

CHARACTERISTICS OF THE DECISION-MAKING PROCESS IN THE PUBLIC VERSUS THE PRIVATE ENVIRONMENT

ANCA JARMILA GUȚĂ *

ABSTRACT: *Starting from the premise that any human activity practiced daily involves a continuous decision-making process because whatever we choose to do involves the adoption of a decision after evaluating several decision-making options that we often have at hand, the paper presents the peculiarities of the decision-making process in the public environment compared to the private one in our country. Whether the decision is taken in the public or private environment, this is the most essential element in the management activity of an organization without which managers could not exercise the management activity because the decision is directly related to all other elements related to the functioning and development of an organization/institution. The decision-making process is a complex process that takes place both in the public environment and in the public sector. in the same way, it is important to note that the following conditions are met this process, because their level of training accompanied by a vast amount of information is the most important elements needed for the decision to be taken in the best way and to achieve the objectives for which it was formulated.*

KEY WORDS: *decision, decision-making, organization, institution, public environment, private environment.*

JEL CLASSIFICATIONS: *M16, H23.*

1. INTRODUCTION

Decision-making is a complex process that requires a thorough analysis of a decision before it is taken because it can have positive or negative consequences for the organization and its members. it also involves knowing in detail the concepts and concepts so that a decision is not made in error.

* Assoc. Prof., Ph.D., University of Petroșani, Romania, gancajarmila@yahoo.com,
gancajarmila@gmail.com

For the proper functioning of an organization/institution, whether it is part of the public or private environment, in the decision-making process, decision-makers must take into account several aspects that a decision must meet: the decision must be scientifically substantiated, the decision must be taken according to the legal rules, the decision must be taken in a timely manner, the decision must be coordinated and followed up in order to achieve the objectives set, the decision must be effective in satisfying the work done and the community over which it has an effect (https://www.geocities.ws/sanda_berar/procesuldecizional.htm).

The environment in which the decision-making process takes place is an environment full of uncertainty because in making a decision, decision-makers may face various problems such as lack of information, conflicts within an organization or problems of a political, economic or between members of the organization. Thus, the environment in which decision-making takes place can be characterized as an "environment marked by volatility, uncertainty, complexity and ambiguity" (Mureșan, 2012).

Technology and the information environment are constantly changing and developing, which means that decision-makers who are part of an organization must keep up with all these changes. and sometimes the decision-making process becomes a challenge for them because they need to adapt quickly to these changes that influence decision-making and goal achievement.

It can be said that decision-making is a process of the mind because it follows the level of knowledge about the problem of the decision-maker and how he acts and perceives the information, turning it into a baggage of knowledge to help him solve the problem by making the best decision.

Therefore, the decision-making process is a real challenge for those involved in this process because society and technology are constantly evolving and the people involved in decision-making need to keep up with all these changes that bring daily a new bag of information that is sometimes fragile and they must be carefully analyzed so as not to adversely affect the environment in which they are to be used.

2. DECISION-MAKING IN THE PUBLIC ENVIRONMENT

In Romania, the public administration system is organized on the basis of the relationship between the community and the administration. The development of communities and public institutions is based on the good relationship between citizens and members of public institutions.

The term administration comes from Latin and can be defined according to the DEX as "the totality of the administrative bodies of a state; Section of an institution entrusted with the administration of that institution" (<https://www.geocities.ws/sandaberar/procesuldecizional.htm>). Public administration has always existed and will exist as long as there are communities that need to be administered and governed.

The public administration operates according to several important principles for good organization and functioning:

- the principle of legality – requires compliance with all legal norms in the activity carried out;
- the hierarchy principle – represents the subordination relations between each department of public institutions;
- the principle of transparent decision-making is to encourage the participation of citizens in the work carried out by the public administration;
- the continuity principle requires that the public administration carry out its activity without interruption in order not to create disorder and discontinuity;
- the principle of operations requires the public administration to conduct its work as quickly as possible in order to resolve problems as quickly as possible (Mureşan, 2012).

