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Development trajectories of Lithuanian public sector governance

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Abstract. *The purpose of this paper - to analyse and evaluate changes that have occurred in the Lithuanian public sector's staffing, employee pay and institutional management in the context of the European countries. The article analyses the data of different years: some data cover the period of 10 and more years, while other – the last 6 or even 1 year. The newest tendencies were analysed, seeking to indicate the contemporary changes in the Lithuanian public sector. The analysis of employees' changes in four distinguished groups of Lithuanian municipalities: large cities, medium-sized municipalities, small municipalities and resorts was presented. It was concluded that the decrease in the number of public sector staff does not necessarily means higher efficiency of the public sector organizations. Not the number of employees, but their qualification and competence determine the quality of decisions in the public sector. On the other hand, to achieve a balance between the staff number and the efficiency of services in the public sector, a middle-path policy should be used.*

Keywords*: Human Resources Management; Public Sector Size, Lithuania, Public Governance*

Reikšminiai žodžiai: *Žmogiškųjų išteklių vadyba, viešojo sektoriaus dydis, Lietuva, valstybės valdymas*

Introduction

It is quite complicated to estimate the optimal size of the public sector because, first of all, it depends on the values and aspirations of the society and the political elite. The relation between the size of the public sector and its efficiency is very evidently declared in the rhetoric of the Lithuanian politicians and in the public

sphere. However efficiency is very controversial as an indicator of the public sector performance measurement. The size of the public sector is a complex concept, in a considerable degree comprising (i) labour market, (ii) gross domestic product (GDP), and (iii) organizations. These three aspects of the public sector, though related, can unevenly vary due to many reasons. For example, in the case of the rapid economic growth the share of the GDP generated in the public sector can decrease in comparison to the total GDP of the country, simultaneously an increase can be observed in the sense of organizations' fragmentation and expenses, and the number of employees (Alonso et al., 2015). Therefore the complex monitoring of the public sector change is an important element creating evidence-based governance. The experience of the Nordic countries also confirms the fact that the efficiency of organizations' does not necessarily depend on their size. The GDP generated in the public sector of these countries composes approximately half of the total economics, however the Nordic countries are considered to be the most competitive in the world. On the basis of the analysis of the data of the reports of the Lithuanian public sector this article seeks to evaluate validity of the assumption that the efficiency of the Lithuanian public sector and its relative size correlates. The article analyses the Lithuanian public sector personnel, institutions' administration and pay changes after the world economic crisis.

Relation of the public sector efficiency, political aims and the public sector size

Efficiency has become the main guideline of the public sector performance evaluation together with the wave of the reforms inspired by the philosophy of New Public Management (NPM), which began in many countries in the 1980s and 1990s. These reforms were strongly related to the approach that the public sector, in comparison to the private one, is inefficient and too big in size, and that the significant part of the public sector is unnecessary. Therefore the attitude that a smaller public sector is equivalent to a more efficient public sector became the main attitude inspired by the NPM reforms (Alonso et al., 2015). However the evidences indicating that such reforms enable to decrease the public sector and even more - to make it more efficient are still doubtful. For example Alonso, Clifton, & Díaz-Fuentes make the conclusion that the privatization and transference of rendering public services to the private and non-governmental sector organizations did not affect the size of the public sector, however the fiscal decentralization and the bigger autonomy of regions and municipalities had such an effect. However, the authors make a reservation that the reforms of decentralization and providing more autonomy were mostly related to the saving strategy of the central administration institutions rather than to the implementation of the NPM ideology. The responsibility for the implementation of public governance functions and services was simply rendered to the lower administrative levels, which had to carry out saving measures due to lower tax basis. Scientific literature also provides few evidences that the public sector size (redistributed DGP) and its efficiency are related. On the contrary, having the privatized provision of services, their quality can decrease due to reduced wages of the spe-

cialists and diminished investments into the improvement of working conditions. Especially it is evident in the case of the local municipalities where due to a narrow market of services and small profit margins a true market is not often formed (Van Slyke, 2003). At the same time there are studies indicating how the fiscal decentralization can increase the public sector expenses (Baskaran, 2011).

