

## РОЗДІЛ 3

# ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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**Calugareanu Irina**

Academy of Economic Studies of Moldova

**Cocerhan Mihai**

Free International University of Moldova

### MANAGEMENT OF MUNICIPAL PUBLIC ADMINISTRATION COMPETITIVENESS

#### Summary

Current trends and problems in the development of central public administration require increasing the local economic potential and the development of municipal public administration to create a competitive, rational administrative frame of its management system. The economic interpretation of a municipality regards it as a subsystem of the economic system. This subsystem includes many social, economic and legal elements, but the main feature of the municipalities' economy is their attachment to certain geographical conditions and territorial resources. Processes of practical adaptation of municipal economy to market conditions and prospect of municipalities' active integration into the system of inter-regional economic relations need the further perfection of management methods and tools of municipalities of Romania and the Republic of Moldova for increasing their competitiveness. Understanding the modern essence of municipalities' competitiveness and mastering the mechanisms and tools of its management will allow a progressive development of municipalities and gradual smoothing of the economic framework polarization. In this context, the article examines theoretical issues relating to the development of mechanisms for managing the competitiveness of municipal public administration, which is justified by the objective needs according to the main socio-economic goals and priorities in the context of municipal public administration. Furthermore, it is necessary to systematize the information on the features of the competitiveness of the Romanian municipalities, identify factors that determine the competitive position of municipalities, and search for new effective management tools to attract financing from extra-budgetary sources for large long-term projects.

**Keywords:** municipal public administration, competitiveness, factors, competitive positions, indicators, gross municipal product, public-private partnership, administration management

**Problem statement.** In recent decades, in foreign countries, special attention has been paid to the municipal level of government since the high level of municipalities' development ensures social and economic stability within the country and economic security at the international level. At present, it is necessary to note specific particularities of municipal entities where such different and complex elements as municipal management and local self-government operate simultaneously to increase their competitiveness at the regional and central levels.

**Analysis of recent studies and publications** refers to the scientific and methodological literature in the public administration field and researches of Popescu L., Venter A. Sarbu E., Yescombe E. R., Farquharson E. published in Romania and the Great Britain, local laws, as well as the results of the author's research.

**Parts of the common problem that have not been resolved previously.** The processes of practical adaptation of the municipal economy to the European Union market conditions and the prospect of active integration of municipal public administration into the system of inter-regional economic relations require a targeting work to further improving its management. The problem of searching for new management tools, that can improve and complement existing mechanisms of managing the Romanian municipal economic systems, are correlated with the practice of managing the municipalities in a competitive world.

**The purpose of the article** is to research theoretical issues to develop a mechanism for managing the municipal public administration competitiveness and to search for new effective management tools for it.

**Statement of the main material.** At present, there are many different methods of evaluating the competitiveness of a country and region in the scientific literature, but in the field of municipal public administration it can be observed the adaptation of regional methods to the local level. It should be noted that this approach contains the possibility of obtaining insufficiently objective indicators to assess the municipal public administration competitiveness, which may entail an incorrect vision regarding the development of the territory in the future.

The term municipality (from the Latin municipium) refers to an administrative unit in Romania and the Republic of Moldova and it is granted to the cities that have a special significance in the economic, socio-political and cultural-scientific life of the country, or which have development conditions in these directions, so it is. This status has the largest cities with an identical degree of urbanization that have usually more than 15,000 inhabitants. The appearance of this term is conditioned by the need to designate subjects of civil legal relationships, such as urban, rural settlements and other territories in which local public administration is carried out. Thus, we can conclude that the municipalities represent a certain territory in which the population lives (not necessarily compact and not necessarily

stable) that has acquired a certain status (municipality status), which allows them to participate in civil law relations and to carry out local self-government. Therefore, the administrative units, which do not meet one or more of these criteria, are classified as cities or, if not urbanized, municipal districts. The municipality does not have other administrative units, although unofficially large municipalities are grouped by districts. The exceptions are the municipalities of Chisinau, Bucharest, which have the status of the capital and are officially divided into 4 and 6 administrative units, called sectors or preturas. The distinction between urban and municipal status is important, especially at the political and administrative levels.

