

PRIORITIES REGARDING THE MANAGEMENT OF PUBLIC UTILITY SERVICES IN THE WESTERN REGION OF ROMANIA*

*Oana-Ramona Lobonț*¹, *Alexandru Bociu*²,
*Nicoleta-Claudia Moldovan*³ & *Iulia Para*⁴

UDC / UDK: 005:351.824.11(498)

JEL classification / JEL klasifikacija: H41

DOI: <https://doi.org/10.22598/pi-be/2018.12.2.59>

Preliminary communication / Prethodno priopćenje

Received / Priljeno: September 3, 2018 / 3. rujna 2018.

Accepted for publishing / Prihvaćeno za tisak: November 30, 2018 / 30. studenoga 2018.

Summary

Public utility services are an important vector for the development of regional and local communities. Providing these services is equally important to citizens, central, regional and local authorities, and academics. The management of public utility services needs to be completed in the spirit of an efficient and performant process. This paper highlights the perception of the users of public utility services regarding the quality of various public services. Also, it identifies potential improvement measures that can be adopted by the authorities with competences in the field of utility services. In this respect, we apply a methodology based on the survey method, considering a sample of 220 respondents, between December 2014 and April 2015 at the level of the Western Region of Romania, namely the counties of Timis, Caras-Severin, Arad and Hunedoara.

The main conclusion of the study reveals users' dissatisfaction with the quality of public utility services provision, as well as the lack of communication between authorities and citizens.

^{*} The paper was presented at the 3rd International Conference „Business & Entrepreneurial Economics – BEE2018” which was held in Šibenik from 30 May to 2 June 2018 (www.bee-conference.com)

¹ Oana-Ramona Lobonț, Associate Professor, Faculty of Economics and Business Administration, West University of Timișoara, Timișoara, Romania, E-mail: oana.lobont@e-uvt.ro

² Alexandru Bociu, PhD Student West University of Timișoara, Doctoral School of the Faculty of Economics and Business Administration, Timișoara, Romania, E-mail: alex_bociu@yahoo.com

³ Nicoleta-Claudia Moldovan, Ph.D., Professor, Faculty of Economics and Business Administration, West University of Timișoara, Timișoara, Romania, E-mail: nicoleta.moldovan@e-uvt.ro

⁴ Iulia Para, Ph.D., Lecturer, Faculty of Economics and Business Administration, West University of Timișoara, Timișoara, Romania, E-mail: iulia.para@e-uvt.ro

The results of the present paper can form a basis for well-grounded proposals for efficient measures which need to be implemented by local and regional authorities in order to improve the provision of public utility services.

Key words: *public utility services, satisfaction level, Western Region, questionnaire.*

1. INTRODUCTION

This paper analyses the efficiency of provision of public utility services, as perceived by the services users, in order to identify measures to improve the quality of the service. In this respect, we have developed a survey, which is considered to be an effective tool for measuring respondents' perception regarding the provision of public utility services.

Ensuring efficient public services in general, and public utility services in particular, represents an issue of interest to public policy makers, citizens, as well as for the academic community. We believe that a comprehensive measurement of the efficiency of the provision of utility services should also take into account the level of satisfaction experienced by users.

The limitation of our research consists in a high degree of subjectivity of respondents to the questionnaire. However, the development of such a subjective component is always an integral part of sociological studies; nevertheless, the results of applying the questionnaire are relevant in order to provide measures for improving service provision.

The paper is structured into three parts. The first part includes a presentation of the specialised literature on utility services and the evaluation of their efficiency. The empirical study is presented in the second part of the paper, and the last part presents the conclusions of our analysis.

