



# Comparative Public Administration and Management

INNOVATION, CHANGE, PARTNERSHIP  
IN SOCIAL MEDIA ERA



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**Innovation, Change, Partnership in Social Media Era**

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# MANAGING THE SERVICE QUALITY IN HOSPITALITY

Judita STANULEVIČIŪTĖ<sup>1</sup>

Neringa LANGVINIENĖ<sup>2</sup>

**Abstract.** *Rising competition in services market forces the managers to think about opportunities to be competitive comparing to their rivals. Hospitality service sector covers many actors, such as hotels, restaurants, travel and tourism agencies, spa, health care and wellness, as well as many others, related to this business, service providers. There are several ways to gain competitive advantage in the hospitality sector: competitive price, good location of service provider, wide package of services “under one roof” etc. Well-managed service quality could serve as a competitive advantage over others, which is not taken over by others easily.*

*Purpose of the paper is to evaluate the hospitality service quality from the perspective of a customer; and to establish the managerial guidelines for the improvement of service quality. Object of the paper is managing the hospitality service quality in Scottish hotel.*

*Methodology. In order to distinguish the service quality parameters from the perspective of service customers’ scientific literature analysis was done. Synthesis and generalization of questionnaire survey on customers’ view point and content analysis of their responses to hospitality service quality were implemented.*

*The theoretical contribution of the paper is based on distinguished criteria for hospitality service quality assessment from the perspective of customers, such as accessibility, aesthetics, attentiveness, cleanliness, competence, reliability, responsibility, safety/privacy, communication, and courtesy. Those criteria might be used to assess the quality of all hospitality services instead of dividing them into separate sectors or sub-sectors.*

*Practical implication of the paper is related to the developed managerial guidelines trying to improve the service quality according to parameters, which were assessed by customers worse than other dimensions. Those recommendations are going to be presented to the managers, who supported the survey, letting to question their customers in the hotel, to use their website for implementing content analysis of the complaints, records, evaluation of separate services, staff, location of the hotel, and so on.*

**Keywords:** service quality, hospitality, managing the quality

## 1. Literature Review

Considering accommodation, food and beverage, tourism, leisure activity or other services, a thought is rarely taken that these make the *hospitality industry*. Empathy towards customer’s needs, respect to the customer, care of the customer, appreciation of guests, their involvement in

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different entertaining activities, warm and courteous welcome as well as farewell are the typical characteristics of *hospitality*. When providing services the attention is always paid to the result of services, i.e. service quality which is the main reason conditioning customers' satisfaction or dissatisfaction. As Bagdonienė, Hopenienė (2009) state, "quality causes the usefulness of the services provided to the customer as well as commercial success to the service provider". Zeithmal, Bitner (2003) discussed satisfaction as one of the most important element to perceive the service quality: this is customers' satisfaction with service or product which gives an outburst of pleasant feelings and positive emotions (Kumar, Kee, Manshor, 2009). Thus, service provider should focus on the change of customers' needs and always be ready to offer something new, i.e. to gain a competitive advantage over their competitors. If the customers are satisfied with the quality provided and have no complaints, it is likely that they will choose the same service provider again, i.e. will be loyal and, moreover, will recommend firm to their family members, friends, or familiars.

In literature, many different perspectives about the competitive advantage in service sector are presented.

Considering global market changes, the concept of competitiveness is related to the ability of service providers to take actions quickly as well as capability to keep the positions they have already occupied. There are different opinions, how to gain the advantage, which cannot be easily taken over by other competitors. For example, pricing factor which is considered as very important (Seyoum, 2007) but must be applied with other factors as cannot act alone (Devlin, 2001); courteous services that mainly focus on being polite and attentive to the customers, implementation of information and communication technologies (Minoja, Zollo, Coda, 2010), and many other. A competitive advantage may also be achieved if services are customer-oriented, i.e. value to the customer is created (Devlin, 2001) what refers to service quality assurance. This article focuses precisely on hospitality service quality managing, hereby, providing high quality services to the customers they gain competitive advantage over others.

In scientific literature (Prakash, Mohanty, 2013; Wu, Ko, 2013), a variety of service quality models can be found: one of them are rarely used or more generalized while others are being criticized, filled in, adapted, etc. by different authors. Recently, hospitality service quality should be measured on a consolidated basis because hotels usually include food and beverage services (Abukhalifeh, Som, 2012; Walker, 2013; Wood, 2013); food and beverage firms grow up to the hotels; conference organizations and tourism ought to collaborate with accommodation firms, etc. It means that service quality is measured in terms of similar parameters, characteristics, and rates. In addition, service quality is often assessed because of other services provided together. Although many empirical studies are already done to evaluate hospitality

service quality in its separate sectors and criteria from the perspective of a customer are provided, there are no cases of a consolidated set of dimensions that would be applied to assess the quality of the whole hospitality service industry.

As a customer is the main service quality assessor (Langvinienė, Vengrienė, 2009; Grobelna, Marciszewska, 2013; Bagdan, 2013), it was necessary to identify criteria that are essential to assess quality of services provided. The synthesis of scientific literature was based on the whole hospitality industry: it was attempting to find out the service quality criteria that are important assessing the quality of accommodation, food and beverage, tourism, leisure activity and other (that cannot be ascribed to any of the sectors) hospitality services. Based on the analysis of scientific literature, a set of consolidated criteria to assess hospitality service quality from the perspective of a customer was provided. In order to provide a set of criteria for the hospitality service quality assessment, selected dimensions matched all five (accommodation, food and beverage, tourism, leisure activity and other services) or four hospitality industry sectors.

**Table 1.** Service quality dimensions for hospitality assessment

SERVICE QUALITY DIMENSIONS FOR HOSPITALITY ASSESSMENT									
ACCESSIBILITY	AESTHETICS	ATTENTIVENESS	CLEANLINESS	COMPETENCE	RELIABILITY	RESPONSIBILITY	SAFETY/PRIVACY	COMMUNICATION	COURTESY

Sources: Basfirinci, Amitava (2015); Hussain, Nasser, Hussain (2015); Giritlioglu, Jones, Avcikurt (2014); Kumar, Banga, Thamar (2014); Moid, Mahmood (2013); Namgeghi, Arifin (2013); Amin, et.al. (2013); Abukhalifeh, Som (2012); Souca, (2012); Ukwai, Eja, Unwanede (2012); Wong, Fong (2012); Al-Alak (2011); Kinderis, Žalys, Žalienė (2011); Khan, Tabassum (2010-2011); Marković, Raspor, Šegarić (2010); Bagdonienė, Hopenienė (2009); Kincaid, Baloglu, Mao, Busser (2009); Abdullah, Rozario (2009); Kworntnik (2008); Johnston, Clark (2005).

As shown in Table 1, a set of criteria for assessing the quality of all hospitality services from the perspective of a customer is provided: *accessibility* (regarding costs and assortment of services provided; if additional services to the main one satisfy customers' needs; if a customer will be satisfied with a value received), *aesthetics* (interior/exterior of the building and environment where services are provided, appearance of the staff, presentation of food etc.), *attentiveness* (staff willingness to help, promptness, ability to create a good atmosphere), *cleanliness* (place, inside/outside of the building where services are provided), *competence* (staff members ability to respond to customers' enquiries quickly and accurately as well as to be effective in finding possible solutions to any problems), *reliability* (if service providers are reliable enough and all the services are realized as promised; accurate bills), *responsibility* (staff

willingness to help, provide customers with information, and deliver services quickly), *safety/privacy* (if service providers assure safety when providing services; if customers are safe and there is no disruption of privacy), *communication* (effective communication between service provider and customer; clear and accurate information about services provided; ability to solve the problems), and *courtesy* (staff should be friendly, respectful and courteous with customers).

Although consolidated set of criteria is suggested to be applied to assess the quality of all hospitality services, it might be supplemented or expanded, adjusting to sector or subsector separately, if necessary.

## **2. Methodology of the Research**

In order to examine hospitality service quality from the perspective of a customer, empirical research was conducted at 4 star Scottish Hotel. Quantitative and qualitative analysis were chosen as study methods. 4\* Country House Hotel situated in Scotland was chosen to analyse as provides not only *accommodation services* but also *food and beverage, event/celebration (private lunch or dinner, meetings, conferences, weddings, etc.)*, and *leisure activity services (such as fishing and clay pigeon shooting)*.

The main research tool was **online survey** consisted of 40 questions, mostly closed-ended ones. Conducting a survey was aiming to reveal customers' viewpoint on quality of hospitality services regarding accommodation, food and beverage, event/celebration, and leisure activity services. Preparation of the questionnaire was based on hospitality service quality dimensions such as *accessibility, aesthetics, attentiveness, cleanliness, competence, reliability, responsibility, safety/privacy, communication, and courtesy*. When completing questionnaire respondents were asked to assess the quality of particular hospitality services using Likert scale of 1 to 5 or to 10. Scores close to 5 or 10 indicated a strong level of agreement with statement. Only a few questions were open-ended and customers that visited Hotel were able to express their opinions or provide suggestions of possibilities for hospitality service quality improvement. Results were analysed in terms of percentage and/or average, and/or a number of respondents. When analysing results, some results were compared to other ones in order to see a difference, for example, average values of separate events/celebrations or services provided in different hotel buildings were illustrated, etc.

**Content analysis** of customers' reviews about the quality of services provided at Hotel was done as an additional research. The analysis was done discussing customers' comments from the following websites: *tripadvisor.co.uk*, *booking.com*, *expedia.co.uk*, and *holidaywatchdog.com*. Their comments were analysed according to hospitality service quality

dimensions distinguished in theoretical part as follow: *accessibility, aesthetics, attentiveness, cleanliness, competence, reliability, responsibility, safety/privacy, communication, and courtesy.*

In order to have representative results, it was expecting to receive approximately 380 completed surveys. However, 147 completed questionnaires were received: 147 respondents answered to questions regarding food and beverage services, 133 – accommodation services, 43 – event/celebration services, and finally, 31 respondent expressed their opinions about leisure activity – such as fishing and shooting – services provided at 4 star Hotel. Most of respondents were in Scotland living people, several surveys came back from Australia and Germany.

The study had some limitations, as the Hotel chosen does not provide one of hospitality industry – tourism – services; thus, there was no opportunity to analyse it: research was limited to accommodation, food and beverage, event/celebration, and leisure activity services. In addition, not all 147 questionnaires received were fully completed but it was expecting for such a result as customers usually request accommodation and food and beverage services. Finally, the validity of assessment criteria of hospitality service quality cannot be generalized to the whole hospitality industry as an object to conduct a research was chosen only one.

### **3. Results of the Research**

Once the hospitality service quality dimensions were identified, the research was conducted aiming at reveal the quality of not only the whole package of hospitality services provided at 4 star Scottish Hotel but also to look at different services such as accommodation, food and beverage, events/celebrations, and leisure activities in detail.

As the Table 2 shows, average values of overall impression of the quality of hospitality services in Scottish Hotel are displayed. Hospitality service quality dimensions that match the questions about the quality of services provided at the Hotel are presented on the right side of the table. As data obtained shows, the results distribute quite evenly as the means most of the occasions were above 4 (out of 5).

**Table 2.** Differences in mean scale values of overall impression of the quality of services provided at the Hotel

Question	Mean	Hospitality service quality assessment dimension
Overall, how would you rate Hotel's ability to provide relaxing atmosphere?	4.61	Hospitality (in general)
Elegance and aestheticism of the Hotel	4.50	Aesthetics
Cleanliness in the public rooms ( <i>Hall, Dining Room, Drawing Room, Bar</i> )	4.17	Cleanliness
Cleanliness in Ladies/Gentlemen's Cloakroom	4.34	
Hotel staff were professional and able to quickly respond to requests	4.52	Competence
Attentiveness of Hotel staff members while carrying out services	4.49	Attentiveness
Politeness of Hotel staff members	4.64	Courtesy
Information and responses to requests were clear and accurate	4.43	Communication
Services were provided as promised	4.36	Reliability
Safety and privacy at the Hotel	4.81	Safety/privacy
Value for money	4.21	Accessibility

*Note: when 1 – poor, while 5 – excellent*

First of all, the score obtained on *safety/privacy* dimension was relatively high (4.81) and lead to the idea that respondents felt safely at the Hotel and their privacy was not disrupted. However, this result does not surprise as the cameras in the territory of the Hotel are installed in this way taking care of customers' safety. Hotel guests were pleased with *politeness* of staff members (4.64) as well as ability to provide *relaxing atmosphere* (4.61). Thus, it is an appealing place for customers to escape from everyday life and enjoy a moment of tranquillity. *Aesthetics* of the building interior was also rated relatively high with average value of 4.5 out of 5. Several respondents expressed their opinions on reply options as follow: "nice lounge room, beautiful pictures on the walls", "old style building, and nice wallpapers in the lounge area". In addition, 4 star Hotel may be treated as *reliable* as customers were satisfied with services provided as promised (4.36), what indicates that Hotel do care of their guests and their opinions as well as feedbacks about the quality of hospitality services are important and appreciated. Considering *accessibility* dimension in terms of cost, customers were relatively satisfied as a good quality and price relationship was offered (4.21). *Cleanliness* dimension showed a relatively low rating with a mean of 4.17 out of 5. However, it cannot be stated that dining room, bar or lounge areas were untidy or uncleaned; simply they do think that it requires more efforts from housekeeping members to make them look immaculately. Some of respondents commented on the chosen answers willingly: "Housekeepers should be more attentive when cleaning up the lounge areas as the carpet was dirty and dusts on the tables".

**Accommodation services.** Probably the main reason for customers to stay in the Hotel is a lodging for a night, i.e. rest in other place than home. Thus, Hotel is responsible to prepare the

rooms properly to meet all the quality requirements and make customers to feel as if they were at home. As the Hotel is consisted of three buildings, for the sake of objectivity the average values regarding accommodation services were related to different buildings, i.e. Main house (4 star), Annex 1 (4 star), and Annex 2 (3 star). Respondents were asked to assess every statement on five-point Likert scale.

**Table 3.** Mean scores of accommodation service quality by different Hotel buildings

Hotel building Statement	Main house (4*)	Annex 1 (4*)	Annex 2 (3*)	Total	Hospitality service quality criteria
	Mean	Mean	Mean	Mean	
Cleanliness of the room upon your arrival	4.31	4.28	3.94	<b>4.18</b>	Cleanliness
Condition of the room	4.09	4.19	3.80	<b>4.08</b>	Reliability
How well-equipped was the room	4.01	4.22	3.87	<b>4.05</b>	Aesthetics
Interior and decor of the room	4.35	4.47	3.87	<b>4.33</b>	
Quality of bed linen	4.38	4.44	4.40	<b>4.40</b>	Reliability Attentiveness
Quality of bathrobes and slippers	4.35	4.47	4.27	<b>4.38</b>	
Quality of room amenities package (shampoo, body wash, soaps, etc.)	4.37	4.41	4.27	<b>4.35</b>	
How well did the housekeeping staff clean your room?	4.15	4.26	3.67	<b>4.13</b>	Cleanliness
Efficiency of housekeeping services during your stay	4.13	4.25	3.67	<b>4.12</b>	
Turn down services	4.70	4.67	4.20	<b>4.63</b>	Attentiveness
Fixtures and Fittings	3.83	3.64	3.53	<b>3.74</b>	Safety Reliability
Promptness of room service delivery	4.38	4.61	4.33	<b>4.44</b>	Responsibility
Quality of room service snack and meal	4.35	4.64	4.27	<b>4.42</b>	Reliability
Value for money	3.96	4.00	4.07	<b>3.98</b>	Accessibility
<b>Total of Respondents</b>	<b>82</b>	<b>36</b>	<b>15</b>	<b>133</b>	

*Note: when 1 – poor, while 5 – excellent*

The comparison of the mean scores obtained in each building for each dimension provides interesting results. Guests who stayed in the Main house were mostly satisfied with turn down services, i.e. turndown the bed, placing turndown amenities, tidying the guest room, and creating a pleasant atmosphere, which matches *attentiveness* quality dimension (4.70). *Responsibility* dimension had a mean of 4.38 what indicated customers' appreciation of the promptness of room service delivery. However, in the Main house staying guests were happy about value for money the least (3.96) as they probably believe the price was too high for the value/quality provided (*accessibility* dimension). *Attentiveness* criterion in terms of the quality of turn down services, the same as in Main house, in Annex 1 showed relatively high rating with a mean of 4.67. Respondents were also impressed by the *aesthetics* and décor of the rooms (4.47) as well as *attentiveness* and *accessibility* which revealed by quality of room amenities package (for example, shampoo, body wash, soap, and etc.) with a mean score value of 4.47. Nevertheless,

although the guests were generally satisfied with accommodation services, they were not sure about a good quality and price relationship: average value was 4 out of 5 what suggests an idea that customers think services to be not worthy a price being paid. Finally, as Table 3 shows, in Annex 2 (3 star building) resting guests were mostly content with the quality of bed linen (4.40) and quality of room package amenities (4.27), i.e. *reliability* dimension. However, the *cleanliness* dimension observed the lowest rating with a mean of 3.94 as the rooms upon arrival of the guests were not clean as expected; this leads to the idea that housekeeping staff members are not as attentive to the details as should be.

**Food and beverage services.** In order to find out the quality of food and beverage services provided at the Hotel from the perspective of a customer, respondents were asked to assess every statement by Likert scale of 1 to 5. Viewpoint of the customers were quite even and average values relatively high.

**Table 4.** Mean scores of the quality of restaurant, bar and staff services from the perspective of a customer

Statements	Mean	Hospitality service quality dimensions
Restaurant was well-equipped and spacious	3.97	Accessibility
Impressive restaurant interior design and decor	4.07	Aesthetics
Dining tables were set to a high standard	4.50	Attentiveness
Table cloths and napkins were clean	4.57	Cleanliness
Wine and water glasses were clean	4.58	
Cutlery sets were clean and of a good quality	4.63	
The aesthetics of food was of a high level	4.73	Aesthetics
The food was delicious and flavourful	4.71	Reliability
The food was served hot and fresh	4.70	Responsibility
A good selection of wines was offered	4.54	Accessibility
Overall presentation/quality of food and beverages were of a high level	4.67	Reliability
My food order was correct and complete	4.74	Reliability
I was served promptly	4.43	Responsibility
Dietary requirements were satisfied	4.63	Attentiveness Communication
Professional staff members in the restaurant	4.56	Competence Communication
Staff showed high competence in answering questions and solving problems	4.54	
Staff were friendly and courteous	4.64	Courtesy

Note: when 1 – poor, while 5 – excellent

From the perspective of respondents, restaurant staff members pay a lot of attention to *cleanliness* regarding table cloths and napkins (4.57) and cutlery sets (4.63). Hotel guests were impressed by the *aesthetics* of food, the presentation of food on the plate and the mean of 4.73 out of 5 reflects this. *Reliability* dimension, precisely taste and flavour of the food had the average value of 4.71 as well as *responsibility* in terms of hot and fresh food (4.70) and correct and complete order (4.74) were rated relatively high, as the customers were satisfied with their fulfilment. Appreciation of *competent*, *communicative*, and *polite* restaurant staff members was

also noticed as they met guests' expectations regarding staff behaviour and efficiency in serving customers. So well customers as other criteria did not assess *accessibility* and *attentiveness* dimensions in terms of well-equipped and spacious restaurant because showed relatively low rating with a mean of 3.97. Several respondents commented on their chosen answer as "restaurant lacks better lighting and furniture is little ramshackle" or "restaurant needs a music in the background because at the moment there is too quiet".

**Event/celebration services.** After a review of the quality of accommodation and food and beverage services from the perspective of a customer, the quality of events/celebrations is discussed. 4 star Hotel constantly receives enquiries regarding the possibility to celebrate birthday or anniversary, organize meeting or conference at the Hotel. Old style building is perfect for wedding party not only because of aesthetically equipped sprawling luxury interior but also for the beautiful surroundings.

In order to find out the quality of event/celebration services provided at Scottish Hotel from the perspective of a customer, respondents were asked to evaluate given statements on five-point Likert scale. Owing to see objective results, it was decided to calculate mean scores for every event/celebration separately as well as provide total average values of all of them.

**Table 5.** Mean scores of the quality of event/celebration services from the perspective of a customer

Hospitality service quality dimension	Statement	Conference	Meeting	Private Lunch or Diner	Wedding	Total
Responsibility	How well organized was the event?	4.17	4.25	4.33	4.50	<b>4.31</b>
Reliability	How would you rate the quality of the facility where the event was held?	4.33	4.25	4.57	4.50	<b>4.41</b>
Aesthetics	Set up of the tables and decorations	4.17	4.25	4.43	4.67	<b>4.38</b>
	Floral arrangements in the main house and on the tables	-	-	-	4.33	<b>4.33</b>
Accessibility	Sufficient place for music and dancing	-	-	-	4.33	<b>4.33</b>
Accessibility	Comfortable environment (lighting, temperature, noise, etc.)	3.83	4.25	4.29	4.25	<b>4.15</b>
Accessibility	Personalized menus and table plans	4.00	4.25	4.67	4.33	<b>4.31</b>
Cleanliness	Cleanliness/condition of meeting space	3.67	4.00	4.48	4.25	<b>4.10</b>
Communication Attentiveness	Assistance in recommending local suppliers such as photographers, cake makers, chauffeur services, florists, etc.)	-	-	-	4.17	<b>4.17</b>
Reliability	Wedding breakfast/meal	-	-	-	4.25	<b>4.25</b>



Competence	How professional were event staff members?	3.83	4.25	4.48	4.17	<b>4.18</b>
Courtesy	Staff friendliness and courtesy	4.17	4.75	4.71	4.25	<b>4.47</b>
Attentiveness	Staff attentiveness to me and my guests	4.33	4.50	4.38	4.33	<b>4.38</b>
Safety/privacy	Safety/privacy at the event	4.33	4.00	3.95	4.08	<b>4.09</b>
Accessibility	Value for money	4.17	4.25	4.38	4.25	<b>4.27</b>

Note: when 1 – poor, while 5 – excellent

First of all, considering total average values, the score obtained on the courtesy dimension (4.47 out of 5) was relatively high in comparison to other dimensions and suggested a good appreciation of extremely friendly, helpful and polite hotel staff members. The highest average value of 4.75 for staff *courtesy* was received from the customers who organized meetings at the Hotel (4.75), while in conferences participating guests thought them were not courteous as expected (4.17). *Reliability* dimension displayed a relatively high rating with a total mean of 4.41, thus the results suggests that event/celebration services satisfied customers' expectations and met the needs. However, the lowest value was received from the guests who organized meetings at the Hotel as mean value was 4.25 out of 5, while reliability was considered as perfectly fulfilled criterion by the customers who had private lunch or dinner (4.57). In addition, hotel guests were also satisfied with *aesthetics* in terms of set up of tables, decorations (4.38), and floral arrangements in the Main house as well as on the tables for wedding parties (4.38). Respondents do think that 4\* Hotel facilitates their customers and therefore is *accessible*: on the weddings there is sufficient place for music and dance (4.33) and guests are able to have personalized menus as well as table plans (4.31). Finally, *accessibility* dimension in terms of cost was also rated relatively high, as total mean was 4.27 out of 5. Thus, it can be stated that event/celebration services provided at the Hotel fully or partly satisfy customers' expectations and relationship between quality and price is good.

