



Social Organizations in the State of Bahia

An evolution in public management

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“The obstacles to democracy have little to do with culture and religion, and a lot more to do with the desires of those who are in power and wish to keep their position at all costs. This is not a recent phenomenon, nor limited to a particular part of the world. People of all cultures praise their freedom of choice and feel the need to have a word on the decisions that affect their lives.”

Kofi Annan
UN General Secretary



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1. Introduction:

This paper is the outcome of the Minerva Program and has also the objective to provide an overview of the changes in public management occurred in the state of Bahia over the last 10 years, exposing the reasons that caused these changes, as well as a detailed analysis of their outcome and how they are helping to improve social development in Bahia.

Some of the most important questions about social development and democracy are if they are really related to each other, and how to provide the right conditions for their rise and empowerment. But, above all this, one thing seems to be unanimous, both social development and democracy are intimately related to people, more specifically with the enhancement of their capability to choose the way to live their lives as they deserve to.

Issues such as technological development, growing international investments, foreign commerce or even economic growth are very important, but all of them are means, not ends. Their real importance and critical contribution to the social development in the 21st century will depend on how people will be capable of expanding their power of choice, and keep their capability to exercise it, in order to create a social environment in which they will be able to develop all of their potential and live a more productive and joyful life, becoming an active part of those.

The stepping-stone on the path to enlarge the social development is to build up people's capacities. Among these capacities, the most important one is their freedom of choice and the respect for these choices. By doing so, it would guarantee people's chances of deciding the better way to access education, to access the resources to live with dignity, to participate of the decisions of the community and, most of all, to live long and prosperous. All of this can only be achieved through democracy in its basic meaning: People must take an active role in the definition of their destiny. This decision power is materialized in three dimensions: Capacity of decision, capacity to perform what was decided, and the capacity to sustain the results of their decision. These capacities must be exercised by society, in order to make more and better choices, in order to improve the results of them, and to achieve social development.

According UN's Human Development Report, released in 2002, the world have nowadays more democratic countries and more political participation than ever, approximately 140 countries, we must keep in mind the fact of the real democracy is more than elections, it takes the empowerment of all the democratic instructions, and the most important, it takes the construction and the upholding of the democratic practices with democratic values present and exercised through all society, in other words, governance must be achieved.



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The most common mistake about how the relationship between state and society must be conducted in Brazil, and so in Bahia, is to think that the state has the duty to care mostly for the economic issues, to increase the tax revenue, to bring in more industries and, after that, take care of the formal part of the social issue, which would be the construction of schools, hospitals, the investment in research, and so on, as long as things work like this nobody complains, the representatives can take care of their own businesses, and their only concern is how to manage their re-election.

This is no longer enough, the current global order demands more than simple existence education, health or other facilities, nowadays the quality, the effectiveness of the public services are no longer allowed to get passed by.

The promotion of human development is, more than a simple economic and technological issue, is also a political and institutional challenge, this challenge must be faced for all together law makers, public servants and citizens; otherwise the outcome will be a shattered form of democracy in which the needs of society will not be represented. People must have capacity and opportunity to decide their destiny, the State as an institution must be the instrument to materialize this choices, this relationship must be transparent, accountable and as close as possible. What will be shown in this paper is how, by creating a specific social program, the state of Bahia is on the edge to start this virtuous process.



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2. Overview of the evolution of the public management in Brazil

2.1. The state crisis and the context of state reform:

The crisis of the state as an institution in the most of the countries, and also in Brazil, can be defined in three dimensions: A fiscal dimension, with growing losses of income, and with a diminishing public saving, as the defeat of the state intervention strategy, mostly represented by the welfare state, in the developed countries, and by the impost substitution model in the developing ones; and by a crisis in a way to manage the public affairs, which is the most emblematic of those. The old burocracy in no longer adequate to the needs of the society, as well as to the capabilities of the state, so, a new form of management, and a new form to address the society, in order to provide what it need became mandatory.

In Brazil, the state crisis will only reveal itself completely in the late 80's. It's more evident symptoms are the fiscal crisis itself and the failure of the imports substitution model revealing a new reality in which the social and economic intervention must left behind, and exposing the inadequacy of the state apparatus with it's concentration model, as well as it's characteristic excess of regulations, norms and procedures.

Facing this new landscape, the Brazilian public managers took quite some time to device a new shape for public management. In the first moment they decide just to ignore the crisis, underestimating its consequences, compromising also the payment of the external debt service. After that, a neo-liberal model was attempted, but this one reveals itself equally inadequate. Only in the mid 90's raises a consistent alternative characterized by redefinition of the state in order to recover its financial autonomy e its capability to implement public policies working shoulder to shoulder with the organized society.

To redefine the role of the state is a world wide range issue. Particularly in Brazil, this question became most important because of the wide range and the depth of its presence in almost every sector of society and economy, always in an interventionist way. So solving this question became unavoidable, if in one hand the state was clearly incapable of provide the services and perform the activities demand by the society in a efficient way, in the other hand by this time, Brazilian society was already organized enough to rise as a third sector sufficiently politically and socially empowered to perform an actual role in the performance of services and activities formerly provided only by the state, and so able to demand them as well. Because of that, the state reform in Brazil was no longer an abstract issue, but a real demand of the society in order to get their needs and expectations fulfilled. At this point Brazilian society becomes to exercise its first dimension of decision power: Capacity to decide.



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In order to address these demands and to assure the governance of the state, some actions were critical as the fiscal adjustment, the economic reforms in order to focus it to the market as well as an industrial and technological policy which assured, at the same time, the internal market empowerment, and prepare the national industries to face the international competition. Equally important was the social security reformation, and the innovation of the public policies instruments in order to provide better quality and more wide range to the social services and activities.

Because of all that, the reformation of the state in Brazil must be understood as a real redefinition of the role of the state itself, which is no longer a direct producer of the services and activities required to achieve economic and social development but rises as a promoter and regulator of them. In order to do so the state must turn into an instrument of transference of the resources required to provide those services and activities, and restrain itself to production only of the classical public goods as security, for instance.

At the beginning the master plans for the state redefinition, which haven't changed much even after the election of Luis Inacio "Lula" da Silva, have considered four major sectors which are:

- ? **Strategic Core**: Represented by the three original branches (Judiciary, legislative and executive) and the Federal Prosecutor Office, responsible for making upholding the laws and definition and oversight of the public policies. It is, by definition, the sector where the state strategy is formulated.
- ? **Exclusive Activities**: Those which only the state can provide, represented by the public goods in its original concept.
- ? **Non-exclusive Activities**: Is the sector in which the state works simultaneously with NGO's or private organizations. The state remains present in this sector as a promoter and regulator once these activities are related to fundamental human rights as education and health services.
- ? **Goods and Services Produced for the Market**: Represented by the profit oriented organizations controlled by the state operating in the productive sector of economy or related to the financial market.

The most important distinction among these sectors is related to the concepts of property. There are two forms of property usually considered, the state property, and the private property. Now a third and most relevant concept must be introduced: The non-state public property represented by the non-profit oriented organizations which aren't owned by a single individual and dedicated to address the public interest, usually known as NGO's.



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2.2. The third sector option:

Running side by side with this change in the role of the state, the third sector represented by the organized civil society became capable enough to become responsible for the services and activities not directly related to the state, but promoted by it, as education, health, scientific research and development, cultural production, among others. At this point society was required to exercise the second dimension of its decision power: the capacity to perform what was decided, it claimed to take part in the decisions regarding their rights, now the time has come.

So the movement to the third sector begins, the state is willing no longer to perform the role of producer, but to perform the role of promoter and regulator, the important point to consider is that, even doing so, the state must continue to provide oversight and evaluation of the services and activities now transferred to the third sector, aiming at the same time the participation of the society and the maintenance of the quality and access to them. In order to do that a strategy based on the transference to the third sector of the management of those services and activities formerly provided by the state was devised, this process was denominated as “publicization” and aims the absorption by a non-governmental public sector of those. This new sector is composed by public organizations which will perform the management of those activities by firming a partnership with the state based on the concept of non-state public property. The main objectives of this partnership are:

- ? Perform the transference of the non-exclusive services and activities to the third sector by the creation, follow-up and evaluation of specific public programs.
- ? Provide more managerial autonomy and flexibility as well as more responsibility to the new managers of these activities.
- ? Better address the demands of the society as a whole, and provide a better social control of these activities by having representatives of the society itself in the administrative structure of these social organizations.
- ? Empower the adoption of social participation mechanisms in the formulation as well as in the evaluation of the social organizations performance.
- ? To establish a public-private partnership culture based on results in which the state will continue to provide the resources required to perform those activities and services, and the social organization will be responsible for the results and for the achievement of as many as accorded level of performance according a specific management contract.