The public administration in Romania faces daily various problems that arise at the level of institutions and that require prompt resolution and a well trained staff who can adopt the best decisions that help solve problems and develop the institution and the community.

The decision represents a very important element in the conduct of any type of activity, being the main instrument in carrying out the activity at the level of public institutions in Romania. Within the public institutions there is the notion of administrative decision, a concept that represents the process in which members of public institutions able to make decisions have at their disposal several decision-making options from which they can choose to achieve an objective of administration and also for the proper functioning of society and the relations between it and the administration (<https://ebooks.unibuc.ro/StiinteADM/marinescu/4.htm>).

Any administrative decision must comply with the legal rules and must be analyzed with great rigor and responsibility, as a wrong decision could produce adverse effects not only to the administration but also to the community. The administrative decision is always chosen in order to achieve certain objectives of the public administration, which has a very important role in relation to the citizens.

In the adoption of an administrative decision, most people participate, each having a different role in the institution of which they belong. Different specialists can also be consulted to come up with new proposals for improving the decision. There are several types of administrative decisions, which are classified according to certain criteria:

- According to the situation to which the decisions refer, they can be: Normative decisions and individual decisions.
- According to the position that the decision-maker occupies on the hierarchical scale, the decisions can be: Top-level decisions (adopted by the state management institutions), medium-level decisions (adopted largely by institutions such as the Prefecture, the County Council), lower-level decisions (adopted by local administration institutions such as the mayors).
- After the time they have validity: Decisions for an unlimited time, decisions for a limited time and current decisions.
- By the level of preparation of the decision-maker: Decisions of the decision-maker and decisions of administration.
- By the way they are adopted: Spontaneous decisions and grounded decisions.

Any administrative decision must comply with the legal rules in force at the time of its adoption, also having a legal character. In terms of legal nature, the administrative decision must comply with several conditions, namely: Substantive and formal conditions. Under these conditions, an administrative decision must be issued on the basis of the law and the Constitution, must have a certain structure to comply with, and failure to comply with these conditions may result in the nullity of the decision.

In order for an administrative decision to become legal and have a definitive legal character, it requires the signature of the head of the institution where it was adopted. Once the decision is given a definitive legal character, it must be respected by all members of the institution, becoming mandatory, and failure to comply may result in penalties on civil servants (http://portalvechi.feaa.uaic.ro/formarecontinua/Documents/ghid_bune_practici%20S MIS_1192.pdf).

Therefore, the decision-making process within the public administration also arises from the administrative decision-making perspective. The decision-making process at the level of public institutions is a very complex one, the members of these institutions having a great responsibility when adopting a decision because if a decision is of quality, then the administrative act will also be of quality.

The decision-making process within public institutions must aim in particular at solving problems at local or national level. Public officials responsible for making a decision must be well trained professionally and have very good skills in analyzing the problems that arise and have a wide range of knowledge to help them solve these problems by adopting the most good decisions. The decision-making process within the public administration involves several steps that are designed to help decision-makers identify problems and find the best decision-making option.

The most important stages of the administrative decision-making process are the following (http://portalvechi.feaa.uaic.ro/formarecontinua/Documents/ghid_bune_practici%20S MIS_1192.pdf):

- determining the decision-making objective is the stage at which public institutions determine the habits that a decision must achieve;
- documenting is the stage in which the members appointed to adopt a decision study the problem in detail in order to find the best solutions;
- the analysis of the documentary material is the stage in which it is decided whether a decision will be taken or not;
- elaboration of the decision-making project at this stage is determined whether further changes to a decision need to be made and additional solutions can be proposed.

By observing all these stages of the decision-making process within the public administration, the decision-makers can make the right and prosperous decisions for the institution to which they belong. After a decision goes through all these stages and becomes applicable, its application no longer falls to the decision-maker but to the public officials who have executive functions, their duties being very important because they depend on the success of the decision-making process.

