

## **CHAPTER 14**

### **LAWS OF PUBLIC GOVERNANCE AND ADMINISTRATION AND TRENDS OF GOVERNANCE CHANGE IN THE CONTEXT OF THE NEW PUBLIC MANAGEMENT**

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14.1 Legal Public Sector Management (Lithuanian case)

14.2 Features of Public Administration as a Democratic Institution

14.3 New public management in management of the public sector: principles, Structural elements and trends

Conclusions and Discussion

References

#### **14.1 Legal Public Sector Management (Lithuanian case)**

The public sector is that portion of an economic system that is controlled by national, state or provincial, and local governments. The public sector overlaps with the private sector in producing or providing certain goods and services. The extent of this overlap varies from country to country, state to state, province to province, and city to city. This overlap is most often seen in waste management, water management, health care, security services, and shelters for homeless and abused people. Sometimes, service providers move from the public sector to the private. This is known as privatization, and has been taking place in recent years on a large scale throughout the world. In other instances, a service may shift from the private sector to the public. This is less common, but health care is one area where some governments are providing or experimenting with services previously furnished by private providers. Governments routinely hire private enterprises to provide goods and services for the public sector, a practice known as outsourcing.

Public administration is the concept encompassing the entire public sector activities. Public administration is interpreted as the implementation of the policy of a public chosen government through various governing measures and mechanisms, in particular - state administration subjects and law. The problematic questions of the paradigm of the legal public sector were analysed Astrauskas A. (2007, 2011, 2013) Astrauskas A., Gecikova (2014); Bakaveckas A. (2007); Urmonas A. (2006); Kunevičius, G. Kosmačaitė, V. (2014); Kondratiene, V. (2012), Raipa, A.(2011, 2012, 2014, 2015) ir kt . The formal concept of public administration was presented for the first time in Public Administration Act adopted on June 17, 1999. According to the 1st part of article 3 of this act, the public administration is defined as "the executing activities, regulated by law and other juridical acts, of the state and local self-governing institutions, other subjects authorized by law for implementation of

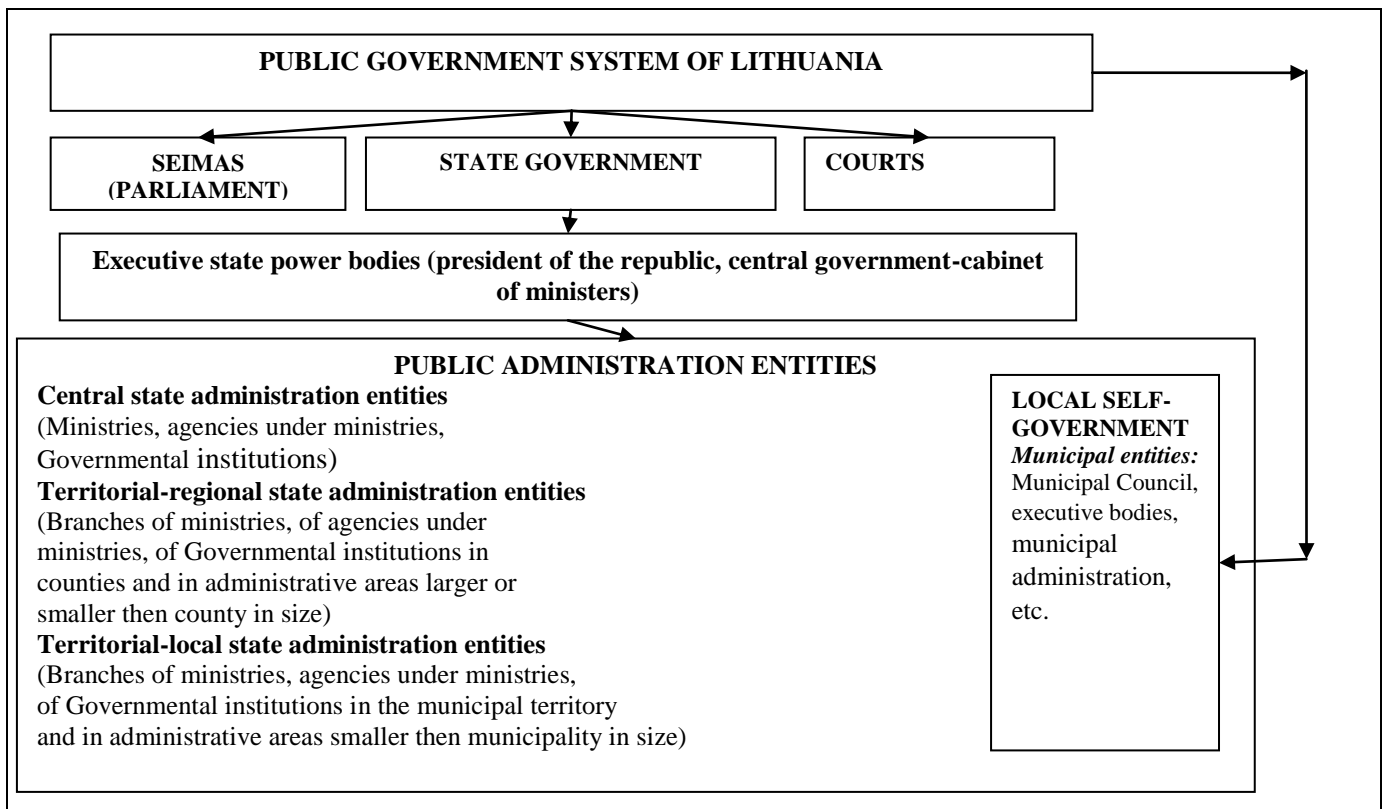
the law, other juridical acts, the decisions of local self-governing institutions, for administration of foreseen public services "It is obvious from the given definition that one of the most significant features of the public administration is the fact that it is linked namely to the nature of executive activities [5].

Astrauskas, Gecikova(2014) conducted analysis Public Government System in Lithuania. The authors argue that the countries of Central and Eastern Europe after the change of the political system adopted parliamentary system of democracy and local self-government has become an important actor of local development, which performs public administration and simultaneously independently manages and administers its territory and creates conditions for people to live. According to the form of state government Lithuania is a parliamentary republic with certain elements of the mixed form of state government, according to the territorial structure of state government - a unitary state and according to the political regime – a democratic state. Under the Constitution of the Republic of Lithuania the Lithuanian public power (more precisely, the public government system) consists of state power (state government sub-system) and local self-government (local self-government sub-system). At the same time the local self-government is recognized as a specific public administration system which operates on different grounds than the state power and is not directly subordinate to the state power. Relations between the state government institutions and local self-government entities (municipalities and etc.) are based on:

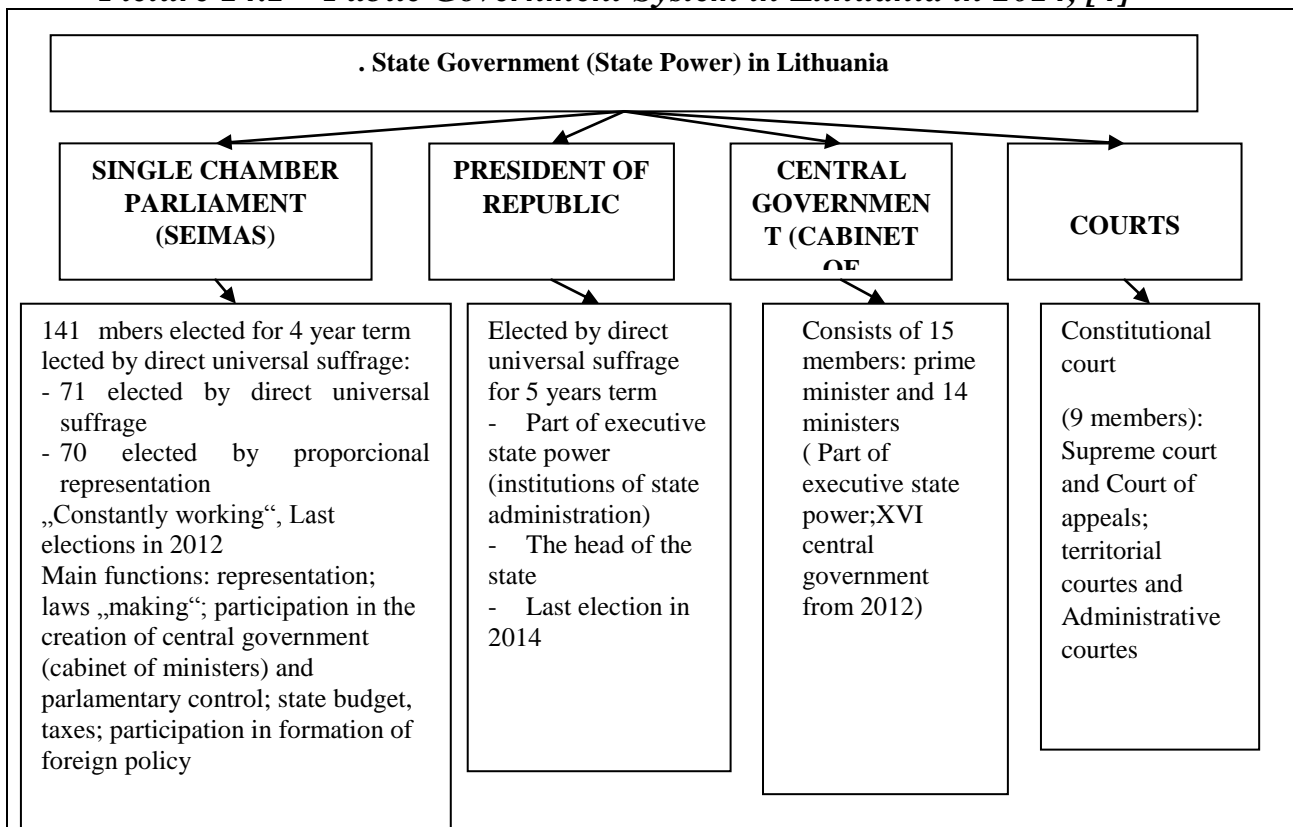
defining of municipal competences by the Constitution and laws as well as on division of municipal competences to own competences and competences delegated by the State) ; the possibility for the state authorities to influence municipalities only by legal and economic measures; legal (administrative), performing and financial supervision of municipalities, as well as judicial control and resolution of disputes judicially; provision of consultation and cooperation. The place of local self-government in the public government system is shown in Picture 14.1.

Lithuanian state power (more precisely, state governance) is organized and executed in accordance with the Constitution and laws of the Republic of Lithuania, international treaties, secondary legislation. The state power is organized according to the principle of separation of powers: spheres of legislative, executive and judicial powers are institutionally separated. State government powers are restricted and divided among the spheres of state government by the Constitution.

As it is pointed out in the Public Administration Act of the Republic of Lithuania (2015), creates preconditions for the implementation of the Lithuanian Republic Constitution provision that all public institutions serve the people; establishes the principles of public administration, public administration areas, public administration entities system and organization foundations of administrative procedures; guarantees the individuals' right to appeal against the public administration entities actions, inaction or administrative decisions, as well as the right to a legitimate and objective analysis of personal applications, complaints and statements; establishes other rights and duties of individuals and entities of public administration in public administration area.



**Picture 14.1 – Public Government System in Lithuania in 2014, [4]**



**Picture 14.2 - State Government (State Power) in Lithuania (2014), [4]**

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administrative procedures; guarantees the individuals' right to appeal against the public administration entities actions, inaction or administrative decisions, as well as the right to a legitimate and objective analysis of personal applications, complaints and statements; establishes other rights and duties of individuals and entities of public administration in public administration area. Public Administration entities in their activities are guided by the following principles (table 14.1).

**Table 14.1 – Public administration principles, [20]**

	<b>Principles</b>	<b>Contents of principles</b>
1.	Law superiority.	This principle means that the empowering of public administration entities to conduct public administration must be set out in legislation, and actions must comply with the legal framework set out in this law. Administrative acts related to the implementation of persons' rights and duties, in all cases, must be based on laws;
2.	Objectivity.	This principle means that the administrative decision-making and other official actions of public administration entity must be impartial and objective
3.	Proportionality.	This principle means that the extent of the administrative decision and its implementation measures must meet the necessary and reasonable administration purposes
4.	Non-abuse of power.	This principle means that the entities of public administration will not be permitted to perform administrative functions without public administration empowering established by the set order of this act or to make administrative decisions seeking for aims other than provided in the laws or other normative legal acts;
5.	Institutional support.	This principle means that public administration entities when preparing administrative decisions, where appropriate, provide each other with the necessary information and other assistance;
6.	Effectiveness.	This principle means that the public administration entity, when making and implementing decisions, uses the resources meant for it economically, trying to achieve the results with the lowest possible cost
7.	Subsidiarity.	This principle means that decisions of public administration entities should be taken and implemented at the level of the public administration system in which they are the most effective;
8.	"One-stop shop".	This principle means that a person gets information, the application, complaint or report are adopted and the answer to them is provided in one workplace.
9.	Equality.	The entity of public administration, when making administrative decisions, must take into account the fact that all persons are created equal in front of the law, and not restrict their rights and provide them with the privileges of their sex, race, nationality, language, origin, social and property status, educational, religious or political views, type and nature of the activities, the place of residence and other circumstances;
10.	Transparency.	This principle means that the activities of the entity of public administration must be public, except in cases prescribed by law;
11.	Responsibility for the decisions taken.	This principle means that the entity of public administration, when making administrative decisions, must assume responsibility for the consequences provoked by administrative decisions taken;
12.	The principle of	This principle means that the entity of public administration must find new

innovation and openness to change.	and effective ways to solve problems, and constantly learn from the examples of good practice.
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The system of public administration entities consists of entities of public administration related to one another by links of subordination and co-ordination, having the empowering to carry out their mandates in public administration established by the order of this act; Public administration entities system consists of state administration entities and municipal administration entities; State administration entities - state authorities or institutions, the civil servants and officials, state enterprises, public institutions the owner or sharer of which is the state, the associations that are authorized to perform public administration in accordance with the order foreseen by law, directly applicable European Union legislation, ratified by an international treaty of the Republic of Lithuania, the law authorized by adopted legislation of a state institution, the Government resolution adopted in accordance with the directly applicable European Union legislation, ratified by an international treaty of the Republic of Lithuania establishing the scale of financial support to Lithuania provided by the European Union or separate states, the principles and general rules.

**Table 14.2 - Public Administration entities, [20]**

<b>Public Administration entities</b>	<b>Municipal administration entities</b>
Central - state administration entities whose activity area is the whole territory of the State	Municipal authorities or institutions, their civil servants and officials, municipal enterprises
Territorial - state administration entities whose activity area is the stated part of the State territory	Public institutions, the owner or sharer of which is municipality
	Associations authorized to perform public administration ( public administration empowering is provided by the municipal authorities empowered by legislation by their adopted act of law)

In the Public Administration Act of the Republic of Lithuania it is pointed out that the main areas of public administration the following: administrative regulations; 2) control of implementation of legislative and administrative decisions (control of subordinate entities, maintenance of not subordinate entities); 3) administrative services; 4) administration of public services; 5) internal administration of public administration entity. It is stated in the law that only public administration entities have the right to issue administrative acts necessary for implementation of laws and other legislation, only public administration institutions have the right to adopt normative administrative acts necessary for implementation of laws and other legislation, public administration entities have the right to enact individual administrative acts having the procedure established by law in their capacity as administrative powers, the mandatory requirements for persons are established only by law or acts enacted as a basis for legislation.