**Leisure activity – fishing and shooting – services.** As 4 star Hotel is situated in a good location on the banks of the river and surrounded by forests as well as other flora, thus fishing and clay pigeon activities to the customers are offered.

Aiming at evaluate the quality of leisure activity services provided at the Hotel from the perspective of customers, respondents were asked to assess given statements from 1 to 5 by Likert scale. Out of 147 received questionnaires, 31 respondent completed the questions about leisure activity services.

**Table 6.** Mean scores of the quality of leisure activity services from the perspective of a customer

Hospitality service quality dimensions	Statements	Mean	Most common value	Least common value	Highest value
Accessibility	If you requested equipment for fishing/shooting, quality of service and equipment provided	4.42	5	3	5
Responsibility	Guidance of ghillie and gamekeeper	4.52	5	4	5
Competence Communication	Ghillie and gamekeeper competence to provide expert advise	4.39	5	2	5
Accessibility	Package of food	4.19	5	2	5
Safety	Safety during fishing/shooting	4.48	5	2	5
Reliability	Satisfaction with the quality of activities	4.23	4	1	5
Accessibility	Value for money	4.32	4	3	5

Note: when 1 – poor, while 5 – excellent.

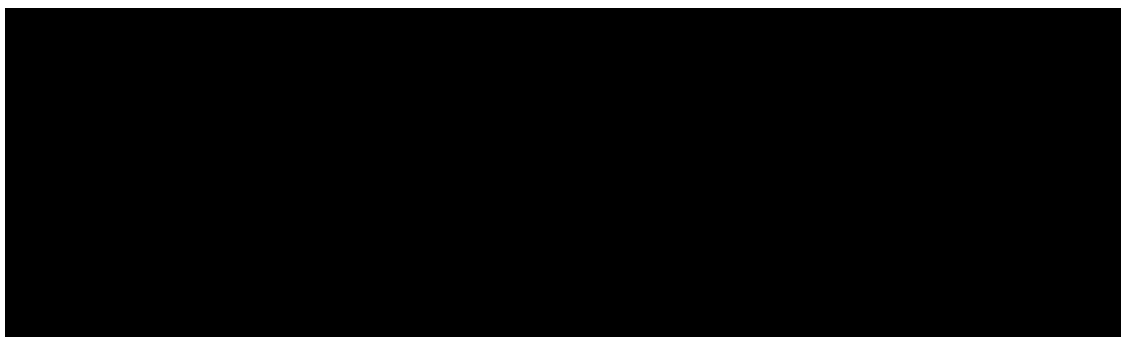
Reviewing the quality of leisure activity services, the results appeared to be relatively high as the means calculated of all the statements were above 4 out of 5. Customers were mostly satisfied with *responsibility* of staff members of leisure activities, i.e. ghillie and gamekeeper (4.52) and guarantee of *safety* on the boat or during shooting (4.48). In addition, services were treated as *accessible* because after equipment for fishing/shooting was requested, services of a good quality were provided (4.42). *Competence* dimension as well as others showed relatively high rating with a mean of 4.39 out of 5, and this suggests that customers were satisfied with the ability of ghillie and gamekeeper to provide an expert advice and instructions. Respondents thought that quality and price relationship regarding leisure activity services was reasonable thus, average value of *accessibility* criterion in terms of cost was 4.32. *Accessibility* dimension in terms of package of food had the lowest mean value of 4.19. However, when the results of the survey are so high, it is difficult to distinguish aspects that were considered as poor; thus it is impossible to claim that some criteria were not fulfilled at all, as the mean values of some dimensions are only slightly lower than others.

Moreover, customers were asked to indicate the importance of hospitality service quality criteria considering accommodation, food and beverage, event/celebration and leisure activity services. The results obtained revealed that the most important criteria when assessing accommodation services *reliability* was indicated (average value 9.67 out of 10), whereas *competence* was considered as the least important one (average 7.87 out of 10). When discussing the quality of food and beverage services, customers do pay the most attention to *aesthetics* (interior of the restaurant, appearance of staff members, presentation of the dish) as the mean

was 9.31 out of 10; however, the lowest average value was given to *safety/privacy* dimension, i.e. 7.48 out of 10. Considering the quality of event/celebration services, the same as in the case of accommodation services, *reliability* was treated as the most important criterion (average 9.31 out of 10) versus *courtesy* which had the mean score rating of 7.8 out of 10. Finally, assessing the quality of leisure activity services, *safety* on the boat when fishing and during clay pigeon shooting was considered by customers as the essential dimension (8.57 out of 10), while *aesthetics* is insignificant one (2.05 out of 10).

While conducting the survey, one of the most important questions was attempting to find out if customers' expectations regarding hospitality services provided at the Scottish Hotel were satisfied. As shown in Figure 1, 55% of respondents were extremely satisfied with the quality of services provided and this simply confirms the results analysed before.

**Figure 1.** Customers' satisfaction with hospitality service quality provided at 4\* Hotel, percentage



The results obtained present that 32% of respondents were quite satisfied with services provided at the Hotel, while 9% of customers had no opinion, as their expectations were neither satisfied nor dissatisfied; probably they expected something more. Quite dissatisfied with the quality of hospitality services provided at 4\* Hotel were only 3% of respondents, while expectations were extremely dissatisfied to 1% of customers. However, it can be stated that focus of 4 star Scottish Hotel is put on meeting customers' needs and providing almost all services promised, if not all. In this way, the relationship between Hotel as service provider and customer is strengthened.

Finally, the need to find out how well the Hotel meets all hospitality service quality dimensions such as *accessibility*, *aesthetics*, *attentiveness*, *cleanliness*, *competence*, *reliability*, *responsibility*, *safety/privacy*, *communication*, and *courtesy* from the perspective of a customer emerged. Respondents were asked to assess every single criterion on five-point Likert scale. It cannot be stated that services provided at the hotel do not meet some of the hospitality service

quality dimensions at all as the average values in all cases were above 4 out of 5; simply some of them are fulfilled better. According to customers, *courtesy* dimension is fulfilled the best as obtained the mean of 4.73 and this is because of friendliness, politeness and willingness to help of staff members. Service quality dimensions such as *attentiveness*, *safety/privacy*, and *aesthetics* were assessed similarly: respectively 4.58, 4.52, and 4.49. From the perspective of respondents, criteria such as *cleanliness*, *communication*, and *accessibility* were considered as not fully met at the Hotel.

After the discussion of results obtained from survey, **content analysis** of customers' reviews about the quality of services provided at the Hotel was done as an additional research. The comments were analysed following the hospitality service quality dimensions such as *accessibility*, *aesthetics*, *attentiveness*, *cleanliness*, *competence*, *reliability*, *responsibility*, *safety/privacy*, *communication*, and *courtesy*.

Most of the feedbacks found on the websites were ascribed to *accessibility* dimension. Customers staying at the Hotel were pleased with the food and beverage services provided stating that "[food was] extraordinarily good. [...]The wine list was very good and pretty reasonably priced" and "the best was the food, it was superb, top of the top". Although most of respondents thought, dinner was too expensive but "it is worth every penny". However, some of the guests were not satisfied with the same menu options, expensive dinner, tiny portions, too silent Dining room what did not allow customers to relax. Customers also commented on Internet access stating that this should work properly and would appreciate if it was free of charge not only in public areas but in the rooms too. Customers believe there is lack of activities at the Hotel not only for adults but also for children.

Most of the customers who left their feedbacks on the websites were satisfied with the *aesthetics* of interior and exterior of the Hotel characterizing it as old style and elegant building with pictures on the walls and old style furniture as well as warm colours that make the rooms to be cosy and warm. Aesthetics of food was also accentuated and the presentation of food was considered of a high level. Nevertheless, several customers believed that cosmetic room renovation to make them look more aesthetically would be needed.

Guests were extremely satisfied with the *attentiveness* of the staff members, their friendliness and willingness to help: "care and consideration is taken to every detail of your stay", "when, having mentioned to the waitress that day was our 50th Wedding Anniversary, our sweets arrived with "Happy Anniversary" inscribed in chocolate round both plates".

Based on the results obtained from survey, most of respondents were not satisfied with *cleanliness*. According to the reviews left on the websites, there was a "lack of attention to detail in housekeeping. Edges of chairs dusty and filled with debris in the room" or "dust had collected

around the mirror in our room - minor but still need pointing out”. Some of the guests were disappointed with lack of cleanliness in the bathroom as “the bathroom was not clean - toilet and sink were dirty”.

Considering *competence* dimension, only several reviews were found. Some of them were positive, as the guests were pleased about “helpful and professional” staff, while others were quite negative because “some of the waiting on staff were very slow and sometimes they didn't know about things”. This leads to the conclusion that not all staff members are properly trained or there were new ones who were not aware of all the details regarding services.

Discussing hospitality service quality, *reliability* dimension is considered to be of a high importance because only reliable Hotel may expect a constant flow of customers and attraction of new ones. Some of the respondents were satisfied with reliability regarding food and beverage services, as “the food served in the restaurant is first class, always hot and very fresh”. However, other customer was disappointed with services because “the bathroom was very poor; faulty toilet refill, nowhere to hang towels”.

Discussing *responsibility* criterion, only one comment reflecting this dimension was noticed. One customer claimed that “only slight gripe was the buffet breakfast served on very cold plates which meant it was almost cold by the time you had arrived at your table“, thus staff members should take better care in serving the guests.

Neither reviews of *privacy* nor *safety* were found. However, safety does not refer only to the feeling safe at the Hotel or being safe with personal things but also can be discussed in terms of improper functioning of fixtures and fittings, for example, “shower screen was not fixed tightly to the bath therefore the floor was very wet every time we took a shower”. As a result, this might be quite dangerous if a guest slips and injures because of wet floor.

Discussing *communication* dimension, all the reviews found were negative. It was caused because of miscommunication between reception staff members and guests or lack of information clarity in other websites where Hotel room can be booked. For example, one customer expressed his “disappoint[ment] with description online of the [Annex 2], it was a basic chalet, not what [he was] lead to believe” or other guest “was led to believe would be staying in the main house [but] were put up in the [Annex 2]”. Thus, a special attention to communication dimension making it more effective and accurate should be paid.

The same as respondents of survey, customers who commented on service quality were the most satisfied with *courtesy* of staff members: “we were most impressed by the courtesy of the staff and their seamless service” or “the reception staff were so very polite and courteous”. The eagerness to help and hospitality are the essential aspects to make a good impression.

## Managerial Guidelines

Through quantitative (survey online) and qualitative (content analysis) analysis, this research finds that some of the hospitality service quality dimensions at 4\* Scottish Hotel should be improved. As customers become more and more educated and demanding, they are tend not to be silent but conversely, to express their opinion regarding the quality of services provided and no matter if, the feedback may be negative. Therefore, in order to manage the quality of hospitality services provided at the Hotel better, Table 7 presents in sights of improvement possibilities for the following quality dimensions: *accessibility*, *reliability*, *communication*, *cleanliness*, *safety*, and *aesthetics*.

**Table 7.** Possibilities for the improvement of hospitality services at 4\* Scottish Hotel

Hospitality Service Quality Dimensions	Improvement Possibilities – Managerial Guidelines
Accessibility	More dinner options; less expensive dinner; music background in Dining Room as well as other public rooms; on weekends and holidays – live music and dance evening; establish SPA centre, swimming pool, and children playground; provide free Internet access in all rooms of the hotel; prepare information booklets about the services provided at the Hotel and their prices (would be available at the front desk, rooms and some of agencies Hotel collaborates with).
Reliability	Ensure that all services are provided as promised; receptionists should be more accurate during billing process at the front desk.
Communication	Accurate and clear information about the services provided to customers, conditions and terms as well as other important aspects related to the services; information provided on websites should correspond to the actually provided services.
Cleanliness	Properly cleaned public rooms as well as private ones; attentiveness to the details.
Safety	Ensure a good condition of fixtures and fittings thus avoiding dangerous situations.
Aesthetics	Cosmetic room renovation to make them look more aesthetically.

Although the mean score of *accessibility* criterion when assessing the quality of different services were relatively high, the results of survey as well as reviews on the websites lead to the belief that this dimension needs to be improved the most. A number of possibilities were provided to meet customers' needs regarding this criterion. In addition, as the business first starts from communication and discussion about services provided and their value, assurance of effective and clear *communication* between Hotel and customer is essential. Finally, although the customers were not dissatisfied with aesthetics dimension as only few remarks were expressed regarding cosmetic room renovation, however, in case of some unnecessary complaints, it is better to take actions as soon as possible.

#### 4. Conclusion Remarks

In conclusion, hospitality service quality managing is complex process requiring many efforts from service providers. Due to constant changes in hospitality service market, service providers need to create ideas and insights how to expand customer base and profits as well how to attract new customers. However, to attract customers is not enough; more efforts are needed, for example, not only to make customers to be loyal to the firm, but recommendations of a particular firm to others are necessary as well.

In this article, the main theoretical concepts such as hospitality, service quality and service quality management were presented. The discussion revealed that hospitality is a complex concept that is consisted of many elements. Service quality assurance as one of the business strategies can lead to the success. If customers are satisfied with services provided, if service providers do react to their demands and expectations, it is very likely they will choose the same supplier again and again. In case of failure, service providers not only will lose their customers but also receive negative feedbacks regarding hospitality services.

Based on the scientific literature, a set of consolidated criteria to assess hospitality service quality from the perspective of a customer was provided: *accessibility, aesthetics, attentiveness, cleanliness, competence, reliability, responsibility, safety/privacy, communication, and courtesy*. Consolidated criteria might be used to assess the quality of all hospitality services instead of dividing them into separate sectors or sub-sectors.

In order to examine empirically hospitality service quality assessment from the perspective of a customer, a research was conducted in one of 4 star Hotels situated in Scotland. The study confirmed a validity of criteria of hospitality service quality assessment from the perspective of a customer measuring accommodation, food and beverage, and event/celebration services. Leisure activity services – fishing and shooting – provided at Hotel cannot be assessed through all criteria, for example, aesthetics and cleanliness. Based on empirical research, the quality of hospitality services provided at Hotel is conditionally high what refers to a *fully or partly satisfied customers' expectations* (mostly average value above 4 out of 5). Only a few customers were not satisfied with a quality provided at Hotel as it did not meet their expectations.

Based on the customers' reviews about the quality of hospitality services provided at Hotel left on the websites such as *tripadvisor.co.uk, booking.com, holidaywatchdog.com, and expedia.co.uk*, content analysis as an additional research was done: criteria such as *courtesy, attentiveness, competence, aesthetics, responsibility, and accessibility* (on some occasions) were

treated as fulfilled, while lack of cleanliness in rooms and public rooms, insufficient menu options, too expensive dinner price, lack of fixtures and fittings as well as inaccurate and ineffective communication with customers were noticed.

The analysis of the results obtained from empirical research allowed to create insights of possibilities for the improvement of hospitality service quality at 4\* Hotel. Criteria such as *accessibility, communication, reliability, cleanliness, safety, and aesthetics* should be improved as Hotel meets them less than other ones.

Finally, further researches might include more research objects, possibly conducting a comparative analysis of the objects regarding the quality of hospitality services from the perspective of a customer. Further researches might be also directed to service providers, attempting to find out their perspective of the quality of hospitality services through every single hospitality service quality dimension and how they put an effort to satisfy customers' needs. Thus, the analysis may be done not only from the perspective of a customer but also from the service provider. In order to have valid results, larger sample size of respondents would be needed. Finally, in order to extend a research, additional qualitative research such as interview with service providers, for example, might be conducted.

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# SOME CONSIDERATIONS ON THE ‘NEW CLOTHES’ OF POVERTY IN THE DIGITAL AGE

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**Abstract.** *Faced with the query of whether a digital society provides a better life or whether it creates a smoke screen hiding a new kind of poverty, this paper examines the ‘new clothes’ of poverty in connection with the digital divide, digital inequality and the emerging conceptualization of digital citizenship. The paper also warns against the very likely situation that the digital society is non-sustainable since the more e-connected the society is, the more exposed society is when faced with a lasting disruption/lack of energy that would literally wreak havoc.*

**Keywords** – *poverty, digital inequality, digital divide, digital citizen, societal rift*

## 1. Introduction

Witnessing the Syrian war refugee crisis, a question arises: Are digital age societies providing a smoke screen to hide a new kind of poverty while creating the illusion of a better life? On one hand, there is the astoundingly good work done by Information Communication Technologies (ICTs) to connect people, so good that Dana Janbek (2014) writes about Syrian refugees in Jordan: “For them, the cellphone is as vital to their survival as food, water and shelter.” On the other hand, ICTs do not function for too long unless there is some electrical outlet available to recharge the battery. From Al-Zaatari Refugee Camp located in Mafraq, Jordan, Olimar Maisonet-Guzman (2015) reports: “the majority of the camp, including schools and tents, do not have access to electricity”. In this case, no further comments are necessary. This simple example (among a myriad of others) is a warning against *the low sustainability of a digital society*: the more e-connected society is, the more exposed it is when faced with a lasting disruption/lack of energy that would literally wreak havoc.

As generally accepted, poverty is a multidimensional concept. Assuming the intensifying ICT revolution globally, this paper examines poverty’s connection with the digital divide, digital inequality and the emerging conceptualization of digital citizenship.

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The rest of the paper is organized as follows: the second section gives a brief overview of the ‘new clothes’ of poverty in the developed/digital U.S.; the third section presents some features of the connection between poverty and digital divide/access, while the last section concludes.

## **2. About the ‘new clothes’ of poverty in the developed/digital world**

We can glimpse at the ‘new clothes’ of poverty looking at the example of United States digital age society. For the case of U.S., in 2011, Robert Rector and Rachel Sheffield investigated, in their research for the Heritage Foundation, which is the real meaning of being ‘poor’ nowadays in digital America. They insist that for the sake of effective policy-making, the question is worth asking given the discrepancy between what the government measures in order to design its policies to fight and reduce poverty in their digital society and what Americans understand as poverty.

The Census Bureau, in the Poverty reports, defines a household as poor based on its money income (if it is under a certain level) not including welfare state contributions (since income is the criteria for accessing one or more of those); this definition does not pay any attention to actual living conditions. In the US there are many welfare programs (Rector and Sheffield 2011, 15) that provide cash, food, housing, medical care, and social services to the poor and low-income persons (such as Temporary Assistance for Needy Families; Supplemental Security Income; the Earned Income Tax Credit; food stamps; the Women, Infants, and Children food program; public housing; and Medicaid). In the same time, for Americans, ‘poverty’ still encompasses “significant material deprivation, an inability to provide a family with adequate nutritious food, reasonable shelter, and clothing”. The difference to other parts of the world appears when we consider that modern American digital society has ‘evolved’ to serve conspicuous consumption and consumerism; as a result, the level of material belongings and the rate at which those are replaced while still usable is very high compared to other societies (digital or not). Rector and Sheffield (2011, Executive Summary) wisely point out:

According to the government’s own survey data, in 2005, the average household defined as poor by the government lived in a house or apartment equipped with air conditioning and cable TV. The family had a car (a third of the poor have two or more cars). For entertainment, the household had two color televisions, a DVD player, and a VCR. If there were children in the home (especially boys), the family had a game system, such as an Xbox or PlayStation. In the kitchen, the household had a microwave, refrigerator, and an oven and stove. Other household conveniences

included a clothes washer, clothes dryer, ceiling fans, a cordless phone, and a coffee maker. ...

By its own report, the family was not hungry. The average intake of protein, vitamins, and minerals by poor children is indistinguishable from children in the upper middle class, and, in most cases, is well above recommended norms. ...

Consumer items that were luxuries or significant purchases for the middle class a few decades ago have become commonplace among the poor.

They also present the 2005 U.S. Department of Energy, Residential Energy Consumption Survey (RECS) data indicating that 78 percent of poor households at that moment had air conditioning, 64 percent had cable or satellite TV, and 38 percent had a personal computer compared to 84 percent of all U.S. households that had air conditioning, 79 percent cable or satellite television, and 68 percent a personal computer (Rector and Sheffield 2011, 4-5).

Even if in the past few years these percentages might have changed during the recession of 2009 with more people becoming homeless and more families worrying about their ability to provide an adequate amount of food, it is enough information to get an accurate picture of how a digital society might look in terms of material goods (for most of its citizens). In what concerns those ‘Other’ of its citizens, rounding the percentages to 100, the next section will examine some of the perverse dimensions of the societal rift between computer and internet haves and have nots that will be further enlarged by the ‘snowball effect’ of the digital revolution.

### **3. Poverty and digital divide/access**

In 2007, Kevin Bulger, at that time a policy associate with the Collins Center for Public Policy Inc. wrote “A brief History of the Digital Divide”. According to his research the concept though not the name *digital divide* was introduced by the July 1995 report ‘Falling through the Net: a Survey of the “Have Nots” in Rural and Urban America’ of the National Telecommunications and Information Administration (NTIA). Not too much later, Allen Hammond and Larry Irving used ‘digital divide’ in public speeches “to describe a binary divide between the computer and internet haves and have nots”.

In 2001, DiMaggio and Hargittai made the leap from digital divide to *digital inequality* and introduced five dimensions of it related to equipment, autonomy of use, skill, social support, and the purposes for which the technology is employed.

A couple of years later, Eszter Hargittai (2003, 20) pointed out that:

... it is too simplistic to assume that merely providing an Internet connection to people will obliterate all potential access differences among users. Rather, a more refined approach to the “digital divide”, a more comprehensive understanding of digital inequality is necessary if we are to avoid increasing inequalities among different segments of the population due to disparities in effective access to all that the Internet has to offer.