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This partnership aims to provide more flexibility, agility, social control as well as more transparency and accountability on the production and access to these public services and activities. The social organizations were devised to have much more managerial autonomy and transparency than the state apparatus once they must have the participation of the several sector of society which is the beneficiary of the services they provide in their administrative structure. Further in this paper we will discuss in detail how a social organization must be constituted, what are the requirements to make them able to apply to absorb the management of a public service or activity. At this point civil society is required to exercise the third dimension of its decision power which is the capacity to sustain the results of these decisions. Now the society no longer watches the performance of the state, but takes an important role in the decisions which affects its life and absorbs the responsibility for its own decisions.

3. Legal mark of partnership between state and the 3rd sector in Bahia

At this point the focus is changed to the particular case of the State of Bahia which will be discussed in detail since the reasons that led to the conception of the specific public program devised to create a public-private partnership culture in the state through the ways to operate it, as well as its follow-up and evaluation mechanisms.

The changes in the political, social and economic environment, as well as the demands of the society for better quality services and the necessity of the state to relocate its efforts to those activities which only the state can provide, represented by the public goods in its original concept led the public sector of Bahia to search for new and more efficient ways to provide, manage and evaluate the services demanded by the society which also empower the partnership between the public and the private sectors. To accomplish this, State of Bahia has created the Social Organizations Development Program by releasing the law bill number 7.027 in January 27th, 1997 with further regulation provided by the decrees numbers 7.007/97 and 7.008/97.

Six years after the original version of the Program was implemented, in July, 29th, 2003 it was revised by the law bill number 8.647, in order to improve the program operational process to meet the managerial requirements of the social organizations as well as to enhance its results. These changes were based in the actual experience according which the original methodology had some vulnerabilities and were implemented to assure the continuity of the program. This process of improvement was completed in January, 22nd, 2004 by release of the decree number 8.890.

The state of Bahia Social Organizations Development Program aims to promote the absorption of the management by social organizations of certain public interested services and activities related to education, health services, scientific research, technological and institutional development, environment protection and preservation as well as work social services, sports, cultural production and agro-business by providing:

- ? Adoption of selection and evaluation criteria which assure the improvement of the execution quality of the activities and services alluded.



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- ? Reduction of the bureaucratic formalities in order to provide more agility and transparency without compromising its accountability.
- ? Creation of mechanisms to provide integration among the public and private sectors and the society.
- ? Creation and maintenance of the specific evaluation system in order to allow proper evaluation of its results.

In order to provide oversight and to work as a deliberative, consultive and mediatory forum, was created a program board which is composed by the Secretary of Administration, as the chairman, and by representatives of every other secretariat with has transferred the management of any service or activities, as well as representatives of the civil society until the number of six which is responsible for the strategic planning of the program. According the law has also the following responsibilities:

- ? Provide oversight, coordination and assure the implementation of the program in order to achieve the modernization of public administration in Bahia.
- ? Promote studies aiming the definition of strategies and priorities related with the program implementation and continuity.
- ? Evaluate the procedures adopted by each specific secretariat to transfer the management of the selected activities in order to assure its conformity with the law.
- ? Make statement on the qualification of every social organization in order to assure the civil society representation according the nature of the organization activities.
- ? Make statement on each management contract signed by any secretariat and any social organization, concerning the fixation of services standards and operational goals, as well as on the evaluation indicators adopted in each case.
- ? Provide follow-up and proper evaluation of the social organizations management capacity in order to optimize the quality standard of the service and to assure the supply of the society demands.
- ? Make statement on the social organizations performance in the cases of failure in accomplishing what stated in the management contracted.

This program is conducted by the Secretariat of Administration, but is largely comprehensive including several others secretariats and public entities. Each secretariat is entitled to identify which among your services and activities would be better managed by the partnership model and, after that, release a public action in order to select the adequate social organization to transfer its management. This identification process is composed by five stages:

- ? Identification of the service or activity to be transferred.
- ? Previous evaluation of how this service or activity has been performed.
- ? Issue a detailed report about the convenience of the publicization which will be submitted to the program board evaluation.
- ? Formal pronouncement of the board about the publicization request.
- ? Definition and realization of the selection process, if the request is granted.



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In order to do so, must be conducted a selection process to identify the better organization for each service publicized, after that, the selected organization is qualified getting entitled to sign the management contract, and the each secretariat has to assemble a group from its own staff to follow-up and evaluate the accomplishment of the management contract and this appointment must be sent to the board simultaneously as the convenience report about the publicization. The evaluation process is performed in two levels, the Secretariat of Administration has the duty to evaluate the management capacity according a specific methodology which will be further addressed in this paper, and the transferring secretariat is responsible to evaluate the physical performance by comparison between the real performance and the management contract standards, both processes must be reported to the board and in case of insufficient performance the board has the power to brake the contract and to entitle other social organization to absorb the referred activity or service.

The program board will decide about the convenience of the publicization by analyzing the applicability of it based on the nature of the service or activity according the program premises.

3.1. Social organizations as a managerial alternative.

In order to accomplish the program objectives by providing better services to the society and at the same time creating a partnership between the society and the state which will empower it to decide to perform and to uphold the results of this decisions in Bahia, several services and activities were transferred to the civil society through the publicization process, these activities and services are now provided by social organizations.

By doing so an effective partnership between the society and the state is created gathering the state expertise in running and evaluating public policies and the society expertise in provide services and perform activities with market quality, as well as creates a new managerial relation which provides the maximization of the public resources, a better cost-benefit relation and, at the same time, aloud the society to exercise all the dimensions of their decision power. Only the standards are fixed by the management contract, all the administrative decisions, financial management and operational strategy are decided by the social organization staff, the state only evaluate the outcome to the public which whom the services are directed, and the proper utilization of the resources as the social organization declares to do.

The society through the social organization is entitled to decide how to manage the production of the services and activities demanded by it and have the power to perform this production to address the beneficiaries of them in a better way possible as well as have the responsibility to sustain the results of these decisions. In order to do so the financial resources and the assets are provided by the state who provide the evaluation and oversight. This new model of partnership addresses the political and social challenge of promotion of social development by enforcing the social participation and providing better public services with transparency and accountability.



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3.1.1. Concept of Social Organization.

By the definition of law, social organizations must be constituted as private, non-profit oriented entities which by force of a management contract signed with the state, after a proper selection process, are entitled to absorb the management as well as to provide services and or activities of public interest, according the State of Bahia Social Organizations Program. This absorption is regulated by a management contract in which must be expressed the mutual of the secretariat as well as the social organization and the program board.

In order to simplify the access of the society to the program just a simple administrative structure is required to a social organization besides its constitutive acts which must be composed by three administrative branches:

- ? Deliberative, which is responsible for:
 - o Define the objectives and set the organization actuation guide lines according to the program statements.
 - o Approve the social organization proposition for the management contract.
 - o Approve the wages plan, benefits to be offered to the staff and personnel selection procedures.
 - o Approve the quality standards and the procedures for acquisitions, subcontracting services and alienations.
 - o Evaluate the accomplishment of the work plans and the management contract by the management staff as well as evaluate the performance reports and the accounting demonstrations;
 - o To enforce the accomplishment of the goals fixed by the management contract.
- ? Executive: Responsible for the current management of the social organization following the guidelines provided by the management contract and by the work plans.
- ? Fiscal, which is responsible for:
 - o The examination and evaluation of the accounting and financial reports of the social organization;
 - o Oversight the budget and financial execution of the social organization, including the access to any registers the fiscal branch see necessary to be examined;
 - o To exam and to make statement about all the accounting, financial and managerial reports of the social organization related with the social organization annual performance.
 - o To assure that all the financial returns obtained from the service or activity publicized must be reinvested into the business. The prohibition to pay returns on the invested capital is extensive to the retirement or death of a member or associate of the entity.

The whole process must be conducted with public knowledge and comprehensive publicity by printing every act, decision or result either in the official journal of the State and in regular newspaper.



