

## NEW PUBLIC MANAGEMENT IN ORGANISATIONS INTRODUCING AGRICULTURAL POLICIES IN POLAND

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After Poland joined the European Union, the support system for entities operating in the sphere of agrobusiness took the institutionalized form. These entities exert a great influence on the functioning of the entire agribusiness sector. In order to perform their tasks efficiently and effectively, the agencies have to use appropriate management tools. The purpose of this study is the presentation of the concepts of NPM as a management model for public organisations currently introducing agricultural policies and rural developments in Poland. The methods of literature analysis and documents analysis containing the procedures of management in the organizations implementing agricultural policy in Poland were used. The method of comparative analysis was also used in the presented research. The research shows that agencies should depart from the measurement by focusing on procedures often controlled internally, which is typical for public administration, and aims to measure the effects of procedures, i.e. to measure the results achieved.

*Key words: agricultural policies, New Public Management, public organisation, agricultural agencies*

*JEL Codes: H83, O13, Q18.*

### 1. Introduction

Entities supporting the development of broadly understood sector of agriculture and rural areas hugely influence the functioning of the entire agro-business sector. The responsibilities of these institutions can be divided into four basic groups. First, they concern the regulations of current affairs. These direct tasks are carried out for example by state or local government administrations. Other tasks such as performing duties which result from property ownership rights; redistribution of public funds, including funds from the EU and control and evaluation of the functioning of programs supporting the operation of the agro-processing sector, was entrusted in Polish government agencies, referred to as agricultural agencies.

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The agencies in order to perform their duties efficiently and effectively must use appropriate management tools. In most cases they utilise traditional models of public administration. The construction of this model is based on the strictly bureaucratic decision-making system formulated by Weber (2012). This concept has been and often is criticized for obsolescence, inability to react quickly to changes, not exploiting the potential of employees and wasting public funds. The criticism of such managed public organizations intensified particularly in the 1970s when the economy began to revive the trends of liberal economic concept. Representatives of this concept aimed at reducing the impacts of the public sector on the economy. Major influences on the change of the traditional approach to management of administrations were theories of public choice; agency and transaction costs. The agency's theory is of fundamental importance in the case of institutions supporting agriculture in Poland. The changes in the broadly understood public sector (including management of this sector) also had a major impact on changes in their setting. Most often, they include: strengthening of competition between private and public bodies for the same limited resources; phenomena of globalization within the economy, changes in techniques and technology especially the computerization and IT technology. The above-mentioned conditions led to among others the emergence of one of the managing concepts of public sector organisations, i. e. the new public management (NPM) (Hood 2005; Kickert, 1997; Pollit, 1990).

**The purpose of this study** is the presentation of the concepts of NPM as a management model for public organisations currently introducing agricultural policies and rural developments in Poland.

The method of literature analysis and documents analysis containing the procedures of management in the organisations implementing agricultural policy in Poland were used. In the presented research the method of comparative analysis was also used. Its aim was to compare NPM concept with already existing management solutions in the analysed organisations. On the basis of research methods the areas of proceedings in the public organizations were defined and the analysis of the already existing management state in the organisations implementing agricultural policy in Poland was compared to.

## **2. The essence of the New Public Management**

On the basis of the criticism of the traditional management of public administration the model focused on the New Public Management (NPM) concept was created. This concept bases public management on the results of operations by leaving the typical measurement of public administration through focusing on procedures, mostly internally controlled to measure the effectiveness of procedures introduction. It recognizes the transfers of management concepts from business organizations to public organizations as the basic principle of their operations. The functioning of public organizations in accordance with NPM should be directed at achieving objectives in an efficient and effective manner. This trend began in the 80s in the countries

such as New Zealand, Australia, United Kingdom and the United States. It was influenced by public sector reforms followed by the election of R. Reagan in 1980 in the United States and M. Thatcher in 1979 UK elections, these led to a change in the idea of the role which the public sector played in the economy thus consequently changing the management of organizations of this sector.