In 2005, Dewan and Riggins (2005, 298) refined the analysis about the digital divide and did their best to cool down the flourishing digital dreamworld view:

Many believe that universal access to ICT would bring about a global community of interaction, commerce, and learning resulting in higher standards of living and improved social welfare. However, the digital divide threatens this outcome, leading many public policy makers to debate the best way to bridge the divide.

With regards to the digital divide, they take into consideration the difference between first order effects (who has access to the technology) and second order effects (with respect to the ability to use the technology among those who do have access). Their paper examines both types of effects, hierarchically, at the individual level, the organizational level, and the global level. Their results emphasize “the open research question whether, and under what conditions, the first-order digital divide in technology adoption might give way to a second-order digital divide in technology use and impact” (Dewan and Riggins 2005, 326) and show that businesses may or may not be part of the solution to bridge the divide (Dewan and Riggins 2005, 327).

Mike Ribble and his colleagues, in their 2004 paper, were already concerned with raising responsible *digital citizens* for a well-functioning digital society. They introduced *digital access* (“full electronic participation in society”) as one of the nine elements defining digital citizenship (together with digital commerce, digital communication, digital literacy, digital etiquette, digital law, digital rights and responsibilities, digital health and wellness, and finally digital security).

Digital access depends on computer performance, type of internet connection and access to technical assistance which are negatively impacted by poverty. Also, both poverty and digital access are related to someone’s socioeconomic profile, psychological profile, and last but not least political views.

In digital societies, poverty and digital access are connected through a *direct effect*: ‘poverty comes with no easy access to the Internet and vice-versa’ and an *indirect effect*: ‘no digital access means no access to a social network that would further encourage the use of ICT and possibly allow one to move out of poverty’. Additionally, when society moves to become

digital, those citizens who are *e-disconnected* do not have access to e-commerce, to e-government facilities and online education or e-health.

With respect to digital access and its impact on medical services (*e-health*) for citizens of a digital society, Fortney and his collaborators (2011, 5645) raise a big alarm sign:

Although more and more patients have broadband internet access and are using smartphones, the digital divide may create connectivity barriers for low income, minority, rural, and older adult patients. If up-to-date technologies are not available to certain populations, connectivity will be low.

Moreover, patients from some cultures, as well as those with lower education levels may have lower comfort levels with e-health technologies (Yellowlees et al., 2008; Shore et al., 2006), and experience greater usability problems if they lack the skills to engage digitally with their provider and to interface with computer health applications (Randeree, 2009).

An alert that a digital society might be an illusion of an ever improving social system is that making better ICTs can make things worse (similar to Jevons' paradox). Townsend and his colleagues (2013, 580) provided an update on broadband connection issues in the U.K. signaling the dangers of the ensuing digital gap between rural and other areas:

It presents broadband as increasingly necessary for the delivery of information, health, education, business, social security, public and leisure services. Access to broadband has become vital for rural communities to participate in a progressively digital economy and to overcome problems of physical and social isolation. Yet rural areas are among those most excluded from fast broadband developments. Although this is partly due to technological/economic barriers in reaching more remote locations, even where technology is available, adoption can still be low in rural areas.

The U.S. is also making efforts to expand broadband access as shown in The Economist article (The Data Team, 2015) that recently introduced the program launched by President Barack Obama:

The program, called "ConnectHome", is a partnership between government, tech companies and non-profit organisations that will provide low-cost broadband internet, digital literacy programs and other resources to 275,000 public-housing developments in 28 locations across the country. ConnectHome is the latest White

House effort to bridge the so-called “digital divide”, the gap in IT access and know-how between the rich and the poor. America's digital divide has narrowed in recent years but is still large for a rich country.

The possibility that the digital way might be a wrong direction for societal development was signaled in 2009 at the highest U.S. level by Susan Crawford, President Obama’s special assistant for technology and innovation, who provided a warning to the U.S. and the countries following the U.S. model: “we are creating two Americas where the wealthy have access.... while others are left on a bike path, unable to join in the social and economic benefits that the internet brings” (Crow, 2014, 2).

#### **4. Conclusions**

The historical evolution from nation state to digital society brings up the question whether the acclaimed ‘better life’ is for real or it simply lifts a smoke screen hiding a more perverse kind of poverty. The U.S. and the U.K. provide eye-opening examples of the ‘new clothes’ of poverty in a digital society and how important is to have a well-defined description of it in order to design helpful policies. These digital ‘new clothes’ of poverty are better revealed in the light of the emerging societal rift (digital divide) that seemingly leaves no room for living e-disconnected.

And when all is said and done, the lingering issue is if, even in theory, a digital society could be sustainable since the ever increasing e-connectivity brings with it more exposure to turmoil when faced with a lasting disruption/lack of energy.

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# INTEGRATED APPROACHES IN PUBLIC MANAGEMENT

Adriana GRIGORESCU<sup>1</sup>

**Abstract.** *The performance of public institution rise by the effects of the public decisions on the citizen and their perception. The general idea is that the public institution, implicit the public deciders and servants, do not take into consideration all the effects that could be generate and the malfunctions that could appear at the implementation. Starting from the definition that Eran Vigoda-Gadot offered for New Public Management: „an approach to government, who has knowledge and experience of business management and other disciplines to improve efficiency, effectiveness and overall performance public services in modern bureaucracies” [Vigoda-Gadot, 2009: 20], we are proposing an update. The actual era is characterized by integration, globalization and strengthening of the connections between the components of the socio-economic life. This makes the role and the responsibility of the public deciders more complicated.*

*The study aimed to determine if the not too good citizens’ perception and dysfunctions that we see in Romanian Public administration system came from lack of skills, process understanding, system understanding or approach. It was used the unstructured interview to collect the opinions of the sample as base to confirm or infirm the study hypothesis.*

*At the same time we consider that an integrated approach is a better solution for the central and local public institutions. Of course, the generic type of approach we are proposing as Integrated new Public Management has to be carefully developed.*

**Keywords:** public administration, system, management, performance

## 1. Introduction

About public management traditionally can be said that have been practiced since antiquity until the late 20<sup>th</sup> century [Lynn, 2006: 15] when following political events in the US in the late 60’s, besides liberalization of society, appeared ”New Public Administration” movement, promoted by young researchers who supported the democratization of public organizations [Marini, 1971: 267]. In the 70’s, the schools preparing future leaders of the public sector have introduced new courses, public management courses [Bozeman, 1991: 3-4] and was thus created a new field of study.

From here until the emergence paradigm „New Public Management” [NPM] was only a step, made in the 80’s [Robinson, 2015: 7] by the governments of OECD countries [OECD, 1995: 29]. Then came a series of changes imposed by the necessities of a competitive market economy that requires cost control, compliance the principles of competition and public management performance criteria.

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Primacy use the term „New Public Management” is disputed by many researchers, from the British Aucoin Peter [1990: 115] and Christopher Hood [1991: 4], Canadian Andrew Dunsire [1995: 17], and the implementation of the concept public management policy is attributed to British Prime Minister Margaret Thatcher [Gruening, 2001: 2].

In this context the current concerns are proximity to citizen and increase the performance of the administrative apparatus. Romania, despite its huge advances in systems to align with European countries, however, can not be considered as having a public administration and operational performance. Citizens and businesses systematically alleging the bureaucracy, delays, chaos, mess, and the weak performance of officials.

Therefore we considered it necessary to formulate a scheme for integrated approach to managemnt public to highlight the factors that contribute to the administration’s performance and links between them. On the other hand, we believe that political and administrative decision makers should adopt such an approach to have an overview of the effects of decisions made, thus eliminating a number of subsequent failures.

## **2. State of arts**

Traditional public management is characterized by the control of political leadership and bureaucracy [Hughes, 2003: 18] as described by Max Weber. All tasks are set by the political administration [Mosher, 1980: 74], which through coercion, limiting the ability to determine and managers in developing organizations they lead [Rainey, 2014: 260]. The traditional model can be described as being primarily concerned with responsibility for implementing government policy [Dubois, Fattore, 2009: 711].

Competitive market economy brings tension in traditional public management and requires the emergence of a concept that can meet the new requirements and thus appears NPM [Pfiffner, 2004: 445].

Developed from the previous model of public administration, about NPM has stated that it actually has origins in the theory of public choice and managerialism [Gruening, 2001: 1]. The arguments for this assertion comes from the dominant characteristics thereof: public choice is the result of interaction between political behavior and economic [Kessler, 2013: 31], and managerialism aims, the introduction of market values and those of the private sector in the values of the public sector [ Kessler, 2013: 477].

Initially NPM had multiple hearings and received different names, as many researchers have considered: *the new managerialism* [Pollitt, 1990: 71] and introducing a new type of budget and performance management techniques; *new public management* [Hood, 1991: 4]; *public*

*administration based on the market* [Lan & Rosenbloom, 1992: 536] through competitive practices whose purpose was to obtain efficiency; and entrepreneurial government [Osborne & Gaebler, 1993: 16] whose task was to respond to new realities.

A review of studies on NPM has led to the conclusion that most of them have pointed to the existence of some basic principles of this concept: privatization; decentralization; cutting red tape; reducing the size and scope of government; increasing productivity and managerialism [Hays, Kearney, 1997: 11]. These principles are closely linked and integrated in political economy were applied to public sector institutions.

At the beginning of the third millennium, Gernod Gruening, one of the researchers in this field, published an article which gives us his views on theoretical perspectives that inspired NPM: public choice theory, management theory, public administration classical public administration neoclassical political analysis, theory „Principal-Agent”, property rights theory, neo-Austrian school, transaction cost economy, „New Public Administration” and its subsequent approaches [Gruening, 2001: 18].

Other researchers [Lynn & Hill, 2008: 2-5] have treated this subject in terms of dimensional, identifying three dimensions:

1. Structure - composed of legal and official delegations with specific responsibilities;
2. Culture - arising from norms, values and standards of conduct;
3. Skills - represented by the managers mastery to influence the government's performance.

Taking into account previous studies professor Eran Vigoda-Gadot has succeeded to provide a definition of integrating this concept *„an approach to government, who has knowledge and experience of business management and other disciplines to improve efficiency, effectiveness and overall performance public services in modern bureaucracies”* [Vigoda-Gadot, 2009: 20].

The emergence of this new concept that has changed the managerial perspective of public organizations imposed professionalizing managers of these institutions due to pressure from the external environment that demanded efficiency and effectiveness [Brignalla, Modellbau 2000: 281]. Performance measurement is used today in many public organizations, and one of positive issues brought by this type of management is substantial help to de-bureaucratization of public organization [de Bruijn, 2007: 10].

The rapid development of information technology has been a challenge for everyone in the world, but also a great gift for us. The impressive amount of knowledge that Internet offers and the ease with which it can communicate with it, forced averages government to adapt; thus the "Digital Era Governance" [DEG] [Dunleavy et all., 2006: 467] shape the natural evolution of NPM. Dunleavy believes that when countries have appropriate technology there can be no

competition between NPM and DEG especially because of the quality, accuracy and timeliness of services provided through the services digitalized which eliminates most barriers and conflict, and can ensure easy access to collaborators external.

By the middle of the first decade of the third millennium there was a different opinion about the evolution of public management, which no longer provided much chance of NPM. And this time the change was coming all the old continent and was brought by a group of British researchers who observed the implications of the technology and information boom and concluded that there was a new powerful movement of digitalization of administrative processes that provide a unique opportunity to create change in a wide range of cultural effects, organizational and social intertwined, which they called a "Digital Era Governance" [DEG] [Dunleavy et al., 2006: 467]. This is based on reintegration, the holism based on needs and digitization.

Like for NPM, this time appear guises and different names of the same theory. Very shortly after the appearance of DEG is a new movement „#opendata” which in a very short time generated significant reactions. Phenomenon linked Web 2.0 revolution / Gov2.0, this movement maintains predominant use hashtag #opendata in order to increase accountability and transparency of government [Longo, 2011: 39].

Governments „have moved to the Internet” for the sake of its own citizens, the huge volume of data circulated so causes the „Era of Big Data” that can be generated large datasets, which facilitates government projects and services that are tailored to the citizens preferences and behavior [Margetts et al, 2012: 8].

### **3. Research Methodology**

The methodology used for the present research was the unstructured interview of different subjects from local and central public administration institutions, students in public and business administration programs, teaching staff, public and business managers, citizens of any education background and professional qualification and union representatives. About 172 subjects were interviewed in individual or group interviews, during May 2014 – May 2015.

The core issues that were posted on debate were:

Q1 – How are you describing the bureaucracy in public administration institution?

Q2 – The malfunction of decisions at the implementation are coming from lack of public debate before adoption, skills of public servants, communication, preview of effects and risk?

Q3 – Do you consider that the public administration decisions makers and servants are having an integrated image of the system they are part of?

Q4 – Do you consider that the decisions and new regulations are improving the performance of public administration?

The hypotheses we have in view have been:

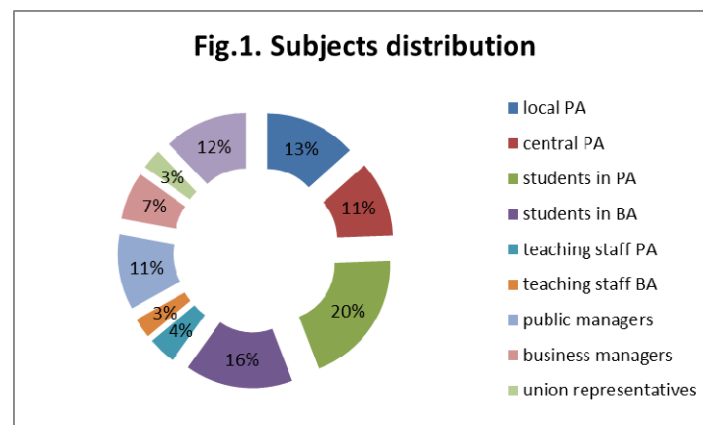
H1 – The bureaucracy in Romania is broad, but more than this is confused and illogical;

H2 – There are multiple reasons of malfunction, among the most important is the absence of an overview;

H3 – Knowledge of the system as a holistic mechanism could be a solution and a key factor in public administration performance.

## Results

The distribution of the subject according to the field of activity is presented in Fig.1.



Source: Research results

The subjects opinions were recorded and synthetized to have a dominant output. The dominant outputs were considering the opinion agreed by the majority of the subjects.

We are presenting a synthesis of the results for each core question.

### ***Q1 – How are you describing the bureaucracy in public administration institution?***

The general opinion of the subjects is that we have an excessive bureaucracy at first. This perception came from the fact that if you have to do something as: radiate a car from circulation, to obtain the passport, to apply to the eco-program etc., you can obtain information through different canals [phone, site, direct contact etc.]. In all most the cases the information is not complete and there is no description of the stages you should follow. Because of the unfortunate experience, citizens are generalizing to all the institutions, events and public servants. Part of the subjects is considering that on the site + Internet + social media there are all most the information and other part is considering that using all the IT facilities, not entirely credible

sources, means that the information is not easy to be find. At the same time all of them agreed that the reliance of the citizens on the information is limited.

Talking about the process – documents, approvals, certification, stages and steps – the subjects are considering that there are situations with too many prerequisite documents, statements and approvals. On the other hand there are cases with ‘back and forth’ or loops that are putting the citizen in the situation of spending 2-3 day for a simple issue. An observation was made that if the education degree decrease and the age increase the anguished is bigger and the un-satisfaction too.

Comparing the statements, documents and prerequisite approvals in some cases with similar situation from other European countries we are considering that the bureaucracy in Romania is more or less the same with the others. Taking into consideration the EU bureaucracy, we can appreciate that in Romania it is a normal level [with some exceptions].

The perception reason of an “excessive bureaucracy” is the lack of confidence in the information and instructions and also from a complicated process that includes more than one stop/institution etc.

***Q2 – The malfunction of decisions at the implementation are coming from lack of public debate before adoption, skills of public servants, communication, preview of effects and risk?***

Stepping forward, the mechanisms are following decisions and that is why the subjects have to appreciate the reasons of malfunctions. There are opinions that the public debate is in all most cases fake. A useful debate of any important public decision should be made with stake holders and some experts, academics and researchers that are capable to put on the table all most of the concerns. On the other hand no subject could mention their knowledge about ‘simulation’ of implementing process and the procedure.

The analyzed process was “Rabla” program [eco program aimed refresh the car park by buying new cars with a bonus voucher if giving a polluting cars to be dismantling]. It has a lot of adjustments due to the fact that at first the request was bigger than expected to drop the old cars not necessary to buy new. Latter not all the car producers accepted to be part of the program because part of the attributions were transferred to them. The information even after several years of implementation are confused: nobody knows the date of start, the number of cars supported and the procedure because it was changed yearly.

Skills of public servants are considered priori improper if any malfunction appear. The analyzed process was “APIA support” program [financial support offered for agriculture, horticulture, farming etc.]. This shows that after the experience of 2007-2013, it was fundamentally changed not necessary in a good way, but definitively in accordance with the EU

objectives. The new procedure were published and distributed very late and the applicants do not know what documents should accompany the application, the verification for an application tugged several hours [one day] and the dead line was very close. The public servants used 100% of their skills to assist them and they extended the working program as much as needed to cover all the applicants. Of course this happened in certain institution and with certain servants.

The general opinion was that the public servants are not selected based on the most important skill – vocation to serve the citizen. There are areas with a too high workload that creates pressure, delays, prevarication, mistakes etc. and this goes in public servant frustration that is reflected on the citizen.

The subjects are considering that the communication is improving day by day. There were opinions that too large amount of information are dropped to the citizens and this is clouding the important one. Other opinions were that the communication is not properly done. They are considering that a proper communication must be KISS – kip it short and simple. This was the main idea of the subjects that the communication should be clear, simple, and easy to be understood and it has to clearly explain the documents, steps, placeless involved. If needed some leaflets with drawings to be more explicit and easy to be understand even for an unlettered citizen [as user manuals for electronics].

About preview of effects and risk of implementation part of the subjects situated outside of the public institutions agreed that the public decisions making and public servants do not preview the effects and the process running before they start to implement and are confronted with malfunctions. Then they are correcting and adjusting the procedures to solve the problems, but the idea is already compromise on the eyes of citizens. On the contrary the subjects that are from inside the public bodies are considering that all the decisions and procedures are carefully prepared. The malfunctions are considered unexpected events and somehow normal for the implementation process. There were also opinions that point out the fact that the procedure are not tested and debated to see if potential dysfunction could appear.

***Q3 – Do you consider that the public administration decisions makers and servants are having an integrated image of the system they are part of?***

The first aspect that was found is the interest of the subjects to find out what exactly mean “integrated image”. They know what a system is, but they have very poor knowledge of what is behind the “system” concept. After they understood what the meaning of “integrated system” is and what we are expecting to do the decision makers, all most the subjects agreed that this is not done before a decision is taken and before a procedure is enforced.

At the same time they appreciate that the public decision makers do not have the proper knowledge to handle this kind of preview tests and analysis.

***Q4 – Do you consider that the decisions and new regulations are improving the performance of public administration?***

All the subjects consider that new regulations and procedure aiming the improvement of the performances. Not all the time this really happened. It was expressed the opinion that an important issue is the too frequent changes in public procedures. They are considering that after the ‘testing’ or ‘calibration’ period, is need a long period of stability to allow the citizen to get used to and to easily perform all them.

Starting from the presented above results of the study we can appreciate that the hypothesis that we formulate at the beginning of the conducted research were validated.

#### **4. Conclusions**

So, the hypothesis:

*H1 – The bureaucracy in Romania is broad, but more than this is confused and illogical;*

*H2 – There are multiple reasons of malfunction, among the most important is the absence of an overview;*

*H3 – Knowledge of the system as a holistic mechanism could be a solution and a key factor in public administration performance;*

could be considered starting point of a new approach in public management – *Integrated new Public Management (InPM)*.

Based on the opinion of the subjects a first relationship picture that has to be considered is presented in Fig.2.

**Fig.2. Basic elements to be considered in InPM**

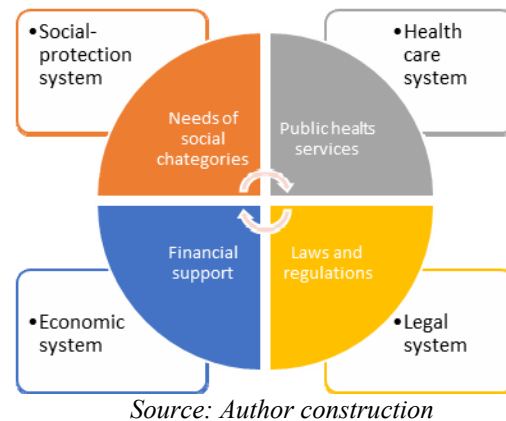


*Source: Author construction*



A second diagram that has to be considered is the system and sub-system. This clarifies the connection between the systems that could be influenced by a public decision related with one system, but in a larger perspective it is influencing other components of socio-economic life, becoming a sub-system of a larger picture (Fig.3.).

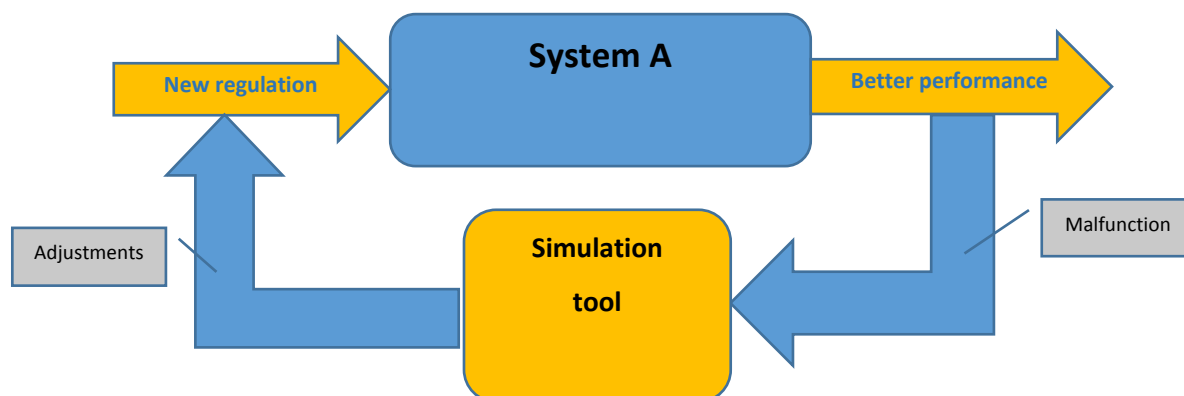
**Fig.3. System of assistance for social excluded categories**



It could be seen that if we are speaking about the protection of category exposed to exclusion, any decision taken in this area has to be considered as a part of a larger aggregate because of the strong links with the health system that in our opinion is the second half of the problem. Legal and economic system has to be considered too because the first is stated the new “rules” and the second is responsible to generate the financial support. We have to mention that changes in any of these four systems determine effects in the others that are why they could be independently analyzed as systems or could be considered sub-systems of a larger one.