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3.1.2. Operational Process.

3.1.2.1. Selection Process.

The selection procedure for the social organization which will absorb any public service or activity must be initiated by constituting an administrative process according the State of Bahia public regulation in order to assure legality, transparency and the proper publicity to the society. In order to accomplish that all outcome of the previous steps taken during the process of identification of the service or activity by the specific secretariat and the authorization process by the board must be issued to the public and properly documented.

At the public administration level the selection process after the statement of the board according the publicization is conducted by the assembling of a judgment commission constituted by five public servants from the specific secretariat which must have complete knowledge of the service or activity to be publicized and at least one from the elicitation commission. This commission is responsible to define a report which will guide the selection process by describing in detail the service or activity to be publicized and setting the boundaries to the selection process as such:

- ? Inventory of all assets related to the activity to be transferred.
- ? Maximum amount of resources available to finance the activity to be transferred.
- ? Detailed performance evaluation system to be applied to the specific service or activity to be transferred.
- ? Dead line to the applicants to present their work plans.

All these information will compose a document to be released to the public according the State of Bahia law, by being issued 3 times through the state journal and 2 times through normal newspaper as well as the internet in order to assure as much as publicity as possible. In this document is set the time and place to the applicants to send their work plans and to address in case of any doubts.

The most important objective of this process is to assure transparency to the process, avoiding any restraints to the participation of any social organization to the process, once they prove themselves capable to perform the services or provide the activities to be publicized. Once gathered all the propositions the judgment commission will decide based on the boundaries of the process which one of the applicants is better qualified to absorb the management of the service or activity to be publicized, in order to make it possible all the work plans must provide the following information:

- ? Detailed proposition of a work plan.
- ? Detailed budget to perform the service or activity exactly as defined by the standards issued by the specific secretariat.



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- ? Definition of performance goals which must indicate an improvement of the efficiency and quality of the service or activity related to the economic, operational, administrative aspects as well as define the execution dead lines.
- ? Definition of a set of performance indicators devised by the social organization itself to be applied during the contract.
- ? The applicants must prove their fiscal regularity and good financial situation verified by application of the usual financial indexes.
- ? Documental prove of the technical capacity of the social organization staff to perform the service or activity to be publicized.
- ? Constitution documents in order to assure the legitimacy of the social organization which must have at least one year.

In order to assure a fair judgment the commission will apply the following criteria to the work plans presented by the applicants:

- ? Best economic cost-benefit relation obtained among all work plans presented considering the relation between the amount proposed by the applicants in comparison to the set of services or activities to be publicized and the previous evaluation of how this service or activity has been performed made by the specific secretariat when the identification of the service or activity to be publicized.
- ? Best results obtained by the appliance of the performance evaluation system developed by the specific secretariat through the appointed staff on the definition of performance goals which must indicate an improvement of the efficiency and quality of the service or activity related to the economic, operational, administrative aspects as well as define the execution dead lines presented by each applicant.

Once identified the better qualified social organization, the same publicity procedures applied to the selection process must be applied to the release of the selection result and the management contract can be signed.

3.1.2.2. Qualifying.

Any entity qualified as social organization which has been selected by the proper selection process is entitled to sign the management contract in order to absorb the management of a public service or activity. This qualification can be granted previously to the selection process by presenting the same information and documentation requested for the selection process, except for the work plan, or is automatically granted when the entity is selected through the process. This alternative has the objective to make as easy as possible, once granted the technical and legal standards, the access to the program to the most entity as possible.

In the case of anticipated qualification the program board will issue a statement on the request which once approved is sent to the governor of the state in order to get turned official. The qualification as a



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social organization entitles the entity to get the same legal benefits as a public utility entity during the time when the management contract is valid.

Probably the most important aspect of this program is its concern with the enforcement of the capacity of the society to decide their destiny by providing opportunity to it. In order to do so all the selection process aims to reach the best outcome for the beneficiaries of the publicized service or activity and for the society as a whole, because of that is qualification as a social organization is denied to entities created to provide services to a restrict number of members, associates or partners as well as:

- ? Unions and others professional representations.
- ? Entities related to religious dissemination.
- ? Political parties or related organizations, including foundations.
- ? Health care companies.
- ? Private schools.
- ? Entities dedicated to the sports business.

Even if selected through the proper process as previously mentioned a social organization might lose its qualification if identified any changes in the conditions requested for the qualification or disrespect to any condition of the management contract. In order to maintain the program transparency and accountability the social organization representatives are aloud to present their defense but will refund the state of all losses caused by their misconduct as well as all the assets transferred when the publicization will be reinstated, civil and criminal prosecutions are even allowed.

3.1.3. Management Contract – A commitment based on results.

The management contract is the legal tender of the social organization program in which contains all the obligations, rights and conditions in which both parts rely on and regulates the partnership between the state and the society now represented by the social organization always in order to accomplish the program objectives and to allow the executive branch to follow-up and to evaluate the services and activities provided in order to update the standards for the further contract renewals or even to advise for the disqualification of the social organization if any misconduct is detected.

The State of Bahia Government through the specific secretariat which is transferring the management of the public service commits itself to provide the financial resources, assets and equipments necessary to the service or activity to be provided. On the other hand the social organization, in return is compelled to provide the services or activities on which the management contract refers.

The celebration of a management contract implies in a formulation of a strategic planning, an operational planning and a performance evaluation system and must the audited by the official organ of the state. The management contract must assure:

- ? Indistinct access to any user of the service or activity.



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- ? Clear indication of the destination of all assets and resources related to the service or activity in the case of extinction of the social organization which must be reinstated by the state, or designated to the next social organization to take over the management of the service or activity.
- ? The adoption systematic planning procedures for the actions of the social organization through budgeting and performance evaluation procedures.
- ? Mandatory publication of the social organizations financial and accounting reports by the state journal according the general accepted accounting principles as well as the management contract execution report.
- ? The detailed work plan, the goals to be achieved with respective dead-lines and objective performance evaluation criteria including productivity and quality indicators.
- ? Boundaries to the wages expenses and other advantages provided to the social organization effective personnel.
- ? Detailed statement on the resources origin to be designated to the social organization and in the assets management.
- ? Penalties for the managerial misconduct.
- ? Management reports.

The management contract is a public law instrument and will be signed by the state secretary of each specific secretariat and by the social organization legal representative as stated in its constitution acts. The secretary of administration will sign as a related third part.

By the end of every fiscal year the social organization must release a consolidated version of the reports addressed above and send it to the specific secretariat to be analyzed by the work group previously appointed, even further, the social organization must issue similar reports every three months. From this analyzing process will outcome an evaluation statement about the social organization performance.

The failure in achieve the minimum performance of 90% of the fixed goals for three months in a row will determine that the reports and a formal explanation by the social organization management will be sent to the program board for evaluation. If the social organization performance is less than 80% of the fixed goals and intervention by the state government must be performed.

In the case of clear and present danger of failure by the social organization to provide the services or activities absorbed at the minimal quality and quantity accepted, the state might intervene. This intervention is authorized by the State Governor, and performed by the chairman of the specific secretariat within 30 days from the authorization. Once ceased the causes of the intervention, without finding any managerial misconduct, the social organization will reassume the management, otherwise the State might reassume the service or activity management. The social organization board is not excused of any liabilities applicable by being dismissed of the management.



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3.1.4. Financial Resources and assets.

The financial resources and assets necessary to the service or activity to be executed will be provided by the State of Bahia Government through the specific secretariat budget as allowed by the Brazilian fiscal responsibility law but other sources are allowed as such:

- ? Donations from others national or foreign institutions.
- ? Returns from financial investments and others from the assets of the social organization.
- ? The social organization own revenues, when their generation is allowed by the management contract.

As well as the financial resources the management contract will define procedures for the assets management which are also provided by the state, if the social organization ceases its operations all of the assets will be reinstated by the government or designated to the next social organization to provide the service or activity.

3.1.5. Mechanisms of oversight.

The follow-up and evaluation of the actual performance in comparison to the fixed goals both in terms of quality as in terms of comprehensiveness of the access to the service or activity provided by the social organization is performed in two levels:

- ✍ Internal oversight: Performed by the deliberative and fiscal branches of the social organization, as defined in its constitution acts;
- ✍ External oversight: Performed by each specific secretariat related to the publicized services or activities, by the Secretariat of Administration and also by the judiciary branch responsible for the budget execution.