Most of the time, in the decision-making process in public institutions, the decision-maker is represented by a group of people and quite rarely by a single person. The fact that the administrative decision is drawn up by a group of people is much more

advantageous because it involves more training and experience of the participants. It is very important that all the participants in making a decision are prepared because inadequate preparation can lead to serious consequences such as blocking the existing problem and not solving it in a timely manner.

An important aspect of the decision-making process of the public administration would be the fact that citizens can also participate in the decision-making process, often their opinion being very important in the development of the public administration's relationship with the citizens and in the proper functioning of the community.

From a legal point of view, the participation of citizens in solving problems and implicitly the adoption of a decision that brings a good resolution is mentioned in Law 69/1991 in which it is mentioned that: "Public administration in administrative-territorial units is based on the principles of local autonomy, decentralization of public services, eligibility of local public administration authorities and citizens' consultation on local issues of particular interest." According to this law (<https://legislatie.just.ro/Public/DetaliiDocumentAfis/1547>), citizens have a very important role in solving problems that arise at local level, their opinion being important for finding the best solution.

Also, from a legal point of view, in the decision-making process in public institutions in Romania there is also the notion of decision-making transparency, which represents the fact that the citizen has the opportunity to participate in the decision-making process. This notion is regulated by Law 52/2003 on decision-making transparency in public administration and provides for collaboration between citizen and administration, where the citizen can come up with suggestions addressed to administration in decision making and problem solving (<https://legislatie.just.ro/Public/DetaliiDocumentAfis/1547>).

It is very important that in some problems the administration also asks the opinion of the citizens because most of the time the citizens do not remain indifferent to the problems that arise at the community level and want to get involved in solving them. Thus, good communication between the administration and the citizen can facilitate the decision-making process and improve the public service.

The decision-making process within the public administration can sometimes be influenced by certain factors that can negatively influence it and help it become much slower and more complex. Therefore, the decision-making process can be influenced by the following factors:

- Political influences – often the realization of some customs also takes into account the political orientations of the government to which the institution is subordinated;
- Monopolistic suppliers – because they have no competition and do not aim to make a profit, public institutions can be considered to be monopolistic suppliers of a type of service, and if the decision-making process is wrong, they will receive support for resolution from the institutions to which they are subordinate;
- Bureaucracy – too often the excessive bureaucracy makes it difficult to carry out the decision-making process;
- Confrontation for government resources – represents the continuous struggle of institutions to attract funds to achieve the objectives.

For the proper development of the decision-making process within the public institutions in Romania and for solving the problems in a timely manner, the public officials have the obligation to continuously form regardless of the institution where they operate. Their preparation is a very important aspect in carrying out the work of public institutions because the quality of the decision-making depends on their good preparation.

The decision-making process within public institutions does not aim at making a profit, but aims at satisfying the interests of citizens, it does not aim at achieving personal goals of public officials, it envisages achieving general objectives that solve problems that arise in the community but also at the level of institutions. If the public administration gets the satisfaction of the citizens, we can say that the goal has been achieved and the problem solved.

3. DECISION-MAKING IN THE PRIVATE SECTOR

One of the biggest tasks within companies is the decision-making process, which is one of the most important processes that help the economic development of firms. Within companies, day by day management decisions are adopted that represent the rational choice between two or more options to follow, in order to achieve an objective, under certain resource conditions, by which the behavior/ activity of another person/ other people in the organization is influenced.

The adoption of the managerial decision is influenced by various factors that are classified into two categories: Internal factors that are represented by the organization environment of the company, resources, employee training and external factors that are represented by conditions outside the company such as economy, competition or various restrictions. Managerial decision occurs especially when within a company there are various problems that require a solution that will bring with it positive effects.

The decision-making process is quite complex because it requires several steps through which various information is collected, several decision-making options are found, various specialists are consulted, all leading to a final result that is intended to be favorable to the company. Therefore, the decision-making process within a company occurs with the need to adopt the managerial decision and involves identifying the problem and solving it by choosing the best decision-making option.

