the field of public management brought from different areas, but also from the private sector, place it in its environment and cultural political, and see the role of public manager as an active and motivated agent.

In the current conditions of our country when the public administration still needs reconstruction in order to operate successfully in a pluralist democracy which is market-oriented, is particularly important that the reforms in public administration be considered a priority. Immediate goal of administrative reforms plan is to consolidate and protect the democratic institutions.

Although many of the radical reforms are too ambitious and represent real risks for many developed countries, the simple task of the public administration to fulfil the needs of political issues is often a challenge in itself.

People want the Government and its public administration to act as a social and economic promoter, capable to provide a fair share of opportunities, support resource management and equal access to opportunities.

As we are aware, in Albania, in order to depoliticize the public administration, it is the law on civil service, but only 2% of the public sector is regulated by it. It would be a great achievement if the entire public sector will be regulated by this law. This is very important for the autonomy of public administration and is also critical for determining the differences between the political and the administrative sphere.

During the reforms implementation, there should be considered that the process is in full compliance with the law and the reforms should not cause the qualities loss. So civil service reforms should not politicize the civil service, but build capacities though.

## **2. Used Methodology**

Our attention was focused on "Reforms in public sector management, and "The effectiveness of public administration reforms in Albania", with the entire range of issues it reveals. In arguing that this is an appropriate and well justified choice, we considered as follows:

- a) Public interest, public institutions and private businesses;

- b) Existence of previous studies on this subject by management researchers such as monographs, articles, reports, etc.
- c) These studies gave us the possibility of finding the "grey areas" that needed further explanation or interpretation, especially when studying the correlation with the Albanian terrain. In this perspective was opened a good research area because of some problems concerning this phenomenon in our country.
- d) The existence of possible sources of information in the Albanian territory. Internally we have enough qualitative and statistical information to study the issues of public sector in Albania. Studying this phenomenon on ground using surveys, interviews and questionnaires, expands the sources of information.

To specify better the conceptual and theoretical basis of our paper, we considered the frame of reference, which gave us the opportunity to understand the connection between the concepts, in order to describe better the relation among the factors affecting such kind of situation and explain them better. Searching problem originates from the developments of Albania especially after the 90s, which brought a new dynamic in the Albanian people's lives leading to rapid political, economic and social transformations, new works and standards, which were related to the trend of being integrated in the family of European countries.

Of course, in this extensive and comprehensive process, the attention has been focused on the problems of getting the necessary means for carrying out reforms, to adopt the mechanisms of market economy public institutions operation and to provide, develop and preserve the human resources with the appropriate qualities.

The reform in the public management, along with the aim of achieving these fundamental objectives, may serve as well to achieve a set of intermediate targets, such as strengthening the political control over bureaucracy or facilitation of civil servants from bureaucratic constrains, which enable the implementation of an effective management and at the same time increase the level of the Government's responsibility against elected bodies and the general public on policies and programs applies from it.

All the present paper and research issues identified and described in part containing the presentation and discussion of results, is oriented and derived from our hypothesis as a preliminary response to the alleged issue of the effectiveness of public sector management in Albania. It consists in our supposition that: "Reforms in the public sector management have a lot of problems; they to some extent have positive indicators, but there is still place for improvement".

This hypothesis is the central pillar around which the present paper is organized. It contains at least two concepts as wide reference:

1. The necessity of reforms in public management;
2. The interaction of all units to reach their proper efficiency.

At the same time this hypothesis formulates also (3) the relation between these concepts which basically is a modality relation that expresses the

necessity of the issue of ongoing reforms in Albania, in the context of the European integration.

To elaborate further the successive tasks and develop the methodological platform of our paper, a logical plan was compiled which was focused on:

- a) Controlling the study by avoiding possible error sources;
- b) Sample selection;
- c) Choosing the method of collecting information;
- d) Choosing the method of data analysis

To achieve some control over the work on the topic, sources of information were verified along with the data accuracy, their understanding and interpretation of their meaning. This is because many reference works displayed terminological confusion and contradictory expressions.