Each specific secretariat is responsible for evaluate the quality and comprehensiveness of the service and activity itself, and the Secretariat of Administration is responsible for evaluate the management capacity of the social organization. In order to perform this task, an evaluation methodology was developed which will be further addressed in detail. The success of this new partnership model relies on the effectiveness of the evaluation procedures as well as on the constant identification of new society demands in order to adjust the scope of the program and on the constant and sufficient financial resources provided by the State.

3.2. Social Organizations acting in the health sector – A special case.

Considering the nature of the health services as a typical public good, which compromises the search for self –sustainable management, the social organizations which absorb services or activities in this area will receive a specific legal treatment. The range of the Program in this area is specifically related to:



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- ✍ The relation between the planning of the actions for the program implementation and the specific characteristics of this area.
- ✍ The relation between the fixed goals for the social organizations and the state and federal health existing programs, as well as the characteristics of the existing unities.
- ✍ The social organizations in the health area must have an additional internal control system in order to provide data for the state health information system.

4. Follow-up and evaluation methodology.

The evaluation methodology for the social organizations management was developed by a partnership between the Federal University of Bahia and the Public Management Superintendence of the State of Bahia Secretariat of Administration based on three major principles:

- ✍ The enhancement of the social organization decision capacity before the state authorities in order to assure a faster and more effective decision process.
- ✍ To provide more flexibility to the social organization managerial structure in order to assure faster and more effective management.
- ✍ To assure transparency and accountability through the creation of the deliberative and fiscal branches. These branches will be composed by representatives from the state and from the civil society and are the information sources for the society and for the beneficiaries and associates of the social organization.

4.1. Conceptual choices.

The social organization model itself is already a work in progress, because of that, the development of a master concept about its management is also a process in continuous change. Considering the master lines of the State Program for Social Organizations, the concept of a efficient management capacity is based on three major dimensions each one implying one specific capability to be developed for the social managers.

To turn a social organization into an effectively managed and into a sustainable organization those who manage them must be develop some skills in order to create mechanisms and strategies to achieve and maintain alliances with all of the sectors involved in the public services. This political and social articulation will assure that the decisions to be made and the results of them lasts. The development of the civil society decision power, as long as the capacity to perform it and also the capacity to sustain the results of the decision made are the very core of the management capacity, so is also the main objective of this evaluation methodology.

This three dimensions model was devised by Carlos Matus¹ these dimensions try to express the existing relation between the very existences of govern and management projects and the required govern ability necessary to successfully perform these activities. To this fundamental concept was added the idea of sustainability.

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4.2. The construction of the “Model Concept” of management.

In order to really address the true meaning of this new partnership model, the concept of social management was conceptualized not only to measure the ability of the staff to “run the business”, but even further, and more important, to provide all the managerial subsidies required to a constant improvement of the managerial process.

All these considered, the social management capacity as a human development tool is based on three dimensions:

Organizational Dimension: Also defined as the decision capacity, deals with the decision process by itself, is more specifically related to who decides and to how these decision makers decides, its evolution is measured by the decentralization, by the participation of the technical staff in the decision process, as well as by the technical and political legitimacy of the decision makers.

Operational Dimension: Also defined as the capacity to perform what was decided, is the indication of the management efforts in order to maintain and improve the organization’s managerial and logistical environment by assembling the required resources to do so. Is measured by the initiatives and decisions oriented to mobilize and maintain these resources.

Sustainability Dimension: Indicates how able are the managers to sustain the results of their decisions, is measured by the existence of initiatives such as the existence projects to socialize the organizational information, satisfaction improvement of the workers and beneficiaries.

So the social organization management capacity is defined as **the capacity to decide with autonomy, flexibility and transparency mobilizing any required resources and acquiring managerial sustainable results**. This master concept is the stepping stone for all the evaluation methodology as well as the starting point for the construction of a very comprehensive indicators matrix.

4.3. Measuring the management capacity of the social organizations.

As well as the social management concept itself, the construction of measuring and evaluating methodology is a dynamic process ever reflecting the changing shape of the social demands, and because of that always being revised and improved. Each one of the managerial dimensions is measured by an indicator matrix. These indicators are elements which show a specific managerial aspect in a numeric value. Each indicator holds in its very concept the meaning of the evaluated topic of each managerial dimension.



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The methodology for the construction of the indicators plan is represented in three specific matrixes in order to make this process flexible and transparent. By doing so, every necessary change can be easily performed. These matrixes are:

Matrix #1 – Dimensions of management: Portraits the construction of the indicators themselves by formulating the key questions.

Matrix #2 – Indicators schedule: Contains all the indicators and their descriptions, calculation formulas, requirements and parameters in order to effectively measure every aspect of the management capacity.

Matrix #3 – Follow-up and means data: Specifies the verification procedures for each one of the indicators.

4.4. The construction of the indicators matrixes.

4.4.1. Matrix #1 – Dimensions of management: Shaping the decision process

<u>Organizational Dimension</u>	
Key questions:	Premises:
<ol style="list-style-type: none"> 1. Do the social managers have the required experience and capacity in management, and is the work of the members of the branches known by the whole of the workers? 2. Have the managers implemented a more participative and decentralized decision model in order to aloud the workers and partners to know and to take part in the planning as well as being addressed by them? 	<p>The social manager must congregate the technical expertise and the required experience in order to obtain the decision legitimacy by the exercise of affective leadership.</p> <p>The decision process must be decentralized in order to contemplate and address all the organization departments and workers in the definition of the organization priorities.</p>



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Operational Dimension

Key questions:

1. The management agenda addresses the maintenance and improvement of the operational and strategic resources?
2. The decision process includes initiatives in order to gather new kind of resources and to diversify their origin?
3. Have the managers promoted initiatives to multiply and enforce the organizations alliances in order to maintain and improve the managerial and logistic capacity of the organization?
4. Does the decision process improve the quantity and the quality of the strategic resources of the organization (workers capacitating and information)?

Premises:

The decision autonomy and the administrative flexibility planned for the social organization model aloud the managers to maintain and to improve the operational and logistic conditions in which the social organization in inserted by finding new sources of financing, technical and strategic resources.

Both the autonomy and transparency requested for the social management model assure the conditions to gather new partnerships to the organization in order to improve the quality and the quantity of the organizations labor force.

Sustainability Dimension

Key questions:

1. Does the managerial initiatives displayed by the managers contributed for the information diffusion among the organizations workers, beneficiaries and partners?
2. Does the managerial procedures aloud the institutionalization of communication channels for the workers and beneficiaries express the opinion?
3. Does the managerial initiatives able to turn the work end decisions process based on the exercise of effective leadership, as well as on the gathering of new partnerships?

Premises:

The ultimate goal for a social manager is to accomplish autonomy and flexibility to the managerial model.

The social manager must create and enforce communication channels for the workers, beneficiaries and partners in order to improve the transparency of the decision process and their satisfaction level.



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4.4.2. Matrix #2 – Indicators schedule: Quantifying the social organization management capacity.