Most of the time, within a firm, the need to make a decision occurs when losses occur or the results are not as expected. The business environment is not constant, and every day new changes occur that can sometimes affect the company in a positive way, and sometimes in a negative way. All these changes affect the profit of a company in particular, and among them are the following: Market share may decrease, financial losses occur due to defective products or not accepted by partner companies, misunderstandings may arise between suppliers due to the increase in raw materials, etc.

In private companies, the decision is made most of the time with the intention of obtaining a profit as favorable as possible for the company. Profit is money, money being the means by which goods and services are exchanged (Mureșan, 2012).

The decision-making process is an essential process that shapes the proper functioning of a firm's activities and ensures its success and can lead it to new performances. A quality decision-making process represented by well-trained people is an advantageous source for companies because the financial performance of a company is ensured by the quality of decisions and the strategic way in which they are adopted, leading the company toward not only organizational performance but also performance on the market business (Olariu, 2023).

Within firms, competition is the most common factor in the business market, which means that every firm gives its best to be at the highest level. This is closely related to the decision-making process because decisions taken at the level of one firm can ensure its success over the others. The decision-making process within companies has several decision-making approaches, the most important being grouped by their character and usefulness, these being the following: descriptive approaches; regulatory approaches.

Descriptive approaches present the decision-making process exactly as it is and how it is addressed by the managers of firms. This approach highlights the elements of the decision-making process within companies, with an emphasis on the importance of employees and their preparation for its smooth running.

Regulatory approaches show how a manager should make effective decisions for the firm. These normative theories are important because they highlight how the decision-making issues within a company should be addressed and bring a vision of solving them in the most efficient and systematic way.

The decision-making process within private companies is also influenced by the decision-making environment that includes all elements both outside the company and inside that lead to the decision-making situation. In turn, the decision-making environment is influenced by three situations that are closely related to each other: Certainty; uncertainty; risk (<https://www.ujmag.ro/economie/banci/modelarea-deciziei-financiare/rasfoire/>):

- a. Certainty arises when the objective pursued by the firm is highly likely to be achieved, knowing how it could evolve and the effects it will produce on the firm.
- b. Uncertainty arises when the objective pursued in addressing a decision, although it is likely enough to be achieved, still raises questions and it is difficult to predict the final outcome of the decision-making process.
- c. The risk arises when the goal pursued in the decision-making process has a possibility to be achieved, but there is great uncertainty as to how the best decision could be taken, making it very difficult to predict.

A company cannot have a favorable development without a quality decision-making process because decisions determine its future. Therefore, in order for a decision-making process to be carried out as well as possible, the decision tree is used within the companies.

The decision tree is a very useful tool in the development of companies and decision-making because it makes it easier for decision-makers to choose the best decision-making option. The decision-making tree can provide for decisions and their effects over a longer period of time and can also determine the possible errors caused by

those decisions. The decision-making tree can help the company increase production, help it establish new production sectors or increase production.

In particular in the area of private decision-making, managers and decision-makers should follow some basic rules to make decision-making more efficient: to study the matter in detail and only after making a decision; allow enough time to study every possible decision-making variant; do not rush to take a decision before predicting possible effects; to consult other employees responsible for taking a decision; respect the known stages of the decision-making process and ensure that it has continuity (Olariu, 2023).

The decision-making process within the Romanian companies has evolved lately adopting influences from European countries, influences that increase its effectiveness and is especially noticeable in the results of companies that are becoming more efficient. These influences are particularly noticeable in the adoption of group decisions and consultation of different specialists who only contribute with new information and knowledge, thus managers gaining more beneficial experience in the future of the company.

The results of the decision-making process must be monitored in order to be able to observe the evolution of the company and to see how effective the decision was and whether the proposed objectives have been achieved. The decision-making process within a company is a continuous process because there are always new problems to solve, so it can be said about this process that it is one of the main levers that underlies a company and can lead it to the desired success.