The third aspect we would like to highlight is the feed-back law of a systemic approach. A simple diagram of the feed-beck process can explain the role of the simulation process before implementing a new public decision (Fig.4.).

**Fig.4. Feed-back through simulation**



*Source: Author construction*

Using this feed-back mechanism any public decision could be adjusted before the implementation, thereby reducing undesirable effects to a minimal level. The simulation tool building is the key issue of the success because the simulation tool incorporates the link components with the other systems, the synergy of the upper system, integrated preview, estimation, prediction, forecasts etc.

Further developments of the present research are to set principal social-economic systems and to create integrated pictures and simulation tools for the decision makers.

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# THE ROLE OF EUROPEAN FUNDS IN ACHIEVING THE EUROPE 2020 GOALS. CASE STUDY: ROMANIA

Cristiana CONSTANTINESCU<sup>1</sup>

**Abstract.** *An analysis of the impact of European funds for agriculture, on the Romanian economic environment taking into account the large amount of EU allocation, as well as the absorption rate for European funds. Also, the analysis is based on three targets set out by the European Commission: environmental strategy, increase productivity and competitiveness of products and development of infrastructure and economic environment in rural areas.*

## 1. Europe 2020 goals

For the 2014-2020 funding period, the EU aims to meet the Europe 2020 goals for economic growth, focusing on elements that Europe needs to overcome the economic and financial crisis as well as on the areas where the EU contribution can make a difference.

The Europe 2020 strategy is based on three main priorities, designed to ensure a sustainable and viable european economy, providing an overview of the social market economy of Europe of the XXI century and following:

1. Smart growth - developing an economy based on knowledge and innovation;
2. Sustainable growth - promoting an economy more efficient from the point of view of the use of resources, more environmentally sound and more competitive;
3. Inclusive growth - promoting an economy with a high rate of employment, able to ensure economic, social and territorial cohesion.

In order to measure the progress made by Member States, at EU level have been established five measurable goals, able of reflecting the actual state of development in member states. These goals were originally defined in the communication "Europe 2020 - A strategy for smart, sustainable growth and favorable to inclusion" published on 3 March 2010. On 17 June 2010, they have been adopted in the Council of Europe, providing:

- ✓ Unemployment: EU wants an 75% rate of employment for the population aged 20-64 years;

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- ✓ Research and development: investments (public and private) in research and development of 3% of the EU GDP;
- ✓ Climate Change and Energy: objective "20/20/20" for energy and climate change, meaning that EU wants the reduction of GHG emissions by at least 20% compared to 1990, to increase to 20% the share of renewable energy in final energy consumption and a 20% increase in energy efficiency;
- ✓ Education: a maximum of 10% rate of early school leaving rate and a minimum of 40% graduation rate of tertiary education among young people between 30 and 34 years;
- ✓ Poverty and social exclusion: reducing by 20 million the number of Europeans at risk threatened of poverty and social exclusion.

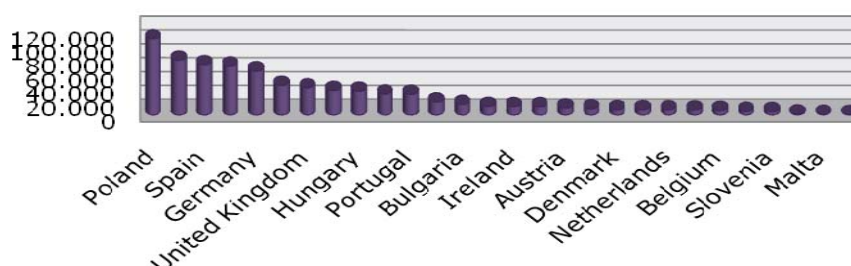
Each Member State (MS) transposed the goals into national targets through **National Reform Programmes** – a document which presents the country's policies and measures to sustain growth and jobs and to reach the Europe 2020 goals. The National Reform Programme is presented in parallel with its Stability/Convergence Programme, which sets out the country's budgetary plans for the coming three or four years.

For the period 2014-2020, through the EU budget, the MS received app. 860 billion Euro (set out in the Common Multiannual Framework), divided into six categories of expenditure - closely linked to the objectives mentioned above:

- The emphasis on economic growth, employment and competitiveness, increased investment in education and research and by creating a new fund, the Connecting Europe aims to foster pan-European projects of transport infrastructure, energy and information and communication technologies.
- Increased spending quality due simplify the rules related to EU funds, the clear focus on investments that give concrete results, and the possibility of suspending EU funding if a country fails to implement sound fiscal and economic policies.
- A Common Agricultural Policy (CAP) reform to a more competitive European agriculture and greener.
- Combating climate change as essential constituent element of all major EU policies, a percentage of 20% of the MFF 2014-2020 is dedicated to the fight against climate change.
- Solidarity with the poorest countries and regions in the EU, focusing most of the regional funding in those areas and the establishment of a new fund for employment among young people.
- Limit higher operating expenses due to staff reductions in the European institutions.

Thus, according to EU Regulation in force, as well as to CMF 2014-2020, Romania will receive European funds worth 42.9 bn. Euro, ranking 6th in the EU, after Poland, France, Spain, Italy and Germany (detailed table is presented in Appendix 1). Romania is a Member State of the EU budget that receive higher amounts than they contribute, and this will remain throughout the next budgetary period (2014-2020).

Fig. 1 European funds distribution for 2014 – 2020 (bln. Euro)



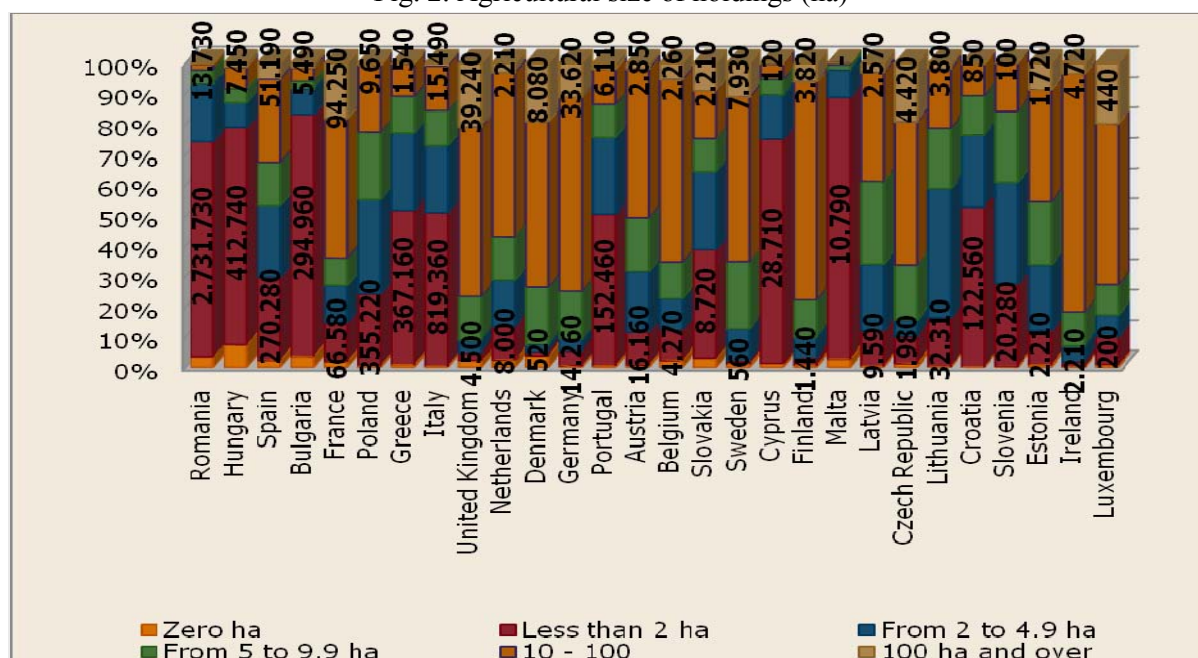
## 2. General facts about Romania

Romania is the most fragmented countries from EU, having 2,7 million agricultural holdings smaller than 2 hectares (Fig. 2).

The age structure of the farming community is on average older than in the EU- 28: in Romania only 7.3% of farmers are under 35 years old (7.5% in EU-28), while 37.9% are older than 64 (30% in EU-28).

Importance of rural areas Farmer's income continues to be lower and less stable than wages in other sectors

Fig. 2. Agricultural size of holdings (ha)



Source: Eurostat - Farm Structure Survey, 2014

### 3. Short analysis on the 2007 – 2013 programming period

To better understand the possibility of Romania to achieve the objectives set by the EU should start from an analysis of the funds managed in the previous programming period 2007-2013. It should be noted that 2014 was considered a year of transition to the new common agricultural policy, being assimilated in this analysis of the previous programming period.

In total, Romania has been allocated 30.5 billion euro fund, for the entire programming period 2007-2014.

Most of the funds Romania receives from the EU budget is directed to its regions. **Regional policy** aims to reduce economic disparities, social and territorial cohesion of the European regions. Regional funds invest in a wide range of projects that support job creation, competitiveness, economic growth, quality of life and sustainable development.

The other part of EU financing goes to agriculture and rural development. **The Common Agricultural Policy (CAP)** aims to support the farmers and promote safe and quality food, but at the same time to protect the environment and stimulate rural economies.

The common agricultural policy is the only policy funded almost entirely by the EU budget and covers three types of expenses:

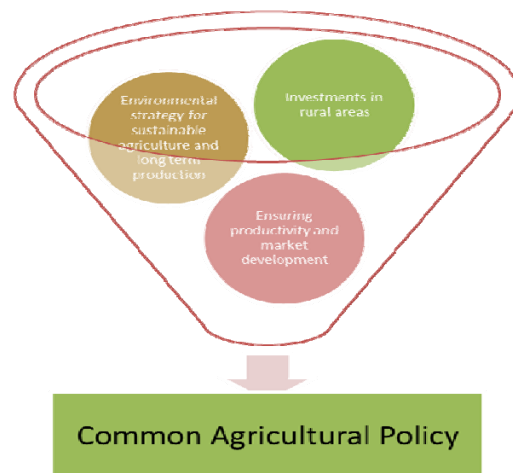
- Aid to farmers' income and respect of sustainable farming practices by making direct payments conditioned by the compliance with strict European standards regarding food safety, environmental protection and animal health and welfare. These payments are funded entirely by the EU and represents approximately 70% of the CAP budget, thereby guaranteeing farmers a minimum income stability. They allow thus ensuring long-term viability of farms and protects them against price fluctuations. Reform of June 2013 states that 30% of direct payments to be linked to compliance by European farmers to sustainable agricultural practices favorable to soil quality, biodiversity and the environment in general, such as, for example, crop diversification, maintenance of permanent pasture or conservation green areas on farms.
- Market support measures: activated, for example, when bad weather conditions destabilize markets. These payments represent less than 10% of the CAP budget.
- Rural development measures: in order to help farmers modernize their farms and become more competitive while ensuring environmental protection and diversification of agricultural and non-agricultural vitality of rural communities. These payments are co-funded by Member States, they are generally multi-year and represent about 20% of the entire budget of the CAP.

These three types of aid are deeply interconnected and need to be managed consistently. For example, direct payments guarantees farmers a stable income and at the same time, offers rewards for environmental public interest. Similarly, the rural development measures facilitate the modernization of farms, while encouraging the diversification of activities in rural areas.

Regarding Romania, the amount of EU funding for sustainable practices and supporting market during 2007-2014 was 10.8 billion euros out of a total of 17 billion euro for all three types of expenses covered by the CAP budget.

*A simple analysis of the impact of these funds on the Romanian economic environment can be achieved considering three aspects: environmental strategy adopted by the EU in the long term, increase productivity and competitiveness of products in the agricultural sector and development of infrastructure and economic environment in the Romanian rural area.*

All three aspects are interrelated and require special attention if we want a durable and sustainable development.

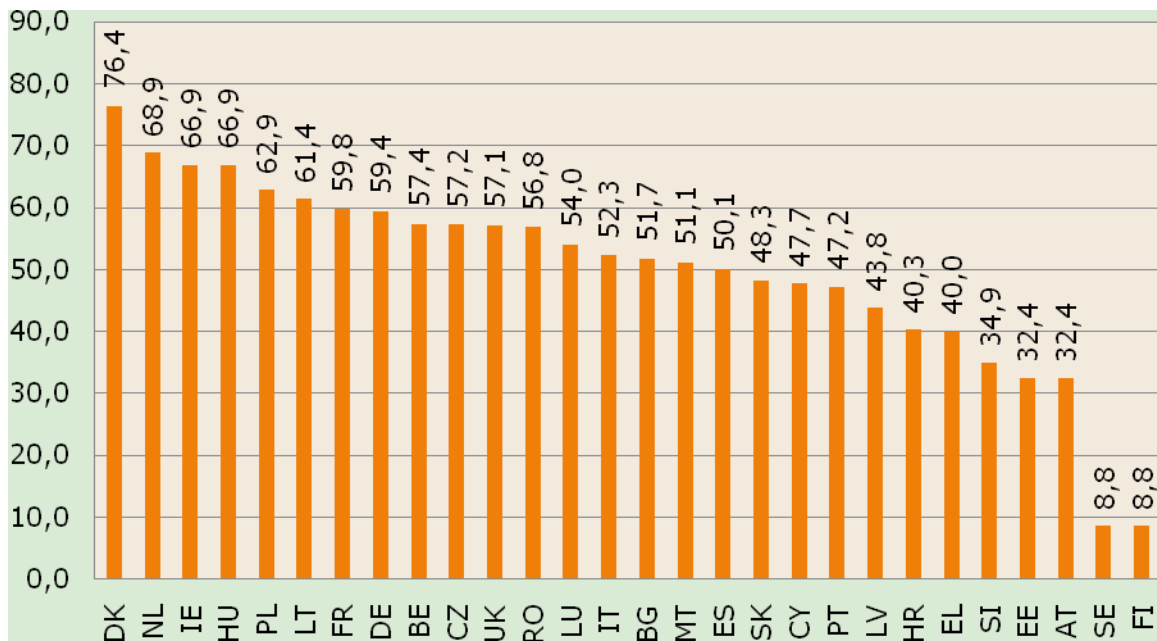


#### **4. Environmental strategy for sustainable and long term production**

An important aspect is related to the farm structure in Romania, different than the one in older member states of EU. So, from this point of view, Romania has 57% agricultural area, on the 12<sup>th</sup> place in EU from the percentage of total area distribution (Fig. 3).



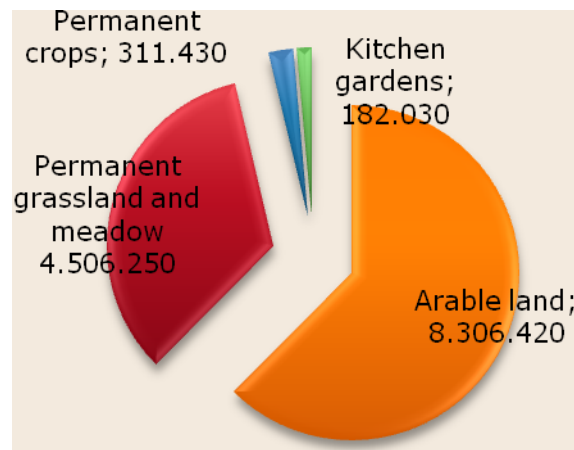
Fig. 3. Agricultural area distribution in EU (% of total area)



Source: Common context indicators for rural development programs (2014-2020), C31 – Land cover

An analysis of agricultural areas (13,3 million Ha) in Romania shows us that the biggest part is arable land, followed by permanent grassland and meadows, permanent crops and kitchen gardens (Fig. 4).

Fig. 4. Agricultural land use in Romania (ha)



Source: Eurostat - Farm Structure Survey, 2014

From the farmers point of view, in 2014, Romania received 1,03 milion applications for 9,7 million ha registered for direct payments financing, smaller than the first year of joining the EU (2007) when the number of farmers was 1,2 mill for 8,9 million ha.

Since one of the wishes of the European Commission, expressed through the new CAP is to have a solid environment, with bigger farms and associations of producers, we could say that Romania is on the wright track and that the farmers started to understand the benefits of collaboration, on long term commitments.

Moreover, with help from the EU, through the market measures, at this time in Romania there are 17 producer groups' official recognized and 10 producers' organizations for fruits and vegetables, whose aim is to take advantage of the Coomon Market Organization, according to EU Regulation 1308/2013.

From the environment point of view, all farmers receiving financial aid should respect the cross compliance conditions, set out in the EU regulations in force and referring to: Good Agricultural and Environmental Conditions and Statutory Management Requirements for animal welfare, water, soil and air.

Rural Development funds have also supported the preservation of Romania's rich natural landscapes and promoted more sustainable farming practices, allowing that more than 400 thousand holdings receive support for voluntary agri-environment commitments going above the minimum requirements set in EU legislation. These agri-environment practices were applied on more than 2 million ha of low favored area and almost 40 thousand ha of organic farming, in order to preserve biodiversity and sustainable agriculture.

Because of the need to respect these conditions, the MS is requested to control and monitor closely how they are put in practice, and also to apply sanctions to the farmers who disrespect them.

## **5. Productivity growth and competitiveness of agricultural products**

Following the granting in recent years to direct payments to farmers, the statistics published by national Statistics Institute (NSI) and Eurostat (2013) shows that Romania had an average production of 1,160 euros per hectare while Poland had an average production of 1,560 euros per hectare, Hungary - 1,660 euros and 1,380 euros Czech/ha. From the financial standpoint, Romania recorded agricultural production of 15.48 billion euros in 2014, ranking eighth in the EU after France, Germany, Italy, Spain, UK, Netherlands and Poland. However,

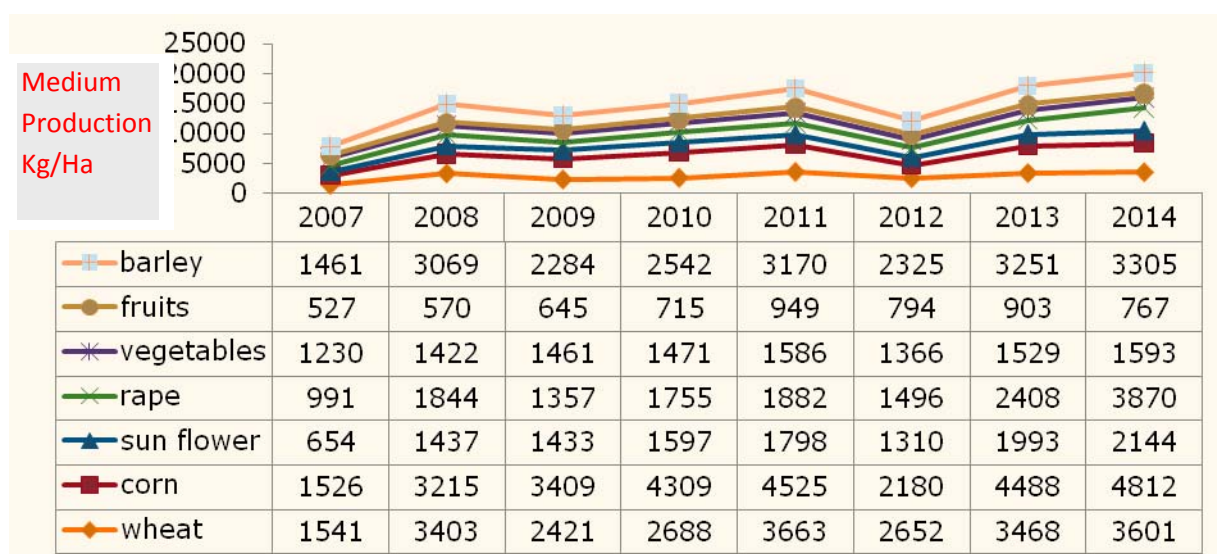
according to data published by Eurostat for 2014, the highest concentration of cultures found in Romania, they contribute 73% of income from agriculture.

Although the statistics are not so encouraging, we should see the picture bit by bit, taking into account the impact of EU money on several base products, such as: wheat, corn, rape, barley, vegetables, fruits etc.

In this regard, in Romania, from a total of about 10 million ha of agricultural use, approx. 2 mil. Ha were registered for wheat production, providing in 2014 an average production of 3,600 kg / ha, two times bigger than the one in 2007, when Romania joined the EU.

Just like in wheat case, the medium production per hectar has increased for the other agricultural sectors, up to twice as much as in 2007. A pure statistical prediction made for the next years shows that we can expect to an increasement of all agricultural production, which means that Community funds can prove their efficiency in ensuring sustainable and viable agriculture.

Fig. 5. Medium production for agricultural sectors, 2007-2014



Source: MADR website, [www.madr.ro](http://www.madr.ro)

As for the competitiveness of Romanian products, the EAGF allocated until 2014, 210 million Euro for support programme for Romanian wines. In this regard, Romania is the 6th wine producer in Europe, immediately after France, Italy, Spain, Germany and Portugal.

Priority was granted to restructuring and conversion of vineyards as well as the promotion on third country markets and harvest insurance. Restructuring and conversion measures had the most significant impact on the vine and wine sector, with around 25.500 ha of vineyards restructured or modernized until 2013, amounting to 14% of the Romanian surface planted with vines (181.770 ha). The promotion programmes have resulted in entering new third-country

markets, conclusion of sound marketing contracts, increase of exports and consolidation of the presence of Romanian wines with Protected Designations of Origin and Protected Geographical Indications on traditional markets. The targeted markets were primarily China, Japan, the USA and Russia. The total wine exports in 2013 amounted to an increase of 10% as compared to the last 3-year average. Romania showed great interest in continuing the implementation of measures aimed at boosting the competitiveness of its wine sector. For the period 2014-2018 Romanian wines will continue to benefit from the support programme, with an increased budget of EUR 238.5 million.

Besides the programmes presented above, according to the official data from MADR website, during the 2007 – 2014 period, the imported amount (thousand tones) of wines significantly decreased, while the export quantities were slightly increased (fig. 6).