The statement often formulated by politicians that retaining the public sector size constant when the population decrease, causes the decrease in efficiency of the public sector (Gudavičius & Vasiliauskaitė, 2013) is not the result of deductive logics. The attitudes close to the New Public Management philosophy in the Lithuanian public sphere are still very strong (ELTA, 2015). However the aspiration to consider the size of the public sector as one of the criteria of its efficiency is possible just with reservations and integrating it with the aggregated indicators comprising other efficiency measures. 42 per cent of population were active in the Lithuanian labour market, 30 per cent of them were working in the private sector and 12 per cent in the public one. The interpretation can be encountered in the public sphere that the "country is sustained" (Veidas, 2012) by those 30 per cent of population. However for those 30 per cent of employed in the private sector the services rendered by the public sector and redistributed part of the GDP, starting from the primary education and ending with pensions, would most probably increase in costs if these services had to be bought in the market. In the early literature of new institutionalism the public sector size by itself is considered as a meaningless indicator because it is the result of the conflict of interests and values (Klein, 1985). Any attempt to search for a concrete estimate of the public sector size simply means that the major part of the costs just will change the form instead of disappearing anywhere. According to Klein the provision of such valuables as environmental protection, military defence, ensuring minimal social security are hardly imaginable within the private sector, however these spheres are undoubtedly the part of public consensus. Moreover the objective to decrease the public sector, clearly named in the political rhetoric, can be related to the constantly increasing regional and social exclusion in Lithuania. There are some researches indicating that the elite upholding political power in the presence of high inequality is seeking to decrease the public sector. Weaker regions and groups of the society are suffering disproportionately due to this decrease (McCarty, 1993; Giuranno, 2009). We face the risk that Lithuania will experience a constantly growing exclusion process, which will be reinforced by political pressure to decrease the public sector.

Some studies indicate that the growing public sector has negative consequences in non-democratic regimes, while in the case of institutionalised democracies a bigger public sector can be even more effective than the market because democratic institutions are capable of ensuring the effective control of funds usage (Cheol-Sung, 2005). In this article we evaluated the data presented in the Lithuanian public sector analytical documents seeking to establish if official information enable us to make reasonable conclusions that the public sector has to be actively decreased. Such political decisions are more typical for the New Public Management reforms philosophy which is already rejected in many countries. We currently do not see the clear trends of global public governance reforms, more and more of their varia-

tion takes place. (De Vries & Nemec 2013). It is likely that decisions regarding the reforms made at this time will strongly influence relative national economic and welfare indicators.

Specifics of the development of the Lithuanian public sector

Each country evaluating and analysing its public sector is oriented towards its efficiency and effectiveness. It controls and regulates the number of civil servants and other employees, when possible, and tries not to increase the number of institutions. The Republic of Lithuania is not an exception. The contemporary Lithuanian state, seeking to establish an innovative public sector managed by modern principles, each year evaluates changes in the dynamics of the number of public sector employees, as well as salaries and performance indicators of public sector institutions.

Limitations of this research are related to the fact that not all reports of the Ministry of Interior of the Lithuanian Republic and information provided by the Department of Statistics contain specific data of every concrete year related to salary funds, employee number changes, the reduction and development of institutions and etc. Therefore, this article analyses the data of different years: some data cover the period of 10 and more years, other the last 6 or even 1 year. The authors of this scientific article, seeking to indicate contemporary changes in the public sector, analysed the newest tendencies. The latest data at the disposal of the researchers was the data of 2014.

Scientific publications, which evaluate Lithuanian public sector performance changes, are scarce. For example Nakrošis (2009) analysed the dynamics of civil servants and the public sector's change in 2009. Nakrošis and Martinaitis (2012, 300-311) discussed the Lithuanian public sector agencification problems and evaluated organizational changes and development of agencies, their subordination changes in the international science study. Pivoras, Buckienė and Civinskas (2014) provided and analysed various statistical information related to the number of civil servants and various aspects of the civil service reform. However, the papers mentioned in this article and other works of Lithuanian researchers are characterized by high fragmentation and do not provide a more detailed picture of changes in public sector organizations.

