Public institutions in Eastern Europe are beginning to focus on becoming more citizen-centric. Although the road ahead is long, many of these institutions are well on their way—optimizing decision-making processes, promoting change-management procedures, introducing accountability measures and monitoring the outcomes of their policies. The needs of citizens are being placed at the core of state policies as public institutions in Eastern Europe understand that putting their citizens first is among the best ways to cope with the challenges of globalization.

Every day Eastern European governments face the challenge of globalization, from aging populations and increased social needs to climate change. Low birth rates and high unemployment are putting a strain on state budgets, while mobility within the Eastern European region is hindered by national regulations and bureaucracy. As globalization brings progress, it is the obligation of individual states to manage all aspects of globalization for the benefit of their citizens.

Findings in the recent A.T. Kearney Citizen-Centric Government survey reveal that along with the unprecedented changes caused by globalization, one other trend is apparent—the increasing importance of citizens (see sidebar: About the Study on page 2). Citizens will benefit most from global progress or endure the impact of its adverse effects. Rapid changes demand quick responses from both the private and the public sectors. Future state policies must, therefore, consider the needs of their citizens among their highest priorities.

The Public Sector and Eastern Europe

Our findings suggest that the public sector in Eastern Europe has taken steps toward becoming citizen-centric, but there is still room for improvement compared to the best global performers. Some states—Slovenia for instance—are perfectly positioned to start closing this gap. In fact, the seven characteristics measured in the survey—organizational change, leadership, performance management, swift operations, customer relationships, culture and sustainability—are valued higher in Eastern Europe than elsewhere in the world (see figure 1 on page 2). Because democracy,
human rights and basic freedoms are hard-won achievements of the post-cold-war era, survey respondents in Eastern Europe tend to value these characteristics more than their Western counterparts. In the West, these are considered basic standards of conduct rather than cherished goals that have yet to be achieved.

The legacy of socialism continues the perception of an inefficient public sector. The public sector is still regarded as having different, less optimal organizational principles than the private sector, changes are slow and individual goals and accountability are not high on management agendas. Customers are also regarded as secondary. Procedures and following established processes and policies take priority over meeting citizens’ needs. In fact, Eastern Europe is underperforming in six of the seven characteristics of a customer-centric government (see figure 2 on page 3).

Many of our survey respondents say motivation, respect for diversity and inclusiveness are common goals already present in their organizations. Their average performance actually exceeds the average performance of Western Europe. To a certain extent, a strong organizational culture and resistance to change can be explained by a strong legacy of the socialist past.

In their transition to liberal democracies and market economies, Eastern European countries have used the Internet and communications...
technology. By taking advantage of these technologies, many Eastern European governments have been able to “leap-frog” their global and Western European counterparts. They have also embraced the principles of sustainable development, although implementation is slow.

Strategies for Eastern Europe
The study reveals strengths and weaknesses in public organizations in Eastern Europe. While the results in some areas are comparable to the global average, there is still a long way to go before all organizations become more customer centric. The following outlines the characteristics of customer-centric governments and how well Eastern European governments perform compared to their Western counterparts. Figure 3 on page 4 outlines the characteristics and strategies to achieve them.

1. Foster organizational change. While Eastern European governments understand that organizational changes are necessary to answer the challenges of globalization, many process-oriented public institutions are still incapable of making fast decisions. However, as citizens’ demand faster and more personal services, best practices from the private sector are taking hold in the public sector.

Citizen-centric public institutions earmark more resources to respond to new challenges and have more flexible, available financial resources. In addition, the processes of making use of these resources are less complex. In Eastern Europe, for example, best-practice public institutions introduce changes continually in order to increase efficiency and meet the changing needs of customers. All changes are planned in light of the institution’s current capabilities. Although these institutions are decidedly more flexible and adaptable, when compared to global best practices, there is still room for improvement as changes could be introduced faster and with a clearer vision of organizational goals. The sectors within these public institutions still do not fully cooperate.

Figure 2
Eastern Europe is underperforming in six of the seven characteristics

Sources: A.T. Kearney Citizen-Centric Government survey; A.T. Kearney analysis
Note: The graph represents average results achieved in regions around the world based on the seven values of a citizen centric government
In 2004, the Slovenian government changed the Administrative Procedure Act (article 139) to allow public officials to gather data from other public sources, saving the government €300,000 per year and citizens the time and effort of doing it themselves. In addition, simplifying the process of registering small enterprises saved €10.66 million and abolishing income tax forms saved €22.3 million.¹

2. Cultivate leadership. Good management is a characteristic of citizen-centric institutions. Leaders provide a company vision, do the necessary long-term planning and monitor results. They employ cooperative leadership styles, constantly searching for new opportunities and viewing the organization as a totality of its needs, demands and opportunities. Mismanagement is the most common reason for failure of new projects.

In well-managed organizations, the overall vision and strategy are clearly defined and communicated as are personal goals for all employees. Cooperative and transparent leadership practices are slowly entering the public sector in some countries. Good leadership is one of the characteristics of “new public management” and a theme of many seminars and other educational events. The Slovenian Ministry of Justice, for example, decided to bring its management practices in line

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with the requirements of the ISO 9001:2000 standard. It necessitates that products consistently meet customer requirements and that organizations continually work to improve customer satisfaction.

In addition, our study finds that Slovenia and Eastern European countries are most likely to invest in customer service improvement initiatives. Figure 4 outlines all of the initiatives in which countries are more or less likely to invest.

