

The Relationship of Leadership and New Public Management in Central Government: Bulgarian Specifics

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In the paper it is investigated and substantiated the thesis that today managing the public sector has become an increasingly demanding challenge for government and public managers. The paper is focused on public managers' competencies needed to meet the critical challenges of governance. On the base of analysis of the empirical research a conclusion is drawn that in Bulgaria there is not sufficient level of adequacy between the requirements of New public management and the managerial experience, knowledge and leadership attributes of top level public servants. Therefore, there is a strong need for introducing leadership development program to train public servants in leadership, not just management.

Managing the public sector in today's environment of constant change, particularly in the view of globalization, has become an increasingly demanding challenge for government and public managers. The functions and role of the State have been transformed substantially because the environment and context in which government and public managers operate are characterized as unstable, complex, heterogeneous and multi-faceted. The major challenge for them is "to learn to cope with unpredictability, uncertainty and randomness" and from here capacity to adjust to changing circumstances and face the emerging challenges demands leadership skills and strategic planning capacities.

For public administrators in CEE excellent managerial skills are necessary, but they are not sufficient. The general tendency for all CEE states is that public managers lack the leadership skills although they are generally competent as managers.

Chapter 1: Managerial Qualification and Leadership Attributes of Public Servants for Effective Public Management in CEE Countries

In the light of the current trends and the reforms taking place in all countries in transition bureaucratic structures can not longer work effectively. Change and the process of reform can not longer be approached through the traditional, authoritarian and bureaucratic methods; it should seek to build on knowledge and expertise, but also on vision, mission statements, team-building, participation and empowerment of all key factors. An organization can only be as effective as its people can and for this reason they need to recruit and retain the highest caliber public servants. This process requires leaders and managers to plan and steer the course together with people. For this reason the administrative reform focused on debureaucratization and decentralization must go in tandem with new approaches to management, openness, adaptability, participation, flexibility and responsiveness.

"Leadership plays an important role in the implementation of reform because it involves two of the most important aspects of reform: change and people. Changing organization is really about changing people's behavior, so organizations undergoing reform need leadership. Leaders can help diffuse and maintain the new values necessary for public sector reform"². But managing and leading are two different functions and require different sets of skills. They are complementary, not mutually exclusive.

From the authors' point of view under the conditions of today there are three differentiated groups of leaders in the public sector. The first group is the one of the commonly accepted public leaders and it includes leaders possessing "the capacity to face and adjust to constantly changing circumstances"³. Their ability to adjust characterizes them as leaders who constantly try to come up with changes or to run after

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² Developing Public service Leaders for the Future, OECD, 2000

³ Globalization and the State, United Nations, 2001

them. In fact, this group is clearly outlined and differentiated in the report of the United Nations for 2001 on Globalization and the State. We would like to re-develop this thesis because according to us two other types of leaders could be clearly outlined and described. Public leaders who belong to the second group are leaders of adequate type because they seek to prognosticate the changes in advance and be prepared for them. The third type is the group of strategic leaders who as a rule are innovative and creative because they not only prognosticate the changes in advance and adjust to them, but also undertake preliminary actions to make changes favorable for them and their organizations. Strategic leadership strives for constructive ways for the effective management of change and is exemplified in the quest for excellence, innovative ideas and actions or behavior. Within the organization it is demonstrated in a variety of ways: through building trust, communicating vision, empowering peers, serving as a role model and managing performance effectively. It also calls for ability and capacity to identify and seize opportunities, anticipate a crisis and cope with constraints effectively, galvanize and mobilize support both for the goals and the course of organizational change, build the structures and cultures of dialogue and mutual accommodation.

By the late 1990s, the context for most governments and public organizations had been transformed so radically that their traditional structures and modes of operation had become obsolete. The need for new ways of solving governmental problems and creating opportunities for cooperation between the state, the market and the citizens led to a new mode, a new way of doing business in the public sector that first swept the entire Anglo-American world of public administration. The concept of New Public Management that has both followers and opponents all over the world rests on the notion of "steering rather than rowing" and derives its principles mainly from a global environment in which competitiveness has become its label. The "entrepreneurial government" as termed by Osborn and Gaebler is based on a set of principles that form a map for the government for increasing its effectiveness. These fundamental principles form a coherent whole, a new model of government and determine the modern trend to separate policy-making from policy-implementation and to include management methods and techniques used in the private sector.

