FEATURES OF MANAGERIAL METHODS
IN THE PUBLIC INSTITUTIONS

A case of Management by Exception
in the Ministry of Administration and Interior

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Abstract:
The aim of the article is to analyze the possibilities of improving the public administration institution’s activity. Improving public service quality is in the benefit of the population and of the government as well. To achieve this goal, every public institution should be concerned about the costs on one side and about controlling and reducing them on the other side. It is crucial to understand the importance of the managerial process and to be able to choose the one that suits best. The Management by Exception is a system tailored to the public sector due to its advantages that this article is going to outline.

Keywords: management by exception, public sector, alert scheme, decision-making guide.

The activity of the public institutions is established by determining a multitude of diverse issues, in terms of content and structure. In order to optimize the managerial activity, it is crucial to create a management system that addresses the issues according to their complexity. Taking this into account, the management by exception is based on a systematic approach whereby only the information that indicates a significant deviation of actual results from the budgeted or planned results is brought to the management’s notice. Its objective is to facilitate management’s focus on really important tactical and strategic tasks. In the management by exception (MBE), the decision that cannot be made at one level of management is passed on to the next higher level. Considering the fact that the public institution gathers in its patrimony material goods, which are state-owned (public or private), public managers and executive public officers have a great responsibility. They have to manage assets that do not belong to them directly, as they are not the owners. Their main mission is to harness them in the management process, in order to achieve the expected objectives. To achieve this goal, every public institution should be concerned about the costs on one side and about controlling and reducing them on the other side. Therefore, the realistic optical management and the strategy of costs become a reality. Management by exception is a simplified management system, based on information that is spreading upwards and represents deviations from predetermined limits of tolerance. This has the effects of simplifying the management processes and better capitalizing the resources. The MBE can be approached both as a way of rationalizing the informational system and as an important pathway for efficient use of managers’ time budget.
Each manager "has" different tasks, responsibilities and specific defined competencies in terms of solving positive or negative deviations (exceptions). Its execution in the public sector involves the application of the following management measures:

- The informational system should be focused on creating and maintaining the operation of its components — information, flows and circuits, procedures, etc. — allowing the basic objectives of the organization to be aimed;
- The most important structural components of the public institution must be "equipped" with appropriate staff personnel, both quantitatively and especially qualitatively;
- Information that "feed" the informational flows and circuits must be exceptions, deviations from the so-called tolerance limits. They move on the vertical management system selectively, ensuring full correspondence between the degree of aggregation of information and their beneficiaries’ hierarchical position (managers placed on different hierarchical levels);
- Objectives, rules, regulations, etc. against which deviations are determined need to be realistic.

Using the management by exception in the Ministry of Administration and Interior may be a solution in the approach used by the management by objectives. This takes place when pursuing the degree of objectives and deviations achievements becomes a priority against their budgeted level. In order to operate this management system, it is firstly needed to be established the objectives and the other characteristics aspects of the public institution. Establishing basic and specific objectives for the ministry, resulted from the government program, regarding public order and safety, represents a laborious task, of great responsibility, that has a huge social impact on population’s perception concerning its safety. Using The Strategic Plan of the Ministry of Administration and Interior designed for 2010-2013, fundamental objectives were established. These then break down into specific activities and activities that are meant to be undertaken by each structural component of “Public order and safety”:

- To improve public safety;
- To provide a legal climate of the business environment;
- To reduce the impact of organized crime, border crime and terrorism;
- To enhance the integrated management of public order crisis and emergency situations;
- To improve the quality of public services in the field;
- To secure the border, especially the one outside the European Union, from Romanian territory.

Once these are established, it can be determined the tolerance limits that restrict the "non-interference decisional area", AA, as well as the intervals in which the production of deviations (exceptions) requires taking decisions and initiation of actions from managers.

Moreover, the operatively achievements are being analyzed and compared with the forecasted level of objectives. Afterwards, the main causes that have generated positive or negative deviations will be identified.

Finally, managers’ intervention materializes, when appropriate, in taking decisions to either correct or update, based on the causes that generated the exceptions.
WORKING TOOLS IN MANAGEMENT BY EXCEPTION

In order to be operational, management by exception uses two tools:

a) alert scheme;
b) decision-making guide.

a) Alert scheme

The alert scheme shows the intervals for which deviations recorded at the expected objectives level are considered exceptions.