2. LITERATURE REVIEW

As a Member State of the European Union, Romania must ensure a high level of efficiency and performance regarding public services in general, and the management of community services of public utilities in particular. In Romania, the unitary legal framework applicable to community services of public utilities, regarding the establishment, organisation and monitoring of services, is ensured by Law no. 51/2006 of the community services of public utilities. After analysing the provisions of the present law, we note that the following are considered public utilities: (i) water supply; (ii) sewage and sewage treatment; (iii) collecting, sewerage and discharging rainwater; (iv) sanitation of localities; (v) centralized system for production, transport, distribution and supply of heat; (vi) public lighting; (vii) administration of the public and private domain of territorial administrative units and (viii) local public transport. The management of these services can be performed by local governments, or by intercommunity development associations, which are associative forms of the local government. Puie (2012) observes that public administration authorities have to select between directly manag-

ing public services through specialized departments or autonomous administrations, or delegating public service management to commercial companies, private economic operators on a contractual basis, and they in turn must ensure the provision of those services in line with economic and democratic principles. According to Dincă (2008), the main parties involved in the organisation and functioning of public services include central public administration, local public administration, service providers, beneficiaries or consumers and the media.

Public utility services management should be efficient, ensuring both service efficiency and user satisfaction. We consider as relevant the position of Coelli et al. (2003), highlighting the key criteria for analysing the efficiency of utility services: (i) reporting at the production frontier, (ii) technical efficiency, (iii) technological progress, (iv) efficient allocation of inputs and outputs, (v) productivity as output / input report and (vi) cost efficiency. Comşa et al. (2007) believe that at the level of the public service, performance is seen as a continuous improvement of the parameters of the service provided, in terms of both effectiveness and efficiency, as well as the needs of the citizens. The same principal idea can be found in Ştefănescu et al. (2010), which, through the peculiarities of the public administration entities, defines the performance as the extent to which throughout the services offered, the entity meets the expectations of the citizens.

Assessing the citizens' expectations is a challenge, and it comprises a highly subjective dimension. An effective tool for assessing the satisfaction of users of utility services is the survey. A pragmatic and realistic picture can be drawn on the perceived quality of service provision by applying a questionnaire. An important aspect of the questionnaire is the level of information that citizens have about the legal basis applicable to the phenomenon that is the subject of the questionnaire. A low level of information or interest of the respondents to a questionnaire may have negative effects on the results. Matei and Enescu (2013) carried out a sociological study using a questionnaire at the level of 63 administrative-territorial units in Romania. The results recorded by the authors illustrate that the respondents are very poorly informed about the functioning and the role of the local administration. 63.3% of the respondents have no awareness of the role of the local government in managing public services and developing local strategies, while 70% of the respondents express their willingness to be consulted in decision-making on local services management and general decisions taken by the local administration. Madinah et al. (2014) adopted an interesting measure to identify the public perception of the waste management system in Uganda. The authors applied three questionnaires tailored to target groups. The groups were made up of residents, employees and public decision-makers. A careful study of the literature reveals a very efficient and complex method of analysing the perceived performance at the level of the public sector called Q Methodology. Developed by Stephenson (1982), the method is particularly applicable in psychology and social sciences. Starting from the principles of factorial analysis which identifies correlations between variables, the Q method looks for correlations between the views of the subjects of a questionnaire. Thus, it reduces a multitude of views of the respondents to a set of opinions that are representative of several main thinking directions. Q treats respondents' subjectivism in a structured form, using the principles of factorial analysis. As a rule, the Q method is applied to test a general attitude of the respondents to-

ward a subject or a phenomenon. Mbeg et al. (2009) employ the Q method together with the Principal Component Analysis to structure the results of a questionnaire applied in Douala, Cameroon. Thus, he manages to compress the results of an elaborate questionnaire with 50 questions about the sanitation service with very varied responses from the respondents into four main components. These components represent the pattern of the respondents and their general attitude towards the sanitation service.

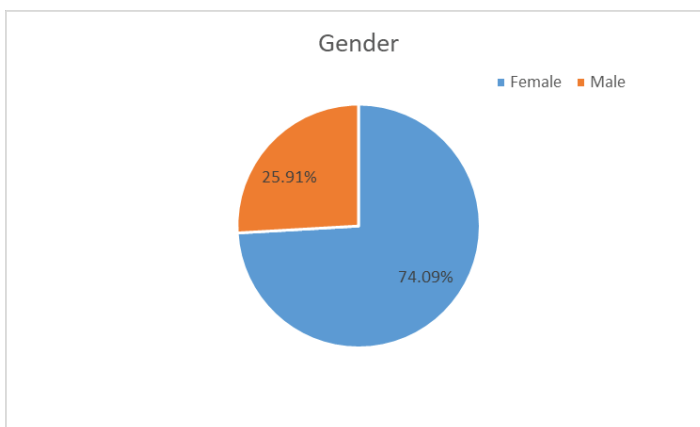
Authorities with competence in the management and organisation of utility services should understand the particularly important role that user satisfaction has in achieving a general framework for a performant service provision.

