

Chapter 15

The Effects of Globalization on Turkish Public Financial Management and Budget Process

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ABSTRACT

The effects of globalization in the economic, political, and social life have deeply changed the roles of states, and in this process of change, the new management approach has become a current issue within public financial management. Some important principles such as fiscal transparency, accountability, efficiency, effectiveness, and economy have been given importance in the public sector, and middle-terms budgeting, strategic planning, performance management, performance indicators, annual reports, analytical budget classification have become to be implemented in the performance-based budgeting system. The authors have examined the innovations by globalization in the Turkish public sector and analysed the effects of changes with the adoption of Law No: 5018 in terms of Turkish public financial management. It has been mandatory that all Turkish administrations under the general government take attention to the regulations accepted in Law No: 5018. When evaluated from a positive perspective, public administrations in Turkey have got more managerial responsibility in their operations.

INTRODUCTION

World-wide market relations caused by globalization have differentiated states' views on the economy. Because governments could not take advantage of the opportunities brought by the market, they were criticized for not being able to make effective and rapid decisions on strategic issues. However, it has

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become a general demand of governments to use public resources efficiently by adopting new technologies to harmonize the structure of public administration with global competition (Sahin, 2007). Increasing international competition and political developments with the globalization process led to rethinking the role of the state. Also globalization and its effects; has forced the countries to make administrative reforms in every country to restructure the state and become competitive with other countries internationally (Inans, Guner and Sarisoy, 2007). All these reasons have led states to change public administration systems not only to sustain their existence, but also to compete and develop.

In the new global economic environment, countries have had the need to replace their old protective policies and institutions with methods that will make them more competitive and effective. Restructuring of public administration, also called state reform or public sector reform has come to the forefront as one of the main topics of countries' agenda. Many countries saw the restructuring of public administration as a necessity to adapt to the globalizing world and increasing competition. Especially after 1990, in the quest's framework to adapt to global competition, restructuring efforts in public administration have been brought to the agenda in many countries (Bilgin, 2005).

While all these developments in the international arena affect public administrations to act swiftly, many international organizations such as IMF, OECD and the World Bank have also supported public administration reform in different ways. This international impact also led to the expansion of public financial management reforms. In addition, successful reforms in various countries have pushed other countries into an effort to change their management systems (Sahin, 2007). In this process, especially in many OECD countries, reforms were carried out in public administration. During the restructuring process; although the countries targeted the transition to different management because of political, cultural and administrative differences, the basic standards and general trends in restructuring have been similar. Elements such as a citizen-oriented bureaucratic understanding, participation, transparency, accountability, being effective and efficient, strengthening the strategic dimension, highlighting decentralization and flexibility applying market-based modern management techniques, management structures based on results and performance, worldwide, it can be cited as an example of the similar aspects of implemented public administration reforms (Bilgin, 2005).

Turkey also could not stay out of this process. Restructuring efforts in public administration have become one of the main areas of discussion in our country that started in the 1990s and continued in the early 2000s. The agenda of public administration reforms in Turkey to enter the study, other factors besides global developments have also been effective. These factors can be exemplified by the severe economic crises we experienced and the corruption events that shook the public (Bilgin, 2005). The main purpose of the research, globalization, is to work together to reveal the effects of globalization on the restructuring of public financial management in Turkey. For this purpose, in the research; first of all, globalization and the new public administration approach were explained. Then, the effects of globalization on public financial management are examined. In the last part of the research, the effects of globalization on Turkish public financial management; with the Public Financial Management and Control Law No: 5018, changes and developments in the budget process are analysed by considering them.

GLOBALIZATION AND NEW PUBLIC MANAGEMENT APPROACH

Globalization refers to a continuing process with a dynamic structure that includes many dimensions (economic, technological, cultural, political etc). In this process, economic, social, technological, cultural,

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