The NPM is not a cohesive theory of organization and management of the public sector. It can be identified that there are three main trends. Firstly, public management focuses on replacing the value system found in the public sector with those from the business sector. Secondly, public management focuses on public managers and executive roles, with the exception of institutional systems which hampered the functioning. Thirdly, public management is nothing more than the traditional public administration with new fashionable concepts introduced by technocrats and it is simply a set of tools utilised within public administration. Each of these trends contains solutions of increasing the effectiveness of functioning based on changes of practice in the public administration. Nevertheless it seems unlikely that the NPM ideology will completely replace the traditional public administration in all public services.

According to C. Hood's assumptions, the new public management consists of seven basic areas (Hood, 2005):

- professional (managerial) management in the public sector. This requires the creation of appropriate management conditions for managers of public organizations based on the transfer of authority, enabling the best managers to exercise discretionary power through which the emergence of real responsibility for decision making will appear;
- clearly defined measures and operating standards. Striving for clearer and more measurable (or at least registered) quality standards for public sector organizations in reference to the scope and level of services which must be delivered;
- increasing the emphasis on results control. Attempts to control public organizations in a more balanced style. Replacing traditional budgeting with a task budget, employing employees on contracts.
- adjusting attitudes to increasing the disaggregation of large public organizations into smaller organizational units, separated on the basis of the type of services and functions provided;
- introduction of competition to the public sector. Taking into account on contracting based on public orders. Treating the competition as a phenomenon allowing the reduction of operating costs and improvement of the quality of services;
- use of management methods and techniques applied in business organizations within the public sector. Business organizations should be the source of inspiration in creating solutions for the public sector. Introduction of human resources management (HRM), personnel policy (for example, short-term employment contracts and performance based on reward systems); strategic planning; internal organizational regulations; a flat organizational hierarchy; improved customer orientation;

- increased discipline and savings in the use of public funds. Actions towards actively seeking alternative, less expensive ways of providing public services.

The idea of managerialism is also associated with the NPM concept or as it is referred to by Kickert (1997), public management. Ch. Pollitt states that this is a general management model which ignores the differences between public and private organizations and comes down to the classic neo-Taylorist "managerialism" (Pollit, 1990). Peters (1996) writes about the foundations of managerial public management in a similar way, stating that "management is management regardless of what it concerns". The result of such thesis should be the statement that all types of activities, including public administration should be based on market principles. The concept of market public administration requires competition between the public sector managers for financing of the service as well as the protection of employees. An important area of research of this concept was drawing attention to effective competition for human resources. Competition for human capital can affect human resource management systems and organizational cultures in an unintended and unpredictable way. It was assumed that the personnel system which is shaped by market powers, would adapt to market solutions much more easily (Rosenbloom, 2006). In practice, this concept was promoted by the administration of Bush. During the electoral campaign in 2000 the candidate for vice president Al Gore announced that the principles and vision of government reform were guided by three principles: public administration should be targeted at the citizen, results oriented and where possible based on market principles (Bush, 2000).

In the third model functioning as a part of the overall NPM trend, the role of the private sector was expanded through ordering public services in business organizations. The concept of marketization of services is especially popular in the recent times. This concept enables a public organization to use services provided by a number of governmental and non-governmental institutions which have been contracted under some form of market process. This approach was also called the public services marketisation (Kozuch, 2002). Ch. Hood in 1989, predicted a decrease in the scope (size) of services provided by public administration to "public-sector organizations" according to the principle of subsidiary in providing services, that is, to quasi-autonomous entities (controlled in the provision of services by public administration), which are closer to final recipients (citizens) who need such services (Hood 1989). It should be remembered that the criteria which should be taken into account when the activities of a public organization are centralized are: efficiency, effectiveness and justice similarly to other NPM concepts.

When analysing the concepts of the NPM, it should be remembered that the basic arguments say that public and private management is fundamentally different in some aspects: first of all, public interest differs from private one. Secondly, public officials have sovereign authority over all citizens and not a particular group or material interests and thirdly the law requires equal treatment of people and excludes the type of selective choice associated with maintaining profitability.