Administrative law should serve the public interests by ensuring the protection

of a person, cultural development, economic development, etc. It is not enough just to define the administrative law mission, it is important to perceive it in the context of social changes. Since social life is constantly changing, the society refuses certain values and replaces them with others, it must be ensured that the whole variety of ways, methods, and influences, the change of administrative law mission in the process of solving social problems of different origin would keep pace with reality and not become formal. According to Urmonas (2006), from the governance point of view, legislative drafting, publishing and law enforcement can be seen as a unified regulatory system which is applied with the experience of governance systems. Effective governance uses social patterns, models governance solutions, seeks results significant to the public focusing on purposeful and concentrated effects. Having evaluated the legislation as a unified juridical regulatory system, it is thought that the system can be managed if you have one common systemic goal. The laws and other legislation make the feedback on their creator. They have an impact on people's attitudes, opinions, standards, internal takeover of evaluations. It can be said that state regulation must serve the public interests by constructing the objectivity of drafting of laws and other acts, their adoption and implementation, influencing their governance. State regulation creates a certain sense of stability of state governance. State regulation concept includes a number of legal documents and regulations ( The Constitution, laws, other legal acts, decrees, programs, strategic plans, orders, licenses, etc.), used by the government to regulate the behavior of citizens and the organization.

The state governing (administration) is often described as the executive activities of social processes in society. In the process of governing implementation the subjects of state governing (administration) use granted authoritative powers, unilaterally adopt legislation which must be implemented and, if necessary, the implementation of which is ensured by force. In the process of state governing (administration) the major state functions are implemented, all public processes happening in administrative-political, social, cultural and economic governing areas are under the guidance. Most of administrative law theorists argue that the state governing (administration) subjects are state and local self-government institutions as well as non-governmental organizations which are provided with appropriate credentials. The governing functions are also implemented by local self-government authorities: the municipal council, the municipal director of administration and the municipal controller. In cases prescribed by law governing functions can be implemented by non-governmental formation which are provided with state dictatorial powers. Administrative law theory traditionally treats the state governing (administration) in the broad and narrow meanings. The state governing (administration) in the broad sense is the whole state regulating activity (representative authorities, the prosecutor's office, courts and other institutions), i.e. state governing is implemented by all state structures.

It is regulated in paragraph 1, article 5 of the Constitution of the Republic of Lithuania that the state government in Lithuania is carried out by the Seimas, the President of the Republic, the Government and the Judiciary. The state governing (administration) in the broad sense is understood as the activities of all state

institutions which make organizational impact on public relations.

State governing (administration) in the narrow sense is the administrative activity, i.e. the activity of institutions implementing executive power, other institutions implementing executive procedural activities. State governing (administration) can be analysed as activities of law enforcement acts, special state institutions group and legally authoritative organizational activities. State governing (administration) is the type of activity which implements the state executive power and the activities of state institutions that are not part of the executive authorities system but implementing executive functions. Attention should be paid to the fact that each state government type is usually identified with a certain activity type. For example, the legislative power has its own activity type - the legislation and the judiciary power- justice execution. Meanwhile, the executive power is characterized by such type of activity as state governing (administration) [5.]

Lithuanian Republic Law on Public Administration defines such public administration functions: administrative regulation, internal administration (control of implementation of legislative and administrative decisions (control of subordinate subjects, maintenance of not subordinate subjects), public services administration, internal administration of public administration subject), public services administration. The most important function of public administration is an administrative regulation. Administrative regulation – this is enacting the statute, the rules, regulations and other legal acts for law enforcement and implementation.

Kondratiene, V. (2012) says, the Lithuanian public administration system is considered to be decentralised to the extent to which the subsidiarity principle is realised in it: the central authorities share management powers with municipalities. On this basis, they are imposed a constitutional duty to not only not to obstruct the municipalities to act independently, but to assist them in the implementation of the functions established by the law. Simultaneously, the Constitution delegates the Seimas the duty to specify the powers of municipalities. Therefore, the scope of municipal competence is directly dependent on the general level of democracy (development) in the state, in addition, self-government autonomy implies a legal obligation to them to engage in the decision-making while being guided not only by local but also by the public interest. It is assumed that the municipalities should not transform into a "state within the state." Legal problems saw Kunevičius, G. Kosmačaitė, V. (2014). Authors analyse the specific features of the structure of the system of public administration subjects and public administration instruments as constituent elements of the subject matter of administrative law that are formed in the doctrine of comparative administrative law. On the basis of the experience of comparative administrative law, the authors evaluate the problematic aspects of the conception of public administration as established in the positive law in order to reveal and critically evaluate their impact on the scope of the regulatory function of the Lithuanian administrative law. In summary of the results of the research, the authors conclude that the system of public administration subjects and the forms (instruments) of their activity as established in the Lithuanian law groundlessly narrow the scope of activities attributed to public administration as well as the subject matter of the Lithuanian administrative law itself.

While carrying out administrative functions, the subjects of public administration adopt administrative decisions which are validated in the act of administrative law. The subjects of public administration are given the power to adopt administrative regulatory acts by the law or other legislation enacted on its basis. In Lithuania, entities of public administration are divided into three groups (table 14.3).

**Table 14.3 – Entities of public administration**

Entities	Functions	Institution types
Entities of public administration are the governmental institutions which have the rights of public administration conferred by the law	Central entities of public administration perform administration on the whole territory of the state, shape and implement the governmental policy in the assigned area, by administrative means regulate and control activities of de-concentrated territorial institutions in the assigned area	The Government, the Office of the Government, ministries, departments, agencies, authorities and inspectorates
	Territorial entities of public administration have the powers conferred by the law or regulations to perform only in the assigned territory	Entities and authorities of territorial public administration
Entities of municipal administration	The institutions are granted rights of public administration on the territory of the municipality	The municipal council, the municipal controller, the mayor, the board of administration, their subsidiary bodies, authorities, and municipality officers
Officers of the entities of public administration	Perform administration on the assigned territory of the state, and the officer can act as an authority under the powers conferred by the law	A minister, a county governor, a government representative in the county, a municipality mayor, a municipality controller

The organisations which are not state or municipality institutions can be entitled entities of public administration, provided that they are entrusted with governmental or municipal functions of public administration and make decisions in the name of the state or municipality. All the entities of public administration in Lithuania perform on the basis the law of budgetary or public entities. It should also be recognized that the state governing (administrative) functions at corresponding degree are implemented by other types of state government (to the previously mentioned extent legislative and judicial authorities), but these activities are not the main for them [5].

Municipal governments are local authorities created by the provinces and territories to provide services that are best managed under local control. They raise revenue (largely from property taxes and provincial grants) and impact people's daily lives in numerous ways. Astrauskas A., Gucikova I. (2014) indicates that Local self-government is organized and implemented in the Republic of Lithuania in



compliance with:

1. The provisions of the Constitution of the Republic of Lithuania (Lithuania has the constitutional framework of local self-government which consists of the provisions of Chapter X of the Constitution and other provisions, also the documents of the Constitutional Court of Lithuania on the basis of which the official constitutional doctrine of local self-government was shaped);

2. The provisions of the European Charter on Local Self-government (Lithuania signed this international instrument in 1996 and ratified it without reservations in 1999);

3. The provisions of the Law on Local Self-Government (the Law on Local Self-Government may be considered as a certain codified legal act which regulates activities of municipalities in an integrated way: defines the main concepts, determines the municipal competence which is divided in groups according to the selected characteristics, a specific model of institutional structure is embedded, sets out the powers and mutual relationships of each municipal institution and agency, determines the principal forms of legal and non-legal activities of municipal bodies (sittings, legal acts, etc.), determines the functions, rights and duties of municipal councilors (local politicians) as well as the text of their oath, grounds for termination of the term of office before its expiration, defines relationships between the state power and municipalities, lays down legal guarantees and economic basis of municipal activities, etc.). At present the third revised version of the 1994 Law on Local Self-government is in force;

4. The principle embedded in the Constitution and explained in the constitutional doctrine of local self-government regarding the supremacy of the representative body of the municipality (municipal council) over the executive body of the municipality and the accountability of the latter body to the former body (implementation of this principle differs from the implementation in the state governance system;

5. Other legal acts (laws, international agreements and secondary legislation) which forms an integrated and dynamic legal system.