#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Organizational Dimension					
1	% of the managers who have the managerial skills required: 1. Proficiency in management or business administration. 2. Previous experience in management.	$\left(\frac{\text{Number of managers who fulfill the requirements}}{\text{Total of managers}} \right) \times 100$	4	2,0 points for each 25% of positive answers (50%).	Specific capacitating and managerial experience are desirable requirements in order to achieve technical legitimacy improving the organization's decision environment.
2	% of elected branch members according the legal rules.	$\left(\frac{\text{Number of elected members}}{\text{Total of members}} \right) \times 100$	4	2,0 points for each 25% of positive answers (100%).	As higher as the number of elected members of the branches, higher their political legitimacy improving the organization's decision capacity.
3	% of workers who refer to know the existence of the deliberative and administrative branches.	$\left(\frac{\text{Number of referring workers}}{\text{Total of informers}} \right) \times 100$	8	8,0 points for each 25% of positive answers (25%).	As higher as the percentage of workers aware about these branches and their duties, higher their visibility improving the organization's decision capacity.
4	% of workers who refer to know the organization's objectives and mission.	$\left(\frac{\text{Number of referring workers}}{\text{Total of informers}} \right) \times 100$	8	2,0 points for each 25% of positive answers (100%).	A high number of workers aware about the mission and objectives of the organization indicates effective exercise of leadership, improving the leader political legitimacy as well as the organization's decision capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Organizational Dimension					
5	% of workers who refer to know the existence of the fiscal branch.	$\frac{\text{Number of referring managers}}{\text{Total of informers}} \times 100$	8	2,0 points for each 25% of positive answers (100%).	As higher as the percentage of workers aware about this branch and its duties, higher its visibility improving the organization's decision capacity.
6	% of the mid-level managers who refer to take part of the work plan elaboration (Or any other planning tools employed by the organization).	$\frac{\text{Number of referring Mid-level managers}}{\text{Total of informers}} \times 100$	10	2,5 points for each 25% of positive answers (100%).	As higher as the mid-level managers participating in the planning process, more democratic the decision process, improving the organization's decision capacity.
7	% of workers who refer to take part of the work plan elaboration (Or any other planning tools employed by the organization).	$\frac{\text{Number of referring workers}}{\text{Total of informers}} \times 100$	10	10 points for each 25% of positive answers (25%).	A high number of workers participating in the planning process, indicates an improvement of the organization's decision process.
8	% of the mid-level managers who refer to be satisfied by taking their contribution included in the work plan.	$\frac{\text{Number of referring Mid-level managers}}{\text{Total of informers}} \times 100$	06	3 points for each 25% of positive answers (50%).	A high number of mid-level managers contributions included in the work plans indicates the democratization the organization's decision process, and its improvement.
9	% of branch members who refer to be aware in advance about the table of contents concerning each reunion.	$\frac{\text{Number of referring Branch members}}{\text{Total of informers}} \times 100$	08	2,0 points for each 25% of positive answers (100%).	A high number of branch members aware in advance about the issues to be addressed in the meetings indicates management transparency, improving their decision capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Organizational Dimension					
10	% of the deliberative branch members satisfy with the accomplishment of their decisions.	$\left(\frac{\text{Number of referring Branch members}}{\text{Total of informers}} \right) \times 100$	06	1,5 points for each 25% of positive answers (100%).	A high number of deliberative branch members satisfy with the accomplishment of their decisions indicates improvement of their participation in the decision process as well as the organization's.
11	% of mid-level managers satisfied with their decision autonomy.	$\left(\frac{\text{Number of referring Mid-level managers}}{\text{Total of informers}} \right) \times 100$	06	1,5 points for each 25% of positive answers (100%).	As many as mid-level managers satisfy with their decision autonomy improves the organization's decision capacity.
12	% of partners who refer to take part in the development of projects with the organization.	$\left(\frac{\text{Number of referring External partners}}{\text{Total of informers}} \right) \times 100$	10	5 points for each 25% of positive answers (50%).	As higher as the number of partners referring to develop projects with the organization, more comprehensive the organization's decision process.
Operational Dimension					
13	Increasing of the organization's operational resources beyond the management contract during the last 12 months.	Direct answer of the top manager: YES or NO <u>Resources:</u> Financial; Equipment; Infra-structure.	04	<u>Positive answers:</u> Financial: 2 points; Equipment: 1 point; Infra-structure: 1 point.	Efforts to increase the operational resources beyond the defined in the management contract indicates managerial commitment to improve the organization's operational capacity.
14	Existence of contingency reserves.	Direct answer from the top manager: YES or NO	04	Positive answer: 4 points	The existence of contingency reserves assures the financial resources to face future difficulties improving the organization's operational capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Organizational Dimension					
15	% of fulfillment of the planned staff positions.	$\frac{\text{Number of planned positions}}{\text{Number of fulfilled positions}} \times 100$	04	1,0 point for each 25% of staff positions occupied (100%).	A full staff increases the organization's execution capacity.
16	% of workers hired according technical selection criteria: 1. Qualification. 2. Previous experience at the specific job.	$\frac{\text{Number of hired workers (based on these criteria)}}{\text{Number of fulfilled positions}} \times 100$	04	1,0 point for each 25% of positive answers (100% accomplished both requirements).	The adoption of a selection process based on qualification and experience indicates transparency and improves the organizations' operational capacity.
17	Satisfaction level of the mid-level managers with the technical proficiency of the workers.	$\frac{\text{Number of satisfied Mid-level managers}}{\text{Total of informers}} \times 100$	06	2,0 points for each 25% of positive answers.	A high level of satisfaction of the mid-level managers indicates favorable conditions for management improving organization's execution capacity.
18	Monthly average of workers absence during the last 12 months.	$\frac{\text{Number of absence in one year}}{12 \text{ months}}$	04	Up to 1 day absence: 4 points. From 1 to 2 days absence : 2 points.	A low absence level indicates successful measures to increase the workers commitment with the job.
19	Level of information technology available for decision making.	Considered levels: 1. Network environment. 2. Workstation based. 3. Computers not used.	04	Network environment: 4 points. Workstation based: 2 points.	As high as secure the information environment higher the organization execution capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Operational Dimension					
20	Diversity of the resources obtained from the external partners.	Kinds of resources: 1. Financial. 2. Material. 3. Human. 4. Technologic & scientific.	04	Only one kind: 2 points. From 2 to 4 kinds: 4 points.	A very diversified set of external resources indicates efforts to enlarge the logistic and political base of the organization, increasing its execution capacity.
21	% of the managers satisfied with the quality level of managerial information. <u>Complementary characteristics:</u> 1. Availability. 2. Timing. 3. Adequacy. 4. Reliability.	$\left[\frac{\text{Number of referring Mid-level managers}}{\text{Total of informers}} \right] \times 100$	06	1,5 points for each 25% of positive answers.	As high as the percentage referring satisfaction with the information quality as effective the strategic resources for decision are increasing the organization's execution capacity.
22	% of the branch members satisfied with the quality level of managerial information. <u>Complementary characteristics:</u> 5. Availability. 6. Timing. 7. Adequacy. Reliability.	$\left[\frac{\text{Number of referring Branch members}}{\text{Total of informers}} \right] \times 100$	06	1,5 points for each 25% of positive answers.	



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Sustainability Dimension					
23	Existence of communication channels for compliances and suggestions from the workers.	Simple Answers: YES or NO.	04	Positive answer: 4 points	The existence of formal/informal communication channels indicates recognizance for the managers of the workers and beneficiaries concerns increasing the organization's sustainability capacity.
24	Existence of communication channels for compliances and suggestions from the costumers/beneficiaries.	Simple Answers: YES or NO.	04	Positive answer: 4 points	
25	% of the costumes/beneficiaries who refer to receive orientation about the services provided.	$\frac{\text{Number of referring Costumers}}{\text{Total of informers}} \times 100$	03	1,5 points for each 25% of positive answers.	A high level of recognizance indicates management efforts to increase costumers/beneficiaries satisfaction and so the organization's sustainability capacity.
26	% of the workers who refer to receive feed-back of their performance evaluation.	$\frac{\text{Number of referring workers}}{\text{Total of informers}} \times 100$	03	1,5 points for each 25% of positive answers.	A high percentage of workers who have feed-back on their performance indicates managerial efforts to improve the relations between workers and managers increasing the organization's sustainability capacity.
27	% of the workers who refer to kwon the organization's career plan.	$\frac{\text{Number of referring workers}}{\text{Total of informers}} \times 100$	08	4,0 points for each 25% of positive answers.	As high as the percentage of the workers who refer knowledge of the career management procedures, higher the managerial transparency and so the organization's sustainability capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Sustainability Dimension					
28	Existence of a career development program constantly adjusted.	Simple Answers: YES or NO.	04	Positive answers: 4 points.	The existence and upgrading of a career development program indicates managerial efforts to improve the staff skills increasing the organization's sustainability capacity.
29	% of costumers/beneficiaries who indicates satisfaction with the service quality.	$\frac{\text{Number of referring Costumers}}{\text{Total of informers}} \times 100$	06	2,0 points for each 25% of positive answers.	A higher percentage of satisfied costumers/beneficiaries indicates good management increasing the organization's sustainability capacity.
30	% of costumers/beneficiaries who indicates satisfaction with the attention received.	$\frac{\text{Number of referring Costumers}}{\text{Total of informers}} \times 100$	06	2,0 points for each 25% of positive answers.	
31	Satisfaction level of the workers with the job conditions.	$\frac{\text{Number of referring workers}}{\text{Total of informers}} \times 100$	06	2,0 points for each 25% of positive answers.	
32	% of managers who refer existence of service follow-up and evaluation procedures.	$\frac{\text{Number of referring managers}}{\text{Total of informers}} \times 100$	04	2,0 points for each 25% of positive answers.	A higher percentage of managers aware of follow-up and evaluation procedures indicates managerial efforts to increase the organization's sustainability capacity.