Changes in public sector salary funds in some European countries during the period from 2008 to 2014

Some tendencies of the public sector pay in Europe became evident during the period between 2008 and 2014. Pay decrease and permanent increase (for example in 2009–2014) are related to the influence of the world economic crisis. However, the data does not provide a complete picture. Comparison with the private sector would be necessary. On the other hand similar tendencies are prevailing in the pub-

lic sector of neighbouring Poland, which has suffered from the crisis relatively less. For instance, the analysis of the salaries of Poland's public sector employees during the period from 2011 to 2013 does not show major changes. General tendencies remain the same, the mean monthly wage is 2880 zloty, and in the region of Warsaw – 4500 zloty. Those with a master's degree receive 1000 zloty more in general than those who have a professional bachelor degree or unfinished higher education. This could be considered as the classics of personnel management in the public sector. The employee who has a higher qualification and competencies will always earn more. In comparison to the private sector, the public sector employees of Poland earn 800 zloty more in general than private sector employees (Domagala, 2013).

We cannot compare the Lithuanian and Polish public sectors directly. The estimates are not comparable, however these examples indicate that in order to attract qualified and competent civil servants it is necessary to provide them with financially benevolent work conditions (even during crisis periods). The best and the most talented have to come to the public sector. Paraphrasing Weber's words it can be stated that "the more professional bureaucracy is, the better quality of life in the country". Life quality of the country's people is mostly dependent on the quality of decisions made by public sector employees. Business plays a secondary role here.

Changes in the average number of public sector employees in European countries (2002–2014)

An increase in the number of public sector employees is not a dangerous tendency. Public institutions also create an added value. The Republic of Lithuania is relatively young – a re-established country could not have created an overblown public sector. Today not the number of public sector employees, but their qualification, competence, managerial capabilities and the elimination of overlapping functions determine the quality of decisions made by public sector employees. The number of public sector employees itself does not indicate the effectiveness of performance efficiency of public institutions. For instance, Greece as a state employs 7.9 per cent of employees counting from all the population of the country, Germany – 9.6 per cent of its population. According to the populists' rhetoric of diminishing the number of public employees, the public sector of Greece should be more effective than that in Germany, however this is not the case. The public sector is highly extended in other countries of Southern Europe. The Italian public sector employs 14.3 per cent of the country's citizens, and Spain 12.3 per cent. The crisis indicated that the public sector (big or average) of these Southern European countries is not effective. In the USA, 14.6 per cent of employees work in the public sector and it could be presumed that the public sector of this country is more effective in comparison to Southern European countries. Outside the borders of Europe, one of the smallest public sectors is in South Korea, with 5.8 per cent of population working as public servants (Nowakowska, 2013).

The problem of the number of public sector employees becomes evident when a majority the country's population is not satisfied with services provided by the public sector. According to Hausner (2008, 402), public governance, the groups of society and nongovernmental organizations must collaborate and coordinate their efforts for the common goal – more effective and more acceptable cooperation for the benefit of society. In our opinion, the problem of public sector staffing would not be so acute, if public and administrative services were more effective. Moreover, in order to apply the principles of good governance the high quality of public services and involvement of the groups of society into governance are required, and on the other hand the efficient assurance of public order and effectively functioning administration is necessary (Urbanovč, Bileišis, Stankevič, Stasiukynas, 2015, 225-230). Such attitudes reflect a certain middle path that would make it possible to select such public service provision forms, which would reflect the cultural and historical development peculiarities of every region. Efficient rendering of services would not be related just to the application of public management principles. New public management principles oriented towards business management not always justify themselves transferring public services into the hands of the private sector. Often in such a situation economization (funds saving) effect is triggered and the quality of services suffers. The principles of good governance oriented towards effectively functioning administration and citizens' involvement in the implementation of decisions could help in particular cases (in cooperation with citizens) to formulate more effective methods of service provision. In such case it would not be necessary to carry out the privatization of public services in a rush, depending on a city, town or household, the number of population or the peculiarities of a region – it would be possible to assure public services of various forms, involving in this process the communities of citizens and organizations created by them. The evaluation of service processes will ensure the efficiency of public administration (at both the central and local levels), and a dialogue with citizens and groups will help to decide how much and what kind of human resources are required for specific public services to ensure their efficiency.