3. METHODOLOGY AND DATA

We employed the questionnaire as a tool for analysing user perception of public utilities. The questionnaire was applied online and the results were processed in the SPSS statistics program. The questionnaire was administered online and was addressed to the citizens who benefit from public utilities and have access to the Internet. It was mostly sent to the respondents via messages posted on different online discussion groups. The results were gathered with the help of Google Docs in an online environment, which also allows download in a way that is easier to process later on. The questionnaire was applied starting from 4 December 2014 until 4 April 2015, with a total of 220 citizens as respondents. The questionnaire was administered to the citizens of the four counties of the Western Region of Romania: Timiș, Arad, Hunedoara and Caras Severin. The Western Region is one of the most developed regions of Romania from both the economic and social points of view.

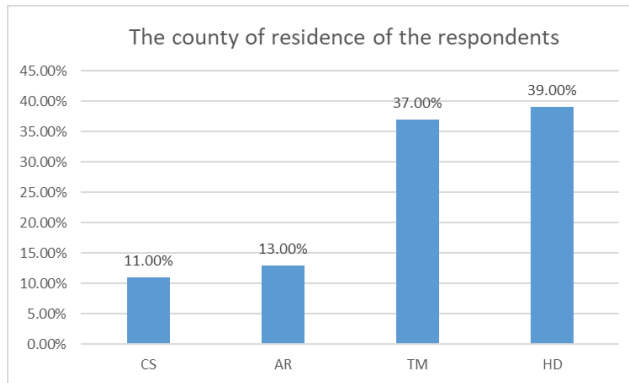
It can be seen from Figure 1 that the majority of respondents or 74.09% were female and the remaining 25.91% were male. This suggests a higher availability of women for such a study and, especially in rural areas, it is also related to the social status of women who are in many cases unemployed and take care of the household.

Figure 1: Respondents' gender structure



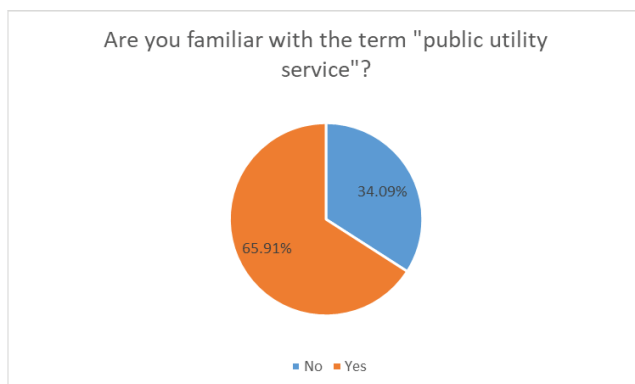
Additionally, in the area of origin, 85 of the 220 respondents were from Hunedoara County (39%), 81 from Timis County (37%), 29 from Arad County (13%), 25 from Caraș-Severin County (11%). This result indicates that the citizens of Timis and Hunedoara counties use the online environment to a higher degree. (Figure 2)

Figure 2: Respondents’ county structure



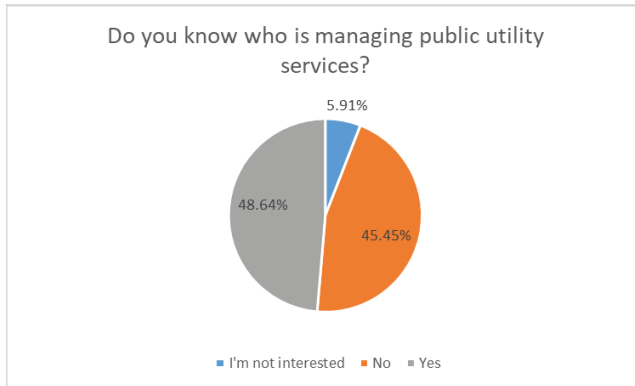
We found that a considerable number of respondents, 34.09% were not aware of the exact meaning of the term “public utility service”. This can be a consequence of the lack of citizens’ interest in the services from which they also benefit, but also of an informational asymmetry between the citizens and the representatives of the local public authorities. (Figure 3)

Figure 3: The degree of familiarity with the term “public utility service.”