However, the actual granting of municipal status for both countries is carried out according to the Law of Local Public Administration. For Romania, this is the Law No. 215/2001, amended in 2006 by Law No. 286 [1; 2]. For the Republic of Moldova, this is the Law no. 436/2006 of local public administration [3]. According to the Romanian law, a municipality must meet the quantitative and qualitative minimum criteria to obtain the municipal status [1; 2]:

1. Number of inhabitants – at least 40,000.
2. The population engaged in non-agricultural activities – 85%.
3. Living places with water supply facilities – 80%.
4. Provision of housing with a bathroom and toilet in the house – 75%.
5. The number of beds in hospitals per 1000 inhabitants is 10.
6. The number of doctors per 1000 inhabitants is 2.5.
7. Educational institutions.
8. Cultural and sports facilities – theaters, musical institutions, public libraries, stadiums, gyms.
9. Number of places in hotels – 100.
10. Modernized streets – 60%.
11. Streets with water distribution networks – 70%.
12. Streets with sewage lines – 60%.
13. Mechanical and biological wastewater treatment
14. Streets with external fire hydrant networks – 70%.
15. Green spaces (parks, squares) – 15 m<sup>2</sup> / place.
16. Public Sanitation Service.

According to the law, settlements are ranked at levels 0, I, II, in compliance with this hierarchy, municipalities are distributed:

- Level 0 – the capital of Romania, a municipality of European significance;
- Level I – municipalities of national significance that have potential significance at the European level;
- Level II – municipalities between regions, districts and a network of human settlements.

Municipalities of levels 0 and I are the development centers in which a significant number of residents live: at least 150,000 inhabitants. The population has direct access to the main network of pan-European communication routes. A flexible, high-tech economic base, universities, diversified higher education institutions, as well as a rich cultural life, are developed.

Managing the development of municipalities is a difficult and complex task that requires the application of various approaches. To analyze the problems of creating efficient and competitive models of the municipality's management, today, the most important approaches are the system and structural-functional.

Within the framework of the structural-functional approach, the municipalities can be considered

as structural elements of the Romanian economy, meant to manage the entire social-economic sector more efficiently. The system approach is closely linked to the structural-functional approach, but it is focused on the complex and diverse interactions that link the municipalities (as a subsystem) with the country's economic system.

Municipalities can be represented within a full system approach as open mechanism composed of many interconnected elements that include [4, p. 90]:

1. The social and community administration through which the relation of the authorities of the local public administration with the owners' associations from the administrative-territorial unit of the municipality is materialized.

2. Human resources management of the municipality.

3. The purpose and objectives needed to be solved by the administrative structures.

4. National and local legislation regulation of the public administrations' activities under the principle of local autonomy.

5. Public and private organizations which work within the territorial limit of the municipality.

6. Public, political and religious organizations, educational and healthcare institutions.

7. Municipal and private institutions in social, sport and cultural spheres.

8. Municipal lands and natural resources.

9. Local infrastructure, level of development of communications, roads, etc.

Within the system analysis, each of these elements can be considered as an independent system (and a subsystem), thus, we will talk about the system of municipal administration and its human resources, about the system of private and state-owned enterprises, the healthcare or education system, etc.

The use of a systematic approach is based on the methodological foundations established in economic theory, general systems theory, synergy, and others. In a broad sense, a system can be defined as any entity that is consisted of interconnected parts. Management within the system approach includes the relationship between two subsystems: the one which manages (the subject) and the managed one (by the object). Optimal management (within the theory of balance) refers to a balance between the achievement of the objective and the amount of the use of socio-economic and managerial resources in a competitive way. But, at this time, experts offer various methods for assessing competitiveness, but they do not reflect the specifics of the municipalities' management. There are no indicators for assessing the competitiveness of municipalities, which contributes to the adoption of ineffective management decisions. Therefore, the assessment of the competitiveness of their administration should be based on objectivity, systematicity, and rationality; because managers of municipal administrations need to understand what the municipality competitive potential is, what information base the municipality has for creation of the competitive advantages, which factors influence the municipality activity, and which strategic partners they have [5, p. 78].

The main factors that influence the competitiveness of the Romanian municipalities are stipulated in the following documents: "National Competitiveness Strategy 2015", approved by Government Decision No. 775, Emergency Ordinance No. 43 dated 2013 on the financial crisis and insolvency of administrative-territorial units, Law on Decentralization No. 195/2006 dated May 22, 2006 [6; 7; 8].

According to the factors influence, there can be distinguished both the external and internal impacts on the competitive position of the municipality (Table 1). Usually, due to external factors, the competitive positions are mainly formed at the macro-level of management and the highest levels of the mesoscale of management.

Analyzing the table 1, we can conclude that the state of the local community's economy depends directly on both the economic and social factors, as well as on the general level of the social institutional development, its legal system, market economy institutions, and their management, the social and cultural sector.

Today, the development of the municipality's competitiveness faces two main tendencies: the need to extend the level of independence and responsibility of the municipalities, as well as to increase the role of local self-government, on the one hand, and the need for a balanced development of the entire economic system, on the other. Therefore, the position of the municipalities is not exclusively an "internal" issue of the local settlement; they have to be economically integrated into the socio-economic system of the region and Romania as a whole. Thus, the development of the municipalities cannot be isolated from the processes of the socio-economic development of society.