To study the reforming process of the public sector management in Albania and to complete the analysis on the public sector effectiveness in the form of a comparative analysis among the public and private administration, we used the same type of questionnaire for both of them.

A sample of 500 questionnaires was chosen, divided equally in 250 questionnaires for each sector. Our research was extended to major Albanian cities, namely in Tirana, Korca, Durres, Fier, Elbasan, Vlora and Shkodra.

To realize the survey on businesses a multi-phase selection was conducted. In the first phase districts where the survey would be conducted were selected. The largest geographically extended districts were selected. In the second phase, based on the number of businesses (INSTAT provided) distribution of questionnaires in the selected districts was performed.

Meanwhile, in the third phase the selection of businesses within each district took place. This distribution was based on systematic selection according to which private businesses were ranked according their annual turnover in case the data on the number of employees was missing. Selection of businesses was done in cooperation with chambers of commerce and industry and data provided from the tax offices of these districts.

Distribution of questionnaires to survey public administration was conducted considering that in the first phase the same districts were studied similarly as businesses.

In the second phase number of questionnaires to be filled in each district was determined. In the absence of data on distribution of public administration employees by districts, was estimated that 40% of questionnaires (100 questionnaires) were to be filled in Tirana, as the district with the largest number of public employees. There were selected 10 key ministries in Tirana. Afterwards, the distribution of the number of questionnaires was 50 in the district of Korca, and 25 respectively in all other districts. In these districts, the survey was extended in public

administration institutions as well as in those of local administration. Within each institution, the selected persons were taken according a systematic selection ranking them according the alphabetical order.

In processing the data, for a more accurate interpretation of them, SPSS program was used, whereas Excel chart system we used for the graphical demonstration.

The questionnaire was divided into three parts. In the first part we presented the demographic and economic data. In the second part we presented quantitative data for public administration and private business while in the third one we asked information on qualitative changes in public administration and private business.

### **3. Presentation and Discussion of Results**

For the public administration, from 250 interviewed, only 60.8 % of them are female individuals and 39.2 % are male ones. While, as far as the private business is to be concerned, from 250 interviewed, only 37 % of them were female individuals and 62.4 % were male ones.

As it is been observed, we do have a greater percentage of the interviewed male individuals in the private business and on the contrary a greater percentage of the interviewed female individuals in the public administration. In fact such a thing of the lesser female participation and female entrepreneurs in the private sector is obvious if it is to be compared to the male ones. In so doing, in a previous study that has taken place some years ago (Llaci & Kume, 1998), in the total number of the businesses, only approximately 8% were under the ownership of the women entrepreneurs. The increase of the businesses number that are under the ownership of the businesswomen has required and at the same time requires the utilization of the inciting stimuli from the part of the state, which we have to admit that up to now days have been quite absent or insufficient.

From the performed analyses we did thereby ascertain that the average age of the interviewed persons as for the public administrate is 39.30 years old, towards 38.71 years in the private business. In the average age of the people who are engaged in the business, there still exists a kind of coherence with the performed as containments in the above stated research, where the Albanian entrepreneur was typically pointed as an individual with high school education and with an average age of approximately 38 years. As it may be seen, the engaged people moreover in the private business do not have this activity as their first choice, but they still want certain experience in other jobs, where the state job has always been the primary one. Maybe, in this kind of situation, a particular influence is to be found in the recent past.

In order to acquire the information over the education level of the interviewed people, we did thereby specify the following four educational categories: High Technical School, High General School, University Education and Post-University one. From the collected data, we did thereby noticed that the

interviewed persons in the public administrate or let's say 78%, are equipped with the University education, 17% of them have the post-university education, 3% of them have the high school education and only 2% have the high technical education.