Fig. 6. Import and export for wine (thousand tones)



## 6. Investments in infrastructure and private projects in rural areas

Besides the direct payments and market measures beneficiaries, in 2007-2014 programming period, through the National Programme for Rural Development (NPRD) more than 100.000 physical, public or juridical persons received financing for investments in rural areas, through European Agricultural Fund for Rural Development (EAFRD).

With help from EAFRD, more than 200 agricultural holdings were modernized, leading to an investment of more than 2 bln Euro.

In total, from 9,3 bln Euro allocated by the EAFRD 2007 - 2014, Romania paid over 6 bln. Euro for projects in infrastructure and other agricultural related activities.

Also, 2014 meant for Romania a capital contribution coming from European funds worth 2.5 billion euros, of which 2.06 billion euros were primarily used to ensure a stable income for farmers who maintain land in good agricultural conditions and for the farmers that apply environmentally friendly farming practices - through compensatory measures and direct payments on the surface.

European funds for agriculture had the highest rate of absorption in the previous programming period. Thus, out of a total of 7.8 bln. Euro allocated by the European Agricultural Guarantee Fund (EAGF) for 2007 - 2014, Romania has absorbed about 7.7 billion euros.

The European allocation, as well as the co-financing part ensured from national budget, were invested into the agricultural sector and played a key role to attenuate the effects of the economic crisis in Romania.

Since 2007, Romania's Rural Development programme helped more than 9.400 young farmers, with aid of more than EUR 86 million to help improve the age structure in farming; more than 800 public institutions to upgrade rural infrastructure and provide access to basic services, in order to create the pre-conditions for economic growth. These investments involved: 3827 km of road infrastructure; 2789 km of water infrastructure; 4210 km of waste water infrastructure were built or rehabilitated.

*Taking into account the figures and the progress presented above, we could say that Romania can achieve Europe 2020 goals in matter of agriculture, gas emissions and climate change, ensuring in the same time a proper development of the economic environment.*

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Annex 1. European funds distribution for 2014 – 2020 (bln. Euro)

	<b>Total Cohesion Policy</b>	<b>Total CAP</b>	<b>European Maritime and Fisheries Fund</b>	<b>Total 2014-2020</b>
Poland	77 567	32 071	531	<b>110.169</b>
France	15 853	62 813	588	<b>79.253</b>
Spain	28 559	42 880	1 162	<b>72.601</b>
Italy	32 823	37 520	537	<b>70.880</b>
Germany	19 235	44 123	220	<b>63.578</b>
Romania	22 994	19 771	168	<b>42.932</b>
United Kingdom	11.840	27 345	243	<b>39.428</b>
Greece	15 522	19 596	389	<b>35.507</b>
Hungary	21 906	12 390	39	<b>34.335</b>
Czech Republic	21 983	8 315	31	<b>30.329</b>
Portugal	21 465	8 095	392	<b>29.952</b>
Slovakia	13 992	4 590	16	<b>18.823</b>
Bulgaria	7 588	7 476	88	<b>15.445</b>
Croatia	8 609	3 505	253	<b>12.368</b>
Ireland	1 189	10 725	148	<b>12.062</b>
Lithuania	6 823	4 723	63	<b>12.060</b>
Austria	1 236	8 808	7	<b>10.050</b>
Sweden	2 106	6 640	120	<b>8.866</b>
Denmark	553	7 010	208	<b>7.772</b>
Finland	1 466	6 061	74	<b>7.601</b>
Netherlands	1 404	6 012	102	<b>7.519</b>
Latvia	4 512	2 530	140	<b>7.182</b>
Belgium	2.284	4.267	42	<b>6.593</b>
Estonia	3 590	1 665	101	<b>5.356</b>
Slovenia	3 075	1 802	25	<b>4.902</b>
Cyprus	736	485	40	<b>1.261</b>
Malta	725	134	23	<b>882</b>
Luxembourg	60	337	12 060	<b>396</b>

# TOWARDS AN INTEGRATED FRAMEWORK OF THE EUROPEAN SOCIAL FUNDS PROJECTS

Andrada NIMU<sup>1</sup>

**Abstract:** *In this article I present the Structural Funds literature that I have divided into Europeanization, governance and absorption capacity approaches. For each approach I present the essential aspects, concepts and trends of analysis. Then I argue that the Structural Funds literature lacks explanatory power if not correlated with a more general theory. In this regard, I argue why this literature can be convergent with the institutional approach and in this attempt, for each approach I turn to the general assumptions of the institutional framework created for a better theoretical understanding.*

**Keywords:** *Absorption Capacity, European Social Funds, Europeanization, Governance, New Institutionalism*

## 1. Introduction

The Structural Instruments of the European Union that act as financial mechanisms are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) through which EU supports social and economic restructuring in Member States, promote economic and social cohesion, and solidarity (Boldea 2012, 577). The main difference between the pre-accession funds and these funds is that the management shifted from the Commission to the subject countries. Moreover, the distinction between these two types of funds lies in the multiannual programs, a different type of management and all types of principles (additionally, reimbursement, partnership). The general rules for the Structural Funds were set by the EU Council Regulation no. 1083/2006 June 2006, where the general framework was developed (Cace et al. 2009, 11). The European Social Fund was set by the EU Council and Parliament Regulation no. 1081/2006 and has a main targets increasing the adaptability of the labor force and of enterprises, increasing access to the labor market, prevention of unemployment, longer active life, participation of women and immigrants on the labor market, supports the social inclusion of the disadvantaged persons and curbs discrimination (Cace et al. 2009, 11). All the targets have a priority, that of covering the historic gaps between the European

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states. In this article, I will focus on how ESF has been analyzed throughout the literature, focusing on some case studies from the CEE countries.

Firstly though, some issues should be highlighted. For example, some authors (Boldrin and Canova, 2000) consider that the structural fund transfers are the result of political negotiations that are not necessary in favor for the New Member States: they receive financial aid in exchange for remaining into the single market, which actually gives more advantages to the large and influent countries (Zaman and Georgescu2009, 140). Furthermore, the economic effects of the structural funds as presented in various impact studies based on econometric models do not reveal positive outcomes, rather “ambiguous pictures”: they could increase the GDP growth in the CEE countries by 0.7 percent annually, while others indicate 0.1 percent (Zaman and Georgescu 2009, 140). The authors (2009, 140) argue that the structural funds cannot achieve what the Commission has planned through its strategies because of several factors: a major part of the funds are allocated to rich countries who have better and past experience regarding implementation of aids; the internal taxation in Europe varies from country to country and also the level of corruption varies from country to country. On the other hand, structural funds are viewed as a sign of solidarity from the rich countries to the poor ones. There are also good examples regarding absorption, such as Ireland or Poland. Nevertheless, both the economy and social cohesion are processes that cannot be treated universally in countries that have different backgrounds and they don’t evolve in a similar manner for all the countries and individuals (Zaman and Georgescu 2009, 141). Nevertheless, the different results from the CEE countries were attributed to the incapacity of institutional adoptions to the EU procedures, rules and norms, unsuccessful modes of governance, weak administrative capacity and many other. In the next pages I present the three identified approaches, then I argue why they lack a proper explanatory power and thus I integrate their principal assumptions in an institutional framework for a better theoretical understanding.

## **2. Europeanization: a never-ending process**

Europeanization is understood as “a process of adaptation of domestic institutions in response to the policies of the European Union” (Dabrowski 2008, 229). Radelli (2004) suggests that the outcome of this process depends on the institutionalization of the European policy framework and on how this is adjusted to the particular institutional arrangements. In this way, Structural Funds represent a key factor to institutional change for the European countries that want to access them. This process has an impact on the relations between institutions at a central and regional level (Ferry and McMaster 2005, Aissaoi 2005) and the reconstruction of their



administrative capacities (Bafail and Hibou 2003; Bafail and Lhomel 2003; Beaumelou 2004; Aissaoi 2005). The administrative capacity plays a central role in this type of literature because it is argued that its adjustments help the distribution of the funds (Dabrowski 2008, 228).

In this regard, several compared studies have been developed: Paraskevopoloud and Leonardri (2004) have compared the process of institutional adaptation to the European Union's criteria in accessing Structural Funds in Ireland, Portugal and Greece versus Hungary and Poland. The findings of the study suggested the similarities of the countries in the patterns of adjustments "namely the predominance of centralism, weak involvement of non-state actors and the lack of trust hampering co-operation between actors". The authors conclude that in the case of Poland and Hungary there is a risk that compliance with EU rules remains only 'formal' due to the weakness of institutional infrastructure inhibiting their social learning capacities" (Dabrowski 2008, 228). Bafail and Lhomel (2003) studied this process in Poland and concluded that the adjustments and preparations for administering the funds were based on the reports and pressures from the European Commission and also by the central government that highlighted Poland's need for absorbing the aid.

The Europeanization literature authors consider that this complex process depends on the pre-existing institutions in each country, their willingness to adopt the Commission's regulations and shape the institutional change. Dabrowski (2008, 230) arguments that Europeanization can be viewed with historical institutionalism glasses. His example in the case of Poland relies on the study developed by Paraskevopoloud and Leonardri (2004):

"in the case of new member states lagging in terms of economic and institutional development, such as Poland, Europeanisation corresponds to a positive external shock for the established domestic structures, which triggers administrative restructuring and constructing of institutional capacities, both at national and sub national levels of government" (Dabrowski 2008, 230).

In his article he argues that the communist legacy translated into "path dependency" (North:1990; Pierson 2000) in the process of Europeanization has a powerful impact upon the efficiency of Structural funds absorbing in Poland. Nonetheless, the responsibility of weak absorption is shared with the European's Commission in its ambiguous influence (Dabrowski 2008, 232). This means that "the vagueness of the European Commission's recommendations concerning administrative reform and its reluctance to consign the task of formulation of regional operational programmes to young regions have opened a window of opportunity for the state" (Dabrowski 2008, 245). Therefore, in lacking of a strict and clear methodology regarding the institutional adjustments, the central government used its power when implementing certain regulations and kept the same centralized institutional arrangements. In addition, "regional self-governments, just like the central government, seem to have seized upon the opportunity offered

by the lack of precision of European prescriptions to favor their own interests and privilege the participation of local officials and actors from the private sector at the expense of representatives of civil society”.

Schimmelfenning and Sedelmeier (2011, 662) suggest that Europeanization can be analyzed in terms of institutionalization at the domestic level, which includes “the transposition of EU legislation into domestic law, the restructuring of domestic institutions according to EU rules, or the change of domestic political practices according to EU standards”; however they adopt this point of view when considering the governance approach. When talking about institutional change due to a process of Europeanization, Cerami (2007, 5) suggests that pre-existing institutional arrangements lay at the core of this process and that contemporary institutions are the result of a recombination of preexisting features, with the main aim of bringing past institutional structures in line with new adaptation requirements (Cerami 2006). At the same time, his main argument is that European Union played a crucial role in the process of Europeanization, by introducing new social ideas, interests and institutions and by “structuring, de-structuring and re-structuring of existing welfare institutions” (Cerami 2007, 1; 2006).

His analysis relies on Börzel and Risse (2000) argument that institutional changes at a national level occur only if discrepancies between EU requests and the local situation exist. Other factors are also taken into account, especially pre-existing social norms that favor policy and institutional implementation (Toshkov 2006) or interests groups. Tashkov (2006, 7-9) suggests that other alternative factors may speed the process of implementation policies, rules or legislations, such as:

- “1. the existence of governments positioned to the right of an ideological Left/Right continuum;
  2. the orientation of governments towards traditional values related to national sovereignty;
  3. the civic and political support for EU Integration;
  4. the effectiveness of domestic governance;
  5. the absence of numerous veto points;
  6. the existence of strong political pressures for compliance to EU rules; and
  7. the presence of unfavorable economic conditions, such as unemployment”
- (Cerami:2007, 6).

Based on the analysis of Featherstone (2003) and Radaelli (2003), the author considers that ideological preferences of governments and actors, the administrative capacity of a country and veto players, along with the economic or social background represent further factors that interfere with the process of Europeanization. He plays an important focus on ideas and interests in the making of social policies, in terms of social policy diffusion of ideas or policy learning processes and institutional transnational cooperation.

Having presented some core arguments in the literature that treats Europeanization as a core variable in explaining the success of absorption of ESF, I turn to the governance approach, that offers different explanations to this issue.

### **3. The governance approach: everything is interdependent**

Schimmelfenning and Sedelmeier (2004, 669) referred to “good governance” as being usually applied to describe and analyze particular forms of policy-making within the EU” (Jachtenfuchs 2000; Kohler-Koch and Eising 1999). In their article “Governance by conditionality: EU rule transfer to the candidate countries of CEE” (2006, 670), Schimmelfennig and Sedelmeier deal with the external dimension of governance, that implies export of EU systems of governance as such, and specifically of a particular mode of ‘network governance’ (Kohler-Koch and Eising 1999; Peters 2000) and the governance mode through which the EU transfers given rules. In order to analyze this type of governance, they also refer to EU conditionality, a strategy of bargaining or reinforcement by reward that offers external incentives to governments in order to comply with the imposed conditions. Of course, there are other methods in complying with the European laws, such as adoption *per se*, in cases where such legislation is effective in solving internal problems, or in the process of learning in transnational networks.

The external incentive model of governance is a rationalist bargaining model (Schimmelfenning and Sedelmeier 2004, 663): the actors involved in the process use a utility maximizing strategy for their power and welfare. In the bargaining process, they exchange information, threats and promises and the final outcome depends on their bargaining power. The external incentive model suggest that “follows a strategy of conditionality in which the EU sets its rules as conditions that the CEECs have to fulfil in order to receive EU rewards. These rewards consist of assistance and institutional ties ranging from trade and co-operation agreements via association agreements to full membership.” In this case, the strategy used by the EU is based on rewards (Schimmelfenning et al 2003, 496-497) and the EU pays the rewards when the government complies with the conditions, and retracts it if it does not. Moreover, the authors identify an analytical starting point in the bargaining process as being the internal *status quo* of a country, with a slightly different legislation from the EU. In a rational choice manner, the *status quo* is a “domestic equilibrium” in which distribution of preferences and bargaining power are situated. The equilibrium is broken when the Commission offers incentives for compliance with the EU. The conditionality is either direct, through intergovernmental bargaining or indirect, through empowering of some domestic actors. According to some authors

(Borzel and Risse 2000, 6–7; Knill and Lehmkuhl 1999, 6–8), this empowerment strengthens the bargaining power of the actors and changes the internal opportunity structure. The general proposition of the external incentives model when a strategy of reinforcement by reward is applied is that a state adopts EU rules if the benefits of EU rewards exceed the domestic adoption costs (Schimmelfenning and Sedelmeier: 2004, 664). The cost benefit balance therefore depends on the determinacy of conditions, the size and speed of rewards, the credibility of threats and promises, and the size of adoption costs (2004, 664).

The other two alternative models of external governance are social learning and lesson drawing. The model of social learning is based on social constructivism and represents a prominent alternative to rationalist explanations of conditionality (Checkel 2000; Kahler 1992) and Europeanization (Borzel and Risse 2000). This model operates on a logic of appropriateness (March and Olsen: 1989, pp. 160-161), meaning that the actors are motivated by internalized identities, values and norms. Among a variety of actions, they choose the one who is appropriate to them, the legitimated one. Therefore, conditionality is understood as a process composed of legitimate rules, the appropriateness of behavior, persuasion and “complex” learning (Schimmelfenning and Sedelmeier 2004, 667). The general proposition of this model is that a state adopts the EU rules if it is persuaded of the appropriateness of EU rules (Schimmelfenning and Sedelmeier 2004, 668).

The lesson-drawing model, on the other hand, does not deal with incentives or persuasion, but is a “response to domestic dissatisfaction with the *status quo*” (Rose 1991, 23-24). According to Rose, policy makers adopt several policies and rules in operation elsewhere and evaluate them in order to see if they are efficient in the particular domestic setting. Its general proposition states that a state adopts EU rules if it expects these rules to solve domestic policy problems effectively (Schimmelfenning and Sedelmeier 2004, 668).

In conclusion, the external incentive model is the main model through which CEEs adopt the procedures, rules or legislations and the two models offer an alternative explication to EU rule transfer, where implementation is “more likely to result in behavioral rule adoption and sustained compliance, while external incentives primarily privilege formal rule adoption as the least costly form of rule adoption” (2004, 674). Therefore, conditionality can be a strong explanatory variable for pre-accession rule adoption, but we can also add the possibility of socialization and learning dynamics (Schwellnus, 2005). Dimitrova and Rhinard’s case study (2005) shows that “despite formal adoption of the anti-discrimination law, which could be attributed to conditionality, norm conflict leads to actual delay even after accession. Thus, we expect norm conflict to matter more when conditionality has reached its expiration date and member states are treated as equals”.

Another approach is multi-level governance that can be seen as a response to the state-centric, intergovernmentalist theory of the EU which dominated studies throughout the so-called period of ‘eurosclerosis’ from the late 1960s. Multi-level governance challenges the view of the state as being the singularly most important and necessarily dominant actor within the EU policy making process” (Awesti 2007, 3). The author also suggests that the MLG tries to shift analytical focus from the macro history-making events towards the sub-systemic level of political activity (Peterson 1995, 69-93 in Awesti 2007, 4) and enhances upon the complex institutional interdependence within the EU. According to this theory, institutions “structure policy-making and provide stability in a complex political environment and facilitate the development of informal inter-actor policy relationships” (Awesti 2007, 8); a process that occurs within the fissures of formal institutions, with the nature of informal policy networks being determined by the access points offered by formal institutions (Pollack, 1996 453).

According to Borzel (2011, 7) the new modes of governance are appropriate for the capacity of the states to comply with EU rules and norms, structures and processes of coordination that aim at adopting and implementing political decisions (governance) and that are non-hierarchical, (each actor involved has a formal or de facto veto in decision-making and complies voluntarily, respectively), and/or systematically involve non-state actors, for profit (e.g. firms) and/or not for profit (e.g. non-governmental organizations) in policy formulation and/or implementation”. This literature emerged against the old modes of governance, where authors like Rosenau and Czempel (1992), Rhodes (1996) or Pierre and Peters (2000) focused in their research upon hierarchical adoption or enforcement of political decisions, governments, state regulations and so forth. In this way, the new modes of governance legitimate through EU’s many principles, for example the one of private-public partnership in several aids or funding. The role on non-governmental organizations has been recognized not only in policy shaping, but also in consultations with the state, or in lesson drawing and socializations through transnational networks.

Another type of governance that is less discussed by scholars refers to informal governance, a long-standing dimension of EU politics that has been reflected in the approaches to European integration by the literature on policy networks and new institutionalism (Richardson, 1996; Aspinwall and Schneider, 2001). There are several approaches to informal governance: some suggest that it delivers reliable policy-outcomes against super-majoritarian decision-making system, while other authors consider it a major threat for the legitimacy of the Union, especially when decisions are under public scrutiny (Christiansen and Piattoni 2003, 31). On the one hand, policy networks occupy a central place in EU’s policy-making system, due to the requirement of technical expertise from various areas, while on the other hand, the

relationship between policy-makers and interests groups is seen as a violation of the principles of representative democracy (Christiansen and Piattoni eds. 2003, 4). In the book *Informal governance in the European Union* (2003) Christiansen and Piattoni manage to systematize in a comprehensive and encompassing way the literature regarding informal politics from the EU. The authors suggest that besides the policy networks, there are also networks that evolve not necessarily around a particular policy, but also based on a shared identity among its members and cutting across policy issues (e.g. advocacy coalitions and epistemic communities). This type of governance stands at “The clash between, on the one hand, highly formalized routines for decision-making, and, on the other hand, the need for continuous negotiation of policies in order to achieve successful outcomes” and therefore creates

“an ample opportunity for networking and other forms of informal dealings. In many ways, informal governance can be seen as the glue that holds the cumbersome and contradictory system of EU governance together. However, such a view has to confront the frequent criticism that EU policy-making is in fact dominated by preferential – potentially clientelistic and nepotistic – arrangements linking EU and national officials to interest groups and other actors” (Christiansen and Piattoni 2003, 7).

Briefly, governance is informal when the participation in the process of decision-making is not or cannot be codified and publicly enforced because it operates throughout semi-official arenas who give access to those who might affect the policy, or be affected by it (Christiansen and Piattoni eds.:2003, 9). This process is the result of informal relations, which “take place outside both the official structures and the semi-official arenas and which shape or condition their operation from without by filtering access, setting the agenda, packaging deals, and threatening retaliation” (2003, 10). Yet, the policy study literature has addressed the analytical shortcomings of both pluralism and neo-corporatism, by elaborating the concept of policy network that can also account for the staying power of given interests intermediation at work in most European political system (Christiansen and Piattoni eds.:2003, 16). This literature suggests that networks operate at the level of relations among individuals, groups and institutions, emerge through personal relations, common interests, shared views and mutual recognition and generate valuable resources like knowledge, solutions and visions (2003, 17). But, at the same time each policy network, policy coalition or community presents the danger of exclusion out-group members or those who do not agree with the groupthink or its practices could develop into clientelism. Nevertheless, theories of governance operate “at different levels of analysis (the local economy, civil society, the state, supra-national governance), and offer different theoretical perspectives (drawn from political science, public administration, political

economy, systems theory, development studies)” (Netwon 2006, 16). Next, I turn to absorption capacity, an approach that focuses on efficiency in spending ESF.

#### **4. Absorption capacity approach - efficiency in spending**

Throughout the structural funds literature, the concept of absorption capacity has two spheres of application: the global and the European one. The general one refers to the term as “the capacity of the countries on low incomes to absorb productively a large volume of foreign aid” (Bourguignon, Sundberg: 2006, 1). In this matter, the absorption capacity also relates to “the general functionality of the particular state, to the adjustment of obvious dysfunctions and to the adoption of minimal administrative and economic standards” (Cace et al.: 2009, 13). In the second case, the purpose is to “diminish the economic and social gaps in a well-defined geographical area in which the principles of competitiveness, knowledge, innovation and research are adopted” (Cace et al. 2009, 25). The European literature refers to three main categories when referring to absorption capacity: macroeconomic analyses (Herve and Holzmann, 1998), the Commission’s studies, evaluations or reports and national empirical studies of the European funds absorption capacity. Herve and Holzmann designed the macroeconomic approach in 1998, when referring to the theoretical and empirical investigation of measuring this capacity. Their analysis is economically based when reviewing some of the academic literature and they focus on the low capacity of the less economically developed regions to absorb large amounts of money allocated. “In the end, the authors achieve a classification of absorption problems based on the concept of government failure” (Tomescu and Stanescu 2009, 10).