4. CONCLUSIONS

Although the decision-making process in the public and private environment is similar in some respects, there are also many differences in the way decisions are made and the system in which they will take effect. Thus, starting from the stages of the decision-making process, regardless of the environment in which it takes place, the stages are largely the same. This would be one of the biggest similarities between the two environments, public and private.

Another similarity between the two decision-making environments would be that in both environments a goal is pursued. Both in private companies and in public institutions, the activity carried out is based on the achievement of objectives that ensure their development and problem solving. The continuous development and training of employees responsible for decision-making is a very important aspect for both environments.

Good employee training leads to quality decisions and to efficient decision-making. Although the similarities between the two media are not numerous, the differences are found in a larger number, making the difference and highlighting each of the peculiarities of the decision-making process in the public and private environment.

One of the most obvious differences between the two mediums is evidenced by the purpose that each one pursues. If the companies aim to obtain a higher profit, within the public institutions it is not desired to obtain a profit, but to satisfy the local community by making the public service more efficient.

Also, in the public environment there are cases where decisions adopted by the public administration to oblige the community to respect and obey them, while in the companies their employees have greater freedom from decisions, not being obliged to always obey them.

Within public institutions, decision makers have a greater responsibility of responsibility than those in the private sector because within public institutions they must respond not only to the management of their institution, but in most cases to the Government, the Parliament and the other political bodies to which it is subordinated, while in private companies they are only accountable to management and shareholders.

For private companies, competition is the main instrument of operation in the economic market because through competition everyone gives his or her best to obtain the highest profit. In public institutions there is no competition because public institutions do not compete with each other, but carry out collective work with other institutions to facilitate public service and satisfy citizens.

Goods represent another difference between the two environments, public and private, because they cannot be used in the same way in both environments. Within companies, their goods and services are available to those who have money to buy them, while within the public administration the goods can be available to anyone, citizens not having the obligation to pay directly to benefit from them.

Another difference between the decision-making process in the public environment and the decision-making process in the private environment is the influence that the media has on them. In the public institutions of Romania, the media is focused on the decisions that are made at the level of each institution and pays very high attention to everything that is decided and what happens, the decision-makers being influenced by the media. In private media organizations, they do not focus their attention on the decisions that decision-makers make, they rarely appear in the press about what is decided at the level of a company, so decision-makers are not influenced at all by the pressure of the media.

With all the similarities and differences in the decision-making process in the public and private environment, there are situations where public institutions and private organizations collaborate, leading to decisions that will be taken jointly. A very common example in Romania is the collaboration of public institutions with private companies that provide waste collection and recycling services, so for a good collaboration decisions are made that are beneficial for both parties and effective for the development of the service provided for the benefit of the community, but also to obtain the desired profit for the private company.

REFERENCES:

- [1]. **Guță, A.J.** (2023) *Adoptarea deciziilor și prestarea serviciilor în sectorul public*, ed. a-2-a, rev. și adăug., Editura Universitas, Petroșani
- [2]. **Guță, A.J.** (2015) *Analysis of the public management administration in Romania based on diagnostics and SWOT analysis*, publicată în *Annals of the University of Petroșani, Economics*, vol.15(2), ISSN 1582-5949, pag. 15-22
- [3]. **Mureșan, D.** (2012) *Managementul public*, Institutul European, București

- [4]. **Norris, P.** (2019) *The public sentinel: News media and governance reform*, DC: World Bank, Washington
- [5]. **Olariu, A.A.** (2023) *Decizie, Proces decizional și Performanță*, Editura ProUniversitaria, București
- [6]. <https://dexonline.ro/>
- [7]. https://www.geocities.ws/sanda_berar/procesuldecizional.htm
- [8]. <https://ebooks.unibuc.ro/StiinteADM/marinescu/4.htm>
- [9]. http://portalvechi.feaa.uaic.ro/formarecontinua/Documents/ghid_bune_practici%20SMIS_1192.pdf
- [10]. <https://www.ujmag.ro/economie/banci/modelarea-deciziei-financiare/rasfoire/>
- [11]. <https://legislatie.just.ro/Public/DetaliiDocumentAfis/1547>