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#	Indicator	Formula	Punctuation Achieved		Premises
			Expected	Parameters	
Sustainability Dimension					
33	% of external partners who refer satisfaction with the top manager performance.	$\left[\frac{\text{Number of referring external partners}}{\text{Total of informers}} \right] \times 100$	06	3,0 points for each 25% of positive answers.	More participation of the partners who refer satisfaction with the top manager performance indicates his/hers political legitimacy to perform alliances and so increasing the organization's sustainability capacity.
34	% of the workers who refer satisfaction with the organization overall management. <u>Satisfaction concept:</u> Total of the affirmative answers, in comparison to previous survey plus those indicating satisfaction with the present situation. <u>Non-satisfaction concept:</u> Total of answers who indicate necessity of managerial improvement.	$\left[\frac{\text{Number of referring workers}}{\text{Total of informers}} \right] \times 100$	06	2,0 point for each 25% of affirmative answers.	A high level of satisfaction indicates healthy exercise of leadership and more political legitimacy, increasing the organization's sustainability capacity.
Total grade			194		



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4.4.3. Matrix #3 – Follow-up means and data.

This third matrix displays the procedures to apply the indicators previously created and to verify and gather the necessary data in order to feed the follow-up and evaluation system.

#	Indicator	Means of verification	Kind of data
Organizational Dimension			
1	% of the managers who have the managerial skills required: 3. Proficiency in management or business administration. 4. Previous experience in management.	Verification in the managers resumes.	<u>Secondary data:</u> ✍ Quantity and kind of training attended by the managers. ✍ Documentation of their previous experience in management.
2	% of elected branch members according the legal rules.	✍ Survey and interview with the branch members. ✍ Branch meetings reports.	<u>Secondary data:</u> Date, place and branch members election procedures.
3	% of workers who refer to know the existence of the deliberative and administrative branches.	Survey and interview with the workers.	Primary data.
4	% of workers who refer to know the organization's objectives and mission.	Survey and interview with the workers.	Primary data.
5	% of workers who refer to know the existence of the fiscal branch.	Survey and interview with the managers.	Primary data.
6	% of the mid-level managers who refer to take part of the work plan elaboration (Or any other planning tools employed by the organization).	Survey and interview with the mid-level managers.	Primary data.
7	% of workers who refer to take part of the work plan elaboration (Or any other planning tools employed by the organization).	Survey and interview with the branch members.	Primary data.
8	% of the mid-level managers who refer to be satisfy by taking their contribution included in the work plan.	Survey and interview with the branch members.	Primary data.
9	% of branch members who refer to be aware in advance about the table of contents concerning each reunion.	Survey and interview with the branch members.	Primary data.



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#	Indicator	Means of verification	Kind of data
Organizational Dimension			
10	% of the deliberative branch members satisfy with the accomplishment of their decisions.	Survey and interview with the branch members.	Primary data.
11	% of mid-level managers satisfy with their decision autonomy.	Survey and interview with the mid-level managers.	Primary data.
12	% of partners who refer to take part in the development of projects with the organization.	Survey and interview with the mid-level managers.	Primary data.
Operational Dimension			
13	Increasing of the organization's operational resources beyond the management contract during the last 12 months.	<ul style="list-style-type: none"> ☞ Documental research. ☞ Survey/interview with the top manager. ☞ Present and precious equipment inventory. ☞ Managerial reports. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Financial resources detailing their origin. ☞ Assets acquisition documents. ☞ Number and kind of investments. Primary data.
14	Existence of contigence reserves.	<ul style="list-style-type: none"> ☞ Documental research. ☞ Survey/interview with the top manager. ☞ Financial statement. ☞ Managerial reports. 	<u>Secondary data:</u> ☞ Bank report. Primary data.
15	% of fulfillment of the planned staff positions.	<ul style="list-style-type: none"> ☞ Documental research: Human resources allocation plan + updated allocation report. ☞ Survey/interview with the mid-level managers. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Number of workers per department. ☞ Number of work positions per department. ☞ Number of work positions per professional category planned and effective.
16	% of workers hired according technical selection criteria: 3. Qualification. 4. Previous experience at the specific job.	<u>Documental research:</u> <ul style="list-style-type: none"> ☞ Selection processes reports. ☞ Human resources department reports. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Number of selected workers per category. ☞ Information available on previous experience. ☞ Proved qualification.
17	Satisfaction level of the mid-level managers with the technical proficiency of the workers.	Survey/interview with the mid-level managers.	Primary data.
18	Monthly average of workers absence during the last 12 months.	<u>Documental research:</u> <ul style="list-style-type: none"> ☞ Human resources department reports. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Average of the absence days per year.



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#	Indicator	Means of verification	Kind of data
Operational Dimension			
19	Level of information technology available for decision making.	<ul style="list-style-type: none"> ☞ Survey/interview with the managers. ☞ Documental research. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Documentation on the existing information processing system <u>Primary data.</u>
20	Diversity of the resources obtained from the external partners.	<ul style="list-style-type: none"> ☞ Survey/interview with the top manager and partners. ☞ Management report. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Number of existing projects. ☞ Number of voluntary workers. ☞ Acquired equipment. ☞ Financial resources obtained.
21	% of the managers satisfied with the quality level of managerial information. <u>Complementary characteristics:</u> 8. Availability. 9. Timing. 10. Adequacy. 11. Reliability.	Survey/interview with the mid-level managers.	Primary data.
22	% of the branch members satisfied with the quality level of managerial information. <u>Complementary characteristics:</u> 12. Availability. 13. Timing. 14. Adequacy. Reliability.	Survey/interview with the branch members.	Primary data.
Sustainability Dimension			
23	Existence of communication channels for compliances and suggestions from the workers.	<ul style="list-style-type: none"> ☞ Survey/interview with workers. ☞ Documental research (existence of specific forms). ☞ Number of opinions/complains received. 	<u>Secondary data:</u> <ul style="list-style-type: none"> ☞ Number of complains from workers. ☞ Number of suggestions/opinions received from workers. <u>Primary data.</u>



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#	Indicator	Means of verification	Kind of data
Sustainability Dimension			
24	Existence of communication channels for compliances and suggestions from the costumers/beneficiaries.	<ul style="list-style-type: none"> ☞ Survey/interview with costumers/beneficiaries. ☞ Documental research (existence of specific forms). ☞ Existence of specific department. 	Secondary data: <ul style="list-style-type: none"> ☞ Number of complains from costumers/beneficiaries. ☞ Number of suggestions/opinions received from costumers/beneficiaries. Primary data.
25	% of the costumes/beneficiaries who refer to receive orientation about the services provided.	Survey/interview with costumers/beneficiaries.	Primary data.
26	% of the workers who refer to receive feed-back of their performance evaluation.	Survey/interview with workers.	Primary data.
27	% of the workers who refer to kwon the organization's career plan.	Survey/interview with workers.	Primary data.
28	Existence of a career development program constantly adjusted.	<ul style="list-style-type: none"> ☞ Survey/interview with workers. ☞ Documental research (existence of specific forms). ☞ Existence of specific department or specific procedures. 	Secondary data: <ul style="list-style-type: none"> ☞ Career development plan. ☞ Number of courses per year (planned and executed).
29	% of costumers/beneficiaries who indicates satisfaction with the service quality.	Survey/interview with costumers/beneficiaries.	Primary data.
30	% of costumers/beneficiaries who indicates satisfaction with the attention received.	Survey/interview with costumers/beneficiaries.	Primary data.
31	Satisfaction level of the workers with the job conditions.	Survey/interview with workers.	Primary data.
32	% of managers who refer existence of service follow-up and evaluation procedures.	Survey/interview with managers.	Primary data.
33	% of external partners who refer satisfaction with the top manager performance.	Survey/interview with partners.	Primary data.



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#	Indicator	Means of verification	Kind of data
Sustainability Dimension			
34	% of the workers who refer satisfaction with the organization overall management. <u>Satisfaction concept:</u> Total of the affirmative answers, in comparison to previous survey plus those indicating satisfaction with the present situation. <u>Non-satisfaction concept:</u> Total of answers who indicate necessity of managerial improvement.	Survey/interview with workers.	Primary data.