The European Commission has elaborated evaluations and reports (Bradley/Barry, 1999; Bradley/Undiedt, 2000, Bradley et al. 2001 and so on) but few of them rely on the absorption capacity of the old member states, how they managed to cope with it and what are the future suggestions. Nevertheless, some set of studies were conducted by the Commission in 2002 (NEI), based on country studies (Ireland, Spain, Portugal, East Germany lands) and on sectorial studies (management, programming implementation, monitoring and evaluation, financial management and control), having the outcome of defining a set of indicators in order to help the candidate countries in their administration of the Structural Funds (Cace et al. 2009, 15). In accordance with these studies, the absorption capacity can be defined as the degree to which a country is capable to actually and efficiently spend the financial resources allocated from the Structural Funds (Cace et al. 2009, 15). Based on past experiences the Commission’s conclusion regarding absorption is that countries have a limited capacity to absorb external investment

support effectively and efficiently, with restrictions both on demand and supply side (Šumpíková *et al.* 2004, 1).

Furthermore, there are two aspects when dealing with the absorption capacity: one that deals with the institutions that administer the funds (the administrative capacity on the side of the offer) and one that deals with the beneficiaries of the funds (capacity of absorption on the side of demand) (Cace *et al.* 2009, 15). Both in terms of offer and demand, the performance of structural funds influences the capacity of absorption that will reach its highest levels only the economy, efficiency and efficacy are taken integrally into consideration (Wright and Nemec, 2003). The administrative capacity involves the evaluation of three elements (Oprescu *et al.* 2005, 10-11): 1) structure – deals with clear assignment of responsibilities and tasks that institutions deal with, both at the level of departments and units within the institutions. This task includes management, programming implementation, evaluation, monitoring, financial management and control; human resources – the ability to perform tasks and hold responsibilities according to the job description, the estimation of the number and qualifications of the staff and their ability to handle risks and changes, and the possibility of motivating them; system and tools – which takes into account the available instruments, manuals, systems, procedures or forms that help the beneficiaries. The role of the different analysis should act as a key determining factor of adjustment in case of the public administration (Cace *et al.* 2011, 94). The three elements of the administrative capacity will be presented in the next chapter, along with the comparative analysis between Romania, Czech Republic and Poland.

On the other hand, Tomescu and Stanescu (2009, 9) consider the approaches of administrative capacity supply and demand as being interrelated, but with distinct characteristics. They argue that on the one hand, the management units are essential in their role of organizing and supervising the allocation of the funds, and the whole process depends on their proper functioning. On the other hands, the beneficiaries (public bodies, firms, NGOs etc.) must also have the necessary managerial skills in writing and implementing projects, human resources or financial capacities in order for the whole process to function. The supply side absorption capacity lacks a sufficient literature, but the authors present three categories at the level of eligible organizations (Tomescu and Stanescu 2009, 10). These categories are financial capacity, project design and project implementation. The financial capacity deals with the degree to which organizations may support financial costs of the project until the reimbursements from the managing authority; the organization's cash flow as well as project budget share in the total budget of organization, the size of the budget for the past years and the existence of other sources of income or funding. The design capacity refers to the capacity of writing projects in accordance with the requirements of the guidelines and obtaining a high score in the evaluation process. This



capacity is based on the previous experience of the staff with previous projects and the existence of partnerships with specialized consulting firms. The implementation capacity refers to the extent to which the organization can successfully carry out the project – the efficient management (Cojocaru, 2003) and an adequate staff number and in some cases, partnerships. According to some authors (Šumpíková et al. 2004, 4) an important problem that refers to the supply side constitutes the lack of a definition in terms of responsibilities when it comes to programming and managing EU funds. Other types of identified problems of absorption can refer to: administrative problems of absorption, interest in profit, time planning, lack of information, multiple priorities that can lead to sub-optimal choices or problems determined by the relative changes of the prices induced by the transfer (Kalman 2002, 5-9). Other authors (Ferry, 2005; Ferry et al., 2007) consider that the changes of the past years rather complicated the process, instead of performing it: the system of implementation became very sophisticated, less centralized and more integrated and there were few developments recorded in this sense, perhaps with the exception of selection and contracting (Cace et al. 2009, 23).

In the next pages I argue the need of creating a theoretical approach that encompasses both the New Institutional and the Structural Funds literature.

## **5. Towards an integrated framework of European Social Funds (ESF) literature**

In this article I presented the structural fund literature, which I divided into three main approaches: Europeanization, governance and absorption capacity approaches. For each approach, I presented the essential aspects, concepts and trends of analysis. The approaches are nonetheless isolated one from another; rather they converge in many ways, sometimes one approach plays a key role in explaining the other. The new modes of governance represent a European trend both in academic literature and in the society, while Europeanization deals from pre-access periods to post-access periods, through the Commission Directives. Absorption capacity sometimes deals with both, but uses terms that are more specific and focuses directly on institutions that deal with Operational Programs. With few exceptions, all the approaches present a macro-level of different countries, generally in a comparative analysis. Their focus is not only on Structural Funds specifically, but also on pre-accession structures and mechanisms, norms and regulations, compliance with European rules, social policies, non-state actors, transnational networks, regional policies and so on. Nevertheless, in the studied literature, Structural funds were present as a key aspect in the Europeanization and absorption capacity approaches. They represent a key factor to institutional change for countries that can benefit from them.

Most of the studied literature, with few exceptions (governance and Europeanization), lacks a comprehensive general theory, framework and model. The framework (Ostrom 2005, 27) refers to a set of statements that “provide the most general set of variables that should be used to analyze all types of settings relevant for the framework....Frameworks provide a meta-theoretic language that is necessary to talk about theories and that can be used to compare theories. They attempt to identify the universal elements that any relevant theory would need to include.” Therefore, a framework indicates the phenomena one attempts to study, the type of factors that generate them and what are the suited concepts to work with. The theory, on the other hand, refers to “components of a framework are relevant for certain kinds of questions and to make broad working assumptions about these elements. Thus, theories focus on parts of a framework and make specific assumptions that are necessary for an analyst to diagnose a phenomenon, explain its processes, and predict outcomes. To conduct empirical research, a scholar needs to select one or more theories to use in generating predictions about expected patterns of relationships. Several theories are usually compatible with any framework” (Ostrom 2005, 27). Last, but not least, the model refers to the operationalization of the theory and usually makes “precise assumptions about a limited set of parameters and variables. Logic, mathematics, game theory models, experimentation and simulation, and other means are used to explore the consequences of these assumptions systematically on a limited set of outcomes. Multiple models are compatible with most theories” (Ostrom 2005, 27).

In this regard, my aim in this article is to create a coherent theoretical framework in which I can further analyze structural funds in general, and DHR OP in particular. In order to do so, I argue that this literature can be convergent with the institutional approach framework. I further present a table which systematizes the structural funds approaches presented here through their dependent and independent variable in order to create the necessary tools within the phenomenon under study (Table 1). This attempt justifies the need to employ a combined institutionalist and structural funds approach to explain cross-country variation in the implementation of European founded social policies, namely the Operational Program of Human Resources Development (OP HRD) in three countries: Romania, Poland and Czech Republic.

Table 1.

Authors and publications	Dependent Variable	Independent Variable
1. Europeanization; 2. The governance approach; 3. Absorption capacity literature		
<b>A. Rational choice theory</b>		
A.1 Knill and Lehmkuhl 1999, pp. 1-19	Domestic adaptation patterns for European policies	<ul style="list-style-type: none"> <li>- Positive integration - prescribe a concrete institutional model for domestic compliance – institutional compatibility (environmental policy).</li> <li>- Negative integration- change of domestic opportunity structure: national adaptation is explained from an actor-based perspective that takes account of strategic interaction in the redistribution of power and resources (road haulage policy)</li> <li>- Framing integration – based on a cognitive logic: the European policies are aimed at changing the beliefs and expectations of domestic actors for mobilizing support for European reform projects (railways policy)</li> </ul>
A. 1 Borzel, et al. 2007, pp. 1-43	Inter-state variation in non-compliance with European law	<p>Enforcement (state violate international norms and rules voluntarily because they are not willing to bear the cost of compliance)</p> <p>Management (non-compliance is involuntary and it is not the result of strategic choices; states lack the resources)</p> <p>and legitimacy (non-compliance is intentional; draws on socialization, persuasion and learning mechanisms)</p>
A.1 Cace et al. 2010, pp. 78-96	Capacity of Phare and structural fund absorption pre and post accession	<p>Positive conditionality -</p> <p>Rules observation</p>
A.1 Schimmelfenning and Sedelmeier 2004, pp. 662 – 679	<ol style="list-style-type: none"> <li>1. EU rule transfer in a variety of policy areas.</li> <li>2. Effectiveness of rule transfer</li> </ol>	<ol style="list-style-type: none"> <li>1. Institutionalization at domestic level</li> <li>External incentives model of governance.</li> <li>2. Credibility of EU conditionality (democratic &amp; acquis) and domestic costs of rule adoption.</li> </ol>
A.2 Dabrowski 2008, pp. 227-248	<ol style="list-style-type: none"> <li>1. Impact of the implementation of European structural funds (in Poland) on administrative institutions and civil society.</li> <li>2. Implementation of the partnership principle leads to new channels for participation and contributes to mobilization within civil society.</li> </ol>	<ol style="list-style-type: none"> <li>1. Features inherited from the communist regime</li> <li>Effectiveness</li> <li>Potential evolution of institutional arrangements.</li> <li>2. Cooperation between various public and private regional actors.</li> </ol>
A.3 Šumpíková, Pavel, Klazar 2004, pp. 1-14	Capacities of regional public administrations in the Czech Republic to participate in EU programmes	The Management Authorities capacities at a regional level in programming, implementation, monitoring and evaluation

A. 3 Zaman and Georgescu 2009, pp. 136 - 154	Macroeconomic effects on structural funds on foreign trade	HERMIN-type model for Romanian economy – the HEROM model (Ciupagea, 2000) – “with structural funds” and “without structural funds”.
A. 3 Dvorak 2010, pp. 53-75	To investigate the scope and significance of the evaluation during the administration of the European Structural Funds in Poland: 1. the coordination of the evaluation process and 2. The evaluation scope & significance.	1. The evaluation capacity and institutional structure of evaluation 2. The utilization of evaluation results and market.
A. 3 Boldea 2012, pp. 577-583	Absorption capacity of structural funds in Romania	Efficient infrastructure, centralizing absorption, investments in training institutional mechanisms, legislation, human resources, local and regional structures and transparency of the whole system.
<b>B. Historical institutionalism</b>		
B. 1 Börzel, et al. 2007, pp. 1-43	Inter-state variation in non-compliance with European law	Enforcement (state violate international norms and rules voluntarily because they are not willing to bear the cost of compliance) Management (non-compliance is involuntary and it is not the result of strategic choices; states lack the resources) and legitimacy (non-compliance is intentional; draws on socialization, persuasion and learning mechanisms)
B. 1 Börzel and Buzogany 2009, pp. 1-23	The role of non-state actors in governing the double challenge of transition and accession	Environmental policies (industrial pollution and nature protection) in Poland, Hungary and Romania shows that accession was mainly shaped by the shadow of the past
B. 2 Ferry and McMaster 2005, pp. 19-39	Impact of EU funds on regional administration in Poland and Czech Republic	New regional-level institutional arrangements Balance of central-regional relationship
B. 2 Milio 2007, pp. 429-442.	Differences in implementation	Degree of administrative capacity (regional organization structure/size and political stability) existing in a regional government.
B. 2 Börzel 2011, pp. 1-37	The role of new modes of governance for the implementation of EU policies and EU primary Law in different types of states	State and non-state cooperation Hierarchical modes of coordination Political instability Lack of sufficient organizational capacities from the civil society
B. 3 Oprea et al.:2005, pp. 1-96	Administrative absorption capacity during the planning/creation of systems adequate for the management, programming and implementation	Institution building at Government level
B. 3 Raines 2006, pp. 285-288	The “Trojan Horse” effect Evaluation of SF in Scotland	Evaluation in policy development Programming Policy learning Macro-economic effects from micro-economic interventions

B. 3 Hribernik et al. 2007, pp. 1219 - 1239	Absorption capacity in Ireland, Estonia and Slovenia	Managing authority in a decentralized system , in a regional level Managing authority in a centralized system, in a national level
B. 3 Tomescu and Stanescu 2009, pp. 7-29	Absorption capacity from the demand side (final grant scheme beneficiaries) Phare 2004-2005	Identification of organizational profile, impact on Phare programs on organizations, perceptions, perspective on applying to ESF funding.
<b>C. Sociological institutionalism</b>		
C.1 Bruszt and Stark 2002, pp. 1-22	European normalization	Transnational non-governmental organizations as transmitters of supra-nationally established norms
C. 1 Börzel, et al. 2007, pp. 1-43	Inter-state variation in non-compliance with European law	Enforcement (state violate international norms and rules voluntarily because they are not willing to bear the cost of compliance) Management (non-compliance is involuntary and it is not the result of strategic choices; states lack the resources) and legitimacy (non-compliance is intentional; draws on socialization, persuasion and learning mechanisms)
C. 1 Cerami: 2008	Social policy in Central Europe	Ideas, interests and institutions in the making of contemporary public and social policies
C. 1 Kutter and Trappmann, 2008, pp. 1-28	Effects on transformation that stem both from the characteristics of EU governance in general and from the EU's enlargement policy in particular.	-legacies of accession' that guides our assessment of the EU's influence on advocacy politics - Advocacy policy more precisely: activities of non-state actors, who, next to parties, aggregate and publicly articulate various groups' interests and push for a corresponding performance of the central government. - trade unions and environmental groups
C. 2 Dimitrova and Rhinard 2005,	Identifying and operationalizing a sociological explanation of the transportation of the EU directives: 1.the transmission of norms as a way to explain transposition delay and 2. content change	1. Transposition will proceed smoothly if an EU directive's norms are in concordance with first-, second-, and third-order norms in the domestic setting 2. Content change will occur if an EU directive's norm conflicts with a domestic community's first-order norm but is consistent with the broader second-order norm.
C. 3 Jora 2013, pp. 13 -19	The framework of EU Assistance for Development projects in Romania  The variances between how aid is intended to be distributed and the difficulties during implementation	Policy design, project design, evaluation and implementation
<b>D. Network institutionalism</b>		
D. 1 Bruszt and Stark 2002, pp. 1-22	European normalization	Transnational non-governmental organizations as transmitters of supra-

		nationally established norms
D. 2 Christiansen and Piattoni 2003, pp. 1-32	Informal governance is pervasive in EU policy-making, but also that the effects of informal networks are diverse	The operation of informal networks which link policy-makers to client groups as well as actors across EU, national and sub-national institutions, and influence (or at least seek to influence) decision-making in the EU

As shown in the table above, most of the literature that is compatible with institutionalist approaches is Europeanization that deals with different forms of compliance, pre-accession structural funds absorption in comparative analysis, transition and accession, norms, transnational networks, and social policies. The governance approach deals with partnership principles between the state and non-governmental actors, and some of the researches focus on how this principle helps the implementation of structural funds and the absorption capacity, also dealing with studies of regionalization and the impact that this type of governance has on European policies and implementation of different European laws and Directives.

The absorption capacity is the approach that generally lacks a clear theoretical framework. Its technical studies analyze different structural funds based on principles settled by guidelines or European Directives, which makes the process seem rather biased. The main part of the covered literature has been placed under historical institutionalism because it usually studies pre-accession programs that have been poorly implemented and the path-dependency is seen in the implementation of structural funds today; or it studies why certain regions are better developed than others are and concentrates on a historical description of possible factors. It also deals with macro-economic effects of the structural funds, or in some cases, focuses on both efficiency and strategic patterns of action and on quality of human resources, or policy design. Nonetheless, some of the covered literature that deals with absorption capacity has not been presented and integrated in the table above, because it had no theoretical background whatsoever. Even though some of the articles have been published in political science or sociological magazines and present empirical research, the generated prediction about certain patterns have no theoretical background.

Furthermore, with few exceptions (Bruszt, Verdes, Stark) the literature omits the importance of network and social relations in the whole process, that could evidence strong and interesting predictions regarding certain outcomes in the structural funds development and implementation process. Overall, this type of literature is built on few scientific assumptions and hypothesis and from my point of view, this is the main reason it lacks a powerful explanation. Moreover, the main focus is placed on the government and state agencies, with few emphasizes on the civil society. Even put altogether, this literature does not cover the whole picture of the structural funds in a coherent way; rather some of the studies have been developed through

projects belonging to certain Operational Programs, especially DHR OP. Few studies cover institutional change, in the cases where it has clearly been a shift in the institutional arrangements. Even though most of the studies deal with rules, norms or practices, not having theoretical lens, the authors are unable to place their study in an institutional approach. Few studies take into account the cultural approach and the possible normative characteristics of both institutions or policies. Only a third of the studies treat the structural funds as social funds, and have a normative perspective or a policy analysis that I believe is essential. Therefore, I strongly believe that there is a need to construct a theoretical framework in the analysis of cross country variations regarding structural funds in order to have a better understanding of the subject have a scientific background, identify the main assumptions and predictions, have a normative analysis of the involved public policies, as well as analyze how different combinations of factors explain the importance of the ESF.

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# ANALYSIS OF THE ELECTRICITY MARKET IN ROMANIA AFTER MARKET LIBERALIZATION

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**Abstract.** *Market liberalization implies the existence of a sufficient number of electricity suppliers willing to negotiate supply contracts with domestic and industrial customers. This event was implemented in Romania on 1 July 2007. This paper wants to do the analysis of 2008 year, the period following the liberalization with 2013 year to highlight the changes that have occurred in the market. I used a general equilibrium model of the market which apply to the electricity market in Romania to calculate various indicators such as the amount of electricity and the prices of energy resources and analyze them in terms of market balance. The results highlight the state of imbalance and measures are required to restore the balance in the market. In conclusion, the electricity market requires large investments in equipment and refurbishments to reduce the cost of electricity.*

**Keywords:** *electricity market, balance, measures*

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## 1. Introduction

The year 2007 was crucial for the Romanian energy market as EU directives have forced 100% market opening and liberalization of energy.

This paper aims to analyze the electricity market equilibrium in the context of liberalization and introduce a programming language for modeling economic equilibrium. GAMS, generalized algebraic modeling "is a modeling language that was originally developed for linear and nonlinear programming. Out that time was very requested GAMS scale economic projects and modeling operations goal is the analysis of electricity market liberalization in the context of using GAMS software determined the overall balance of the electricity market, divided into 3 main sectors: hydro, thermal and nuclear.

After analyzing the general market equilibrium is observed that the market has values close to 1, which represents the equilibrium value, but indicate the application of energy policy incentives and mitigation components.

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## 2. Description of the general equilibrium model

The basic model is a general equilibrium model for the Romanian energy system, as part of the national economic system.

The basic model contains the following 12 equations (Băncescu, 2011):

$$y(-\Pi^Y) = 0 \Leftrightarrow y(-p_Y + CU_Y) = 0 \quad (1)$$

$$EL(-\Pi^{EL}) = 0 \Leftrightarrow EL(-p_{EL} + CU_{EL}) = 0 \quad (2)$$

$$CR(-\Pi^{CR}) = 0 \Leftrightarrow CR(-p_{CR} + CU_{CR}) = 0 \quad (3)$$

$$P_Y \left[ Y - \frac{\partial \Pi^{CR}}{\partial P_Y} CR \right] = 0 \quad (4)$$

$$P_{EL} \left[ EL - \frac{\partial \Pi^{CR}}{\partial P_{EL}} CR - \frac{\partial \Pi^Y}{\partial P_{EL}} Y \right] = 0 \quad (5)$$

$$P_L \left[ \overline{L^{CR}} - \frac{\partial \Pi^Y}{\partial P_L} Y - \frac{\partial \Pi^{EL}}{\partial P_L} EL - \frac{\partial \Pi^{CR}}{\partial P_L} CR \right] = 0 \quad (6)$$

$$P_K \left[ \overline{K^{CR}} - \frac{\partial \Pi^Y}{\partial P_K} Y - \frac{\partial \Pi^{EL}}{\partial P_K} EL \right] = 0 \quad (7)$$

$$P_{AF} \left[ \overline{AF^{CR}} - \frac{\partial \Pi^Y}{\partial P_K} Y \right] = 0 \quad (8)$$

$$P_{TERMO} \left[ \overline{TERMO^{CR}} - \frac{\partial \Pi^{EL}}{\partial P_{TERMO}} EL \right] = 0 \quad (9)$$

$$P_{HIDRO} \left[ \overline{HIDRO^{CR}} - \frac{\partial \Pi^{EL}}{\partial P_{HIDRO}} EL \right] = 0 \quad (10)$$

$$P_{NUCL} \left[ \overline{NUCL^{CR}} - \frac{\partial \Pi^{EL}}{\partial P_{NUCL}} EL \right] = 0 \quad (11)$$

$$V^{CR} \left[ P_K \overline{K^{CR}} + P_L \overline{L^{CR}} + P_{AF} \overline{AF^{CR}} + P_{RE} \overline{RE^{CR}} - \frac{\partial \Pi^{CR}}{\partial P_Y} CR - \frac{\partial \Pi^{CR}}{\partial P_{EL}} CR - \frac{\partial \Pi^{CR}}{\partial P_L} CR \right] = 0 \quad (12)$$

Sign conditions of the model are in the form of inequality, as follows:

- Conditions for variables on profit:

$$-\Pi^Y \geq 0, -\Pi^{EL} \geq 0, -\Pi^{CR} \geq 0 \quad (13)$$

- Conditions for variables relating to quantities:

$$Y \geq 0, EL \geq 0, CR \geq 0 \quad (14)$$

- Conditions for variables relating to prices:  $P_Y \geq 0, P_{EL} \geq 0, P_L \geq 0, P_K \geq 0, P_{AF} \geq 0, P_{TERMO} \geq 0, P_{HIDRO} \geq 0, P_{NUCL} \geq 0$  (15)

### 3. Data base

#### 3.1 Description of input data

Input data for general equilibrium model that we presented above have been taken from official sources, the main source being Romanian Statistical Yearbook, 2015 edition, where data were extracted and processed for 2013 . For input we used the energy sector belonging to the 2013 report published by the National Regulatory Authority – ANRE.