Position and competencies of local self-government depends on the system of public administration applied in a particular country. Territorial local self-government as a subsystem of public administration is also identified with the executive branch of government. Territorial self-government is characterized with democratic administration of power, territorial autonomy, autonomous responsibility and optimal combination of original and transferred competencies. Role and tasks of local self-government significantly influences the decision of the State to what extent it leaves decision-making and responsibility for the development and quality of life on its own and to what extent it transferred to other entities.

## **14.2 Features of Public Administration as a Democratic Institution**

It has been emphasized that public administration as a public institution has to rely on structures and processes which would help to implement accountability, transparency, decentralisation, legitimate elections and administration and would obey the parliamentary control. Development of the civil society and strengthening of

cooperation in the public and private sector, public property enhancement and protection, increasing government influence through applying the new information technologies for e-Participation remain really significant operational bars. For that reason, it is necessary to ensure compliance with the law and maintained order in the state. All the above relates to state management capacities, understanding the capacities in the broad sense and stating that they contain the following abilities: to shape the necessary policy, to design and implement programs for that policy implementation, to foresee means for the new courses of action [12]. According to Domarkas (2005), there were quite striking changes in public administration when in fact the public administration paradigm shift was taking place which can be divided into four stages. The stages of administration paradigms change are presented in Table 14.4.

***Table 14.4 – Stages of administration paradigms change***

Stages	Characteristic features
The first stage	The first stage was characterized by the traditional model of public administration, the main features of which are the hierarchy, neutrality, standardization, legality, rationality and professionalism
The second stage	More attention was paid to the effectiveness of activities, application of management principles, a more efficient use of resources, customer orientation and a greater sensitivity to the needs of society.
The third stage	The new public management stage. The focus is on public and private sector cooperation in order to provide more efficient services to citizens
The fourth stage	Governance is defined as the system of values, programs and institutions that help the public to manage their economic, social and political issues with using the interaction of the state, the civil society and the private sector. There are three parties involved in the governance: the state institutions which create a relevant political, economic and legal environment; the private sector which provides jobs and creates conditions for revenue, and the civil society which creates preconditions for social and political interaction

In different states, there is usually a different level of development of the mentioned above stages of public administration. For example, at present, in some countries public administration of the first stage may dominate, while in others – that of the third stage with occurrences of the fourth stage, and so on. Despite certain differences in focus at different stages of public administration, in any case public administration has to perform the key functions assigned to it by the state, including those of implementation of the law and order maintenance, identifying social standards and objectives of social development, taking measures for protection of vulnerable groups of the society and the environment. Current tendencies of public administration show that good governance is the governance which can be characterised by more numerous citizen participation, pluralism, subsidiarity, transparency, accountability, impartiality, accessibility, cooperation and efficiency. That means that there is a shift from administration to governance. Thus, it is stated that public administration as a democratic institution has to be: accountable and transparent; decentralised; ensuring impartial and legitimate elections; relying on the balanced system of control of the executive and legislative branches of government; playing its major role while reducing exclusion and protecting rights of minorities

and vulnerable groups of the society. Other authors use a concept of the new public service, too, for the definition of this stage [10, 11, 12]: possessing sufficient managerial skills for increasing the legality; concerned with environmental protection and rational use of natural resources; creating a favourable environment for interaction between the civil society and the private sector; making use of information and communication technologies in order to promote citizens' involvement in development processes; promoting and strengthening various types of cooperation in order to achieve intended purposes.

The administrative governing of the end of the 20th century and the beginning of the 21st century is characterized by management and democratic values entrenchment trends when public sector organizations seek to create favourable conditions for the expression of individual freedom and initiative. With the modernization of management new public administration principles are formed which are identified by many researchers by the term of the new civil service [22]. In table 14.5 features of Public Administration as a democratic institution are presented.

**Table 14.5 – Features of Public Administration as a Democratic Institution** [5,6,7,9,16,17,24,32,35,36 ].

<b>Features</b>	<b>Expression of features of public administration as a democratic institution</b>	<b>Authors</b>
Accountability and transparency	It is considered that accountability is the main support for democracy and good governance, making the state, the private sector and the civil society define clear purposes and strategies, focus on results, monitor their implementation and execution Both administrative (including financial) and political accountability are important.	Tommasoli, M.,2005; Pope, J, 2005; Domarkas, V., 2005; Raipa. A., Giedraitytė V., 2013.
Decentralisation	Decentralisation, including transfer of political power to lower instances and de-concentration of executive powers, delegation and transfer of functions to non-governmental organisations, create preconditions for good public administration, bringing decision making closer to the people of a relevant territorial unit, and stimulating participation of partners of various levels, achieving goals of economic and social development.	Domarkas, V., 2005; Smalskys, V. 2008; Raipa. A., Giedraitytė V.,2013; Bartkutė, I., 2008; Babravičius,J., Dzemyda, I. , 2012
Organisation of impartial and legitimate elections	Formation of authorities through elections is a political process. However, their organisation is an executive function in different countries performed by different institutions, such as permanent or temporary, special judicial organs or those functioning under ministries, etc. A common feature of those institutions is functioning both as administrative and supervisory bodies. In order to meet nowadays' requirements of democracy, they have to be independent, non-party and professional.	Domarkas, V., 2005 Rizvi, G., 2007; Pope, J. 2007; Tommasoli, M., 2007
Relationship between legislative and executive branches	Relationship between legislative and executive branches of government depend on the state governance model, but in any case, the executive branch has to recognise that the parliament is a basis	Cheema, G.S., 2007; Domarkas, V., 2005

of government	for nowadays' democracy The key functions of parliamentary oversight are as follows: appointment and dismissal of certain officials of executive and judicial authorities, retrieving requisite information and budget control.	
Role of public administration reducing exclusion and protecting rights of minorities and vulnerable groups of the society	Provided that formation of democratic government is based on the number of people supporting an individual or a party, the minority rights may be infringed in the process of formation of the government. It can clearly occur in the states containing ethnical minorities. In order to protect main political, socio-economic and cultural rights of the minorities, there have to be appropriate measures provided, for example, regional ethnical authority has to be ensured, quotas should be refined for members of the parliament, local self-governing and executive authorities and applying other forms of distribution of authorities. More and more attention nowadays is being paid for ensuring equal rights between men and women.	Domarkas, V., 2005; Ghaus-Pasha, A. 2007
Legislative system management	Independent and impartial judicial system is one of the supporting pillars of democracy. The development of such a system depends on the institutional system, appointment, promotion and term time of judges, financing, and administration of courts.. Organisations of the civil society may also influence increasing efficiency of the judicial system.	Rizvi, G., 2007 , Domarkas, V., 2005
Role of public management in environmental protection	In the context of globalisation, majority of environmental problems can only be solved with the common efforts from several countries or even all the countries of the world. This presents new challenges for the national government. In modern advanced countries, issues of environmental protection and rational use of natural resources are addressed through increasing the role of the state, shaping and implementing industrial development and financial policy.	Raipa. A., Giedraitytė V. 2013; Domarkas, V., 2005; Babravičius,J., Dzemyda, I. , 2012
Interaction of the civil society, and public and private and public sectors	In the current period, the civil society is recognised as a very important partner for the government. Efficient governing of the state is only possible if there is a good interaction between the civil society, the private sector and the governmental institutions. On the national level, the civil society plays a very significant role promoting accountability of the governmental institutions and at the same time asserting its interests. At global level, the civil society can have an impact on highlighting the issues of environmental protection, protection of human rights, gender equality, international trade and others to be addressed.	Ghaus-Pasha, A. 2007; Raipa. A., Giedraitytė V., 2013
Impact of e-	Modern computer and telecommunication	Szermeta, J., and