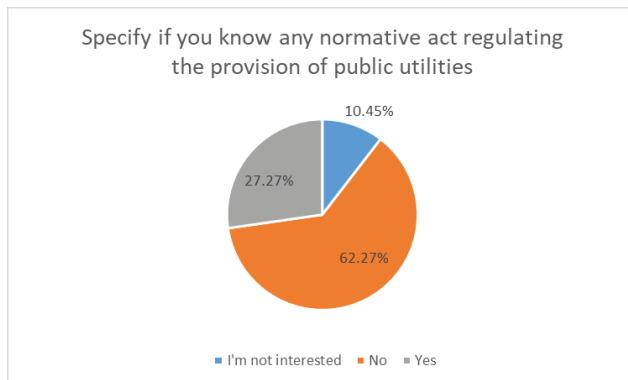
More than half of the respondents did not know or were not interested in the public entity that manages the provision of public utilities. This lack of interest may imply a high quality of service provision or a high level of indulgence on the part of the respondents. (Figure 4)

Figure 4: The degree of awareness of how public services are managed



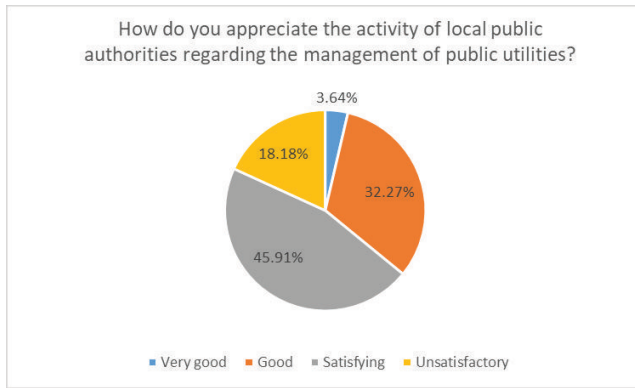
Less than one-third of the respondents knew the legal basis or its part that regulates the operation and provision of utilities. We therefore believe that the respondents are unaware of their rights and obligations regarding public utility services. Under these conditions, the degree of subjectivity during service analysis increases. (Figure 5)

Figure 5: The degree of knowledge of the legislation in the field of public utilities



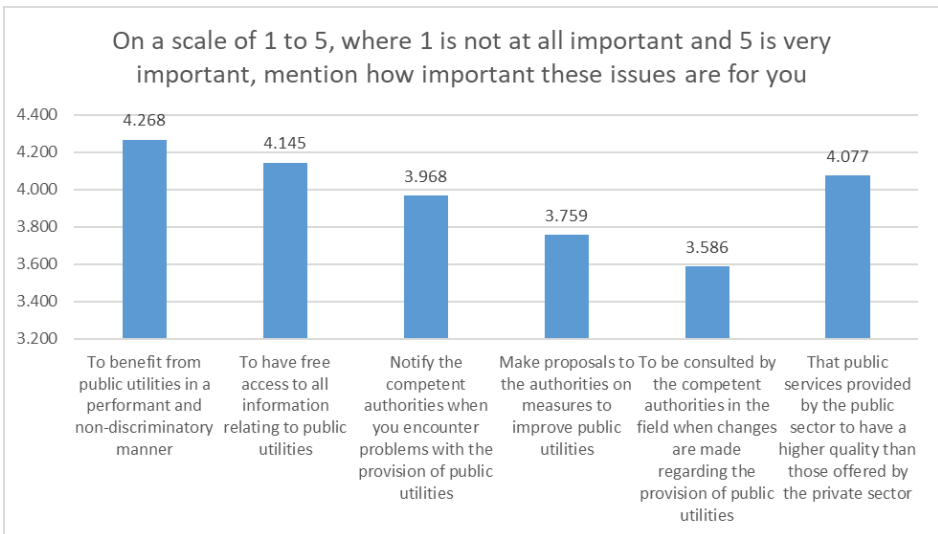
Only 3.64% of the respondents considered that the local authorities manifested good activity in the management of public utilities, while 18.18% found the activity of the authorities to be unsatisfactory. Although a large number of respondents considered the activity of public authorities in the provision of utility services to be satisfactory, the overall result is negative. (Figure 6)