- Measure performance; focus on results and fund outcomes rather than inputs
- Be driven by goals - missions - not by rules and regulations
- Promote competition into service delivery among service providers
- Empower rather than serve citizens by transferring control from the bureaucracy to the community
- Meet the needs of the customer and not of the bureaucracy by redefining clients as customers and giving them choices
- Prevent problems by anticipating them before they arise, rather than offering services after the fact
- Earn money rather than spending all the time
- Decentralize authority and promote participatory management
- Choose market mechanisms in preference to bureaucratic mechanisms
- Catalyze all sectors / public, private and voluntary / in order to solve community problems

The underlying theme of the new philosophy for doing business in the public sector traces out the lines of the public administration model for the 21st century and the main benefits accrue when public servants are given the opportunity to "manage by results" in a flexible way. This managerial approach requires government executives and public servants at large to have core managerial qualification and leadership attributes at the same time. The main differences between managers and leaders have been found and outlined in six key areas:

- Managers do things right, while leaders do the right thing.
- Managers maintain the status quo, while leaders move others to committed change.
- Managers follow established rules up-and-down the "chain of command", while leaders challenge the status quo.
- Managers control financial, human and technological resources, while leaders enable others to act with enhanced creativity, enthusiasm, and initiative.
- Managers establish timetable to monitor work and, if necessary, coerce subordinates, while leaders lead others to lead themselves.
- Managers stress consistency and reliability, while leaders develop strategies to inspire a shared vision for the future and align stakeholders with the larger vision.

In turbulent periods such as now people have a new vision of what it takes to be a leader and the recent researches and survey findings clearly support this statement. No longer a technical expertise is viewed as the key to successful leadership in government. Instead, other skills and abilities now rank, as top skills are needed for government leaders. This is in marked contrast to the notion that public servants in the central government have traditionally obtained their positions through technical expertise. According to the results of the Government Leadership Survey⁴ nowadays technical expertise is the least important of the required set of leadership attributes for the federal executive personnel.

Table1: Critical attributes for Senior Executives

Leadership attributes	% Rating attribute as highly important
1.Adaptability/flexibility	72%
2.Accountability	69%
3.Vision and strategic thinking	64%
4.Customer orientation	58%
5.Commitment to public service	55%
6.Management of financial resources	44%
7.Ability to establish networks and alliances	41%
8.Value of cultural diversity	39%
9.Management of information technology	37%
10.Technical expertise	23%

The analysis of these results clearly indicates the characteristics, behavior, and styles of effective leadership in the public service. The appointed ten attributes of leaders are an indicator that there has been a major change in perception about what it takes to be an effective government leader. The top priority is given to three qualities of adaptability and flexibility when faced with change; holding oneself and one's staff accountable for achieving desired results; and visionary and strategic thinking. Next ranked qualities are orientation to citizens as customers, commitment to public service, management of financial resources, ability to establish networks and alliances, value for cultural diversity, management of information technology, technical expertise. The list of the additional leadership attributes is coded into other categories: integrity/honesty/, ethical or moral standards; communication skills; people skills /interpersonal skills/, team building. Obviously, this set of issues is crucial to the future of government and the survey results shows a strong demand for recruiting and retaining highest caliber public servants with the top-rated attributes - adaptability, flexibility, accountability and vision. The research results show that most of the top-rated attributes are in line with the five Senior Executive Service /SES/ Core Qualifications developed by the U.S. Office of Personnel Management, which are Leading Change, Leading People, Results Driven, Business Acumen, and Building Coalitions and Communications.

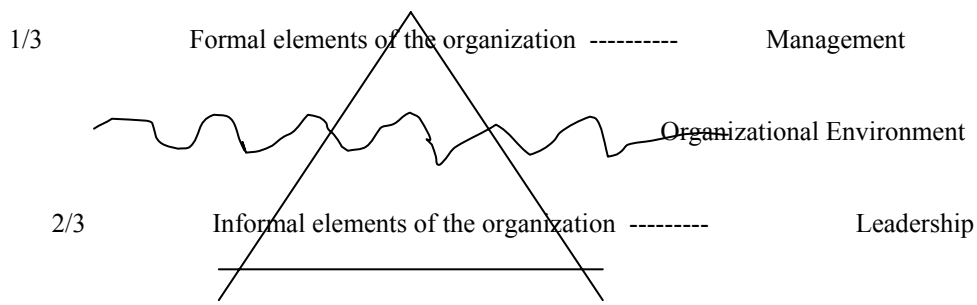
The authors consider that is hardly possible for the new vision of leadership to be copied, transferred and applied directly to a variety of contexts because any environment has its specific characteristics due to the historical, cultural, political and professional differences and peculiarities of each state.