To see whether the application of this methodology is beneficial for the Ministry of Administration and Interior, one of the specific goals will be analyzed, namely **Ensuring public order and improving the security of citizens, as well as maintaining an optimal socio-economic climate**. Furthermore, it will also be analyzed a predetermined performance indicator, which is the **Number of police workers per 100,000 inhabitants**.

The alert scheme will be:

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where:

- **non-interference decisional area**, namely the area where the deviations are "allowed"; even if they exist, there are no major negative effects;
- **attention area**, where the deviations start to occur and require a decision making by managers positioned on lower level in management. Therefore, in the first quarter, the growth or decrease in the number of police officers with 3 requires the line manager where the deviation was found to take immediate action in redistributing the vacancies;
- **alarm area**, characterized by registering more consistent misconducts, that expect their solving from the decisions made by middle level managers. In this case, the decrease by 5 in the number of police officers can lead to failure and therefore the initial objective of promoting the system to prevent the population will not be met. Similarly, if the limit of tolerance indicator is increased, this leads to additional costs in terms of staff members. At the General Inspectorate of Romanian Police level, a series of preventive measures in rural areas, as well as working with other law enforcement institutions can be implemented, in order to improve the fight against crime.
- **area of very serious misconduct**, where the “exceptions” are serious enough to require a decision made by top managers. These measures include identifying new actionable types, allocating resources according to risk areas, implementation of new concepts of action and a policy of staff mobility. With an austerity budget for this year, it goes without saying that they will not be accepting new appointments. Staff shortages in some structures are covered with officers from other departments as the costs for this "personnel movement" is minimal. All the superior level managers may agree to implement a standardized system that collects data on police events and a geospatial information system, trying therefore to attract funding from EU programs.
b) Decision-making guide
This tool includes the variation deviations from the non-interference decisional area, as well as decisions that must be taken at every managerial level. Some of these measures were described above, under the interventional decision making scheme.
In the application of management by exception, diagnostic tests were conducted at the ministerial level. Nevertheless, different aspects were acknowledged and the most significant are:

- There were no important rights given to the public administration authorities, which limited their ability to effectively manage the offer of services (e.g. the right to set prices for these services);
- The autonomy of the financial management is limited by regulations with foreseen the allocation of their own income, by restricting the use of transfers;
- The preponderance of targeted allocation is an obstacle for an efficient way of spending the budget, as it limits the coordination and integration of the services;
- The existing balancing mechanisms do not ensure fairness of the system;
- Public policies insufficiently substantiated and partially implemented could not provide rational solutions to existent problems;
- Government authorities have not benefited in all cases, in advance, by specialized training on financial management and management of decentralized public services.

Financial decentralization is an important component of decentralization as local public authorities have the most adequate information and therefore can take justified decisions. On the other hand, specialized employees at the central level cannot totally justify their decisions in relation to the local financial resources. Obviously, financial and administrative decentralization are closely correlated.

To seize the deficiencies mentioned above, during the last period, in the ministry, there were taken a series of concrete steps. They seek to strengthen local autonomy and management capacity by increasing the amount of their income locally and by strengthening the predictability of the allocation system. An increased financial autonomy must be accompanied by severe budget constraints, by an increased transparency and better enforcement of regulations regarding the use of resources and reporting.

Given the complexity and uncertainty of internal and external factors, which are under the impact of public institutions in general, management by exception is an adequate solution to many problems that occur through the intervention of the manager in special cases. Therefore, the higher-level manager is not overloaded with insignificant information and he can concentrate on resolving the problems with a higher priority. This allows the initiation of an appropriate feedback to a conjunction with high dynamics.

By all means, like any other management approach, it has advantages and disadvantages, influenced, in the Ministry of Administration and Interior case, by frequent structural organizational changes under the subordination or within the Ministry, by the permanent increase in the workload of public order structures taking into account the redundancies from this year.

Therefore, to obtain beneficial results for the public system, developing and implementing management by exception must be made with other management methods, preferably,
management by objectives. Whatever the situation, quality must be the main element for any process in public administration (Dobrin et al., 2008). The economical and financial analysis based on these methods allows the development of reasoning that makes assessments on the efficiency and effectiveness with which the public funds were used. The public institution manages only the public funds, so normally has the obligation of guiding those resources into their own system so that the results of their administration returns to the environment in which resources were derived.

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