Some aspects of changes in the number of Lithuanian public sector employees

The Lithuanian state directly employs about 10 per cent of population (the same figure is in neighbouring Poland). This is a normal rate among European countries. It is necessary to reiterate once again that the quality of the public sector is determined by the efficiency of governance as well as the skills and expertise of public servants, rather than the number of public servants. Reforms need to be started not from the staff reduction, but from the analysis of citizens' opinion and evaluation of the efficiency of public services. It will then be possible to determine the number of employees in a more objective way. The report "Changes in the number of public sector organizations in 2011-2014" reflects an obvious trend towards Lithuania's public sector optimization.

An increase or decrease in the number of employees in the Lithuanian public sector can be explained in the context of implementation of the public sector's strategic goals and operational priorities (Christensen et al., 2007, Lynch & Cruise, 2006, Pyne, 2009).

- Data on the increase or decrease of number of employees in the public sector can be interpreted in conjunction with the specific public sector organization's strategic goals and operational priorities. New objectives and changed priorities should be related not only to quantitative staff changes but an investment in staff in general.
  - Downsizing in the public sector should not be regarded as a virtue. Demand for certain public goods and how much of these goods are created by existing public sector employees is the question of much more importance.
- One can raise the question of whether the public sector organizations create public goods that are most needed, whether the work processes are really optimal, whether the available human resources are used in a proper way in order to meet the defined objectives. So, the first question is what specific results we expect from the specific public sector organization, and only then we can assess, what resources, including human resources we really need, and at what expenses the results could be achieved. Therefore, public sector organizations' reports are to be supplemented with the indicators reflecting such services' parameters as quality, diversity, affordability and the provision of timeliness (time). This would enable us to assess in more objective way changes in the number of public servants, and changes in their wages. It should be noted that in some case it is very complicated to set such parameters. For example, how many soldiers are needed to feel citizens safe or how many doctors are needed to make citizens completely healthy?
  - The cases when personnel costs are on the rise can be explained by two reasons – some public sector organizations pursue new objectives or it may reflect well-known in organizational theory intention to grow without setting new goals and without the acceptance of new responsibilities. The explanation can be given only plumbing into each individual case. Only staff amount and staff costs figures do not show anything by itself.
  - For the evaluation of personnel changes in municipal institutions, it must be taken into account that municipalities are given autonomy to take certain decisions. And the municipal staff and municipal bodies are the means for achieving the objectives. This assumption limits the possibilities to interpret the data on amount of staff and the number of institutions as well as related costs involved. In this regard, first of all it should be assessed the relevance of goals, and only then could be analysed whether the objectives of the used amount of resources, including human resources, are optimal and whether the same results could not be achieved with less resources.

– Too complicated working procedures demotivate employees. Though people are working harder and longer, their input is less value-added. They are not satisfied with the work, not interested in the quality, do not perceive their work as meaningful, their efforts are decreasing. Therefore, wherever possible, it is necessary to simplify the procedures and eliminate non value-added work.

It should be noted that the state and municipal capital owned enterprises and joint-stock companies are to be evaluated by their profits rather than the number of employees. These organizations must be cost-effective and stay profitable when providing services. Organizations of this kind and their staff should not be compared with other public organizations. It makes the most sense to compare them to each other. The number of employees could be correlated with customer satisfaction surveys and profitability in order to highlight the best practices. Organizations with limited (UAB) and unlimited liability (AB) and their staff should be clearly separated from the general public sector staff calculations, because their size should be related to the peculiarities of their functions and commercial profitability. The possibility of the privatization of such organizations should be considered only as one of the possible alternatives. Privatization of public services under Lithuanian conditions may not result in economization (saving) criteria. There are not much private providers in such a small country as Lithuania, so the competition will be minimal and no one can guarantee that the privatization of public services will result in the reduction of prices.

The number of statutory employees, like in case of state and municipal capital owned enterprises, should not be included into the general statistics of employed persons in the public sector. For example, the military or the State Border Guard Service size depends on external and internal threats and the anticipated required number of staff, rather than on a state's population.