⁴ Results of the Government Leadership Survey, A 1999 Survey of Federal Executives, Pricewaterhouse Coopers Survey Research Center

Chapter 2: The Bulgarian Specifics of the Relationship between Leadership and New Public Management. Organizational Iceberg.

Bulgaria is in a period of rapid transformation that seeks the emergence of a new brand of leader to meet this challenge - the transformational leader. These people take on the responsibility for revitalizing an organization. They define the need for change, create new visions, mobilize commitment to those visions, and ultimately transform an organization. Transforming an organization requires new vision, new frame of thinking about strategy, structure, and people. The traditional managerial skills are important ingredients in most organizational success stories but not sufficient for organizational transformation. And we focus on the most critical element - leadership -, as this scarce natural resource is desperately needed for the strategic transformation of Public Administration in Bulgaria. The approach used in the paper to present the Bulgarian specifics of the relationship between leadership and public management is based on the well-known scheme of the "organizational iceberg".

Table 2: The Organizational Iceberg



We are examining this model as a complex composed of two elements: Public management and Public leadership. The first element, public management, refers to the upper part of the organizational iceberg and it denotes exercising influence on the public organization for achieving its public goals. This element involves the mission, goals, strategies and policies of the public organization., its functions and structure. Public leadership refers to the bottom part of the iceberg and is directed to the administrative staff. Public leadership actually means the influence exerted on public servants for achieving the same goals of the organization. It involves education and qualification, experience, interpersonal skills, team work and necessary leadership attributes.

On the other hand, Leadership could be analysed as composed of two separate components: formal leadership, which is the power of the position within the administrative structure and informal leadership, which is the power of the personality with his/her personal attributes. Examining public manager as a formal leader and informal leader is the base for analysing the relationship between public management and public leadership. As a formal leader, the public manager is referred to public management because there are formal requirements determining the areas of competences that they should have to manage the organization effectively. In the same way, the requirements for effective public leadership determine the areas of informal competences for public leaders. They refer to a variety of personal skills and the new vision for leadership gives top priority to such qualities as ability to lead and influence, to scan and foresee the changes, accountability and flexibility, excellent human relation skills, ability for team building, moral standards.

The paper analysis presents the authors' research of the specific characteristics in the Bulgarian administrative system.

Table 3: Required Qualification for State Servants at Executive Position in the State Administration

Executive positions	Required educational degree
Chair of State Agency	Master degree
Chair of State Commission	Master degree

Member of State Commission	Master degree
Vice-chair of State Agency	Master degree
Executive Director of Executive Agency	Master degree
Head of Administrative Structure, created By law or by decree	Master degree
Vice-head of Administrative Structure, created by law or by decree	Master degree
General Secretary Administrative Secretary Secretary	Master degree Master degree Bachelor Degree
General Director Director	Master degree Bachelor Degree
Head of Section	Master degree / Bachelor Degree
Head of Sector/Branch	Bachelor Degree

- Unified Classificatory of the Administrative Positions

The Bulgarian civil service is not based on a "spoil system". Legal regulations declare that the prime minister and ministers are bodies of the executive authority and that these positions are politically appointed. They and the members of their political cabinets are nominated by the political parties in power and do not hold a position of state servants in the central government. The civil servants should be politically neutral and meet the formal requirements in order to hold the three differentiated positions within the administrative structure: executive, expert and technical. The analysis of the data taken from the Government Report on State Administration for 2002 reveals that the Bulgarian administration has high potential that should be used to its full extent for realizing the administrative goals. But in the same time, the public servants' professional competence should be constantly developed because, as the analysis shows, 48% of the employed in the administration has the required professional qualification but they still lack the managerial and leadership conceptual knowledges and skills. This means, that most of them have neither professional skills nor experience in public administration. The conclusion is supported by the data presented on Table 4.