Participation	technologies and the internet network created on their basis have significantly expanded citizens' opportunities to participate in public administration, both using services supplied by governmental institutions and making suggestions to those institutions Thus, it creates an opportunity for citizens to participate more efficiently in the processes of political and economic development, and at the same time, democracy is being developed.	Kerby, R. E, 2007; Domarkas, V., 2005; Smalskys, V. 2008; Raipa. A., Giedraitytė V., 2013; Babravičius,J., Dzemyda, I. , 2012
Cooperation with social partners	There are five types of cooperation with social partners distinguished, including cooperation between the public and private sectors; between governmental institutions of different levels in order to achieve effective activity planning, implementation and assessment; between different social groups, trade-unions and governmental institutions; between organisations functioning in different countries; and organisations with different level of knowledge	Cheema, G.S., 2007; Pope, J. 2007; Domarkas, V., 2005; Smalskys, V., 2008; Raipa. A., Giedraitytė V., 2013; Kavaliauskaitė, V., Jucevičius, R.; 2009; Babravičius,J., Dzemyda, I. , 2012

Administrative accountability, in turn, is divided into intrinsic (between leaders and subdivisions of different hierarchical level) and extrinsic. Political accountability means measures and methods used for accounting for performance results between executive, legislative and judicial branches of government. Transparency is seen as openness of democratic processes based on informing and feedback, clearly defined processes and procedures and behaviour and actions of the people who are in power and make decisions In the processes, disclosure standards easy for citizens to understand should be applied. All the above is related to civil servants' honesty and respectability and is the key part of professional ethics, provided that without the required accountability and transparency of authorities, preconditions for corruption and other negative phenomena are created. The idea of decentralisation is considered an essential factor strengthening democracy and improving delivery of governmental services. Transfer of part of central government and resources to local authorities and enabling them designing and executing development programs creates assumptions that local citizens would be able to make greater influence on development processes[13, 35,36].

Modern public governance is different from the state or municipal governance which distinguished all governance systems in both authoritarian and democratic society. At all times the most important governance issue was the high cost for the controlled, and especially expensive governance system was formed in a democratic system, because when the community tried to directly control the government more and more and to minimize the impact of bureaucracy on society as much as possible, there appeared a number of governance units and institutions controlling each other, belonging to a wide range of government levels. The search for economic rationality forced the politicians of many countries, researchers and practitioners to begin to look for other ways to manage public administration, such as the decentralization of public administration.

Decentralisation facilitates opportunities for creating organisations of civil society and their networks, due to the fact that in many cases it is appropriate to get together into certain organisations with a specific objective for solving local problems. Thus, decentralisation helps both to increase accessibility and efficiency of public services and promote democratic participation of citizens. Decentralization process is also related to the public sector personnel management reforms. In many Western countries the central government delegates part (in particular social and communal) of the functions to local authorities in this way bringing self-government closer to the people, and giving greater responsibility for local public sector staff.

Decentralisation facilitates opportunities for creating organisations of civil society and their networks, due to the fact that in many cases it is appropriate to get together into certain organisations with a specific objective for solving local problems. Thus, decentralisation helps both to increase accessibility and efficiency of public services and promote democratic participation of citizens. Decentralization process is also related to the public sector personnel management reforms. In many Western countries the central government delegates part (in particular social and communal) of the functions to local authorities in this way bringing self-government closer to the people, and giving greater responsibility for local public sector staff. Decentralization may take three forms: deconcentration (of the administrative network); delegation to semi-autonomous bodies (also involving purely administrative powers); and devolution, which transfers all forms of power, particularly political power. Under decentralization by devolution, an autonomous corporate body politic is created at the subnational level with both political and administrative powers. These powers are derived from the residents of the area through democratic elections. Grass-roots participatory democratic practices are essential to the success of this form of decentralization. Several fundamental principles need to be enshrined in the design of decentralized entities. One is the principle of subsidiarity, which specifies that functions (provision of services) should be undertaken at the lowest level at which they can best be provided and consumed[17].

There are three forms of e-Participation: 1) economic, which creates an opportunity for all people, including the disabled and the marginalised groups, to apply to the best of their abilities and to make money in some cases; 2) political, which expands opportunities for communication, guarantees human rights and even creates conditions for participation in elections; 3) social and cultural, which extends opportunities for social and cultural communication and possibilities for creating appropriate environment. All these forms are complementary to each other. In public administration, significant increase of information accessibility and the new opportunity to respond to citizens' needs much faster as well as increase the dynamism of inter-organisational communication are very significant.

In order that social partners can successfully cooperate in the current period, it is necessary to replace traditional hierarchical forms of management of the governmental offices with team work; to replace direct delivery of services with market-oriented catalytic method of service delivery, while the governmental office keeps just the supervisory function; to refuse bureaucratic command, while

conferring power to the community; to shift from centralised to decentralised formation and implementation of policy and programs, incorporating more citizens in the process; to focus on the outcomes rather than on the input; to replace secret decision making by administrative, financial and political accountability; to replace bureaucratic paternalism with conferring power to the community and active involvement of organisations of the civil society.

One of the areas requiring greater synergy between the state and the private sector is the necessity to assure that the private sector is more socially responsible, provided that, thus, productivity can be increased, and the state would create favourable conditions for that developing and implementing the policy and preparing the legal basis, which would promote economic competitiveness.

Cooperation between governmental institutions and the private sector is available in different forms, such as cooperation under agreements and concessions, establishing of joint undertakings, etc. New public management is trying to adopt the efficient business organizations management elements in public administration management. The idea of the New public management has been the ability to use the business guidelines of the private sector realization that the government institutions should take over not only the business techniques but business values as well. Injection of market forces, commercial criteria and competition has been central to NPM-style reforms [37]. The analysis of this topic has important implications on major current theoretical and practical issues, including these [37]. privatization of public services; allocation of functions and tasks among sectors; the nature of the sectors themselves; the dimensions that define the sectors, including their complex overlapping and blurring with the third and nonprofit sectors; administrative reforms and organizational change; and the theoretical and practical analysis of major administrative topics, such as organizational goals, structure, and individual motivation and work attitudes.

The authors argue that the essence of the new public management is to use the business provisions of the private sector in the public sector reducing the bureaucracy and striving for the greater effectiveness and turning to the market and the clients' needs[37]. Kavaliauskaitė, V., and Jucevičius, R. (2009) pointed out the importance of partnership in the public sector. The authors presented critical analysis of the theories, which served as a theoretical basis for the emergence of PPPs, in the context of changed factors and circumstances determining competitiveness. Further the article demonstrates the variety of partnerships given the legal form of partners, structural differences, dimensions of publicity and degree of risk sharing. Finally, after identifying some problems encountered in implementing PPPs, based on theoretical research of a number of different experiences in variety of sectors, the article distinguishes factors that are essential for the successful public and private partnerships.