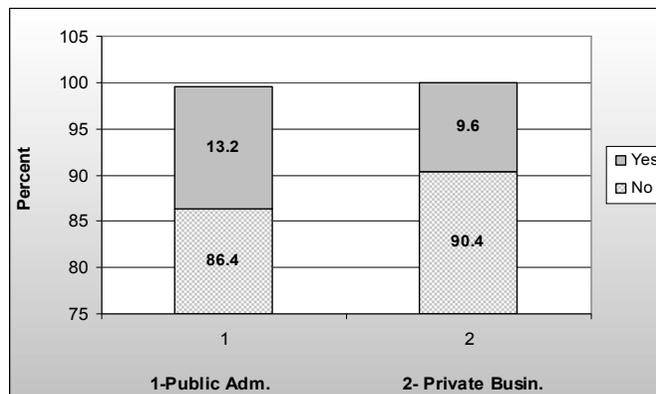
While in the private business we have the following numbers and percentages: 64% of the interviewed persons have the university education, 19% have the high school education, 9% the post-university education and 8% the high technical school. It is seen quite plainly from the stated results an advantage of the public administrate in the employment of the directors that have the university and post-university education, as compared to the private business.

But even the figure of 64% in the private business, indicates a realization of the private business in the assessment of the intellectual and professional capacities in order to afford quite worthily the challenges of the global economy and even the rules of the of the capitalist world's game.

But, while for the business employees we have a growth of the of the average education level, we may not state this fact for the individuals that own the business themselves. Independent of this, the utilization from the part of the owners of a considerable number of specialists that have the university education, indicated the fact that not only do they know the game rules better in the past decade, but that they are becoming more and more conscious that the prepared capacities of the human resources are indispensable in order to be successful in the competition that nowadays is more professional and open-ended.

In order to make it fuller our analysis over the interviewers background, by the data that we get we do reach to the conclusion that in the public administration from 250 interviewed persons, only 13.2% of them has completed the studies abroad towards 9.6% of the private business (this kind of number should be taken with a little reserve as far as the private business is to be concerned). The respective data are given in the figure 3.1.

**Fig.3.1. The studies that have been completed abroad for the interviewers in the public administrate and in the private business**



The study over the working years of the interviewed individuals, offered us the following data: 13.5 years for the interviewed individuals in the public administrate and 9.18 years for the interviewed individuals in the private business. The number of 9.18 years for the private business is justifiable initiating from the new age of our private businesses, which in a way were “born” only after the political and economic changes of the years '90. It may be therefore assessed quite positively even the tendency of the business in order to employ new-age individuals. This kind of thing indicates moreover the credibility that is given to the young individuals and to their entrepreneurs and even towards the level of the offered preparation by our business specialty schools. The analysis shows that the average directors work seniority in the public administration is 14.8 and 16.5 years for the directors in the private business.

The two most interesting and frequently asked questions in this study are the ones that are related to the substitution of the chief managers. In the public administration 33% of the interviewed individuals do think that that the directors are being changed and substituted in a certain kind of measurement, while speaking for the private business, 38% of the interviewed individuals have the opinion that the directors are to be substituted very rarely. In the same way, it does thereby result that 17.2 % of the interviewed individuals think that in the ten last years the chief managers in the public administration are being removed 3 times, while in the private business there is being observed a greater stability, where the principal managers are being changed 1.28 times.

So, as a pure consequence, there is being observed a greater stability of the directors in their respective directive posts in the private business, compared to the directors in the public administration. At the same time, a quite significant fact is that the average time that a certain director stays in the public administrate is 4.3 years, towards 6.5 years that this respective time is in the private business. If we are to compare our results to the ones that are being made in the earlier studies (Ceni A 1998 and Llaci Sh, 2001). That does ascertain the following measure: 2.16 times for the directors of the public administration in 5 years, we do hereby get to observe a kind of tendency as for the stability of this phenomenon. This is to say that with the efforts that have been made after the years 2000, we are still in the period of efforts in creating a professional administrate away from the political influences. The frequent “circulation” of the high-level-directors owing to selections and to the nominations of the new persons in political ways in the administrative hierarchy a thing that splits the novelty and the change. This phenomenon deepens more and more when there is a discrepancy between the education and the work place. We have therefore observed that from the research of 37% of interviewers think that in most of the cases in the public administration, the education has to fit to the working place, while at the private business it fits in almost 44% of the cases.