Educational, health and social care service organizations in the public sector should be distinguished when analysing the staff of public service organizations. Organizations, providing health and social care services, mostly deal with older people. Lithuania faces the most rapid aging process in the EU (European Commission, 2015) and it is likely that demand for services in these areas will only increase. Another important feature is that these services are experiencing so-called "Baumol's disease" – opposite to the business processes, the work of social welfare specialists cannot be automated (Baumol, 1993). On the contrary, the increasing technological possibilities (especially in medicine) put more strain on the staff. Increasing demand for social and health services could be best illustrated by the aging index – the number of persons 60 years old or over per hundred persons under age 15. Following ten years of Lithuania's membership of the EU, the aging index jumped from 88 to126 (!).

The main users of educational services are children and young people. It is important to take into account the fact that the smaller groups of pupils/listeners/students are directly related to the higher quality of education. This, in turn, is a major

factor in a country's economic competitiveness. Education services are potentially creating a significant added value, regardless of whether they are provided by the public or private sector. According to the OECD's PISA survey, which is carried out every three years (soon to be published and the 2015 survey) Lithuania is gradually lagging behind neighbouring countries in secondary education in terms of quality. This underdevelopment can be partially explained by the poor organization of education, however, we are concerned that the reduction of the number of teachers may increase Lithuania's retardation. On the other hand, as Gaižutis (2015) states, the reduction of teachers' training funded places from 1 030 to 350 in the past few years may cause a shortage not only of teachers of exact sciences, but also of teachers of humanities. Especially it can turn into a problem from 2020, when Lithuania will start rising from the "demographic pit".

Public sector organizations set up and shut down in Lithuanian municipalities during 2014

Since the municipality, in its sole discretion, has the right to establish independent bodies, it is not easy to assess the change in the number of staff from the point of view of expedience. According to the data, some educational, sports, cultural and health institutions in Lithuania's municipalities were set up and some were shut down. The shutdown of educational and sports institutions can be associated with a "demographic pit" in Lithuania. The establishment and shutdown of outpatient clinics and other health institutions in Lithuanian municipalities might be related to an attempt to optimize the network of healthcare institutions (taking into account demographic and aging trends mentioned above). The reasons of the establishment and shutdown of other institutions may be related to the specifics of the local government in a particular municipality. The analysis of this data, again, should not be focused on the economization (saving) criteria. Health, education and other services and the quality of these services should be analysed on the basis of residents' opinion and the capacity of local authorities to provide such services ensuring proximity and accessibility.

An audit should be carried out to assess the performance of municipal enterprises and institutions. Various project teams engaged in the restoration of municipal buildings should be merged into one group. The governance in Lithuania is de-concentrated, therefore, stricter control and optimization of the number of local government bodies "from the centre" is not so easy. It must be held that greater centralization of control would contradict to the European Charter of Local Self-Government. The main lever for the Lithuanian Government to restrict expansion of institutions and their staff in municipalities is the reduction of funding. However, to achieve this would be a difficult task, given the high politicization of municipalities. Municipal bureaucracy in Lithuania is still dependent on the dominant political parties in a specific municipality. If municipal politicians and dependent administration see that the party representing their interests may win in national elections,

they attempt to establish links (directly or through the interest groups) with the central government so as to get support for any their initiative. For a long time the Municipality of Druskininkai could serve as a specific example in Lithuania of such a link. The social democratic local self-government, which ruled this resort town for a long time, managed to persuade and use the care of national Social Democratic Party in improving the infrastructure of the resort. Based on Guy Peters (2002, 235-254) attitude, it can be said that parantela type of relationship dominated in Druskininkai. The residents of Druskininkai, seeing positive changes under the auspices of the central government, have long been a potential electorate of the Social Democratic Party. On the other hand, even the municipal council's political majority changes, clientele relationship starts to dominate. Similar situation prevails in many Lithuanian cities.

It should be remembered that not only the independence of local governments and their politicization leads to the expansion of institutions and their staff. A very important factor is the state's regional policy. In this context Lithuania is similar to other Central and Eastern European countries. In the absence of jobs in a particular area, the municipality is becoming a sought-after and the main employer. People do not have any alternatives to choose from. Therefore, municipalities by making use of various parantela type schemes with direct or indirect support of the central government confidently establish new institutions or new divisions of already existing institutions.