This is the implementation of one of the governing modernization components into practice and efforts to improve public service. In the West it is called the "citizens first" idea. The citizens are encouraged to get more actively engaged into the administration process, to create citizens committees as advisory groups in specific areas of public politics; good neighbourhood community idea when developing

citizens' responsibility in various areas, such as crime prevention. Such administration based on citizens' community participation becomes more democratic, decision-making process is more transparent. This has and in the future will have a significant impact on the formation of public administration staff ethical norms and values. One of the major new public management principles in continental European countries for public sector organizations – “community government” is more preferable because of Rechtstaat management culture developed in the continent's tradition, partially oriented to redistribution (socially oriented), welfare state model which is dominated by not managerial but by legal public sector organization principles.

For continental European countries (especially Central European countries), citizens' community participation would be more effective involving their representatives in the government decision-making processes. Therefore, it can be said that for public administration in continental European countries it would be more preferable to have a “softer” management modernization option that is now specifically promoted in Scandinavian countries and called the new office of the state. Partly it can be said that in recent years new public management reforms are going through a certain crisis. Implanting consumer, based on business management elements values in public sector causes some negative consequences (emergence of quasimarket in public services, restriction of social benefits in the state services and so on). Therefore, we state that the public sector reformers are beginning to change management modernization priorities [30]. Public administration tasks require good and obliging services to citizens, effective management of finances, business management experience adaptation, expansion of public services, adaptation of services to an increasingly segmented society, active cooperation with the communities of the citizens, active assistance to politics sphere. To achieve these aims new public management methods are introduced. In the process of public sector reforms the personnel selection is less based on merit system and more and more knowledge and skills are assessed in the selection process. However, there are attempts to develop, mostly in Anglo-Saxon countries, an effective government model which takes up less bureaucratic representativeness and increasingly seeks management efficiency. In continental European states the reforms, according to the legal - normative governing tradition, take place much slower. At present, more and more attention in the public governance reforms is paid not to business management methods implementation in the public sector, but to governing, based on citizen communities involvement. This “softer” new public management option, often referred to as the new office of the state, is more adaptable for public administration of continental European states (especially Central European countries) since it encourages civil society improvement and development. [31].

Necessity of partnership between the private and public sectors is analysed in a scientific article by Domarkas. The author claims that economic and social changes ongoing in majority countries in the world promote cooperation between the public and private sectors, in order to meet national, regional and global challenges better. Governmental offices of sovereign countries, being under exposition of processes of globalisation and democratisation, are trying to better adapt to the changing



environment through reconstruction of organisational structures, application of the new methods of management, performing decentralisation, promoting privatisation, increasing interaction between the civil society, the public and private sectors, and striving for using possibilities of modern informational technologies to the best. Increasing transparency of public administration through constantly growing involvement of different social partners (organisations of the civil society and business, trade-unions and individuals) is one of the outstanding issues. All the participants of the governance, based on more transparent and broader engagement, should feel responsibility for good governance and development of the society [13]. Czaputowicz, J. (2015) claims that this is a major public sector administration / management objective and the challenges facing. In the private sector, there is no profit and loss indicator by which overall organisational performance may be measured. Instead, organisational goals generally consist of intangibles like 'social welfare', 'serving the national interest' and 'effective policy advice'. It is important to properly identify the goals and standards of services and the modern human resource management. Using management techniques from the private sector in the public sector was supposed to increase efficiency. Benchmarking involves comparing a certain solution with proven methods of operation. Administration is focused on results, objectives and mission instead of procedures, rules and directives. Citizens are treated as customers who have to be wooed and who are given the opportunity to choose the way in which the public service is delivered. The directions of development of public administration depend on the cultural and social context in each country. There is no single 'optimal' model of public administration, although we can distinguish the principles of good governance. Countries create their own combinations of reforms, which are more or less consistent with some of the models of public administration. Due to historical and cultural determinants, changes in public administration are slow. Public management remains more of an art than a science, and the best solutions are dependent on the context

Raipa A. (2009) highlights the aims of public governance reforms. In order to understand the aims and objectives of reforms in the governance and problems arising during the reforms, it is necessary to be able to distinguish them, i.e. to master the methodology of public governance analysis, to identify problem solution instrumentation. It is necessary to know general problems of public governance better, i.e. to conceptualize perceiving the public governance as diversity of paradigms, theories, models, processes, methods and procedures, understanding it as a certain system of public governance reforms, as a potential tool to achieve many aims. State institutions are formed in order to save resources, improve the quality of public services, improve public policy formation and implementation, and this is the essence of modern public governance. Public governance reforms can help reduce bureaucratic restrictions, strengthen the responsibility and accountability of executive power for both legislators and groups of citizens for formation and implementation of policies and programs [27]. In this case, there evolves the role of governance reforms analysis. Governance (policy and administration) analysis is a kind of social process intellectual activity, involving governance, psychology and culture, and is generally defined as the process of formation, more dependent on politicians, and the

implementation process more realized by administrative authorities. The main aim of public governance reforms, as has already been mentioned, is to directly affect solutions development and implementation, planning, monitoring and evaluation possibilities, i.e. the efficiency of public governance and public sector activities is considered the most important strategic objective. The country's economic situation depends on the effective capacity of public institutions to plan, to effectively prepare, adopt and implement the decisions [27].

Raipa (2012) attempts to contribute to this effort by presenting, explaining, describing the elements and factors of new public governance: the development of analytical leans for strategic thinking in decision making, better communication in interorganizational perspective, new level of requirements to democratic mediation of stakeholder interests, implementing social responsibility of organizations, the transparency and prevention of corruption at all levels and networks of governance.

Implementing of public governance reforms it is essential to realize that public governance today is carried out not only at the level of rational political systems, but also at the level of the global system, i.e. global diversity and complexity aspects have significantly increased in the transformations of public organizations activities, the connections of state internal and external factors which means that the national state is less able to control the agenda of their governance processes. Reforming public governance qualitative changes in the public sector start with the newly perceived values system, they are consolidated evolving from one governance forms into new, more efficient forms of activities. Raipa (2014) said that the public – private partnerships systems in the start of XXI century must include processes such as formation of inter sector integration structure, cost and risk sharing between partners and implementation of integration, determining deviations from the objectives of the principles of efficiency, transparency and accountability.

### **14.3 New public management in management of the public sector: principles, Structural elements and trends**

The formation of New Public Management principles was influenced by management ideas that were transferred from the private sector to the public as Total quality management, flexible management and management culture idea. The problematic questions of the paradigm of the New public management were analysed by Bileišis M. (2012), Madureira C., Ferraz D. (2010), Raipa A. (2009, 2011, 2012, 2015); Guogis (2014), Raipa A., Giedraitytė G. (2013), Bartkutė I., (2008) Smalskys V., Stankevič B., Stasiukynas A. (2015), Smalskys V.(2008, 2010), Domarkas (2005, 2004), Raipa, A., Bartkus E. V. (2013), Raipa, A. (2011, 2012, 2014, 2015), Babravičius, J., Dzemyda, I. (2012) and others.

New Public Management was used to name many public sector reforms that were carried out in various countries of the world. New public management concept was used for the first time in 1991 in the article by C. Hood and M. Jackson [cit.6]. This management theory is treated differently. It is understood as a new idea, uniting management trends prevailing in many countries from the beginning of the ninth

decade that affected the emerging public sector modernization in many countries. The literature agrees that NPM does not have independent theoretical origins, and its theoretical basis consists of two foundations: the public choice theory that originated from new institutional economics and the so-called managerialism. With regards to public choice theory human deeds are rational and based on the benefit maximization. So the roles of service producers and controllers are distinguished, market economy regulatory mechanisms are implemented and competition is promoted, and the staff management requirements are guided by the theoretical assumption about the individual seeking for benefit.