Figure 6: The degree of appreciation of the public service provision activity



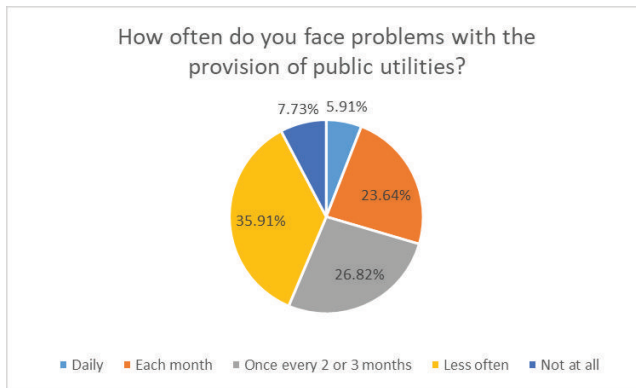
Concerning the rights and principles of the citizens as beneficiaries of public utility services, the respondents awarded the highest importance to having services delivered in an efficient and non-discriminatory manner. The least important issue for respondents is to be consulted during the decision-making process on the management of public utility services. Aversion and a lack of “appetite” to engage in decision-making suggest that the respondents believe that they lack professional probity in making such decisions or trust the state-owned institutions. (Figure 7)

Figure 7: Importance of public sector areas



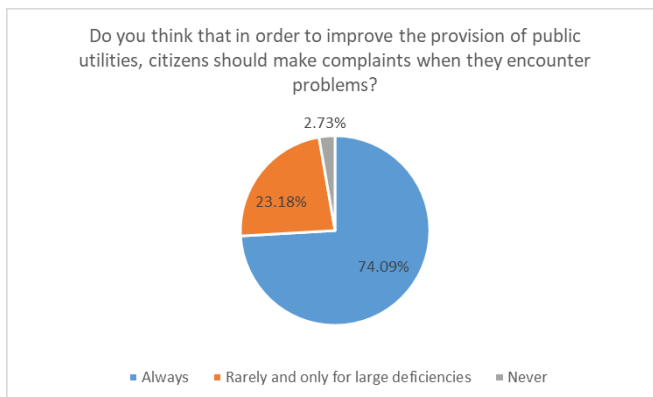
5.91% of respondents claimed that they have daily problems with the provision of utilities, and 7.73% have never had any issues. The result is a natural one given the large number and complexity of public utility services (Figure 8).

Figure 8: The citizens’ degree of confrontation with problems



Furthermore, by analysing Figure 9 it can be concluded that respondents realise the importance of their involvement in the process of developing utility services by notifying problems and lodging complaints and providing the authorities responsible for their management with a barometer of the quality of service management.

Figure 9: The importance of addressing notifications and complaints



The majority of respondents assumed that the City Hall and the Local Council are the most important entities they can address if they encounter problems with the provision of utilities. This result is justified by the legislation establishing the management of provision of public utilities. (Figure 10)