### **3. Possibilities of using NPM models within agribusiness supporting organizations**

Amongst the organizations designed to support the activities of agrobusiness entities, three groups can be distinguished: public, private and non-governmental. Public and local government can be seen among the public organizations. The group of governmental organizations includes ministries, district offices, agencies and funds. In case of local government organizations we deal with territorial self-governmental bodies and entities of economic self-governments. For further analysis an example of agencies implementing agricultural policy, rural and the surrounding area development in Poland has been used. One of them is the National Centre for Agricultural Support (KOWR). This centre was created from the merger of Agricultural Property Agency and Agricultural Market Agency. The duties of this institution include managing agricultural property of the State Treasury's Agricultural Property Reserve, issuing administrative decisions on private trade of agricultural land (UKUR), providing non-returnable financial aid for infrastructure maintenance in rural areas and cooperation with local governments regarding free transfer of land. KOWR supervises ownership over companies in which breeding and conservative animal farming is carried out and the most valuable genetic materials of plants and animals which are the key for biological progress are collected. The tasks of KOWR include: control of written contracts, subsidies for private storage and intervention purchases and sales of agricultural products on particular markets, such as butter, skimmed milk powder, cereals and meat. KOWR also implements activities in the field of foreign trade, renewable energy in agriculture, supporting promotional and informational activities on the markets of chosen agricultural and food products under the Common Agricultural Policy. In addition, the institution administers production potentials of grapes and wine, monitors the sugar market. Other duties of the National Centre for Agricultural Support are promotion funds, quality systems, support with information and promotion activities carried out by producer groups on the internal market, implementation of the programs for schools and providing support for beekeepers. Another agency dealing with agricultural policy in Poland is the Agency for Modernization and Restructuring of Agriculture (ARiMR). ARiMR was appointed by the government to act as an accredited payment agency – direct payments for farmers. It is also responsible for the implementation of programs financed by the EU funds. ARiMR also covers financial support from the state's budget – these are especially subsidies for preferential, investment and disaster loans. Establishment of government agencies was supposed to release people managing them from political decisions within institutions closely related to the state budget. Polish experience of the agency's activity shows that the premises for depoliticising these institutions have not been fully done. These agencies are supervised by the Minister of Agriculture and Rural Development. Each parliamentary election means changes in personnel, organizational and competence. Three pressure groups influence the functioning of agencies in Poland. Firstly, they are political activists overseeing the agency's work using

their positions for party or electoral purposes. Secondly they are agency workers who use agencies to achieve their own goals and thirdly the beneficiaries of aid (mostly farmers) depend on administrative arrangements (Grosse, 2008). Government agencies operating in Poland for more than few years after joining the European Union have been given new tasks to carry out. The importance of those tasks has increased for these institutions and the amount of funds spent due to the implementation of programs financed by the EU funds. This requires a new approach to management from the managers of these institutions. The solutions used according to the new public management could be helpful in this respect. The traditional management models of public organizations such as the bureaucratic model is based on administration which draws on political, legal and administrative readings. This model is based on the bureaucratic managing style used by the management sector. In this approach there are strong hierarchical relationships in the organizational structures of public institutions and internal control is dominant. The goal of such managed organizations is to enforce the order implemented by state politicians. The model of bureaucracy assumes that specific functions should be assigned to specific organizational positions and positions should be related in such way which ensures the continuity of the command, every employee works in the sphere of competence that is within the scope of specific rights, duties and responsibilities included in the regulations. There is a hierarchical system in the organization, the management method is based on standardized orders tailored to specific situations, activities of the organization are separated from the property rights and the main form of communication within the organization is presented in a written form. Weber described the actions of the ideal bureaucracy by stating that "the specific nature of bureaucracy (...) develops the more precisely the more dehumanization takes place, the more it is successful in eliminating the official interest of love, hatred and all purely personal, irrational and emotional elements ..." (Weber 2012, pp. 330–332). The public management model tries to introduce into the public administration structure a managerial style of management, the aim of which should be triggering changes. This model is based on the assumption that the functioning of a public organization is based on the theory of economics and management, not on the theory of political studies. This allows the introduction of economic rationality models to entities based on a lot of freedom in achieving goals, measuring results, decentralization and on convincing that the need to reduce state interference in the functioning of public organizations is needed.