4.4.3. Analysis Plan:

Just the definition of the indicators and the construction of the matrixes is not enough finalize the evaluation methodology. Once evaluated the data obtained through the indexes, some judgment must be done about the outcome. Considering the very core of this program, which is not only to evaluate, but also enforce the continuous evolution and empowerment of the social organizations management capacity, this judgment procedures must, at the same time, explicit and self comparable through time.

The social organization concept is a brand new proposition in public management; therefore, there was not any evaluation model capable to fit it, so a new one was created. The punctuation model was chose in order to obtain a better understanding of the outcome data, as well as to make its follow-up easier. Like this the ideal level of management capacity is represented by the maximum possible score, and the actual level of management capacity clearly indicated by the obtained score. In order to make that possible some theoretical assumptions were taken:

- ✗ The nature of each kind of indicator varies with the kind of characteristic it measures, so its definition power over the management capacity.
- ✗ The indicators represent each single aspect of the management itself, so some have more importance than others in evaluating it, and therefore a higher value.

An importance order was created from these definitions:

Order of importance	Indicators according its nature	Characteristics	Punctuation		Comments
			Unitary	Total	
01	<u>Participation Indicators:</u> 06, 07, 12	Measures the participation of different actors in the organizations planning process.	10	30	The participations of many parts in the planning process clearly indicates autonomy, transparency and flexibility of the management.



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Order of importance	Indicators according its nature	Characteristics	Punctuation		Comments
			Unitary	Total	
02	<u>Knowledge indicators:</u> 03, 04, 05, 09, 27.	Measures the strategic knowledge dissemination through the organization.	08	40	The better possible dissemination of strategic knowledge through all the administrative levels results in transparency and qualifies the workers and managers to better take part in the organizations planning.
03	<u>Satisfaction indicators:</u> 08, 10, 11, 17, 21, 22, 29, 30, 31, 33, 34.	Measures the satisfaction of all the involved with the managements strategic aspects.	06	66	A high level of satisfaction of all involved in the organizations activities indicates the construction of a positive image and increases its sustainability.
04	<u>Existence indicators:</u> Verified existence: 01, 02, 13, 14, 15, 16, 18, 19, 20, 23, 24, 28, 32. Referred existence: 25, 26.	Measures the referred and verified existence of strategic procedures for the implementation and sustainability of the social management model.	04 03	52 06	The verified and or referred existences of strategic procedures for social management indicate investment in the sustainability of the management results.

Once the given indicators value displays the optimum punctuation possible, a score methodology is necessary in order to rank the outcome data and aloud future comparison of the results through time for a specific social organization and among social organizations. For this purpose is mandatory to consider the achieved score not defines a management as good or bad, but provides information about its strengths and weaknesses for the managers in order to improve it. The management capacity ranking is made according this value scale:

- ✍ Up to 48.5 points (Up to 25% of performance): Insufficient management capacity development.
- ✍ From 48.6 to 97.0 points (from 26% to 50% performance): Low management capacity development.
- ✍ From 97.1 to 145.5 points (from 51% to 75% performance): medium-high management capacity development.
- ✍ Above 145.5 points (Above 76% performance): High management capacity development.



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The outcomes of the ranking must be carefully analyzed in order to identify the critical and the positive aspects of the social organization management. This analysis makes possible to evaluate many managerial issues, including:

- ✍ Identify what indicators displayed the better and worse management aspects.
- ✍ Provide information for internal debates on the management level development issues that need improvement or must be reinforced.
- ✍ Identify any managerial constraints and their origin either internal or external to the social organization.
- ✍ Device strategies to overcome the identified constraints in the short and long run.

This evaluation methodology is not static nor is an end by itself, but aims to provide managerial subsidies for the organizations planning in order to achieve a full development of its management capacity.



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5. Social Organization Presently in Bahia – A case study.

5.1. About the chosen Social Organization.

The case study will demonstrate the outcomes of the social management applied to the most difficult environment possible, in order to provide a better demonstration of the evaluation methodology accuracy as well as the social management model accuracy.

The Chosen experience is the management of a hospital unit located in one of the most poor regions of the state. The social management of the health care activity is by itself more complex because of the nature of the health services as a typical public good, which compromises the search for self – sustainable management. So as mentioned in the topic 4.3, the activities in this area will receive a specific legal treatment. The range of the Program in this area is specifically related to:

- ✍ The relation between the planning of the actions for the program implementation and the specific characteristics of this area.
- ✍ The relation between the fixed goals for the social organizations and the state and federal health existing programs, as well as the characteristics of the existing unities.
- ✍ The social organizations in the health area must have an additional internal control system in order to provide data for the state health information system.

The following data prospects the evaluation methodology plied to the ***Instituto de Promocao da Saude e Desenvolvimento Social da Micro-regiao de Irece – PROMIR***. This was the first experience ever in the management by social organization related to health care. The transference of the management was decided considering the extreme necessity to provide a effective and quality based health service to the region. The Irece micro-region is composed by 19 cities, the most of its population is small farmers and peasants with very low income with no conditions to access to the private health system.

The ***PROMIR*** was qualified as a social organization under the ruling of the law bill number 7.027 issued in January 27th, 1997, and firmed the first version of its management contract in September, 3rd, 1999. This entity is responsible for management of the health care activity in the range of the Irece municipality and is the reference unit for the entire micro-region.

Its administrative structure is composed by three branches: A administrative, a fiscal and a executive directory as determined by the program. The executive branch is composed by a Superintendence, as the top managerial level, a administrative and financial director and a technical director. By the time of this evaluation its staff numbered 166 workers excluding the medical staff composed by 22 professionals which are hired by outsourcing.

The PROMIR has the mission to provide medical services based on the unified health system, under the social management model, to the Irece micro-region. And has the vision to became a health care and hospital bench mark in medium and high complexity medical procedures to entire micro-region.



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5.2. Results achieved.

This evaluation process is based both on the evaluation methodology previously described and on additional information obtained by specific field survey. The field survey was performed in two stages, the first *in loco* observation of the organization environment; the second the survey itself applied to the following sample:

- ✍ 01 External partner.
- ✍ 40 Costumers/beneficiaries.
- ✍ 06 Branch members.
- ✍ 08 Managers (Including the top manager).
- ✍ 57 Workers.

This is the third evaluation process took place through May 10th to 15th, 2004 and was performed by the Secretariat of Administration technical staff. Its results will be presented in comparison to the second one i In order to provide a better display of the evaluation methodology accuracy.

The outcome after a objective analysis of the indicator matrixes applied to the three managerial dimensions was a final punctuation of 110 points out of 194 or 56.78% of the possible points indicating a medium-high management capacity development. The PROMIR shows a significant improvement of the management capacity in comparison to the last evaluation when its score was 37% of the possible score indicating a low management capacity development.

Out of this present evaluation rises the sustainability dimension improvement with 74% of the possible points achieved. This dimension Indicates how able are the managers to sustain the results of their decisions, is measured by the existence of initiatives such as projects to socialize the organizational information and satisfaction improvement of the workers and beneficiaries. The evaluation staff identified as highlights:

- ✍ The outcome of the evaluation on the existence of communication channels for compliances and suggestions from the costumers/beneficiaries and from the workers showed them inconsistent once they are not formal, but only through staff meetings.
- ✍ The outcome of the % of costumers/beneficiaries who indicates satisfaction with the service quality as well as the % of the costumes/beneficiaries who refer to receive orientation about the services provided evaluation shows a high level of satisfaction.
- ✍ Was identified a high satisfaction level of the workers with the job conditions as well as the % of the workers who refer satisfaction with the organization overall management.
- ✍ The social organization received a low grade on the % of the workers who refer to kwon the organization's career plan and existence of a career development program constantly adjusted.

The evaluation identified the absence of formal internal communication channels as the major restrains to the management capacity development concerning to the sustainability dimension. Despite this the evolution of this dimension of the management capacity is clearly displayed by the evaluation results.



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The organizational dimension which portrays the decision capacity, and deals with the decision process by itself, is more specifically related to who decides and to how these decision makers decides, was rated with only 48.86% of the possible score.