Figure 10: The hierarchy of bodies to which dissatisfaction must be reported

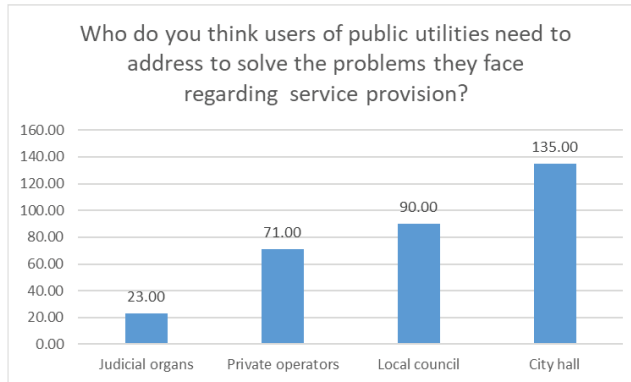
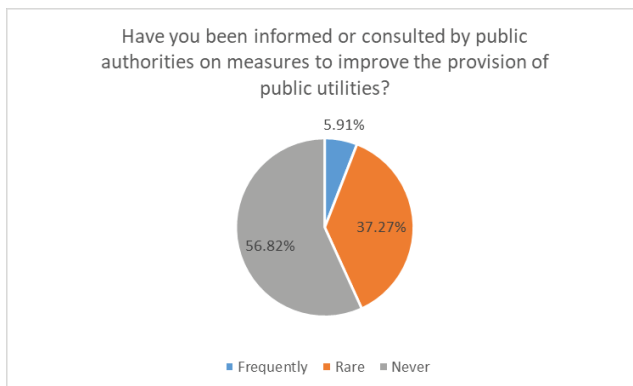


Figure 11 shows that the process of consulting the users of utility services does not function appropriately in Romania. Local authorities do not establish a cohabitation process with the users, nor do they realise the importance of their perceived utility.

Figure 11: Degree of public consultation on improving services



While maintaining the subjective dimension of the respondents, the results the questionnaire are relevant in the process of improving the quality of public utilities.

Consultations with citizens should make an integral part of all development projects performed by state institutions. Moreover, this process of consulting and verifying the opinion of citizens on a particular subject or phenomenon can be accomplished post-ante when adopting strategic changes.

4. CONCLUSIONS

This paper analyses the efficiency of the provision of public utility services, as perceived by citizens who are also their users. We have identified a high level of dissatisfaction with the activity of the local public administration in the management of public utility services, as well as a lack of consideration of the public opinion regarding utility services by the public decision makers.

We have considered various questions within the survey, to evaluate public services in general and public utility services in particular. Exploring the public opinion through the usage of a questionnaire has proven to be an effective approach in acquiring a realistic picture of the perceived quality and efficiency of providing utility services. The results of the empirical analysis have revealed a high level of informational deficiencies regarding utilities in general. Respondents comprehend the importance of their involvement, of giving feedback regarding service quality through notifications, complaints, and discussions with representatives of the City Hall or other public service providers. Moreover, the respondents, even if they are not well aware of the legal basis applicable to utility services, consider the City Hall and the Local Council as the main actors in charge of utility management. It is worrying that an overwhelming majority of respondents encountered problems in public utility service provision. This proves a low level of performance on the part of the providers. Regarding the many opportunities and rights that the respondents have, they believe that benefitting from the provisioned services is most important, while they hold the consultation process the least important. The overall results of the survey interpretation indicate a low level of user satisfaction. It identifies opportunities for service development through real citizen involvement in public decision-making through public consultations, application of questionnaires and other methods of stakeholder involvement.

This paper provides the basis for future analyses of public utility services and supports a sustainable process of their development.

REFERENCES:

1. Coelli, T.; Estache, A.; Perelman, S.; Trujillo, L.; (2003), A primer on efficiency measurement for utilities and transport regulations, World Bank Institute
2. Comșa, R., Alexandru, V., & Moraru, A.,(2007), Measuring the performance of the county's municipalities in the provision of local public services during the period 2003-2005, Bucharest: Institute for Public Policy
3. Dincă, D., (2008), Setting up public services. Contemporary Ideas.,Political Cadence Magazine, nr. 30