We want to define even the causes that bring about these problems, so, for this is the reason why we stopped in the influence of the politics as for the employment of all the employees and chief directors in the central and local

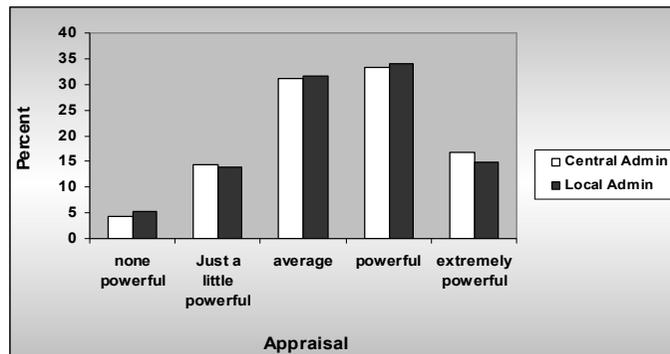
administrative, taking a two-fold opinion even from the workers of the administrative unities and also from the managers of the private business.

We do hereby think that the influence of the politics results to be lower in the local administrative, because of a more concrete decentralization. Maybe, an influence is being exercised even by the variety of the representation in the government. We do hereby want to highlight even the fact that the reasoning of the interviewed as for the private businesses for the public administration generally are more objective, because the business in the private property gives more advantage as far as the reasoning is to be concerned. Quite the contrary happens to the state specialists, whom as we showed above, have a lower stability in the employment.

Such a thing makes it possible its influence to the ones that respond the questionnaires answers. This phenomenon is being observed even before, nevertheless the scale of judgment independence has quite a positive tendency, which will be strengthened gradually more with the accelerative economic and social progress of the country.

If we are to make a comparison as for the influence and impact that the politics exercises in the employment of all the workers of the administrative, we will thereby notice that the this kind of influence is very powerful in 33% of the interviewed individuals, while for the local administrative, it is quite powerful in the amount of 34% of the interviewed individuals.

**Fig.3.2. Comparison of the politics influence in the employment of all the workers in the central and local administrative**

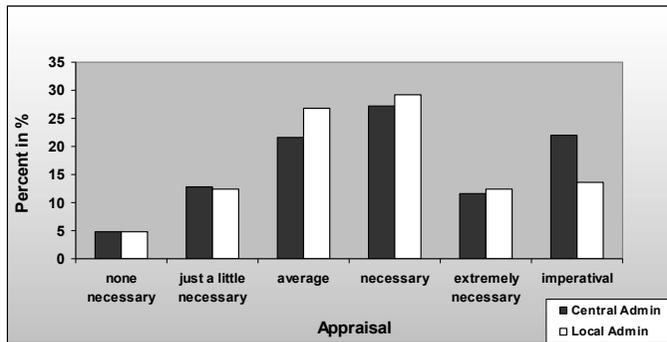


In public sector, a new concept about the manager and its vital role was introduced not just for the simple reason of being unfamiliar with his/her impact, but as politics was related more than necessary with the selection of managerial teams in public administration as well as in public businesses. This is still a dominating phenomenon. Generally speaking, the managing positions in public sector were filled with party militants. Their first profession was politics, while professional background was considered as a second-hand issue.

Whatsoever, it is being observed that within this context, today there is still a positive tendency to select those individuals who are professionally more capable and able, in as much in those job positions that do have a greater impact over the country's developments and progress.

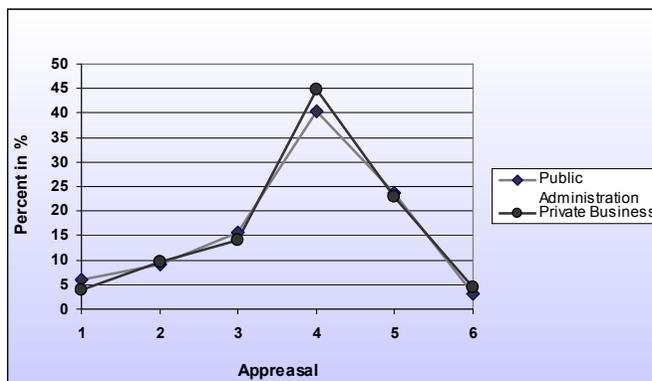
Figure number 3.3 indicates the way that the political engagement is being presented in order to find employment among the central and local administrate.

