

# Contributions and Theoretical Developments Concerning the Quality-Risk Management in Public Administration

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## Abstract

*The study is part of doctoral research and proposes to analyze risk as a main factor within the ISO 9001:2015 quality standards at the level of public administration, as well as the impact of implementing these quality standards on public entities. The authors perform an analysis of the quality-risk correlation in public administration, with the accomplishment of the quality of services auto-evaluation study, starting from the outlining theoretical elements, the classification as well as the analysis of risks viewed as a main element in the ISO 9001:2015 quality standards.*

**Key words:** quality, risk, risk management, quality-risk management, public administration

**J.E.L. classification:** G32, H83

## 1. Introduction

Within the state, public institutions have a very important role as, through them, the state fulfills all its functions. The state operates in all the economic and social fields and we can, therefore, conclude that the extent of public institutions is vast.

Over time, the state has adopted diverse policies. It has acted through public institutions, influencing both positively and negatively the development of all public administration activities. The present political and economic environment that is very dynamic as well as the ever-changing social environment allows all public institutions to function based on risk management (Gutan, 2005).

In the present context, in which society is under continuous change, increasing the quality of public administration services by minimizing risks represents one of the main objectives of the quality-risk management.

The research objectives are analyzing the current stage of ISO 9001: 2005 implementation within the public administration and defining the elements that will constitute the basis of the process-on one hand-increasing the quality of public administration, and decreasing the emerging risks that arise with the implementation of the reform strategy compliant with the ISO 9001:2015 quality standards on the other hand.

## 2. Theoretical background

Public institutions must be flexible and quickly adapt to all the changes that concern the path these institutions are following or redefining their priorities. Accomplishing daily tasks can be negatively influenced by risks, the latter being able to impede the achievement of specific and general objectives.

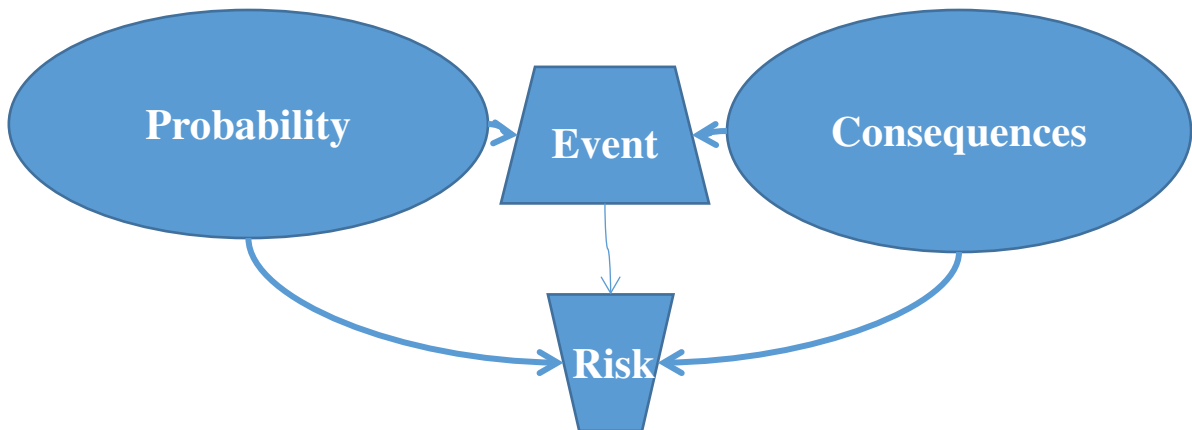
The whole responsibility in what risks are concerned belongs entirely to the public institution's management, it being the one that carries out the implementation and proper functioning of the risk management, having as its main goal the fulfillment of all objectives. The institution's leadership

can fail in controlling the risk management, in this case all the consequences being rectified by using large amounts of money and the institution suffering immense financial loss that is hard to recover.

An efficient and modern public administration that caters to its citizens' needs is desirable and can only be achieved by raising the quality bar to European standards (Plumb, Androniceanu and Abaluta, 2003).

In conclusion, we can say that the priority in the reform process at the level of public administration is represented by the new standards that are based on risk and, above all, communicating with the citizens.