4. Dincă, D.,(2003), Serviciul public între stat, piață și democrație, *Revista Transilvană de Științe Administrative*, Cluj-Napoca.
5. Law No. 101/2006 of the service of localities sanitation. Published in Official Journal of Romania, available online at: <http://lege5.ro/Gratuit/geydambugi/legea-nr-101-2006-serviciului-de-salubritate-a-localitatilor>
6. Law No. 178/2010 of the public-private partnership. Published in the Official Journal of Romania, available online at: <http://luiza.manolea.ro/blog/legislatie/parteneriat-public-privat-ppp/legea-1782010-parteneriatul-public-privat/>
7. Law No. 51/2006 of public utilities services. Published in the Official Journal of Romania, available online at: <http://lege5.ro/Gratuit/gm2donrwha/legea-serviciilor-comunitare-de-utilitati-publice-nr-51-2006?returnUrl=%2FMonitorOficial>.
8. Madinah, N.; Boerhannoeddin, A.; Rriffin, R., (2014), Performance Assessment of Public Service Organisations in Shared Solid Waste Services: A case for Kampala Capital City Authority in Uganda, *World Journal of Social Science* Vol. 1, No. 2
9. Matei, A.,(2003), Public Economy. Economic Analysis of Public Decisions. Bucharest, Ed. Economica, 76.
10. Matei, L.,(2009), Romanian Public Management Reform. Bucharest, Ed. Economică, 119-147.
11. Matei A.; Enescu E, (2013), Good Local Public Administration and Performance. An Empirical Study, *Procedia-Social and Behavioral Science* 81, pp 449-453
12. Mbeng, L.,; Probert, J.; Phillips, P.; Fairweather, R., (2009), Assessing Public Attitudes and Behaviour to Household Waste Management in Cameroon to Drive Strategy Development: A Q Methodological Approach, *Sustainability*, 1, 556-572; doi:10.3390
13. Puie, O. (2012). Public utility services. Bucharest: The Legal Universe.
14. Ștefănescu, A., Dobrin, C., Calu, D., & Țurlea, E. , Controversies regarding the measurement of performance of public entities in Romania, 2010, *Transylvanian Journal of Administrative Sciences*, 1 (25): 225-242
15. Stephenson, W. (1982). Q-methodology, interbehavioral psychology, and quantum theory. *Psychological Record*, 32, 235-248.

PRIORITETI UPRAVLJANJA JAVNIM KOMUNALNIM USLUGAMA U ZAPADNOJ RUMUNJSKOJ*

*Oana-Ramona Lobont⁵, Alexandru Bociu⁶,
Nicoleta-Claudia Moldovan⁷ & Iulia Para⁸*

Sažetak

Javne komunalne usluge važan su vektor razvoja regionalnih i lokalnih zajednica. Te usluge jednako su važne građanima, središnjim, regionalnim i lokalnim vlastima, ali i akademskoj zajednici. Upravljanje javnim komunalnim uslugama mora biti učinkovit i djelotvoran proces. Ovaj rad bavi se percepcijom kvalitete javnih komunalnih usluga od strane njihovih korisnika. Također navodi moguće mjere za poboljšanje tih usluga koje mogu uvesti tijela nadležna za upravljanje komunalnim uslugama. U radu se koristi metoda ankete te se analizira uzorak odgovora 220 ispitanika prikupljenih u razdoblju od prosinca 2014. do travnja 2015. u zapadnoj Rumunjskoj, točnije u općinama Timis, Caras-Severin, Arad i Hunedoara.

Zaključak studije otkriva nezadovoljstvo korisnika kvalitetom pružanja javnih komunalnih usluga, ali i nedostatak komunikacije između nadležnih tijela i građana. Rezultati ovog rada mogu biti temelj za predlaganje mjera koje lokalne i regionalne vlasti mogu provesti kako bi poboljšale kvalitetu komunalnih usluga.

***Ključne riječi:** javne komunalne usluge, razina zadovoljstva, zapadna Rumunjska, upitnik.*

***JEL klasifikacija:** H41*

* Rad je prezentiran na 3. Međunarodnoj konferenciji „Business & Entrepreneurial Economics –BEE2018” koja je održana u Šibeniku od 30. svibnja do 2. juna 2018 (www.bee-conference.com)

⁵ Dr. sc. Oana-Ramona Lobont, izvanredni profesor, Universitatea de Vest, Temišvar, Rumunjska, E-mail:oana.lobont@e-uvt.ro

⁶ Alexandru Bociu, student doktorskih studija, Universitatea de Vest, Temišvar, Rumunjska, E-mail: alex_bociu@yahoo.com

⁷ Dr. sc. Nicoleta-Claudia Moldovan, profesor, Universitatea de Vest, Temišvar, Rumunjska, E-mail:nicoleta.moldovan@e-uvt.ro

⁸ Dr. sc. Iulia Para, prerdavač, Universitatea de Vest, Temišvar, Rumunjska, E-mail:iulia.para@e-uvt.ro