Table 4: Distribution of Public Servants according to their field of Professional Education and Qualification

Field of education	% public servants educated in the field of science
Technical sciences:	36.5 %
<i>Engineers</i>	74%
<i>Architects</i>	4%
<i>Builders</i>	22%
Social, economic and law sciences:	31.6%
<i>Public administration</i>	2%
<i>Law</i>	25%
<i>Accountants, economists and financiers</i>	73%
The Humanitarian sciences	6.8%
Medical science and sports	6%
Mathematics, Informatics and Natural sciences	5%
Other fields of science	14.1%

* The Government Report on State Administration for 2002

The required key competencies, knowledges and skills for public servants at executive position in an administrative structure are grouped into six categories. They are developed as a base for evaluating the state servants' performance and are listed in the Government Instruction for determining the procedures of appraising employees' performance in the state administration. There are six formal areas of competencies for state servants with managerial functions and the scope of their competence includes a combination of knowledge, skills and abilities.

* **Managerial competence.** Main requirements include abilities to:

Set the goals of the administrative unit and develop action program; provide the resources needed for achieving the goals set; determine the priorities and apply the most effective methods for accomplishing the administrative activities; organize the work and distribute it; monitor and control employees' performance; coordinate the work among employees within the administrative unit and with other organizational units; stimulate and promote employee's professional and personal development; monitor, control and appraise the employees' performance.

* **Being competent in knowing and using laws and other normative acts.** Main requirements include abilities to:

Have knowledge of laws related to the field he/she works; apply the norms of laws correctly; have a specific knowledge of the job and the internal normative documents - orders, instructions and procedures - which refer to successful job performance; constantly upgrade his/her knowledge of the changes in legislation related to the job performance; know and explain, if necessary, mission and goals of the administrative unit he/she manages.

* **Communicative competence.** Main requirements include abilities to:

Create conditions for improving the communication in the administration; use flexible and appropriate techniques for presenting ideas and programs; manage the information effectively so that it is rendered to other employees on time; create atmosphere of fair and equal treatment for all employees as a condition for establishing favorable social and psychological climate.

* **Competence related to changes and change management.** Main requirements include abilities to:

Research and apply the up-to-date methods of work in public administration used by the most developed countries; generate and present new ideas for improving performance; manage the resistance to changes.

* **Competence to work with citizens as customers of public services.** Main requirements include abilities to:

Be polite, kind and accurate in serving the customers; have a good understanding of customers' needs; be capable of explaining complex solutions and the customers' rights in a clear and unbiased way; provide high level of customer servicing that leads to enhancing the image of administration.

* **Computer competence.** Main requirements include abilities to:

Know and apply the computer software needed for job performance; use the information technologies for improving the performance, increase the effectiveness and the spread of information /develop information and communication environment in the state administration for introducing e-government/.

The data analyzed shows that in order to upgrade the professional competence and strengthen the professional capacity of current public servants in 2002 more than 15000 /15 691/ were trained in different programs, but not in leadership. 21% of the trained public servants / 11 137 / have been employed in the central administration, while 23% of them /4 554/ - in the local administration. In-service training programs have been organized and provided on an ad hoc basis by ministries, agencies, other state institutions and the Institute of Public Administration and European Integration, where 2 108 state servants holding expert positions and only 562 public executive officials with managerial functions in the central administration were trained.

The need for enhancing professional competence of top level public servants is in sharp contrast with the research results made on Problems of the Administrative Reform according to which most public servants in Bulgaria find themselves competent enough to perform their duties. At the same time only 0.7% of the administrative staff points out the lack of training and further qualification as a barrier for effective job performance. /Research on Problems of the Administrative Reform, National Center for Researching Public Opinion, 2002/.

Table 5: Training Programs and Number of Trained Public Servants for 2002

Training Programs	Number of State Servants Trained
Specialized subject of Training	8650
Foreign Language Training	558
IT Technologies	1870
European Integration	891
Financial Management	1236
Managerial Skills and Human Resources Management	1483
Law Regulations and Organization of the Administrative Activity	3169

* The Government Report on State Administration for 2002

To analyse and highlight the Bulgarian specifics of the relationship between leadership and public management in central government in October, 2003 an empirical research was performed among the administrative staff of the Ministry of Territorial Development and Public Works. The research was conducted as a typical questionnaire and the paper conclusions are based on its findings. The respondents have been employed at executive or expert positions in different departments at the Ministry for several years. The respondents were asked to indicate and rate the the most important attributes for state servants as managers and leaders respectively. 81 % of the respondents point out that a state servant holding an executive position in the ministry can not be an effective public manager without possessing leadership attributes. For an effective manager they gave top priority to the following qualities: abilities to formulate mission and goals, organizational skills and abilities to develop strategies and policies. The top leadership attributes according the respondents are flexibility/adaptability, strategic thinking and communicative skills.