Among many areas distinguishing traditional concepts from NPM, the following ones are most often mentioned: the aim of the actions undertaken, the manner of achieving objectives, types of organizational structures, dominant management styles, motivating tools and control method (Table) (Osborne, 2006; Bryson, 2014; Kożuch, 2006). On the basis of this the current status of public management in agricultural agencies and proposals for their changes were analysed. The literature, however, indicates that the view that calculation of such differences is misleading as it causes blurring of significant similarities between public and private organizations (Lynn, 2001). However in order to understand the nature of public management in agricul-

tural agencies better, especially the trends associated with NPM, it seems important to emphasize these differences. This is due to the fact that NPM critics believe, there are so many differences that it is impossible and it is not advisable to introduce business concepts into the world of public organizations. You can also encounter extreme statements presented by Bozeman amongst others, that all public, business and social organizations are influenced to some extent by political power. Thus "public managers" can be found in most types of organizations because public managers cannot be limited only to employees of public organizations but they also include people who manage "openness in every sector" (Bozeman 1987, p. 146).

Table. Areas highlighting public management in Agricultural Agencies in Poland and a proposal for their changes

Areas of management improvement	Traditional model of public management of agricultural agencies within Poland	Proposed New Public Management of agricultural agencies in Poland
Theoretical basis of organisational structure and the area of competence	Political and law studies	Management studies and economics
The purpose of undertaking the activity	Reinforcing of the existing state	Triggering changes
The horizon of undertaking actions	Short-term	Long-term
Method of achieving the aims	Utilising standards and Procedures	Clearly identified aims, gradual approach
Organisational structure	Centralised, hierarchal, non-elastic	Diversified between organizational units around individual tasks, flexible
Management style	Bureaucratic	Managerial
Type of organisation management	Formal	Transactional
Dominant motivational tools	Pay, employment stability, social benefits	Pay scheme based on performance
Method of financing	Based on a fixed or increasing budget	Aimed at saving
Method of control	Focused on controlling the procedures and rules related to spending money. Mainly external control	Controlling results and achievements. The control is mainly internal
Criteria of successful public manager / official	Achieving excellence in completing procedures	Effectiveness and efficiency in allocating resources
Dominant model of official's responsibility	Responsibility for procedures	Responsibility for performance
General values	Efficiency	Efficiency and effectiveness
Cooperation with the environment	Isolation	Partnership

The essence of the new public management model in agencies should be a sequence of activities based on measuring results. Getting away from typical for administration measurement based on focusing on procedures such as (if redistribution of allocated resources for farmers is planned, whether documents are appropriately marked, etc.) mostly internally controlled for measuring the effects of procedures, i.e. measuring achieved results. Procedures in administration are aimed at permanently fixing adopted orders of public affairs, while in organizations applying new public management which the effects of introducing changes should be measured. The difficulty of this model lies in determining the measure scale. The profits can be a simple and reliable measure in business organizations. In case of public organizations it is more important to determine the sequence based on the relationship between effort, product, impact and result (Figure). At the same time, it should be remembered that each of these elements can be an independent measure of effectiveness.

