Strategic Decision Making in Public Sector: Evidence and Implications

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Abstract: For public sector making the decision is crucial to respond at the needs of people, to offer good public services that call for a public response. Examine the decisions in public and private sector it can be note the difference as it is shown by numerous studies in the field. These differences are attributing to the specific role of the sectors in the society. The research responds at three questions: a) What are the differences in making decisions between public and private sector?; b) Which are the practices used by managers from public sector to respond to efficiency, rationality and social responsibility? c)How can be increasing the capacity of managers from public sector to adopt the best decisions?

Keywords: managers; controversy; public organisation; environmental; strategic decision**.**

JEL Classification: M51, L33.

1. Introduction

Activity in public organization is an activity of a particular group of people who meet certain criteria of rationality and efficiency in order to meet public interests. Processes to achieve these tasks are complex and implement action efforts of their organization. These are activities and decision processes consist of segregation of certain elements of the decisions of the organization and establishment of constant organizational procedures to select and determine these elements and to communicate those members (Simon, 2004, p. 5). Thus, the organization takes a person decisional autonomy and substituted by a process of organizational decision making.

This study aims to identify differences in decision making in the public sector to the private sector and the practices used by managers to meet the principles of efficiency, rationality and social responsibility.

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2. Differences in Making-Decision in Public and Private Sector

Examining decision-making processes in the public and private sector has shown that there are significant differences (Rodrigues & Hickson, 1995, pp. 655-678). While private sector decision making is characterized by organization, linearity, purpose, decision-making in the public sector are subject turmoil, conflict, and influence of external factors (Ring & Pery, 1985, pp. 276-286).

Factors influencing the decision-making process were the subject of study for researchers of the field. They (Bozeman, 1984, pp. 46-62) identified a number of factors such as environmental factors, cooperation, competition, constraints, political influence, elections, property, purpose, authority. These factors are able to influence strategic decision-making practices within the organization.

A picture of the factors influencing the decision-making procedures in the two sectors is given below:

Table 1. Influence factors on decisions making in private and public organizations

Factor	Private organisations	Public organisations	Impact on strategic decision making
Environmental market	The buying behaviour of people defines the market	Oversight bodies make up the market	Decision makers are obliged to seek out views of people in oversight bodies in public sector organizations.
Cooperation vs. competition	Competition among organizations that offer a given service	Collaboration among organizations that offer a given service expected.	Competition shifts to collaboration in a public organization, so key players must have a role in suggesting alternatives.
Constraints	Autonomy and flexibility limited only by law and the need for internal consensus	Mandates and obligations limit autonomy and flexibility	The need for consensus increases in public organizations.
Political influence	Political influence indirect and internal	Political influence stems from authority network and from users	More time is required to balance user needs with demands of oversight bodies in a public organization
Transactional scrutiny	Can sequester the development of idea	Can sequester the development of idea	Alternatives are more apt to be disclosed as they are identified in a public organization

Ownership	Ownership vested in stockholders whose interests are interpreted using financial indicators	Citizens act as owners and impose their expectation about organizations activities and the conduct of these activities	More people are involved in decision making in a public organization.
Organizational process goal	Goals often clear and agreed upon; efficiency dominant concern	Goals shifting, complex, conflict-ridden and difficult to specify; equity dominant concern	Clarity about the desirability of an alternative declines, increasing the time to make decision in public organization.
Authority limits	Power vested in authority figures who have the authority to search	Stakeholders beyond the authority leaders control influence the search for ideas	Search time and resources are more limited in a public organization.

Source: Adapted from (Nutt, 2005, p. 292)

Environmental factors are external and include market organization, cooperation and competition and political factors. In the private sector customer purchasing behaviour suggests business organization. The public sector is characterized by inertia market mechanisms; the behaviour is determined by the degree to which supervisors engage in market. Establishment within the public revenues from taxes paid by people suggest leaving the market principles and public pressure on the authorities. This behaviour requires managers from public sector decision makers better determine the needs of people.

The public sector is characterized by collaboration in order to meet the needs of citizens. Competition and marketing would be attributes of public organizations would create similar services to their duplication. However, public marketing theory suggests the need to reflect the needs of consumers of services and public goods. The voluntarism vision, long-term regulatory and public administration through public marketing vision is appreciated opportunistic market movements, the diversification of needs (Profiroiu, 2001, pp. 108-11). Government faces stiff competition in the delivery of services to citizens. From this perspective, the need for marketing in the public service is absolutely natural. In a competitive market measures should be taken to ensure the best conditions for increasing the quality of services in order to maintain competitive advantage.

Lamb (1987) estimated that the financial resources available to the government for offering consumer services and products to the client shall be conducted under optimal conditions leading to its satisfaction. Obtained through traditional channels (sampling of local taxes), the state's financial resources are insufficient to meet social needs. Consumers, citizens believe that they are paying too high a price for what they offer. Taxpayers, legislators, customers, citizens and groups affected by state actions begin to show their dissatisfaction with the performance of public organizations that do not agree with the vote cast, with participation in community life, the effort expressed in taxes paid.

Another argument which explains the increase in marketing in public life is given by Alford (2002): service users are attracted only to the consumption of material goods, but also the realization of symbolic values, and social norms. Public organizations must meet these needs not only political authorities ask this, but they need to receive a wide range of other things to beneficiaries of public services: information, cooperation and participation.

Collaborative public organizations enable key stakeholders to be involved in decision making by providing alternatives. Unlike private sector is characterized by competition that provides competitive advantage in the market. Ideas are well guarded and developed in order to develop activities and to become competitive in a market defined.