Managerialism is distinguished by application of statements based on belief, the so-called management principles, for solving individual problems. Under its influence professional management is introduced in institutions which is seen as a key way of organizing the upward of productivity. This managerialism thinking direction causes de-concentration of power which can be achieved through decentralization, deregulation and functions transfer when implementing administration [cit.7]. Autor says that the basic idea of New Public Management is to apply the same private business principles in the public sector – assuming that the public institutions should also take over the business values. This management field: becomes the normative model showing a deep attitude to the public administrator's role and the nature of the profession and its development; emphasizes the search of service alternatives based on economic assumptions as one of the possibilities to upward productivity; emphasizes responsibility towards customers, citizens and efficiency of activities , restructuring of bureaucratic institutions, decentralization of decision-making; encourages managers to seek new ways for achieving results or privatize some public functions. Bartkutė (2008) are distinguished Structural elements of the New Public Management (table 14.6).

***Table 14.6 – Structural elements of the New Public Management [7]***

	<b>Structural elements</b>	<b>Content of the principles of Structural elements</b>
<b>1.</b>	Decentralisation	Tasks transfer at the macro level from the central government foreseeing how to bring services closer to the customer; division of organisation at macro level into separate, independent agencies, reducing management hierarchy, delegating management functions and "narrowing down" the organization in such way
<b>2.</b>	Implementation and privatization of market principles	The essence of functioning of this element - voluntary exchange to increase efficiency and flexibility, freedom of choice and justice, organization of competitions for providing public services with regard to providers' proposals; provision of goods and services is restructured in accordance with market principles which is managed by or controlled.
<b>3.</b>	Public participation	As various control options and forms - associations, committees, commissions. Participation at macro level is defined by decision- making at all levels of the government in the country, at micro level – employee involvement into management - the aim is to reduce the organization's hierarchy.
<b>4.</b>	Using private sector	This is the application of new budget formation and activities

	management methods presuppose interception of business (corporate) culture elements	for evaluation systems and personal incentives, costs are compared with the results.
5.	Human Resource Management	Requirements for the staff are changed, personnel formation criteria are defined, recruitment deadlines are established, job performance indicators, attention is paid to employee's personal responsibility, the "reward according to the results" system is formed, staff training and mobility

NPM theory evolved affected by both public and private sector management practices. It can be seen as dissemination of successful fragmental management reforms, the categories of objectives set and measures,. However, their use facilitates the ongoing changes in the course.

It's important to realize that New Public Management almost forgot the social mission of public service, considering citizens only as consumers and customers. In fact, NPM has never distinguished different public services, regardless their distinct missions or social goals. However, functional, organisational or productive specifications of public health public system or education public system are good examples to understand that a general approach to manage different public services may be very incorrect and dangerous. [22].

Previous approach of New Public Management was warning. However Domarkas V. (2004) notes that the models of new public administration and new public management rather supplement the traditional model of public administration. Ideas in new public administration create preconditions for increasing administrative efficiency, but in some cases they may pose a threat to democracy. Therefore, in recent years there emerged a new public management ideology, called the new public service, focusing on the idea that in public administration the concepts democracy, self-esteem and the citizen should dominate more, but not the market, the competition and the customer. Improving the public administration system of a specific state and choosing governing and administration models, it is necessary to take into account the world trends of the development of these systems, while critically assessing how much the experience of other countries is applicable to particular conditions of the country's economic and cultural development.

Guogis (2014) claims that in public administration, while applying the New Public Management, which ignores traditional logics of the public interest and gains features of an organisation of business company type, when the focus is not on the citizen but on the consumer as the customer, quantitative indicators are made absolute, and civil servants are regarded as "human resources". Effective functioning of the executive power machine of a country and administration abilities depend on the fact that the work of institutions and other bodies of the country and state civil performance are clearly and in details regulated by legal norms of the administrative process. The purpose of such legal norms is to set the mechanism for putting into practice the state management functions. This mechanism should help to investigate the administrative potential effectiveness on the subject in a public sector and its ability to effectively and productively function in the state management and (or)

securely provide public service. The quality of the work in institutions could be increased by suitable law amendments and administration reforms[38].

Raipa A. (2011) states that the changes and reforms of public sector in the last twenty years and nowadays are determined by two aspects – the role of market and performance management in the public organizations. The role of marketization of public sector is analysed in thousands of studies, addressing research of NPM doctrine and elements of transforming public sector. Public organizations performance management sometimes is understood as original paradox, phenomenon, lacking coherent meta- and mega analysis, without exact and wide determinations or used as direct synonym of management oriented results, but not often performance management is analysed as systemic phenomenon or widespread occurrence. The performance focuses not only on the impact on the key public management functions and components (Human resource management, finance, strategy, etc.), but also changes the nature of policy formulation and implementation in the public sector itself. A broad and generic of performance- based public management is taking/ allocating responsibility for the performance as a system and being accountable for its results. In its ideal type of definition – which does not of course exist in reality (although elements are presents in number of countries) – this may result in: the financial function rotating from a horizontal to a vertical dimension and linking financial and other information; guidance and steering: from ex ante to ex post; new interactions between parts of the organization, and between the organization and environment; cascading down of organizational objectives to almost an individual level.

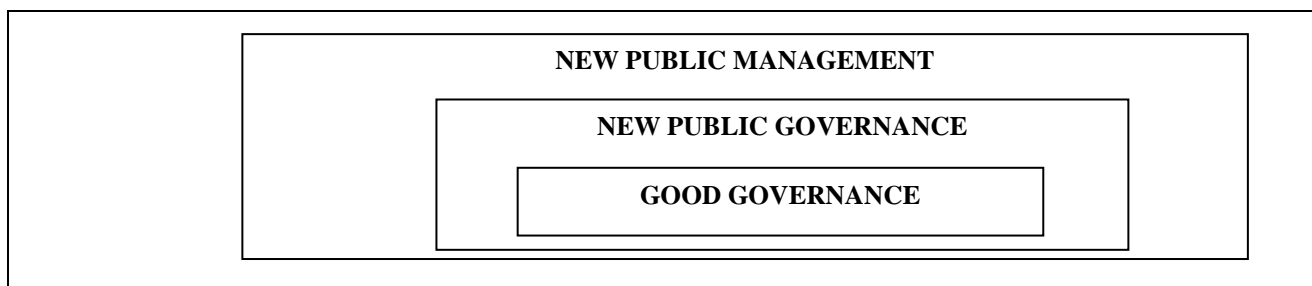
Performance management has to be located within a broad construction of organizational life, which recognizes that performance management cannot be considered in isolation from other factors that make up public management and the more general public administration system [cit. 26]. Nowadays, change management as a part of good governance is closely linked with provision of efficient public services mechanisms and based on innovative governance practices, honesty of organization leaders and top-level managers. Positive change management has a concern in these common values, i.e., democratization of the public sector, development of public organization staff creativity and new forms of assessment and control, installation of new forms and values into organization performance practices, including social responsibility, higher-level public participation, inter-sector integration and the hybrid form or organizational activities, which provide the opportunities to influence the change management practices and to create positive environment that drives changes and guarantees provision of modern public organization structural arrangement and effective public services as core dimensions of sustainable development.

According to Raipa (2015), the main goal and objectives of different public governance reforms in the junction of the 20–21st centuries were expectations that increasingly emphasize a new level of efficiency of public sector institutions' performance. The process of public sector reform is characterized as a modest and sophisticated process of governance arrangement, closely related with adapting the best practice and developing the new innovative ideology and methods of

governance. The summarized changes of reform process show a determination of reform quality. It depends on many factors, such as: a need for reforms; a level of preparing reform ideology; a leadership in organizations; a development of reform policy priorities and mechanism of implementation of organizational reform strategies; an evaluation of reform processes. We can come to the conclusion that the process of public governance reform is a broad and complex process of creating and establishing new innovative principles of public governance content.