Input data for general equilibrium models are organized national accounts matrices, matrices that foundation in the literature on the King ( 1985). The main categories of data entry for the base model of general equilibrium are (King, B.B., 1985):

3.1. Input data on the demand for goods in the economy considered by the representative consumer are:

- a. demand of electricity good EL ;
- b. aggregate demand in the economy good Y;
- c. application of the production factor labor L , consumed directly by the consumer representative without being used as input in any production process ( be construed as free time consumed ) .

3.2. Input data on inputs / inputs used in the production process in the economy are considered:

- a. good inputs used to produce electricity EL ;
- b. inputs used to produce good aggregate economy level Y.

3.3. The input data for the production of goods in the economy are considered:

- a. power good output EL ;
- b. good aggregate production in the economy Y.

April. Input data on endowment with production factors in the economy are considered for a representative consumer:

- a. production factor endowment of labor L;
- b. endowment with production factors capital K;
- c. production factor endowment RE energy resources;

d. provision of other inputs AF , used to produce aggregate good in the economy, Y.

Input data results were obtained from processing raw data has been directly taken from official sources.

### **3.2. Explanation of zero profit equations for the basic model**

In any area where is a strictly positive profit amount must be zero, or if the profit is negative if the quantity produced in the sector to be zero, ie halt production activities.

A.1. Zero profit condition for the aggregate good production Y - equation (1)

A.2. Zero profit condition for the production of electricity good EL - equation (2)

A.3. Zero profit condition for the representative consumer satisfaction CR - equation (3)

Customer satisfaction is representative shaped sector with a new production .Similar cases previously considered in the manufacturing of goods Y and EL, the profit recorded in the manufacturing sector representative associated customer satisfaction is expressed as the difference between the value of a unit of satisfaction and unit cost of production of consumer satisfaction representative.

### **3.3 Explain the equilibrium equations markets for goods and factors of production base model**

The economic significance of the basic model equations numbered from (4) to (11 ) is the following: for any good or factor of production with a strictly positive price , excess supply is zero (there is equality between the quantity demanded of the good produced and / factor) , or if there is excess supply over demand, the price of that good / factor is zero.

B.1. Asset market equilibrium condition for aggregate Y - equation (4)

B.2 . Asset market equilibrium condition for electricity EL - equation (5)

B.3 . Factor market equilibrium condition for the labor L - equation (6)

B.4 . Factor market equilibrium condition for capital K - equation (7)

B.5 . Market equilibrium condition for other inputs used to produce goods AF aggregate Y - equation (8)

B.6. Factor market equilibrium conditions for RE energy resource - the equations (9 ), (10), (11)

### **3.4. Explain the equation of equilibrium income representative consumer base model**

For any strictly positive consumer income that you spend on buying goods produced in the economy, the difference between the initial endowments of production factors and consumption value is zero, otherwise the consumer's income is zero.

The basic model of general equilibrium representative consumer disposable income derived from endowments value factors of production (capital, labor, three subcategories of energy and other inputs used to produce aggregate good Y). Eating performed in order to obtain a representative consumer satisfaction is maximized for aggregate asset purchase Y, a good power consumption EL and labor factor L in the form of free time.

Last equation model (12) is provided that the product of the consumer's disposable income and the difference between the total value of production factors and the amount of use made be zero.

### 3.5. Summary of input data for the base model matrix of national accounts

The input data for the base model were generally summarized in a single table, the model matrix of national accounts, Table 1.

Table 1. Matrix of national accounts for the basic model of general equilibrium

Bunuri și factori de producție	SECTOARE DE PRODUCTIE (Valoare tranzacții, milioane lei)			DOTĂRI	TOTAL PE LINII
	Y	EL	C	CR	
<b>PY</b>	428.893,88		-355.448,83		73.445,05
<b>PEL</b>	-35.468,35	43.006,42	-40.847,38		-33.309,31
<b>PC</b>			904.792,62	-904.792,62	0,00
<b>PL</b>	-154.234,08	4.671,05	-508.496,41	671.234,59	13.175,15
<b>PK</b>	-115.272,00	16.330,70		123.350,30	-8.252,40
<b>PAF</b>	-117.879,45			117.879,45	0,00
<b>PTERMO</b>		-8.121,23		3572,80	-4.548,43
<b>PHIDRO</b>		-320,89		320,89	0,00
<b>PNUCL</b>		-1.015,38		1.015,38	0,00
<i>TOTAL column</i>	6.040,00	-18.881,73	0,00	12.580,79	40.510,05

The analysis table can be seen balances or imbalances in the economy resulting from the analysis considered the request input, production and provision of goods and factors of production in the economy model:

1. of the total column Y is observed that there is an imbalance in the production of aggregate good Y: output value is exceeded the value of all inputs used in the production process, the difference is the result of the year in total gross national economy in 2010 , stating existence of very small profit in this sector aggregate considered;

2. EL column of all I noticed that there is an imbalance in the production of electricity good EL opposite sign as in the case of the manufacturing sector of the good Y, so the value of inputs used in production exceeds production; disequilibrium can be explained by massive

capital inflows in 2009-2010 in the energy necessary works and commissioning of hydroelectric Lotru-Ciunget changing the equilibrium between the input and output value;

3. Column C of all I noticed that there is imbalance in the production of consumer satisfaction, representative explained that the construction of the model, so aggregate values for aggregate consumption good Y, the best power consumption and leisure EL even lead output value for the representative consumer satisfaction;

4. of the total CR column I noticed that there is an imbalance between the consumption conducted by consumer representative and value factors of production facilities thereof; difference can be explained by excess production factor endowment of labor, which is modeled perspective dual use: productive purposes to produce both substantial economic goods and consumer purposes to the satisfaction of leisure;

5. the total on line PY noticed that there is a good market imbalance aggregate Y: it consumes less than the economy produces;

6. the total on line PEL show that there is a power imbalance EL property market, the same sign as in the case of good Y, so the consumer is required to produce less than the economy;

7. of the total PL line I noticed that there is an imbalance in the market labor production factor L: representative consumer endowment with him than using the factor L in the economy considered to produce two goods or as free time this is explained by considering the input data pattern of migrants and unemployed, two sources of disequilibrium of the factor market equilibrium;

8. of the total PK line I noticed that there is an imbalance in the production factor market capital K: Rifle representative consumer in the economy by this factor of production are lower than uses this factor in production, this imbalance is due to foreign capital and foreign loans entered into the national economy in 2010, noting that the market imbalance labor factor L is opposite to the imbalance factor K, which is specific less developed economies (number of migrants in search of better working conditions and better paid and capital deficiency);

9. of the total AF line I noticed that there is imbalance in the market of other factors of production used to produce aggregate good Y: is considered representative consumer endowment of this factor of production coincides exactly with the use of this factor in order to produce good Y;

10. the total on line PTERMO I noticed that there is an imbalance in input markets type thermoelectric energy resource: consumer representative facilities with this factor of production are lower than uses this factor to produce electricity, this imbalance is the fact that part of this

type of energy resource is imported, so it is not wholly owned by the representative consumer in the economy;

11. of all lines PNUCL PHIDRO and I noticed that there are imbalances of these inputs markets: consumer representative facilities with these inputs do not match the values used to produce electricity, unlike thermal energy resource type , resources hydro or nuclear type not imported at all in 2010 in order to produce electricity.

#### 4. The model results

The results GAMS / MPSGE to allow steady state analysis of the relative prices of factors of production and goods considered in the model, but also allow other elements of economic analysis considered related to the consumption and production.

To interpret the results we considered the reference value 1 so the equilibrium values obtained subunit recommend economic policies / implementing energy measures to increase the indicator, and if the equilibrium values obtained supraunitary advocates measures for lowering the indicator. Indicator representative consumer's income is reported on endowments of production factors assessed value vector quantities through input matrix and equilibrium prices of factors.

From the analysis of Table 2 it is observed that the aggregate good output Y low level of electricity production increased factor prices fluctuated under and above par, and the values of energy prices increased significantly compared to 2008, but the level of satisfaction consumer representative declined very slightly

Table 2. The results

Indicator base model	Results of balance, the basic model (data from 2008)	Results of balance, the basic model (data from 2013)
Production level in the aggregate good Y	0.987	0.92
Level electricity production in the asset EL	0.98	1.74
Representative of actual consumer satisfaction level CR	1.038	1.13
Aggregate asset price Y	0.932	0.97
The price of electricity EL	1.334	1.34
Factor price of labor PL	1.001	0.87
Capital factor price PK	0.995	0.88
Aggregate price of other inputs PAF	0.991	0.87
Factor price consummate resource type thermo PTERMO	1.441	4.03
Price factor type hydro resource consumed PHIDRO	1.082	2.33
Price consummate resource type nuclear factor PNUCLEAR	1.082	1.29
Income level representative of actual consumer VCR	887,400	921.70



Analyzing the evolution of indicators emphasize the following:

- because of the global crisis that has affected our country decreased level of production, but the good Y fluctuated less
- energy production has increased, but the best -consuming industrial activities declined and surplus electricity to be used through long-term contracts and export it supported and price drop redundancy - increasing unemployment due to the crisis resulted in a lower cost of labor
- The price of energy factors of production have increased significantly due to the global crisis and declines of subsidies to the energy and electricity producers, an alarm pull for thermal resource is exhaustible resource and very hard sources.

The general condition of electricity market equilibrium approach and imbalances deviate very little from the equilibrium value considered value 1, but can recover through application of economic or emotional energy policies.

#### **4. Conclusions**

Modern energy policies seek competitive energy market opening. In this context, we can say the energy sector need to adapt to the requirements of the changes taking place in Europe and worldwide. The energy sector must be placed in a new frame with the current energy policy. The paper was considered the most modern and latest technical mathematical models in computer science. It went from classical computer -based log processing in modern computer -based artificial intelligence.

The market economy requires that each economic unit of the National Power System aim to better capitalize on the market the services they provide. Between the cost and profit of units creates an inverse relationship. Concern for maximizing the profit rate is a concern for finding solutions to reduce production costs.

Proper functioning of the energy market requires coordination of forecasting, scheduling dispatchable units, RPS analysis, synthesis and development of electricity market surveillance. These actions by creating a system specific electricity markets which considers market following day balancing market, Centralized Market system services, congestion management, allocation of interconnection capacity, settlement of transactions. The results highlight the state of imbalance and measures are required to restore the balance in the market. In conclusion, the electricity market requires large investments in equipment and refurbishments to reduce the cost of electricity.

## Notations:

$\Pi^Y$  - profit resulting from the production of the aggregate good Y;

$\Pi^{EL}$  - profit resulting from the production of electricity good EL;

$\Pi^{CR}$  - profit resulting from the production of consumer satisfaction representative CR;

$CU_Y$  - unit cost of producing good Y aggregate;

$CU_{EL}$  - unit cost of producing electricity good EL;

$CU_{CR}$  - unit cost of producing representative consumer satisfaction;

$P_Y$  - aggregate asset price Y, used for producing representative consumer satisfaction;

$P_{EL}$  - EL electricity price of the goods used as aggregate factor in producing good Y and also used for producing representative consumer satisfaction;

$P_{CR}$  - value of one representative consumer satisfaction obtained;

$P_L$  - price of production factors labor L, used in the production of aggregate good Y EL has good power and also used for producing representative consumer satisfaction;

$-P_K$  - price of production factors capital K, used in the production of good Y and good aggregate electricity EL;

$P_{AF}$  - the price of other inputs AF aggregates used in the production of aggregate good Y (other than labor L, capital K, electricity EL);

$P_{TERMO}$  - production factor price type thermal energy source used to produce electricity good EL;

$P_{HIDRO}$  - price factor type hydro energy resource production, factor use in producing electricity good EL;

$P_{NUCL}$  - the price of production factor nuclear energy resource type used in producing electricity good EL;

Y - the amount of output produced from aggregate good Y;

EL - the amount of output produced from electricity good EL;

CR - satisfaction for the representative consumer;

$\overline{L^{CR}}$  - the amount of labor factor L in the endowment representative consumer;

$\overline{K^{CR}}$  - the amount of capital K factor which is the representative consumer endowment;

$\overline{AF^{CR}}$  - the quantity of other inputs used in the production of good Y AF and are the representative consumer endowment;

$\overline{TERMO}^{CR}$  - the amount of energy resource type thermal factor, which is the representative consumer endowment;

$\overline{HIDRO}^{CR}$  - the amount of factor type hydro energy resource, which is the representative consumer endowment;

$\overline{NUCL}^{CR}$  - the amount of energy resource type nuclear factor, representative consumer in the endowment;

$V^{CR}$  - representative consumer disposable income.

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# INNOVATIVE WAYS FORWARD. STRENGTHENING THE PUBLIC SECTOR INNOVATION IN THE EU28

Carmen SĂVULESCU<sup>1</sup>

**Abstract.** *Public administration has to face the fast and accelerating economic-social changes, to turn into account the opportunities provided by new technologies and to develop new services, focusing on openness, transparency and citizen participation.*

*The public administration has an important role in boosting innovation in the economy and at the same time, it should trigger itself innovation in the public organisations in view to increase productivity, to improve efficiency, to enhance the creation of public value and thus to meet the society challenges.*

*Innovation represents a prerequisite for administration's modernization. Innovation in public administration may be considered a learning process, a modality for new service development, new technology application, for changing the organisational structures as well as for implementing new managerial approaches in light to meet the citizens, businesses, society needs and requirements in facing the new challenges of knowledge society.*

*Considering innovation as on-going sustained process, the public organisations should be open to new ideas and processes and thus should involve in networks, share knowledge and cooperate with various partners. In view to collaborate with various networks of partners, beneficiaries, customers, the public organizations can turn into account various instruments such as crowdsourcing, field officers, open-source databases, online community platforms.*

*Innovation in the public sector refers to smarter procurement, citizen centric services, digital platforms, new health care systems, intelligent transport systems, embracing various other forms.*

*The paper aims to present the main drivers and barriers for innovation in the public sector and to share the conclusions of the best innovation performance in the EU.*

**Keywords:** *innovation, public sector*

## 1. Public sector innovation

For the time being, the public administration has to face the fast and accelerating economic-social changes, has to adapt and to turn into account the opportunities provided by new technologies, as well as to develop new services, focusing on openness, transparency and citizen participation.

The modernization of public administration involves public service provision more efficiently, faster and at lower costs, as well as rethinking the processes and procedures

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associated to governance based on the use of ICT and knowledge management. It also refers to applying the Europe's Digital Agenda, national strategy and actions plans aimed at administration modernization in the knowledge society. The use of ICT applications triggers the change in public administration by valorizing the opportunities and instruments determining important benefits for society and improving the public value.

In 2015, the European public administrations should be "recognized for being open, flexible and collaborative in their relations with citizens and businesses. They use e-Government in view to increase their efficiency and effectiveness and to constantly improve public services in a way that caters for user's different needs and maximizes public value, thus supporting the transition of Europe to a leading knowledge-based economy (EC, 2012)".

The Digital Agenda and the e-Commission strategy are aimed at making life easier for users, the effective and efficient use of resources, ensuring the security and privacy of citizens and businesses, based on the principles of subsidiarity and proportionality, user-centricity, inclusion and accessibility, security and privacy, multilingualism, administrative simplification, transparency, preservation of information, openness, reusability, technological neutrality and adaptability, effectiveness and efficiency.

Innovation represents a prerequisite for administration's modernization. Innovation in public administration may be considered a learning process, a modality for new service development, new technology application, for changing the organizational structures as well as for implementing new managerial approaches in light to meet the citizens, businesses, society needs and requirements in facing the new challenges of knowledge society.

The public administration has an important role in boosting innovation in the economy and at the same time, it should trigger innovation itself in the public organizations in order to increase productivity, to improve efficiency, to enhance the creation of public value and thus to meet the society challenges.

Worldwide, the public sector innovation has become an important issue for governments, as they are trying to solve community problems.

The pressure on governments "to do more with less" as response to cutting budgets and enlarging the community's needs, expectations has triggered a greater focus on change and innovation management. For example, in the local public sector this focus has generated the need to understand its social innovation capacity.

Innovation in public administration could be considered a "magic concept" (Pollitt and Hupe, 2011), used to "frame the necessary transformation of the public sector in order to improve not only its effectiveness and efficiency but also its legitimacy" (Bekkers et al., 2011).

Innovation represents a concept inspiring academics, managers and staff as it provides the challenge of radical change. The wish to innovate the public sector is linked to reform programmers in view to comply with budget constraints, to meet the introduction of new management and governance ideologies (as New Public Management, Neo-Weberian State, New Public Governance or Digital Era Governance) or to comply with the introduction of new information and communication technologies (e-government).

Public sector innovation represents “an inspiring concept as it stimulates people, politicians and policy makers to explore and implement new ideas about the way how a society deals with several challenges, such as the increasing ageing of the population, the financial and economic crises, the quality of educational system or the regeneration of socially and economically deprived cities and regions” (Mulgan, 2009).

Public sector innovation also refers to the idea of participation and collaboration with relevant stakeholders that cross organizational boundaries and jurisdictions (Bason, 2010; Sörensen and Torfing, 2011). This corresponds with the notion of ‘open innovation’ (Chesbrough, 2003; Von Hippel, 2005, 2007).

Considering innovation as on-going sustained process, the public organizations should be open to new ideas and processes and thus should involve in networks, share knowledge and cooperate with various partners. In view to collaborate with various networks of partners, beneficiaries, customers, the public organizations can turn into account various instruments such as crowdsourcing, field officers, open-source databases, online community platforms.

Innovation in the public sector refers to smarter procurement, citizen centric services, digital platforms, new health care systems, intelligent transport systems, embracing various other forms.

Learning from best practices is worldwide acknowledged as triggering a positive impact. The examples of good practices could represent a source of inspiration for the public sector organizations in view to draw up their strategies for innovation.

In this context, the awards for good practices are having a great potential for stimulating innovation, thus acknowledging the accomplishments in this field and offering models for imitation or replication. The objective is focused on sharing and transferring knowledge and know-how.

## **2. Successful factors and barriers for public sector innovation**

According to the field literature (Bekkers et al., 2013), innovation in the public sector takes place in a specific environment, distinguishing several actors who are collaborating in the

domain of disseminating relevant resources aimed at developing and applying new ideas, new modalities of organization or new modalities of operation.

In this context, the characteristics of environment could be considered successful factors or barriers for innovation.

For the time being, the challenges of public administration concerning globalization, individualization, fragmentation or introduction of new information and communication technologies (Osborne and Brown, 2011) as well as the related political and administrative aspects could represent a successful factor for innovation in the public sector (Walker, 2006).

The pressure to innovate and search for new combinations aimed at making efficient the public organizations is also provided by the rationality of public administration, which generates competition between the public values (Moore, 1995). Thus new combinations could be created concerning the definition of problems or strategies for problem solving (Hartley, 2005; Stone, 2003).

According to recent studies, it is important to analyze the role of organizations and inter-organizational networks in view to stimulate innovation.

It is moreover asserted that the inter-organizational networks could represent successful factors for innovation. In the field literature, the discussion is about collaborating innovation networks (Gloor, 2005; Sørensen, Torfing, 2011). Collaboration within these networks could facilitate the exchange and dissemination of resources, thus stimulating innovation. By means of collaboration, the resources available in the networks could be accessible (Ling, 2002).

At the same time, leadership is important as it ensures an organizational culture of trust, respect and good communication. The specific analyses highlight the importance of leaders for innovation in the public sector and also for change management (Hartley, 2005; Bason, 2010; Osborne, 2011; Kuipers et al., 2013).

Also information and communication technology and social media represent important sources for innovation, through infrastructure and potential of innovation, thus triggering the accomplishment of several types of innovation.

It may be asserted that information and communication technology and social media represent successful factors for innovation, recognizing the vital importance of information and the modality of communication in public service provision.

According to the field literature, key barriers to innovation relate to the lack of methods and tools used. In this context it is important to mention the lack of tools, methods, experience and competences for developing innovation processes, since problem identification to implementation; scarce knowledge about the type, nature and effectiveness of public policies; inefficient use of evidence and benchmarking as successful factors of innovation; unavailability

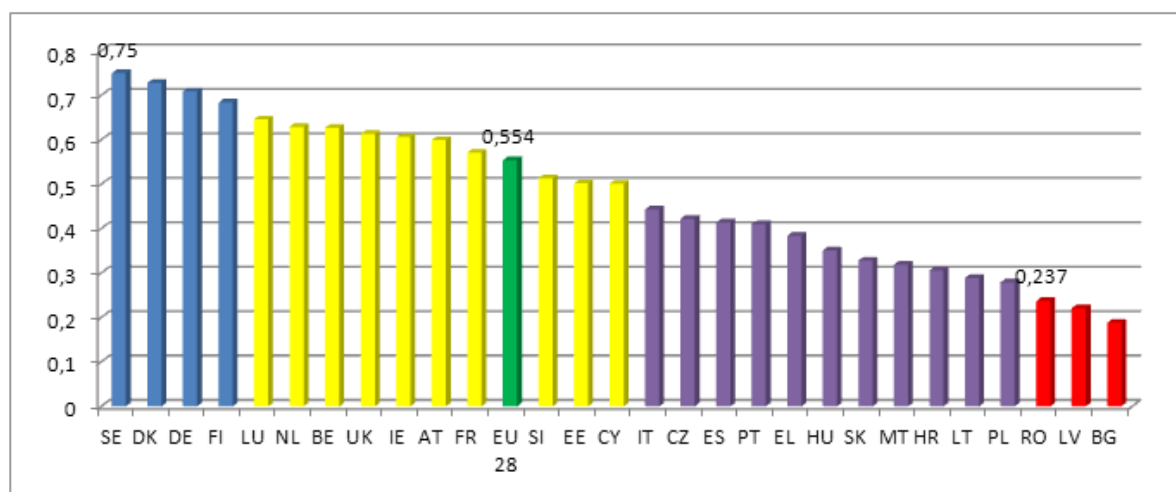
or inaccessibility of information systems for the identification of potential local, national or international partners in innovation projects; difficulties in the establishment of criteria for the launch, implementation and evaluation of new solutions, governance structures or systems.

Also other relevant barriers refer to the lack of collaboration. In this respect it is worth to mention: significant lack of citizen participation during the innovation stages (design, implementation, evaluation); lack of systematic approach for citizen participation in the co-creation of public value; lack of policies and criteria for the establishment, management, evaluation of partnerships aimed at the implementation of innovative projects; powerful technical, administrative and political boundaries between different sectors and administration levels; cultural differences and difficulties in combining different objectives in public-private innovation partnerships.