Political factors directly influence decision-making practices in public organizations. Under the direct authority of state power (exercised by organs of public power), public organizations are directly involved in decision-making in full concordance with deliberative decisions taken by authorities which are more important than economic criteria that private organizations are crucial (Nutt, 2005, p. 293). Public sector decision makers are subject to limits due to disagreements about the importance of classification needs (from very important no matter). They need more time to balance the needs of citizens with supervisors and control applications. Public organizations develop numerous transactions with key actors in the environment, these relationships being mediated by the exercise of voting and ownership.

Voting is the determination of the representatives of public power. Their involvement in decision making in the public sector is subject to public debate in the media, so it is difficult to quickly identify alternative solutions to complex problems. Blumenthal's (1983) has described this manner of decision making as fishbowl management, showing the difficulty of decision making in public organization through creative and innovation capacity decreased. The decisions to adopt the state budget or the local budget mean to follow a complex procedure that reflects the public power. The public budget represents the high degree of representativeness in public finance (Oprea, 2011, pp. 20-21) and show the wealth fare of the state. Organizational process that makes distinction between public and private organization is to establish organizational goals and limits of authority. While public organizations may have multiple purposes, which may be vague, controversial and undefined in terms of SMART (specific, measurable, accessible, relevant and anchored in time), private organizations define their goals in terms of efficiency and economic efficiency to meet the need for which was founded - profit. The clear public policy objectives that the organization is able to meet the challenges of the new guidelines, according to the specificities environment that operates otherwise unclear and vague formulation will result in poor performance and obtaining credit will decrease decisional alternatives, will be ineffective decision making. In this regard, a special role manager has a responsibility to find those challenging elements defining strategic directions for action in order to obtain performance. Equally it is necessary to use the full potential of the organization in order to ensure fulfilment of performance. These issues must be pursued at the level of the whole organization and the functional subdivisions.

Public sector managers do not have broad autonomy in making strategic decisions in comparison with the private sector. Public managers cannot use public money than their data according to destination, the refocusing of the other possible investment amounts marked by complex rules and procedures. As a result, alternative investments to cover decision are much reduced public sector to private sector where the investment decision is adopted easy.

3 Efficiency, Rationality and Social Responsibility –Principles to Make the Decision

Private addresses needs of stockholders determined, while the public sector must fulfill the ever-growing and diversifying population. This last point refers to the specific needs of rationality and public sector and social responsibility he has towards citizens. These distinct roles of the private and public sectors related needs lead to the need for specific decision-making practices. The question is whether managers in the private sector and the public sector have a different perception of risk it takes and how to adopt the same practices used when making the decision.

Literature specific decisions in the public sector (Simon, 2004, pp. 23-27) identify a number of principles:

a) The effectiveness of a public organization is enhanced by specialization of tasks distributed among group members;
b) The effectiveness of public organization increases with group members in a location clear hierarchy of authority;
c) The effectiveness of public organization is increased by reducing the control range at a short distance, at any point of hierarchy;
d) The effectiveness of public organization is enhanced by grouping employees in the exercise of control by the purpose, process, clientele and location.

Although these principles have found their place in public decision-making theory but not without controversy. Specialization is a feature of a group effort, no matter how efficient or inefficient as the effort. Specialization means that different people do different things. Following the principle of specialization is subject to multiple interpretations depending on place, time and specific work undertaken. Unit reflects the idea of subordinating civil authority superiors. The question is whether more heads its way of exercising this authority? (Gulick & Urwick, 1937, p. 25). The interpretation of this principle lies in determining how authority should be divided so as to ensure management unit and through what channels should be exercised. Reducing the control range at lowered ready at any point in the hierarchy requires uncontrolled increase organizational levels. Hence, an oversize organization structures means an abdication of the principles of specialization and control unit. Addressing efficiency of public organization in terms of purpose, process, clientele or weak spot is motivated by the fact that the bases are competing organization. The goal is the goal, the purpose of the activity, reflecting the means of achieving the goal. Customer is determined mainly aimed directly concordance and instead of making the agreement work order process and customer choice.

Corporate social responsibility is a concept that refers to organizations has a duty, and in particular the multinational towards all parties involved in carrying out their profile generated by economic activities, respective customers, employees, partners, and towards local communities and the environment.

The concept encourages corporations to take into account the interests of society and beyond legal regulations. Thus, success in business achieved by observing the law, the code of ethics, economic development, and proper attention is given special environment, taking into accounts the needs and interests of all partners. Voluntary organizations involved and continuously improving the quality of life for employees and their families, local communities and society in general. Although it is a voluntary instrument, it must be implemented properly to gain confidence factors interested.

4. Conclusions

Importance of decision making within the organization is essential for its success or failure. The analysis performed in this work to the public and the private sector is significant differences. Responding different purposes, public and private organizations use practices that affect decision making functionality and organization. Managers of public organizations are held to the rules and regulations imposed by supervisors and control of financial and budgetary limitations and the inability to develop creativity and innovation by way of decision making. Efficiency, rationality and social responsibility are principles with impact on public organizations, but their decisions respecting the various dimensions behave.

Public sector managers may engage in dangerous decisions when decisions are made as a group of colleagues and subordinates. The concept of coordination has implications both internally and externally, as long as the implications of the decision reflect the social level. Private sector managers can make decisions in this manner. Working group seeks to achieve the purposes for which it was established, and decisions will affect a given number of people. It is easy to note that public managers do not focus on group decision, considering it risky. Have an important role supervisors and control them through cooperation and collaboration with public organizations can show whether or not serve the public interest by decision.

This research will be continued by reflecting individual and contextual factors in decision making in public organizations using decision models known in the literature.

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