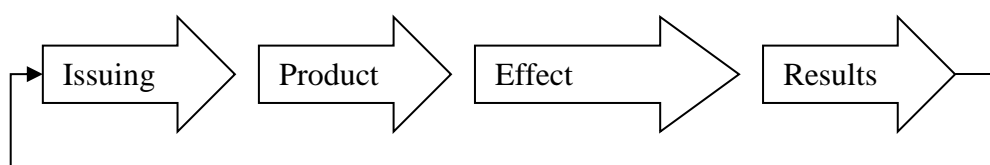


Fig. The measurement of the functioning of a public organization model

Investment grants for modernization of farms can be used as an example. The agency responsible for the redistribution of funds between farmer plans specified issuing for the upcoming years. The size of these inputs can be a gauge. However in this case it is also necessary to specify the number of bodies which will receive co-financing. Treating them can be seen as a measure of the product. The number of money issued and entities receiving subsidies alone cannot indicate the effectiveness of the agency's functioning. It is also necessary to specify the measure of impact for example increase in income of rural residents or increased investment into farms. The sequence of these measures should result in specific, assumed by the programs results, such as increased efficiency of farm operation. Adoption of the above measurement model for the performance of government agencies allows efficient, effective and economical management of the organization through aspects such as defining the organization's goals, identifying potential sources of reduction of operating costs and assessing the final results of functioning and many others.

#### **4. Conclusion**

Establishing New Public Management allows the improvement of functioning of public organizations in four basic perspectives: client, financial, internal processes and development. From the clients (citizens) point of view this is to provide the services they expect (products), improve the quality of services provided, and improve access to services / products and customer satisfaction. From the financial perspective attention should be paid to ensuring effective spending of public funds and ensuring effective financial management. The internal processes of the agency can be im-



proved by providing effective legal solutions, improving the quality of service delivery by using solutions based on a gradual approach, from "business", increasing the effectiveness of relationship management with the society and ensuring efficiency and effectiveness of gathering funds. When analysing the benefits in the perspective of development attention should be paid to developing the skills and competencies of employees, introducing new management methods and planning using a strategic perspective. This approach is used in public institutions applying the Balanced Scorecard. The basic features of the managerial model in public administration, which should also be introduced in agricultural agencies are:

- citizen orientation – user (client); control of results through management contracts (not procedure control);
- separation of central government bodies responsible for a given policy and institutions which utilise this policy at decentralized levels;
- appearance of two types of agencies performing public tasks (the first performing state tasks on an exclusive basis, and there are monopoly rules and they operate on competitive basis);
- transferring public services to competing organizations from the private or social sector; outsourcing support and aiding activities through public orders; strengthening of the civil service (assuming the performance of state tasks);
- establishing various control mechanisms for decentralized institutions, e. g. direct social control and management contracts.

The most desired result of introducing NPM principles in agricultural agency organizations is customer happiness and satisfaction as well as increasing the effectiveness of the support provided. It can be looked at as the desired NPM result. The benefits which could result from this are: improvement and reduction of customer service costs (improvement of efficiency indicators); opportunities to justify in the future funds gathering for the functioning, quality of policy and decisions and increased organizational efficiency.

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## **NAUJOSIOS VIEŠOJO ADMINISTRAVIMO KONCEPCIJOS TAIKYMAS ĮGYVENDINANT ŽEMĖS ŪKIO POLITIKĄ LENKIJOJE**

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Subjektai, formuojantys valstybinę politiką žemės ūkio srityje, turi didelę įtaką visam agroverslo funkcionavimui. Straipsnyje daroma prielaida, jog tam, kad valstybės institucijos būtų pajėgios sėkmingai vykdyti savo funkcijas, turi būti naudojami atitinkami vadybos įrankiai. Tyrimo tikslas – pristatyti naująją viešojo administravimo (NPM) koncepciją, kuri padėtų viešosioms institucijoms efektyviai formuoti ir įgyvendinti žemės ūkio ir kaimo plėtros politiką. Pagrindinė tyrimo metodika: informacinių šaltinių ir dokumentų, numatančių kokybės vadybos procedūras, organizacijose, formuojančiuose ir įgyvendinančiuose žemės ūkio politiką, analizė. Atlikus tyrimus daroma išvada, kad žemės ūkio viešosios institucijos turėtų pakeisti savo darbo pobūdį: nuo orientacijos į darbo procedūras keisti į pasiektų rezultatų įvertinimą pasitelkus atitinkamas procedūras.

*Raktiniai žodžiai: žemės ūkio politika, naujasis viešasis administravimas, viešosios organizacijos, žemės ūkio agentūros.*

*JEL kodai: H83, O13, Q18.*