Table 6: Critical Attributes of State Servants for Effective Management and Leadership in Public Sector

Critical attributes of state servants as managers	% Rating Attribute as Highly Important	Critical attributes of state servants as leaders	% Rating Attribute as Highly Important
Abilities to formulate organizational mission and goals	64 %	Flexibility/ Adaptability	65%
Organizational Skills	47%	Strategic thinking	58%
Abilities to develop and implement strategies and policies	40%	Communicative skills	47%
Abilities to control tasks performance	28%	Abilities to work in a team	43%
Abilities to coordinate tasks performance	25%	Ethic and moral attributes	22%
Managerial experience	16%	Commitment to public service	9%

* Many respondents gave several answers.

Respondents were also asked to rate the barriers for effective performance in the organization. They listed the top three obstacles as lack of team work, lack of competences and low salary. Almost half of them consider that communication and training are important obstacles too. 58% of the respondents state that they have never been trained for improving their managerial skills and leadership attributes. This is a sound reason for the existing strong demand that public managers need to be trained and increased their competence in a variety of skills. The top priority is given to new managerial methods, strategic thinking ability, organizational skills, accountability and communicativeness. State servants holding leading positions in the administrative structure should be trained in public leadership too. To improve public leaders'

competence the respondents rank the top skills that they need to be trained in as flexibility, moral standards, team building, employees' motivation and technical expertise.

Table 7: Respondents' Opinions on Obstacles to Effective Job Performance

Obstacle	% Rating Obstacle as Highly Important
Lack of team work	68%
Lack of competence	62 %
Low salary	57%
Lack of training	47%
Bad communication	45%
Limited prospects for career advancement	14%

Table 8: Respondents' Opinion on Managerial Skills and Leadership Attributes that need to be trained and improved

Managerial skills	% Rating Skills	Leadership Abilities	% Rating Abilities
New managerial methods and techniques	46%	Flexibility	48%
Strategic thinking ability	33%	Ethic and moral standards	33%
Organizational skills	28%	Team building	31%
Accountability	20%	Employees' motivation	21%
Communicativeness /verbal and nonverbal/	20%	Technical expertise	11%

Conclusion: Excellence in management and excellence in leadership are crucially important for the success of top level servants' job and they have to be prepared to be as effective at managing as at leading. The authors share the established conviction that managers should be trained in leadership because leadership skills can be acquired and achieved, they could not be simply inherited. As the essence of leadership is change, while the essence of management is control, these two different functions require different sets of knowledge and behaviours. Managers must have the skills to lead and leaders to manage and the training program for top level servants in the Bulgarian central government must focus on mastering both managerial skills and leadership attributes to upgrade their professional competence in modern public administration, public management and public leadership.

It is a firm belief of the authors that to meet the critical challenges of governance, in addition to the specific requirements for educational qualification and experience in fields such as economics, law, finance or science the top level servant in the central government must also demonstrate the "executive core qualifications". One way for these five qualifications to be met is through training of public managers to become innovative leaders in public service. The correlation between management and leadership in a top level civil servant's job performance is 2/3 because two of the executive core qualifications - Being results Driven and Employing Business Acumen - focus on Management, while the other three executive core qualifications - Leading People, Leading Change and Building Coalitions and Communications - focus on leadership.

The research analysis shows that public management success in Bulgaria requires some fundamental changes in qualification and training of top level civil servants in the central government. The change is needed because there is not sufficient level of adequacy between the requirements of New Public Management and the managerial experience; knowledge and leadership attributes of top level civil servants. To be effective professional public managers they need to expand their knowledge and skills and learn to take on simultaneously the three roles of public administrator, public manager and public leader. Therefore, there is a strong need for introducing leadership development program to train public servants in leadership, not just management and the program has to be developed by means of creatively structured activities and interactive teaching methods. At present, a team of academic researchers from Varna Free University and the University of National and World Economy are working in cooperation to develop and introduce a Leadership training program for the top level civil servants in the Bulgarian central government.

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