Raipa A., and Giedraitytė V. (2013) point out that the globalization leads to the changes that affect the society and the development of public governance. As a result, they are carrying out the global reforms, which form many challenges for public management systems, their development and rise up the functional tasks and purposes for government structural consolidation. Innovations and innovative solutions in public governance are closely related to reforms and changes as the processes of reorganization and modernization of public sector. In today's modernization and reform development environment, innovative factors and challenges in public government can be considered as collaboration, public – private partnership, inter-sectorial integration, development of hybrid and multi organizations, and consolidation of networking and mechanisms of performance management. The innovativeness in the doctrine of new public governance is perceived as the improvement of public sector's efficiency and productivity. This requires the building of new inter-sectorial relationship and the creation of long-term projects of innovative partnership environment. In recent years, researchers have drawn attention to the public and nongovernmental partnership, public-private hybrids and other innovative approaches of public governance. Contracting, as an innovative measure of public sector reform, is closely related to partnerships and strategic alliances. It is characterized as long-term social exchange, mutual trust, interpersonal affection, commitment and common solutions to problems. Networking is named as one of the innovative elements, which makes the public service reform process more decentralized, pluralistic, and give the possibility of increased cooperation. The network efficiency depends on structural or relational embeddedness, and macro culture. Performance management is identified as the ideal form of public governance, which permits to change the public government functions and structures, to create original restructuring models and innovative forms [23].

Smalskys V., Stankevič B., and Stasiukynas A. (2015) presume that the practical concept of Good Governance, developed by the experts of the World Bank in order to improve the public administration of the countries of the third world, does not happen to be an alternative for New Public Governance and New Public Administration but is an integral part of the two stages of the modernization of public administration.



**Picture 14.3 – Integration of Good Governance an Principles of the New Public Governance in the Paradigm of New Public Management, [33]**

The European Commission formed the criteria of Good Governance. From the criteria formed by the European Commission, it is possible to identify not only principles of Good Governance but also those identified as New Public Governance. While comparing the principles, differences, similarities, and goals of the principles are revealed: serving the citizens, not customers; citizenship is valued more than managerialism; service to public interest; involving citizens into dealing with public affairs; the emphasis on preventive work; strategic thinking, democratic functioning; service, not regulation; assessment of enterprises, not of productivity [33]. Bileišis, M. (2012) points out that in early 2012, the government has approved “The Programme of Governance Development” where it provided for an express definition of the term. An analysis of governance reform and its prospects for the future set out in the programme allows us conclude that governance is understood within the framework of “good governance”. At the same time, the methods of implementation of the provisions of this programme will go along the lines of the existing administrative practice. The principles of New Public Governance are very close to the practice of Good Governance being implemented in developing countries. As a comparison, a Polish researcher J. Czaputowicz presents the principles which were developed and explained by Smalskys V., Stankevič B., Stasiukynas A. (2015). Comparing these principles with ideas of New Public Governance presented in the table, numerous similarities in the areas of importance of citizenship, cooperation between citizens and the government and in others can be noted. Table 6 shows the principles of good governance.

**Table 14.6 – Key principles of Good Governance**

<b>Principles of Good Governance</b>	<b>Content of the principles of Good Governance</b>
Networking	In the period of information society, increasingly more public governance, cooperation of citizens and their groups and other functions are joined into networks, and thus, quality of public governance and services is improved
Public agreements	All members of the society have to obey the established regulations
Partnership	Partnership between citizens, their groups and the government
Equality and cooperation	Social equality, equality of all before the law, and cooperation of society groups
Social responsibility and trust	Social responsibility of public authorities, the business and citizens
Needs	The public authorities have to ensure basic needs of all members of the

	society
Civil society	Solidary, democratic society which respects all people's beliefs

Smalskys V., Stankevič B., Stasiukynas A. (2015). summarised the theoretical insights and claim that despite the fact that the concept of Good Governance was created as practical principles to facilitate public administration, the experts of the World Bank had to refer to those scientific works which emphasized not the efficiency of the implementation of methods of business management in the public sector but the benefit of civic engagement, networking, etc. Thus, while creating the concept of Good Governance, the provisions, relevant to the principles of New Public Governance, were taken over. On the other hand, the principles of New Public Governance did not emerge in “a blank space”. It is not a new governance paradigm but rather a “reverse side of the coin” of New Public Governance. The adaptation of the methods of the principles of New Public Governance oriented towards business management (especially in the third countries of Africa and Asia and in the states of the European Union) highlighted negative pathologies of adaptation (corruption, tribal favouritism, etc.). Therefore, the implementation of the methods of business management was “pushed” into the background while civic engagement in governance, transparency of decisions or service to the public interests, etc., began to prevail in the rhetoric and practice of public administration. Such features of New Public Governance as community government and preventive government were strengthened; they are identical to the principles of preventive government and to the ideas predominant in the practice of Good Governance as well as in the reforms of New Public Governance. This once again confirms the presumption that Good Governance and other stages of the modernization of public administration, mentioned on this article, are directly related to New Public Governance and supplement this paradigm. Babravičius, J., Dzemyda, I. (2012). claims that should take into account the peculiarity of a particular service sector or an institution instead of blindly applying the market pattern. The public sector is proposed to introduce private sector management practices into its activities. However, this is related not to the change in bureaucratic structures, but to the change in administrative procedures, schemes, and traditions, thus allowing more dynamics and flexibility in satisfying the needs and interests of a citizen as a customer. In changing these things, the role of public sector managers as leaders who initiate changes is important. Involvement of public servants in policy shaping, decision making, and management of public organizations is very important for several reasons. Analysis of the elements of NPM shows that they can bring positive changes to the public sector by making it more efficient and encourage competition, but just as likely they may lead to new problems and do more harm than benefit.

## CONCLUSIONS

1. Laws are a key foundation of democratic governance and economic development in every country. Yet formulating such laws is only half of the puzzle. The other, more challenging, half is ensuring that the legal framework is properly implemented. Major societal stakeholders – the government, the private sector, and the civil society do have significant benefits to realise for implementation of key



laws. The state governing (administration) in the broad sense is understood as the activities of all state institutions making organizational impact on public relation, while in the narrow sense it is the administrative activity implementing executive power and procedural activities. According to the conception of the term, it is all state activities organizing state institutions, their relationships and functioning, regulation and management of public relations, public and personal affairs, and the state's organizational and regulatory impact on people's social life. Some theorists define this conception as organizational, executive-procedural activities of state institutions, implemented in accordance with the law.

2. New Public Management (NPM) elements are rather well integrated into the Lithuanian public administration system. Public sector modernization and improvement of management efficiency is a consistent and continuous process involving different areas of public management, social and health care, education and other areas, but according to global practices of public management, this management approach and its individual components have not only advantages but also disadvantages. Public administration tasks require good and obliging services to citizens, effective management of finances, business management experience adaptation, expansion and adaptation of public services to an increasingly segmented society, active cooperation with the communities of the citizens, and active assistance to politics sphere. Concerning theory in modern public governance, the theory of democratization of governance structures, organization activity, of public participating development in all level of public organization is important. Implementing democratization of governance, basically related with political, democratic, and social rights, is citizen participation in decision making, and creating public value mutually. Economic, political (liberty, equality and social security), and legal (the rules and the law) values are of great significance in public governance.

3. Changes in the system of public governance happen due to social changes and their causes, such as civic participation, increasing complexity of administration, social partnership and establishment of networks. All the above require revision of classical administration ideologies and values. The new public management is a set of institutionalised methods of governance, and a system of governance is an outcome of evolution of public administration and processes of globalisation. While democratic activity and general management culture are developing, so are changes in the public sector administration. Due to modern environment of public institutions, public entities must almost immediately adapt to social, economic and technological changes. Good governance provides the basis for efficient markets and effective government service delivery. Thus, appears public sector that is responsive, accountable, capable of promoting economic growth, and addressing complex public policy challenges. Before installing NPM elements in the state of public administration system, it is necessary to take into account the specific state authority or public service specifics.

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