In order to limit the parantela type relationship there is no other way but to activate civil society. Already mentioned in this article the wider participation of community and their representatives could help to optimize the number of institutions and only then it would be possible to objectively assess how many employees are needed in each municipality.

Evaluation of changes in Lithuania's municipal employee headcount in 2013-2014

In addition to the citizens' influence on the management of public sector organizations, in order to assess the number of employees in municipalities, the government should prepare a special system of indicators which helped to plan combined workload and necessary human resources in the context of the municipality's strategic **goals** and priorities. Realization of managerial principles would ensure effectiveness in assessing the number of civil servants in Lithuanian municipalities (optimality criterion of "good governance" system never has been rescinded). Certain elements of new public management are still functioning and in the recent governance development approaches. The Common Assessment Framework (CAF) could be a useful tool for such reforms. It might well serve as a basis for a clear link of human resources of municipalities and other public sector organizations with the organizations' processes, changes and performance (Gudelis, 2010, p 342). The

principles of citizen participation in public management (New public governance) could be used in the current situation as well.

By means of consulting with the inhabitants of municipalities it could be created such a scorecard where municipal staff changes can be seen in comparison to such an aggregated, although not sufficiently accurate indicator as a number of municipality inhabitants per municipality employee. Shortcomings of this indicator are understood - it only allows to compare municipalities with each other by the dynamics of employees' change, but does not reflect an objective need for a particular amount of the municipal's staff. So far we cannot say what should be the optimal average number of inhabitants served by a municipal employee in Lithuania. In order to reflect by this indicator the current situation and the specifics of municipalities as objectively as possible, all Lithuanian municipalities were divided into four groups: large cities, medium-sized municipalities, small municipalities and resort destinations. In each of the above municipal groups were compared the average of population served by a municipal worker and the staff changes in the number. If the number of employees declined, and the number of inhabitants per municipal employee was higher than the average of the group, the municipalities were marked in green (which means that local governments were effectively managing their own human resources), if municipal workers were increasing in number, and the number of inhabitants per municipal employee was less than average of the group – this municipality has been marked in red, i.e. it means that we should look closely at why the number of employees is growing.

Assessment of employees' changes in four distinguished groups of municipalities illustrated respectively in four additional tables:

Table 1. **Staff of Lithuanian municipalities of large cities**

Number of municipal employees in 2014.					
Municipality	**2013**	**2014**	**Change in per cent**	**Population on 01-01-2015 (according to the Population Register Service data)**	**Number of population in Municipality per municipal employee**
Kaunas	265	259	-2.32	105184	406
Klaipėda	243	245	0.82	115385	471
Panevėžys	396	451	12.20	177299	393
Šiauliai	818.5	824.5	0.73	325947	395
Vilnius	951	965	1.45	568754	589
Total:	2165.5	2240.5	3.35	1072000	478

Note. Built on data provided by the municipal administrations.

Table 2. **Staff of Lithuanian medium-sized municipalities**

Number of municipal employees in 2014					
Municipality	**2013**	**2014**	**Change in per cent**	**Population on 01-01-2015 (according to the Population Register Service data)**	**Number of population in Municipality per municipal employee**
Akmenė	161	163	1.23	24035	147
Alytus city	170	171	0.58	61676	361
Alytus	185	185	0.00	30406	164
Anykščiai	174	173.5	-0.29	29315	169
Biržai	217	214	-1.40	30137	141
Elektrėnai	165	165	0.00	26646	161
Ignalina	286	322	11.18	18741	58
Jonava	211.5	211.5	0.00	48619	230
Joniškis	194.5	193.25	-0.65	26482	137
Jurbarkas	191	194	1.55	31777	164
Kaišiadorys	159.25	161	1.09	33242	206
Kaunas	339	344	1.45	94043	273
Kėdainiai	365	360	-1.39	56226	156
Kelmė	226.5	228	0.66	33237	146
Klaipėda	337.75	321.5	-5.05	55812	174
Kretinga	260	271	4.06	43202	159
Kupiškis	143	147	2.72	20756	141
Lazdijai	259	248	-4.44	23247	94
Marijampolė	196.75	194.75	-1.03	64440	331
Mažeikiai	315	317	0.63	62273	196
Molėtai	153	153	0.00	21335	139
Pakruojis	216.6	188.6	-14.85	23627	125
Panevėžys	258	257	-0.39	41806	163
Pasvalys	321	322.5	0.47	29618	92
Plungė	221	218.25	-1.26	40373	185
Prienai	165	167	1.20	30470	182
Radviliškis	295	290	-1.72	42891	148
Raseiniai	176	183	3.83	38051	208
Rokiškis	189	186	-1.61	35285	190