Figure no.1 The relationship between probability and risk



Source: own processing

To approach risk as a whole, it must be analyzed from two points of view.

First of all, we will analyze risk from the point of view of unexpected and unwanted events that can cause loss. A concrete example would be the following one: a technical faculty launches a new study program. Launching a new study program is a very risky activity. The university and the faculty's management wishes first and foremost to identify all the negative factors that will influence the program. It will try to avoid all potential loss events. When the managing team focuses exclusively on unwanted events, we get what is called PURE RISK.

Second of all, we will analyze risk from the point of view of obtaining information that will lead to making correct decisions. Some ignorant decisions can lead to failure but the moment the institution's management has complete information it can implement decisions with a higher rate of success.

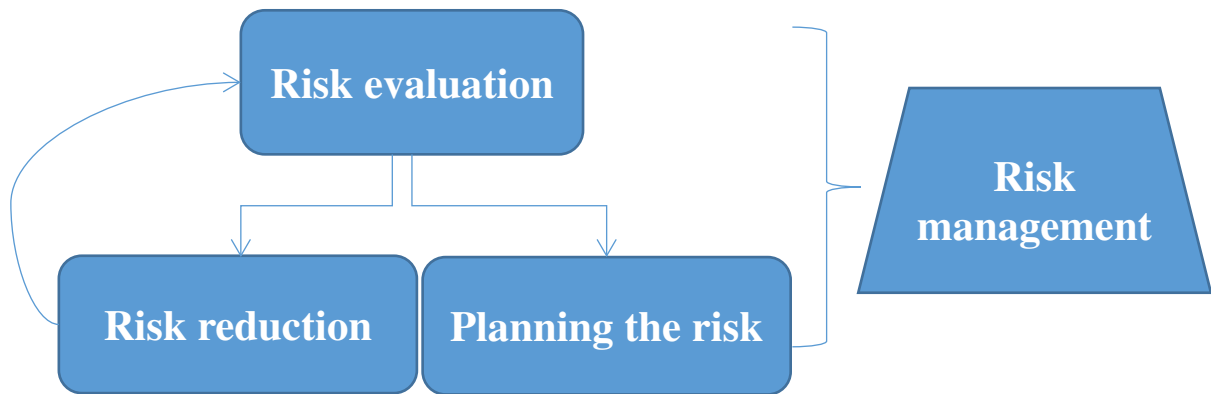
Finally, after analyzing the two points of view through which risk can be analyzed, we can draw the conclusion that both approaches refer to an opportunity and the activities will unfold in the future, meaning they will always have a certain degree of uncertainty.

### 3. The quality-risk correlation in public administration

In the contemporary society, public administration undergoes a continuous transformation, changes being generated by the tendency to align itself to European standards. We thus observe that all organizations need implementing a risk management as efficient as possible. Risk management has as its main goal the prevention-if possible- or reduction of unpredictable events that can negatively affect their entire activity.

Quality and risk management is a cyclical process. Finally, after the risk mitigation or elimination measures are implemented, the self-evaluation process is resumed, thus following the evolution of the risks in the organization (Nicolescu and Verboncu, 1996).