**Fig.3.3. The political engagement as for employment in the central and local administrate**



From our testing, we did thereby get ascertained that, not only in the public administrate, but also in the private business, the trainings as for the continuous qualifications are being performed in a certain kind of measure. If we are to compare the sectors, it will thereby result a little higher percentage in the private business, and such a thing is completely justifiable if we are to accept the era of change that the business faces and affords everyday. Figure 3.4 shows quite clearly this distinction.

**Fig.3.4. The trainings' frequency in the public administrate and the private business**



Regardless of the above identified problems, it is worthy mentioned the fact that new intellectual capacities are ambitions to carry forward in their professional preparation.

If we are to continue further more with the analyses, we are thereby going to observe that in the public administrate, during the past 5 years, the interviewed individuals were trained 4.13 times, while in the private business they are in an average of 3.87 times. So, we are observing that the trainings are more and more frequent in the public administrate and this thing shows the predispositions of the central and local organs in order to increase the professionalism and quality of the offered services.

Independent from the above mentioned indicators, it is to be carefully observed the mark that the trainers give to the efficiency of these performed trainings. As far as the evaluation mark from 1-10 is to be concerned, in the public administrate, the training's efficiency is evaluated averagely with the mark 7.04 and in the private business with the mark 7.16. We would have liked a greater mark evaluation as for the training, but we are bound to say that we are so far away from the understanding of the term authentic training. In a lot of cases, the training is being observed as a recompense for a good performed job, or even as a recompense of the reciprocal favours. There exists a shortcoming in this kind of process that is: the absence of the measurements trainings' validity that consequently leads to the decrease of its importance.

Several problems persisting in the public sector, the budget deficiency and the increasing pressure for a higher governing efficiency, reveal – more than in private sector- the need for motivated and qualified managers. On the other hand, public managers should face and be under pressure of a negative stereotype, with limitations that the private sector and profit-oriented organizations are unaware about.

Often, employees in the government institutions of different levels are labelled as “bureaucrats”. But, basically, all large public or private organizations are bureaucracy in themselves. However, it should be mentioned that the term “bureaucracy” in its negative sense, involves the inefficiency, loss of time, high level of formalities, etc. which rarely are addressed to large business managers. Unfortunately, this is a familiar label to those who work in public institutions and government agencies.

In response to this negative image, many believe that employees in public sector generally tend to be less motivated and creative than their counterparts in the private sector. Regardless this opinion about public inefficiency, ineffectiveness, etc, the reality shows that they work better than estimated, especially those who are qualified. Although the opinion about them is more or less hyperbolic – not only in Albania – this last analysis shows that higher level of efficiency is required from this sector.

The many problems in the public sector, its best management as well as preparation, motivation and establishment of a sustainable public administration

“resistant” to political changes and preferences, have been the continuous concern of the governments in these transitional years, regardless the level of real involvement or the political influence. We should emphasize also that the trend of negative influence has been softened. Results of these efforts and the new incoming mentality although in difficulties, were the approval of the Law on Civil Servant Status from the Albanian Parliament in 1999.

In this law, aiming a professional administration far from political influence, the Department of Public Administration has been provided as the central unit which is responsible for the management of civil service. The law determined the levels and categories of the civil service and the general recruiting requirements. For this reason the law provides the recruiting procedures, carrier advancing and the evaluation of the work of these employees.

It is often spoken about designing and implementing the employment laws on meritocracy basis.