Skuodas	179	208	13.94	21436	103
Šakiai	177	174	-1.72	33881	195
Šalčininkai	190	188	-1.06	36174	192
Šiauliai	236	238	0.84	45582	192
Šilalė	258	263	1.90	27959	106
Šilutė	346	350	1.14	49353	141
Širvintai	125	125	0.00	17871	143
Švenčionys	248	244	-1.64	28205	116
Tauragė	302.1	305.05	0.97	46745	153
Telšiai	319	345	7.54	49832	144
Trakai	180.25	181.2	0.52	35811	198
Ukmergė	194.5	241	19.29	41003	170
Utena	282	287	1.74	43847	153
Varėna	194	201	3.48	26078	130
Vilkaviškis .	255	248	-2.82	44495	179
Vilnius	578	586	1.37	101409	173
Visaginas city	214	215.5	0.70	25202	117
Zarasai	153.5	168	8.63	19060	113
viso:	10982.2	11117.6	1.22	1811711	163

Note. Built on data provided by the municipal administrations.

Table 3. **Staff of Lithuanian small municipalities**

Number of municipal employees in 2014					
Municipality	**2013**	**2014**	**Change in per cent**	**Population on 01-01-2015 (according to the Population Register Service data)**	**Number of population in Municipality per municipal employee**
Kalvarija	87	84	-3.57	12630	150
Kazlų Rūda	112	108	-3.70	13268	123
Pagėgiai	156	156	0.00	10563	68
Rietavas	121	121	0.00	9141	76
Total:	476	469	-1.49	45602	97

Note. Built on data provided by the municipal administrations.

Table 4. **Employees of Lithuanian municipalities of resorts**

Number of municipal employees in 2014					
Municipality	**2013**	**2014**	**Change in per cent**	**Population on 01-01-2015 (according to the Population Register Service data)**	**Number of population in Municipality per municipal employee**
Birštonas	61.5	60	-2.50	4913	82
Druskininkai	106	107	0.93	23391	219
Neringa	83	84	1.19	4526	54
Palanga	107.5	108.5	0.92	17750	164
Total:	358	359.5	0.42	50580	141

Note. Built on data provided by the municipal administrations.

Another issue in assessing the number of municipal employees is the fact, that some of them are civil servants while others are employees working under contracts. The municipal administrations are staffed by employees of different specialities not exercising administrative functions, therefore, the evaluation of change in the number of municipal employees is not very accurate. Although we have data on the number of each municipal administration employees engaged in public administration function, e.g. how many of them worked directly in public service in 2014, but because of the absence of data for 2013 it is impossible to assess an annual change of employees of this kind. The lack of statistical data is not only Lithuania's problem. Similar challenges are faced by other Central and Eastern European countries. For instance, the Polish researcher Paradysz (2012, 191-204), analysing the different aspects of Polish regional statistics, noted that the main obstacles to obtain objective data from regional public sector organizations are: pure preparation of information providers (administrative staff), statistical data quality issues, attempts to conceal the "truth", etc. We can add to what was said one more obstacle – lack of responsibility of institutions responsible for the collection of statistical data.

Of course, we cannot claim that our insight is ultimately truthful. In order to further investigate the headcount dynamics in Lithuanian public institutions, some additional data and a longer period of analysis is required.

Summing up we can say that Lithuanian public authorities making changes in public sector organizations by habit refer to "New public management" paved quantitative management modernization indicators. This is an outdated approach. As has been noted, decrease in the number of organizations or their staff is not the main factor resulting in the effectiveness of the public sector. Today, in the context of public management modernization, public sector organizations should try to implement civic participation-oriented Good governance or New public governance principles based on neo-weberian paradigm, rather than use only business management methods.