Figure no.2 Quality assurance process – risk management

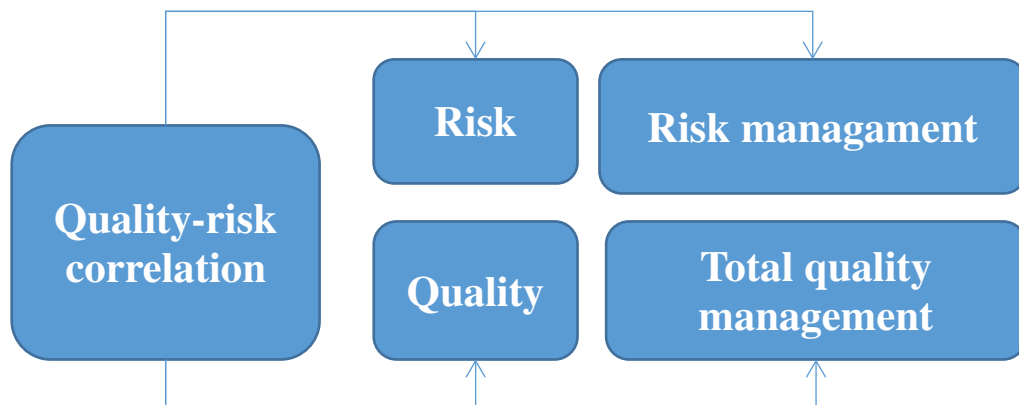


Source: own processing

Services rendered by public entities must satisfy to the best of their abilities the needs and expectations of their clients. But this depends of the efficiency and economy of the public entity. We take into consideration as a strategic matter of public institutions' management the study of the permanent link between quality and risk. These two represent fundamental ideas and one cannot exist without the other. This is the reason their variations in size are co-dependent.

This dependency between quality and risk is called THE QUALITY-RISK CORRELATION.

Figure no.3 The quality-risk correlation



Source: own processing

Certain risk factors can evolve in a different direction than the one predicted by the managing team and this leads to losses that represent risk in itself. One of the components of general risk is quality risk.

An efficient management of the quality-risk correlation will ensure, by means of identifying and control, a high level of services' quality. First and foremost, the two systems are in charge of achieving the necessary conditions for the activity to be streamlined from the beginning, thereby allowing the two systems to become a way to respond to the customers' demands and expectations, to resize global risk and even to correct some actions during their development.

To manage this quality-risk correlation, first we must manage all the factors within the institution that can favorably influence the evolution of management at a global level.

To many organizations, risk and quality have become essential and inseparable priorities. This happens because the critical examination of these processes brings forth malfunctions which makes finding solutions regarding maintenance, quality, reliability and security a fundamental task. Their beneficiaries become more and more particular concerning the quality of services, giving precedence to the time spent, the comfort generated by the respective services or the effect they have on the recipients' intellect, health, safety and integrity.

At the European level, a common assessment framework of public institutions' functioning has been created and used as a self-assessment tool for all activities. People working in these institutions can identify strengths and weaknesses and, the, propose solutions for improving their activity.

The fact that this instrument is specially created to be used in public administration is a major advantage. Self-assessment pursues the continuing improvement of all activities, generates an analysis starting from the activities and results, directly involves the employees and the costs are minimal. Post-assessment, actual measures can be defined which can improve the activity within an organization and allow external feedback.

Nonetheless, self-assessment has some disadvantages such as: the employees' subjectivity, proposes measures that aren't materialized. The fact that improvements start from within the institution is a challenge but has immense innovative potential.

The first step before starting any activity is to identify and evaluate the risks that appear in order to reduce or completely eliminate them, leaving only those risks that will affect only in a small way the activity in the public institution.

Merging the quality management system with the risk management system is the foundation for the quality-risk correlation. In order to properly operate this connection between quality and risk we must firstly define new methods of analysis and measurement, analysis and quality control in risky situations. A good management, detection and treatment of these risks is necessary in the first place to maintain a constant level of quality but especially not to worsen it as it will lead to financial losses and high costs.

Quality-risk Integrated Management System is actually an unique management system which incorporates the quality management system and the risk management one, gathering with it all the organization's internal management practices.

At the level of public administration, Quality Risk Integrated Management System has the main advantage of improving the quality of services rendered to the citizens which translates to an amendment of Romanian public administration (Antonescu and Constantinescu, 1993).

#### 4. Conclusions

In conclusion, we can say that managing risks means identifying and assessing them all and establishing an efficient way to confront them, that is, to use control methods in order to alleviate the probability of their occurrence or the consequences of their materialization. At the same time, managing risks will be subordinated to the specific objectives that form an integrated, coherent and convergent system toward general objectives so that the levels of activity help each other.

Risk management means managing the threats that could negatively impact the objectives.

The necessity of implementing the risk management in a public institution emerges from the fact that uncertainty is a daily reality and, therefore, reacting to this uncertainty becomes a permanent concern of risk management and taking care of consequences does not eliminate the causes which translates to the same risks happening in the future. For this reason alone, the entity must periodically re-examine the risks it encounters and concentrate on what is important.

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