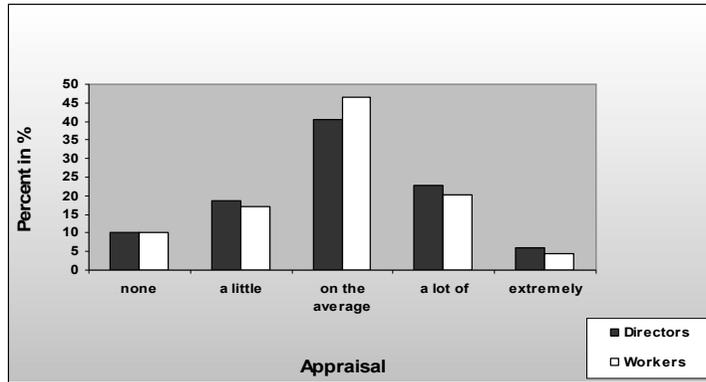
Abusive action has been undertaken by the term “meritocracy” perhaps more than any other term. As civil service law approval and testing for being employed in public administration is an important step forward, still there are many questions that need more rational answers. Many candidates are put under testing procedures for a job vacancy and the ad hoc commission selects the best three of them. But, in the end it is the respective official who makes the decision and rarely the best of them is selected. The vacancy has been taken from the second or the third one. The worst thing happens when the number of candidates who dispute for the vacancy is minimal or formal. Practice has shown that in many cases there is a main candidate and some others support him/her just for being formally alright with the law requirements. Also, specific criteria for the vacancy are such as they fit to an individual and they say only the name is missing.

In order to make this problem a concrete one, we did thereby analyzed the meritocracy in the employment not only for the chief directors but even for the workers in the public administrate and we did thereby compared the given evaluations by the workers of the public administrate with those made by the private business.

Concretely speaking, only 48% of the interviewed persons think that the meritocracy in the employment of all the workers in the public administrate is being evaluated averagely in the measure of 31% even for the employment of the main directors.

In an assessment from 1-10 as for the meritocracy in the employment in the public administrate, it was being observed that the interviewed individuals in the public administrate evaluated the meritocracy with the average mark 5.83, while the private business evaluated it with the average mark 5.29, so near the average values. Let's observe now, figure nr. 3.5.

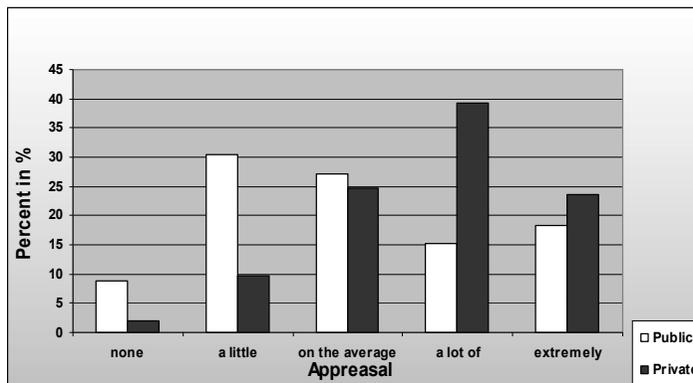
**Fig.3.5. The comparison of the meritocracy in the employment for the directors and for the workers in the public administrate**



A lot of studies have as their primary tendency to “raise” a great number of managers of the public administrate and the workers do express a low evaluation of the financial stimuli as a last purpose in the work, a greater evaluation of the opportunities for the work that does have an impact in quite important public results.

The managers of the highest level do express high levels of these motifs and values than the simple workers in the public administrate. All in all, the payment is to be considered the most powerful means that incites or even stops the work quality. Let us now make a comparison between the evaluations as for the payment of the workers of the public administrate and those of the private business. (Figure nr. 3.6)

**Fig.3.6. The payment as a motivating element for all of the employers in the public administrate and in the private business**



So now let us see the advantage of the private business in providing with more satisfactory salaries and more motivated than the public administration. This reinforces the well-known fact of the moving away of the employees towards the private business, where they have to find better and more opportunities.