The priority of the European Union is to increase the quality of human life, the level of education and health care, the solution of environmental problems, the development of culture, science, the availability of natural resources, the profitability of commercial companies, the level of competition in the region, the development of small businesses, the state of communications and other infrastructure facilities. Also, the demographic situation, the quality of labor resources, the level of economic and labor culture, the level of the creative and intellectual development of the citizens, their potential reflects the EU's priorities, that could be gained at the municipality level only by increasing the competitiveness management [9, p. 42].

Many tools have been developed to improve the efficiency of managing the competitiveness of municipalities, they refer to private-municipal partnership, municipal procurement, targeted programs, urban marketing, tools for monitoring the activities of local governments, tools for taking into account the opinions of citizens, monitoring the effectiveness of budget expenditures, and many others [10, p. 240]. Most of them are aimed at increasing the current level of competitiveness of the municipality. At the same time, the formation of the competitive potential and competitive advantages of municipalities has a

long-term and strategic nature, therefore "recently the need for a strategic planning system has grown significantly, this need has arisen for a set of management tools that ensure coordinated goals, linking long-term decisions with medium and short-term ones, balance of resources, risk reduction, etc. In this order, the most demanded management tool at present is *crowdsourcing*, which allows municipal authorities to engage the population in solving strategic issues of local importance. It represents a new approach to the methodology for solving complex problems that faces business, government and society, using the intellectual potential and knowledge of millions of people by transferring individual production functions to an unlimited or predetermined circle of people on the basis of a public offer that does not imply the conclusion of an employment contract.

Crowdsourcing aims to solve interrelated tasks: collecting and processing information sent through complaints and petitions, collecting and processing constructive ideas for ongoing research, collecting proposals for draft regulatory documents, forming a pool of independent experts among the local population, evaluating activities local governments, etc. It is based on the assumption that there are always talented people in society who are ready to generate ideas, solve problems and even carry out free of charge or for a symbolic reward. At the same time, local public administration must correctly use crowdsourcing tools as one of the sources for the formation of the competitive potential of municipalities, because an incorrect organization can reduce the effectiveness of management.

Another tool that is gaining widespread use is *foresight*, which provides deep scientific and expert elaboration of the strategies for the development of the particular industries and the social-economic system as a whole [9, p. 133].

In the fundamental Practical Guide to the Regional Foresight of the European Community, foresight is understood as a process of actively understanding the future and creating a medium-term and long-term visions aimed at making relevant decisions and mobilizing joint efforts. Foresight is actively used to predict the development of science and technology, social systems, solving issues related to training, education, population structure, and possible processes of economic restructuring.

The management tools mentioned above can improve the quality of strategic planning of the municipalities' socio-economic development at the stage of developing strategies and evaluating their implementation, which will be directly reflected in the municipalities' development competitiveness.

Table 1

Factors of municipalities' competitiveness

Management	Economic	Municipal
<ul style="list-style-type: none"> <li>- level of administrative relations development and authority delegation;</li> <li>- effectiveness of administrative management and services quality;</li> <li>- management organizational structure, mission, level of specialization;</li> <li>- political stability, continuity and balanced strategic partnership.</li> </ul>	<p>Internal:</p> <ul style="list-style-type: none"> <li>- the competition level of territories within the municipality;</li> <li>- information base;</li> <li>- infrastructure;</li> <li>- labor productivity, the development level of domestic and foreign markets, the European integration;</li> <li>- investment climate.</li> </ul> <p>External:</p> <ul style="list-style-type: none"> <li>- the competitiveness of a country, region, industry;</li> <li>- the orientation of social, economic, financial, fiscal policy;</li> <li>- monitoring of social-economic processes.</li> </ul>	<ul style="list-style-type: none"> <li>- high level of well-being of inhabitants;</li> <li>- employment stability;</li> <li>- the level of managers competitiveness in the system of local public administration;</li> <li>- optimization of management processes at a professional level</li> </ul>

Source: developed by the authors

**Conclusions and proposals.** The search for an efficient mechanism of municipalities' management is of particular importance in Romania. This mechanism should include not only democratic procedures but also tools for establishing the strategic development objectives of local organizations and forming a managerial system for their effective implementation.

Based on the analysis of managing the competitiveness of territorial social-economic systems, the priority of the task of finding ways to improve the municipalities activity as a mechanism for managing the competitiveness and linking it with modern management tools becomes obvious. Thus, it is necessary to improve the entire process of managing the competitiveness of municipalities.

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