3. Establish culture and values. Every organization has an inherent culture and value system. The public sector has developed its own set of values, which are evident in its practices, services and products. When organizational values coincide with personal values, it leads to positive attitudes, work satisfaction, loyalty and, consequentially, improved performance.

The principles of value-based management are increasingly being introduced into government human resources divisions, highlighting common values such as flexibility, responsibility, accountability and continuous learning. In a citizen-centric government, additional knowledge and skills are incorporated into the working style. While senior managers dictate the main strategy of the organization, it is the role of middle managers to interpret the strategy and guide the implementation within their areas of responsibility. They connect abstract goals to concrete

Figure 4
Change initiatives that Eastern European countries are most likely to invest in

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Slovenia</th>
<th>Eastern Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Move staff to low cost areas</td>
<td>61.0%</td>
<td>64.0%</td>
</tr>
<tr>
<td>2. Reduce staff</td>
<td>47.5%</td>
<td>36.7%</td>
</tr>
<tr>
<td>3. Invest in leadership development initiatives</td>
<td>37.3%</td>
<td>34.5%</td>
</tr>
<tr>
<td>4. Invest in culture and behavioral change programs</td>
<td>27.1%</td>
<td>22.3%</td>
</tr>
<tr>
<td>5. Invest in customer service improvement initiatives</td>
<td>61.0%</td>
<td>56.1%</td>
</tr>
<tr>
<td>6. Deliver services through partnerships with the private sector or third parties</td>
<td>23.7%</td>
<td>19.4%</td>
</tr>
<tr>
<td>7. Outsource certain functions overseas</td>
<td>74.6%</td>
<td>67.6%</td>
</tr>
<tr>
<td>8. Deliver services through partnerships with the private sector or third parties</td>
<td>49.2%</td>
<td>35.3%</td>
</tr>
<tr>
<td>9. Create a shared-services facility with other parts of the government</td>
<td>15.3%</td>
<td>14.4%</td>
</tr>
<tr>
<td>10. Undertake a strategic sourcing program to reduce costs</td>
<td>15.3%</td>
<td>18.0%</td>
</tr>
<tr>
<td>11. Invest in performance management initiatives</td>
<td>37.3%</td>
<td>32.8%</td>
</tr>
</tbody>
</table>

Sources: A.T. Kearney Citizen-Centric Government survey; A.T. Kearney analysis
actions and are responsible for hiring and rewarding employees.

In Eastern Europe, best-practice organizations share common needs and values and also encourage mutual respect among colleagues. However, they still do not fully engage employees or promote a sense of belonging. Many institutions are stuck in an historical pattern that believes it is necessary to improve operations and meet current goals before moving on to more innovative ideas and concepts.

4. Build customer relationships. Public institutions are becoming more aware of the need to improve customer relationships, using tools such as customer relationship management (CRM) to become more responsive to the needs of clients and delivering better service. As customers become a focal point, meeting their needs leads to business development and innovation.

On a practical level, CRM necessitates more unified and consolidated customer information and databases. Systems must be integrated and mutually compatible as data is available to all who have access to the database.

Public institutions in Eastern Europe tend to develop a more personal, one-to-one relationship with their customers—where customers are placed in the center of policy making and each delivery model adjusts to new policies. Globally, public institutions always walk a fine line between following the organizational rules and adapting them to meet clients’ needs. When the difference between customer demands and existing rules looms large, there is a tendency to change the rules.

5. Improve operations. Globalization has forced public institutions to reduce costs. Business has changed from personal face-to-face communications to electronic as people communicate via e-mails, Internet interfaces and virtual tax assistance. The more progressive the institution, the more it uses Internet technology to conduct business. The trend is now toward increasing interoperability of electronic communication devices from different areas as these save money and also increase customer satisfaction.

Public institutions in Eastern Europe understand that putting their citizens first is among the best ways to cope with the challenges of globalization.

A good example is the Slovenian project of e-government. It offers online information about all aspects of state bureaucracy and gives citizens access to different registries such as the judicial and land registry, insight into personal data, vehicle registration data and others. E-government also enables easier registration of businesses. Although the project is saving Slovenia €870,000 a year, insufficient IT support is a barrier to further development and growth opportunities.

6. Manage performance. Performance management is another interesting area. In Eastern Europe, work performance is measured at the organizational level and indicators are adjusted as such. In global organizations, performance is measured at the work-group level and based on
leading best practices. An interesting trend in best-practice Eastern European public institutions is that success is measured through societal value. Incentives also differ: global organizations offer non-monetary incentives and give high-performers more responsibility, while Eastern European public institutions mainly offer salary increases to their top performers.

7. Support sustainability. Sustainability is one of the most important aspects of modern and citizen-centric public institutions. Organizations that are considered sustainable often involve the general public in decision-making processes and consider the environmental and social impact of their decisions. Such public institutions preserve the environment, save energy and promote healthy life styles, which have positive effects on the economy.

In Eastern Europe, sustainable development has increasingly become part of business practices in public institutions, and best performers take environmental concerns into consideration at all levels. Among our survey participants, many say they care how decisions and policies affect their local communities in terms of social justice, social exclusion, human rights and social relations. The Slovenian government has established a Council for Sustainable Development whose main task is to coordinate different sectors in achieving economic, social and environmental aspects of sustainability.

The Way Ahead
Governments that strive to be citizen-centric often begin by assessing their current situation from all aspects and gauging their performance against other public institutions. Depending on the gaps, there are various improvement strategies, all mentioned in this paper, that can help governments and other public institutions in their quest to become more citizen-centric. Those that successfully execute these projects will become more agile and better able to meet the ready new and changing demands of their citizens.

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