Conclusions

1. Experience of some European countries shows, that in order to attract qualified and competent public sector personnel, even during an economic crisis, attractive financial terms and working conditions should be created.
2. The growth of in the number of public sector staff is not an alternative to the efficiency of public sector organizations. Not the number of employees, but their qualifications and competence determine the quality of decisions in the public sector. On the other hand, balancing between the staff number and the efficiency of services in the public sector, a middle-path policy should be pursued. It is necessary to use new public management principles, which often trigger economization (savings) effect, thus affecting the quality of services, but is needed to focus on Good governance, where the public administration efficiency (on both central and local governance levels) can be achieved by evaluation of the services providing processes and consultations with citizens and their groups. On this basis can be decided how many and what human resources and institutions are need to ensure the effectiveness of the specific public services.
3. An increase or decrease in the number of employees in the Lithuanian public sector can be explained in the context of implementation of the public sector strategic goals and operational priorities. It is easy to predict that the new objectives and priorities will cause some personnel changes. On the other hand, neither staff reduction nor increase should be regarded as a virtue. Reforms start with the organizations' divisions' optimization, citizens' opinions analysis and performance of the public services evaluation. The number of employees (in particular, providing the utility services) can and must be correlated and predicted according to customers' satisfaction survey results. The number of statutory employees should depend on external and internal threats and anticipated required number of staff, rather than on a Lithuania's population.
4. It can be said (given the negative demographic processes in Lithuania dynamics) that the main users and beneficiaries of social public services (particularly health and social security) are older people. Inevitably, these services will suffer so called "Baumol's disease" meaning that the work of social welfare specialists cannot be automated and the number of posts in the organizations of this kind will have to increase. Due to the "demographic pit" the groups of pupils/students are getting smaller and it can improve the quality of education, and, at the same time, to stop teachers' downsizing process, especially that after 2020 the demand for teachers in Lithuania will increase.
5. De-concentrated governance of the country and the principles of the "European Charter of Local Self-Governance" do not allow the Lithuanian central government to influence local self-governments in establishing new posts and institutions. On the other hand, not only the independence

of local governments, but also their politicization causes emerging new institutions and posts. Parantela type of relationship and political parties' attempts (often through the use of interest groups) to create jobs for "required" people is one of the posts increasing sources.

6. To evaluate municipal staff changes in 2013–2014, it is necessary to prepare a special system of indicators which helped to plan combined workload and necessary human resources in the context of the municipality's strategic goals and priorities. The 2014 staff tables provided by Lithuanian municipal administrations do not reflect the real trend of change in the number of employees because of the absence of the corresponding data of 2013. Therefore, it is difficult to assess the evolution of the number of employees over the last few years. The authors encountered a lack of statistical data and some problems in obtaining it from public sector organizations.

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Lietuvos viešojo sektoriaus valdymo plėtros trajektorijos

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Anotacija

Šio darbo tikslas – išanalizuoti ir įvertinti Lietuvos viešojo sektoriaus personalo, darbo užmokesčio ir institucinio valdymo pokyčius Europos šalių kontekste. Straipsnyje nagrinėjami skirtingų metų duomenys: vieni iš jų apima 10 ir daugiau metų laikotarpį, kiti – pastaruosius 6 ar net 1 metus. Siekiant identifikuoti dabartinius pokyčius Lietuvos viešajame sektoriuje, analizuotos naujausios tendencijos. Straipsnyje pateikta analizė Lietuvos savivaldybių, kurios buvo suskirstytos į keturias skirtingas grupes: didžiųjų miestų, vidutinio dydžio, mažas ir kurortų savivaldybes. Padaryta išvada, kad viešojo sektoriaus darbuotojų skaičiaus mažėjimas nebūtinai reiškia didesnį viešojo sektoriaus organizacijų efektyvumą. Ne darbuotojų skaičius, bet jų kvalifikacija ir kompetencija lemia sprendimų kokybę viešajame sektoriuje. Kita vertus, balansuojant tarp darbuotojų skaičiaus ir paslaugų efektyvumo viešajame sektoriuje, turėtų būti pasirinkta „vidurio kelio" politika.

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