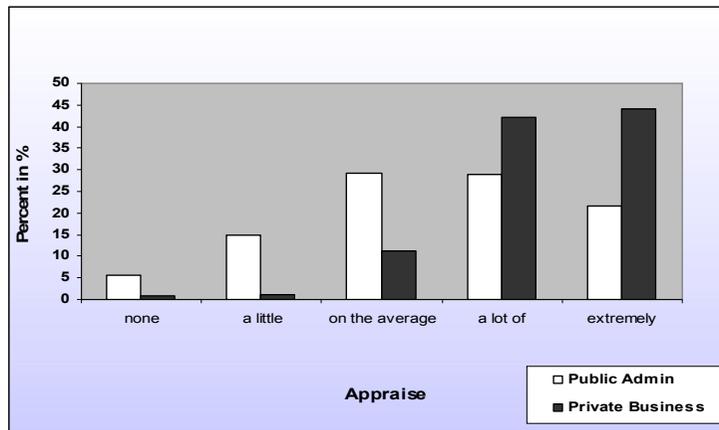
But we can not generalize this matter. Many individuals although in private business can better accomplish their necessities of lower ranking for themselves and their family members on charge, once again the internal necessities for a higher status, so for the gratification of the higher ranking necessities, they serve as strong stimulants in order to continue the employment of the public administration local or central ones.

According to this point of view we may assert that the state has got one more obligation to keep these individuals as specialist or in management position through a better usage of the material stimulus.

This action way will better serve as a bigger stimulant for the modification of their conducts which will in one way be reflected in a higher and qualitative performance.

While as far as the main leaders of the businesses the situation will be presented at figure nr. 3.7.

**Fig.3.7. The salary as motivated element for the leaders at the public administration and at the private businesses**



As far as the graphic is concerned and as far as the leaders are concerned there does exist an advantage of the private business towards the public administration. This explains the tendencies of the reforms as well at the public management in order to apply the new public management.

The last matter but not the less important, is to see as how is evaluated the level of the women employment at the central and local administration.

All the data do show that in all cases we have got a medium evaluation for the women employment at the central administration and at the local as well. We

cannot take it as entire true this evaluation, just because it is thought more subjective taking into account simply from their unit, because as we pointed out the bigger percentage of the interviewed people were females.

But this very thing we have to estimate is the positive tendency in the estimation of their intellectual and professional values to break down a male managing tradition in Albania and to accept that the females are capable to manage not only their families but also they are capable to be an important part of the successful decision takings.

Recently, our country is ranked among those countries whose corruption level is high therefore we tried to make actual the phenomenon. From our analysis we identified that the opinion of employees themselves on both central and local levels is in average estimates, while the respondents of private businesses think it exist mostly on central level and average on local one. Thus, it is obvious that the respondents in private businesses see the situation painted in “gray” more than public administrators. We think that the interior opinion here softened the negative spirit about the existence of corruption in public administration.

As conclusion we could say that the paths leading to the integration of the large European family are the effective reforms in the public sector management.

#### **4. Conclusions**

Reforming the Albanian economy is a difficult and long process and as such has been facing many challenges. It is important to stress that as the main concerns were the immediate problems of economy the development of human capacities as been slowly progressing, remaining behind other economic and social life developments.

Seen from this point of view, management as a whole and specifically in public sectors has been treated as a second-hand issue. It is related mainly with the politics intervention even in appointing the professional managers in public administration and the public business as well. This inherited mentality and psychology has gradually started to change and today is presented a somehow different climate. But, it is too early to judge that civil service is far from the “risk” of political interferences.

However, we have to admit that the law on civil service, approved in 1999, is one more guarantee for establishing a sustainable and effective public administration. But, also this law, as resulted from the practice, needs changes in short terms in order for its effects to be more immediate and at least for a middle-term perspective.

Preparation of an efficient and effective public administration requires on the other hand, a plan and a well-studied training program based on specifics of the fields the public sector cover. This task along with other studies such as that of public sector wages system could not be implemented as needed without being in touch with academic institutions and especially with the Economic Faculty of Tirana

University. There are inherent not only unexploited intellectual potentials but these are also areas of mutual interest and cooperation.

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