This low rating means a still insufficient knowledge of the leadership into the organization and a low technical profile of the managers in general, besides that some others issues deserve to be addressed:

- ✍ The managerial staff achieved no points relate to the % of the managers who have the managerial skills required once none of them has the specific required qualification.
- ✍ The organization achieved the maximum score related to % of workers who refer to know the existence of the deliberative and administrative branches indicating a significant effort to provide more managerial transparency.
- ✍ A high score concerning the % of workers who refer to know the organization's objectives and mission was achieved indicating managerial concern with the dissemination of strategic information.
- ✍ The achievement of a high % of the deliberative branch members satisfy with the accomplishment of their decisions by the managers as well as a also high % of branch members who refer to be aware in advance about the table of contents concerning each reunion. This outcome indicates a important rule played by the branches in the decision process.
- ✍ The score related to the % of the mid-level managers, external partners and workers who refer to take part of the work plan elaboration (Or any other planning tools employed by the organization) was insignificant revealing a serious managerial constraint.

Comparing this outcome to the previous evaluation becomes clear the maintenance of a limited participation in the decision process of those outside the high managerial level as well as a low qualification level of the managerial staff as a hole. This lack of technical skill might seriously constraint the full implementation of the social management model.

The operational dimension is defined as the capacity to perform what was decided, and indicates the management efforts in order to maintain and improve the organization's managerial and logistical environment by assembling the required resources to do so. Is measured by the initiatives and decisions oriented to mobilize and maintain these resources and was positively evaluated. This performance indicates efforts to mobilize and maintain additional resources in order to assure the organizations going concern. Some other issues must be highlighted besides this:

- ✍ Was verified a strong effort concerning the organizations financial improvement by the attempts to retrieve the financial resources owned by the Secretariat of Health related to previous no verified transfers.
- ✍ The conditions of the facilities and the available equipments remains very poor, because of that the organizations received no points.
- ✍ A low score concerning the satisfaction level of the mid-level managers with the technical proficiency of the workers indicating a low availability of qualified human resources in the micro-region. This obliges the organization to outsource its technical staff from the other regions of the state at higher costs.



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- ✍ A high score was achieved concerning the % of fulfillment of the planned staff positions as well as concerning the monthly average of workers absence during the last 12 months.
- ✍ The selection process is based on technical parameters, but still requires more improvement.
- ✍ The score related to the % of the managers and branch members satisfied with the quality level of managerial information was satisfactory despite the low level of information technology available for decision making.

This dimension evaluation compared to the previous brings some interesting issues to attention:

- ✍ The Secretariat of Health doesn't performed the reformation of the facilities as defined in the management contract. This lack of commitment compromises the quality and the quantity of the services provided to the costumers/beneficiaries.
- ✍ Despising this the organization managed to improve the offer of medical services. This outstanding achievement shows the constant effort to assure its survival.

5.3. Analysis of the results obtained.

The social organization model was designed to provide more managerial autonomy than State can provide to the entities responsible to perform services and activities of public interest. This characteristic is present in the PROMIR management despite the managers low technical profile in general. That can be explained by the region profile which can't provided better human resources even more to a high skilled activity as health care. This fact doesn't compromises the relative quality of the management, but the hiring of a human resources professional is mandatory.

Despite the absence of a human resources professional the turn-over ratio is very low, 68.4% of the workers have more than 2 years in service. That indicate a reciprocal satisfaction between the managers and the operational staff. But the workers in general are concerned about the few professional development opportunities available, despite the professional development plan.

Considering the social organization model as a development methodology, this issue is critical. The top-managers and the branch members must be able to provide the proper training to the staff, in order to assure not only a high satisfaction level, but more important, to assure the quality of the service and the organizations management capacity development

The same applies to the absence of formal communication channels between the workers and costumers/beneficiaries and the organization, the present way of information dissemination is not adequate. Once the transparency and accountability are core concerns in the social management, the opinion of those directly involved in the process, such workers and beneficiaries, must be formally surveyed and documented as a major source for the service and management strategic decisions.

Other important concern is the outsourcing of all the medical staff. This particularity compromises the construction of the organizational identity as well as the managers planning and decision capacity considering the high strategic importance of the this professional category for a health care institution.



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The organization need to apply more specific standards to selection process and to the acquisitions process, especially concerning equipment and medical supplies. The responsible for the medical supply acquisitions must have a deeper knowledge about the precise specifications in order t better deal with the suppliers. Not always the lower price is the better option In the health care business.

The branch members don't have a important hole in the strategic decisions concerning the top-level management. That might overload the operational managers compromising the organizations management capacity.

After all that considered, some recommendations are mandatory in order to assure the continuous development of the social organizations management capacity:

- ✍ Effectively implement a human resources policy as a key issue to improve the organizations strategic and logistic sustainability. More specifically by hiring a human resources professional and by creating a formal professional development structure which must consider at the same time the feed-back from the workers and costumers/beneficiaries, and the specific requirements of the social organization methodology.
- ✍ Formalize the communication channels between the staff and the managers in general, as well as between the costumers/beneficiaries and the institution.
- ✍ Create a contingency financial fund.
- ✍ Improve the strategic management procedures (planning, follow-up and evaluation) through all the organization in order to involve the workers according their decision level. That will empower the organizational identity as well as turn the managerial activity into a more transparent and accountable one.
- ✍ Develop a strategy in order to bring the outsourced medical staff closer to the strategic decisions. Considering their critic importance to the organizations going concern.
- ✍ Improve the branch participation into the organizations strategic management.
- ✍ Enlarge the external partnerships in order to provide more resources (material, human and financial) as well as to improve the organizations visibility in the region.
- ✍ Develop and implement a serious information technology policy through all the managerial and operational levels of the organization, in order to provide better and faster decision information.



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6. Conclusion: Why Social Organizations are the best choice.

The political and economical changes scenario in which the developing countries are involved in the last twenty years show how inadequate their public policies devising and implementation was. Globalization and the need to provide more and better public services to a growing and even more informed population collide with decreasing public revenues urging the public managers to rethink not only how to plan and implement public policies but the concept of social development itself.

They finally realized that social development and democracy are if they really related to each other, and devising new ways to provide the right conditions for their rise and empowerment is mandatory. Above all this, they also realized that, both social development and democracy are intimately related to people, more specifically with the enhancement of their capability take the decisions that affect the way they live their lives the way they deserve to.

So no longer the up to down decisions are acceptable or even allowed. The society as a whole urge to participate in the definition of the rules and in the shaping of the institutions which will address their needs, as well as to define their guidelines to assure fulfillment of that needs. Human development is no longer related only to economic growth, but to political liberty and social participation as a way to maximize the outcome from the public expenditures, specially related to social issues.

Nowadays democracy demands a dynamic civil society, capable to provide effective oversight on the social development issues, as well as to provide alternatives to their shaping and prioritization. So , in 1997 before any other state in Brazil, the movement to the third sector begins in Bahia. In order to do that a strategy based on the transference to the third sector of the management of those services and activities formerly provided by the state was devised as well a detailed and comprehensive evaluation methodology. This process was denominated as “publicization” and aims the absorption by a non-governmental public sector of those.

Almost ten years after that first step, the results displayed in this paper point to the right direction. Nowadays five social organizations are providing social services and activities through all the state of Bahia, addressing the society from health care to scientific research always showing improving capacity to decide with autonomy, flexibility and transparency mobilizing any required resources and acquiring managerial sustainable results.

All the data previously presented must be contextualized in order to provide the right dimension of the social commitment and the transparency and accountability effectively achieved by the social organization program. The organized society is really responsible for the public resources management, the social organizations workers and partners can effectively take part in the decisions concerning the welfare of the people. They are capable to manage how the social services are provided, which social services are provided and to work side by side with the public managers negotiating their management contracts, dealing with the beneficiaries and receiving their feed-back in order to improve the quality, comprehensiveness and the kind of the services the society demands.



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Social organizations are the best choice because allow the average citizen to be a active part in social development, because effectively provides more flexibility, agility, social control as well as more transparency and accountability on the production and access to these public services and activities.

Social organizations are the best choice because provides a tool to both society and government to face the political and institutional challenge of promoting human development. To prevent the outcome of a shattered form of democracy in witch the needs of society will not be represented. For the past eight years people in Bahia is having the capacity and opportunity to decide their destiny, the State as an institution has been the instrument to materialize this choices, this relationship is transparent, accountable and as close as possible. So, as shown in this paper, by creating a specific social program, the state of Bahia effectively started this virtuous process.



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