### 3. Innovation performance in the EU 28

Based on the statistic data of the Innovation Union Scoreboard, in 2014, Figure 1 reveals the innovation performance in the European Union Member States.

Figure 1. Innovation performance in the EU in 2013



Source: based on the data from Innovation Union Scoreboard 2014, European Commission, [http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf)

From the perspective of the innovation performance, four categories of states can be identified:

- Leader innovators – including states where innovation performance is above the average of the EU, almost by 20%. The countries recording such performance are Sweden, Denmark, Germany, Finland.



- Innovation followers – including states where innovation performance is close to that of the EU. This category comprises Netherlands, Belgium, UK, Ireland, Austria, Estonia, France, Luxembourg, Slovenia, Cyprus.
- Moderate Innovators – including states where innovation performance is below the average of the EU, ranging between 50% and 90% of the EU average. This category comprises Italy, Czech Republic, Spain, Portugal, Greece, Hungary, Slovakia, Lithuania, Malta, Poland, Croatia.
- Modest innovators – including states where innovation performance is below the average of the EU by almost 50%, respectively Romania, Latvia, Bulgaria.

The most innovative countries have powerful innovation systems, recording high performance at all dimensions: research and innovation, activities of innovation in the private sector, remarkable outcomes, economic effects, thus reflecting a national balanced system of research and innovation.

Further, I shall analyze innovation performance in the EU Member States from the viewpoint of the following dimensions: human resources, research systems, funding resources.

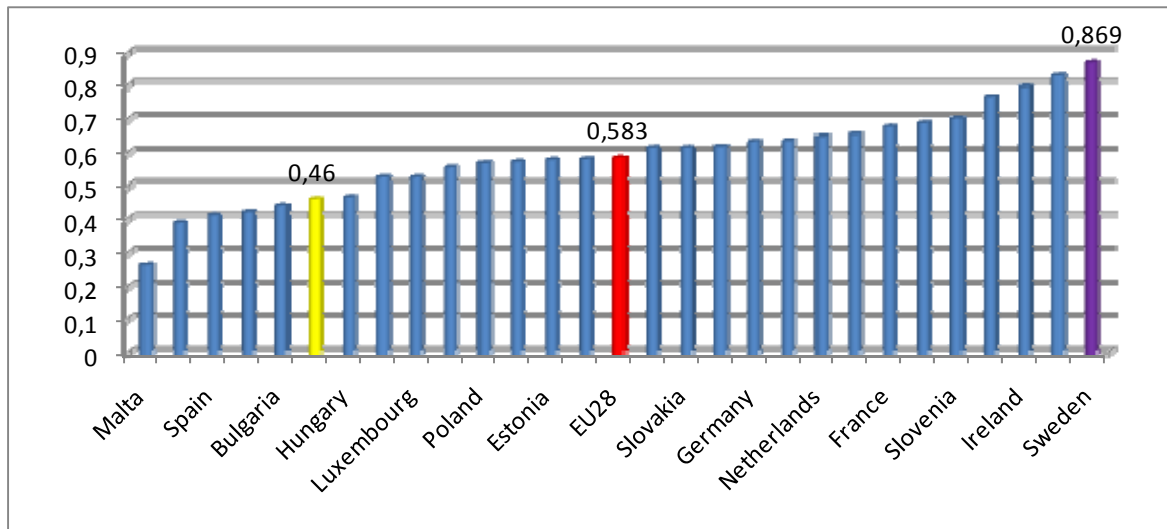
Thus, taking into consideration the dimension related to Human Resources, Figure 2 presents a relevant situation. Sweden, Finland and Ireland have the best performance, being followed closely by UK and Slovenia. A high share of workforce in those countries hold the competences necessary for developing the knowledge based economy. Most countries are leaders and followers innovators, with performance above the EU average.

Table 1. Innovation performance in the EU – Human Resources

Country	Human resources	Country	Human resources	Country	Human resources
Austria	0.614	Netherlands	0.647	Lithuania	0.686
Belgium	0.653	Portugal	0.387	Malta	0.261
Denmark	0.635	Spain	0.41	Poland	0.567
Finland	0.829	Sweden	0.869	Slovakia	0.614
France	0.675	UK	0.767	Slovenia	0.7
Germany	0.633	Czech Rep	0.571	Bulgaria	0.44
Greece	0.524	Cyprus	0.618	Romania	0.46
Ireland	0.795	Estonia	0.577	Croatia	0.579
Italy	0.42	Hungary	0.466		
Luxembourg	0.524	Latvia	0.554	EU28	0.583

Source: based on the data from Innovation Union Scoreboard 2014, European Commission

Figure 2. Innovation performance in the EU – Human Resources



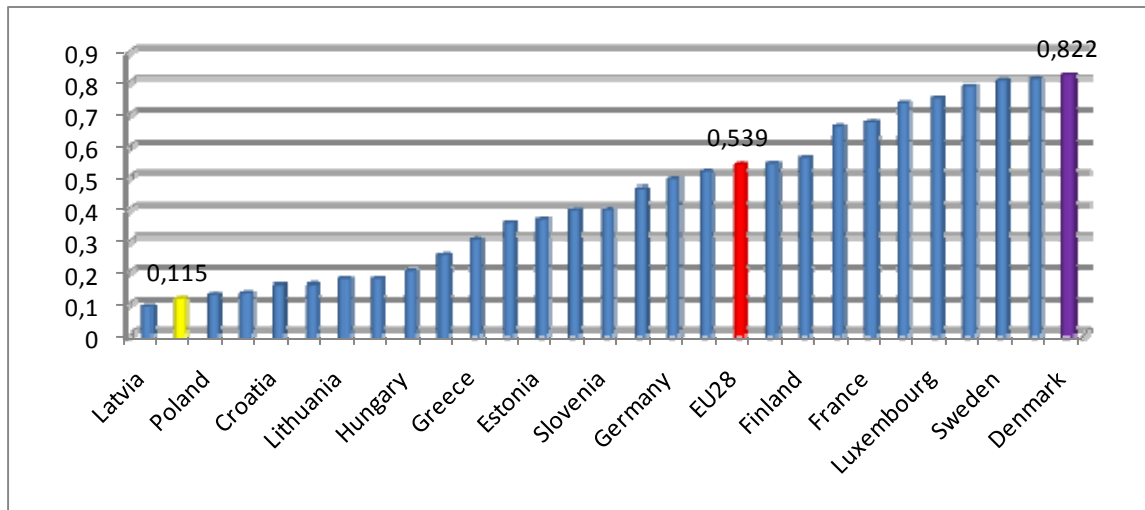
From the viewpoint of the dimension related to Research Systems, Denmark is leader, being followed by Netherlands, Sweden and UK. This aspect reveals the fact that the research systems in these countries are open to cooperation with partners at international and European level, the researchers and specialists are disseminating information and knowledge by networking and the quality of research is very high. The differences between states concerning innovation performance are quite large (Figure 3).

Table 2. Innovation performance in the EU – Research Systems

Country	Research systems	Country	Research systems	Country	Research systems
Austria	0.542	Netherlands	0.808	Lithuania	0.175
Belgium	0.735	Portugal	0.463	Malta	0.175
Denmark	0.822	Spain	0.516	Poland	0.128
Finland	0.561	Sweden	0.803	Slovakia	0.158
France	0.672	UK	0.784	Slovenia	0.395
Germany	0.491	Czech Rep	0.253	Bulgaria	0.133
Greece	0.303	Cyprus	0.353	Romania	0.115
Ireland	0.658	Estonia	0.364	Croatia	0.157
Italy	0.394	Hungary	0.201		
Luxembourg	0.751	Latvia	0.089	EU28	0.539

Source: based on the data from Innovation Union Scoreboard 2014, European Commission

Figure 3. Innovation performance in the EU – Research Systems



Concerning the dimension related to Funding, Estonia is the incontestable leader, being followed by Finland, Sweden and Denmark. In these countries, the public sector is developing powerful activities of research-development-innovation.

This indicator is based on a large extent on the expenditures in the field of research-development-innovation in the public sector.

In the framework of the group of moderate and modest innovators, all countries have performance below the EU average, Lithuania recording the best performance.

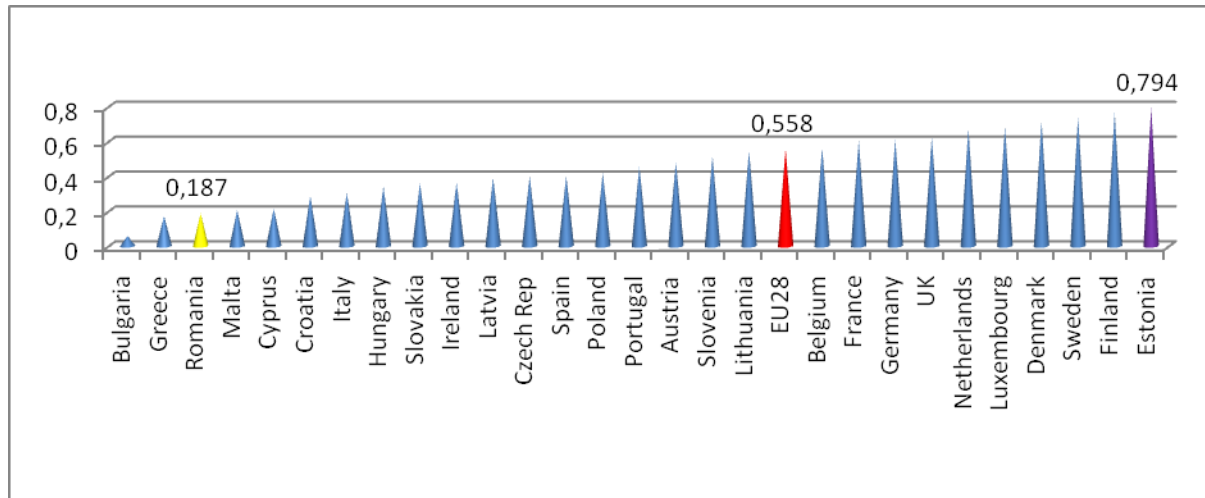
The differences concerning innovation performance from the viewpoint of this dimension are relative high, thus demonstrating the fact that the EU Member States are not developed in a similar way, and for some countries, the global innovation performance could be improved by developing this dimension (Figure 4).

Table 3. Innovation performance in the EU –Funding

Country	Funding	Country	Funding	Country	Funding
Austria	0.482	Netherlands	0.674	Lithuania	0.546
Belgium	0.563	Portugal	0.458	Malta	0.206
Denmark	0.717	Spain	0.402	Poland	0.418
Finland	0.767	Sweden	0.741	Slovakia	0.361
France	0.604	UK	0.623	Slovenia	0.515
Germany	0.613	Czech Rep	0.4	Bulgaria	0.057
Greece	0.172	Cyprus	0.216	Romania	0.187
Ireland	0.364	Estonia	0.794	Croatia	0.289
Italy	0.306	Hungary	0.341		
Luxembourg	0.686	Latvia	0.392	EU28	0.558

Source: based on the data from Innovation Union Scoreboard 2014, European Commission

Figure 4. Innovation performance in the EU –Funding



Concluding, some states have remarkable innovation performance. Concerning the dimension related to human resources, Sweden, Finland, Ireland and UK are recording the best performance. Denmark, Netherlands, Sweden and UK are incontestable leaders taking into consideration their efficient research systems, while Estonia, Finland, Sweden and Denmark are recording best performance in funding their activities of research-development-innovation.

## Conclusion

This paper attempts to reveal that there is a powerful trend among the EU Member States which shows the correlation between high quality public services and innovation performance. Really, on the one hand, innovation represents an important enabler for public sector modernisation and on the other hand, smart public administrations represent a key asset to trigger Europe's innovation potential.

In the EU, the innovation performance has increased by an annual average of 1.7% between 2006 - 2013. But this growth was not similar for all dimensions and indicators of innovation. The significant growth has been recorded for research systems (4.5%).

The innovation system in the EU becomes increasingly inter-related both at global level and among the Member States.

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# INNOVATIONS AND CHALLENGES IN PRE-UNIVERSITY EDUCATIONAL MANAGEMENT

Cristina Floreta ISSA (LIȘCĂ)<sup>1</sup>

**Abstract.** *The world has realized that the economic success of states are directly determined by the quality of educational system and that the most effective human capital input is expressed in knowledge, skills, creative abilities and moral qualities of the members of the society, which are formed by the educational system.*

*It is very important for us to understand that the educational management must be improved and adapted to demands of the society, because of that it is a real challenge to be a school manager. The innovation is one of the objectives of the National Education System and is providing the personal and the professional development of students, also of the society .*

*The thematic and methodology used in the research presents two strong marks : novelty and originality by capturing the theory of the facts , we believe, objective and realistic situation on the quality of education.*

**Keywords:** *educational management, quality, innovation, school, education*

## 1. Introduction

Starting from the idea that pre-university educational quality management system is a coherent and reflective at the same time, we can say at this time that this management system can be improved.

After analyzing the research results illustrated above, we believe that the assumptions are confirmed with a high validity, according to the statistical tools used.

Thus, new approaches to the premises which lead to a quality education through labeling „good schools". Under the new approach, good school structure works as an effective and fair for all children ensures minimal „civilizing "of graduates, within the meaning of adoption conduct of a good citizen, ensuring progress of all its students, take each student to achieve the highest performance that is capable of ensuring every child the opportunity formation of attitudes, skills, abilities and little accumulation of knowledge is concerned with all elements of personality development of the child, is steadily improving and becoming a learning organization, an institution able to infuse any beneficial change generated by society and education.

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In this sense, the chance to provide children with quality education are more significant in a school where the physical environment is clean, tidy and welcoming atmosphere is relaxed and friendly overall, hidden curriculum is fully in line with the formal.

These opportunities will become even higher as students will be involved in the school environment aimed at improving in the physical and socio-emotional. To meet this goal, teachers need to make students feel they, owners' respective school and give them the opportunity to implement their ideas. By contributing in a relevant measure to improve environment their school, children will appreciate the changes made and respect their efforts. Studies have shown that elements related to the physical environment and school climate as initiatives related to improving the involvement of children in these elements have a special contribution in providing education of good quality.

Quality and efficiency are two important pillars of educational reforms worldwide. They should be considered in building national system of management and quality assurance in the Romanian education. This will allow real integration and functional in terms of education, Romania's EU accession.

## **2. Important**

Achieving quality education is needed because Romania is among the few European countries that did not have a regulated mechanism in this area. Therefore it was necessary and legal framework within which to develop an institutional culture of quality education and protection of beneficiary education. Due to Education Law no. 84/1995, republished as amended and supplemented, and in view of the Constitution of Romania, the Romanian Government adopted an emergency ordinance on quality assurance in education. It provides general provisions, methodology, internal quality assurance of education, external evaluation of the quality of education, accreditation of educational organizations and programs of study.

The general framework of the areas, criteria, standards and procedures for assessment and quality assurance in the national education system is in the *general methodology to assess and ensure the quality of education*. According to this methodology, ensuring the quality of education is mainly focused on **learning outcomes** expressed in terms of *knowledge, skills, attitudes and values* aimed at three key areas for which specific criteria.

These areas are: institutional capacity, educational effectiveness and quality management. **Institutional capacity** resulting from the internal organization and infrastructure available to meet the objectives of educational programs. The institution must have a system of management and administration, have a base material and financial resources needed to run stable short and

medium term, and human resources that can build to achieve the proposed objectives and commitments. Those standards meet the headmaster.

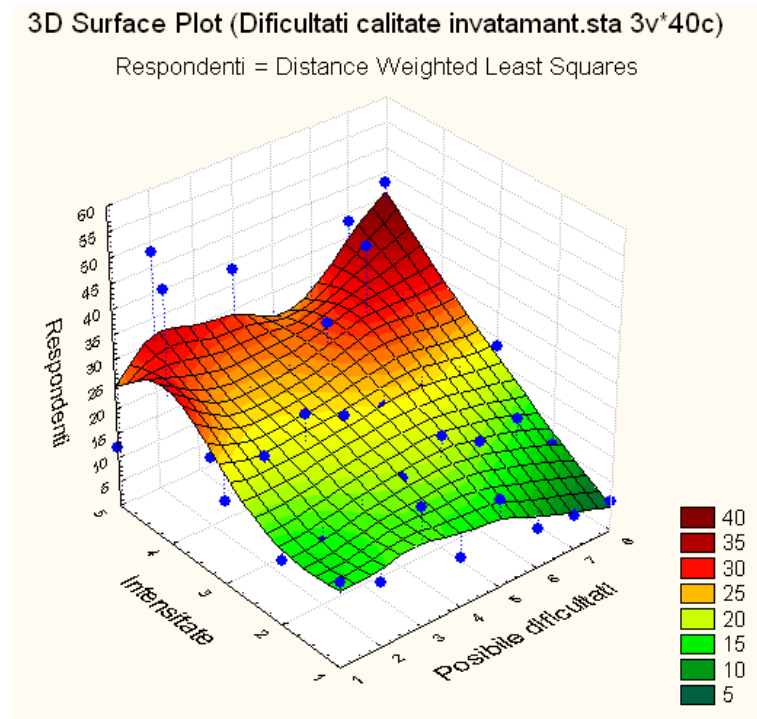
**Educational effectiveness** is to mobilize the human and financial resources in order to determine students achieve better results in learning. To achieve them should be organized teaching and learning in terms of content, methods and techniques, resources, selection of students and staff, so that institution to obtain those results that it has proposed the mission, to be clearly formulated.

Evaluation criteria corresponding educational effectiveness objectives and outcomes aimed at designing, structuring the framework for achieving the learning process of education, human resources, curriculum resources, ethos, climate and school culture, community relations and partnerships.

**Quality management** arising from the structures, practices and processes that ensure the continuous improvement of educational services institution. It should be centered on those strategies, structures, techniques and procedures by which the institution demonstrates that it assesses performance and improvement of education quality assurance and information systems that have demonstrated results in learning. The institution shall manage all its activities and quality assurance to disclose the information and data that proves a certain level of quality.

**Figure 1.1.** 3D interaction and the extent of the possible difficulties of implementation and development of a quality management in higher education. The area colored in green, present especially in the bottom of the monogram, shows that the difficulties are perceived as having little influence and very low for a number of 5- 20 respondents, yellow in the monogram us the degree of influence of possible difficulties at a medium level, and red means that most of the difficulties, with few exceptions, according to the respondents have a significant influence on the implementation and development of quality university education system.





**Figure 1.1. Mathematical modeling of the interaction between difficulties concerned and implementation of a quality management system in university education**  
Source: Author

### 3. Conclusions

The research showed that **institutions of secondary education studied not seek systematically how teachers identify with the school that the entire system also is not taken into account the need for personal development.** Most teachers participated in this research considers they are capped in professional careers. Even if the human resources department, the School Inspectorate, track training programs followed no information about the extent to which these programs have helped develop and what skills or skills have been acquired / improved so as to support quality education.

Factors influencing the quality of education are: the social, educational institution, teachers and pupils/students. Social environment by existing media, access to information, employment etc.

The institution itself by level of education and status, applied management strategies used existing structure, quality assurance procedures practiced.

The faculty works by the qualifications, teaching experience, communication skills, image, continuing education, participation, dedication and pupils / students by their level of knowledge, skills, interests, attitudes.

For the Romanian school of great importance is the definition of quality on M. Bruhn (2001:21): *"quality is the ability of a bidder to produce or provide goods or services features a set level*

*based on customer expectations"*<sup>2</sup>. In this sense, we can say that customer requests are becoming the reference point for quality made sschool.

More than ever, the quality is on the agenda, and not just think about the quality of products and services but also to the environment and life in general.

Besides the mechanisms leading to the quality certification system quality metrics can be introduced into the organization based on several known methods. The oldest method is the quality circle, allowing employees in small groups to improve production, working tools, working conditions and safety. Currently, may be reconsidered even the general organization of the company, through a reconfiguration (re-engineering), which is based on convergence in the long term, the interests of the organization with customers, suppliers, employees, shareholders and other stakeholders.

Relations between beneficiaries of education and teachers acquires a new dimension in an educational institution based on total quality: the employee is at the same time, customer and supplier of the entity to which it belongs. As a customer, the employee receives from the general manager or lower hierarchical information, guidelines, defining objectives, assistance and career prospects. As a supplier, he devotes his time and energy and all accumulations in order to fulfill the tasks entrusted.

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# BEST PRACTICES IN IMPLEMENTING BLENDED LEARNING SYSTEMS IN HIGHER EDUCATION

Arpad TODOR<sup>1</sup>

**Scholar within the project “Doctoral and Postdoctoral Fellowships for young researchers in the fields of Political, Administrative and Communication Sciences and Sociology” POSDRU/159/1.5/S/134650, financed through the Sectoral Operational Programme for Human Resources Development 2007-2013, cofinanced by the European Social Fund.**

***Abstract:** In this review article I analyze the literature that focuses on the most important challenges that should be addressed during the implementation of a blended learning system tailored to the education needs of individuals undergoing undergraduate and postgraduate courses. Thus, I systematized a series of general lines of action and I described the steps to be taken in the specific educational context of higher education institutions in Romania. In order to briefly synthesize and systemize a very extensive body of literature, I opted for structuring the analytical approach as follows: a number of examples of best practices have been analyzed, some of the most important studies that analyze the effects of implementing blended learning solutions at the level of institutions of higher education were reviewed and a detailed model of directions developed for the teaching staff in an university in its effort to develop courses that integrate the components of a blended learning solutions was presented.*

***Keywords:** blended learning, best practices, higher education*

## 1. Best practice examples in developing blended learning solutions

In this section I review a number of studies that systematize the main features of successful examples in the implementation of blended learning solutions. For example, Thorne defines education blended learning as an approach that integrates traditional methods with the online training at the same time with technologies such as multimedia, transmission online courses and other educational components, virtual classes, voicemail, email and online conferences, animated text etc. (Blended Learning. Research Reports & Examples of Best Practices, 2007). In a similar fashion Kerres & De Witt (2003:101) argue that the mix of teaching methods used by the

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blended learning approach is independent from the format of the educational content delivery. In the same line of argument, Oliver and Trigwell (2005) argue that the concept of blended learning has different meanings depending on the context. Instead, what is common to all these approaches is that developers of such education programs continuously analyze the effectiveness of the educational process, groups it into modules and individually determines for each of these modules what the most effective way to deliver content education is.

The authors of the report regarding best practice examples review (Blended Learning. Research Reports & Examples of Best Practices, 2007:1) the main theories developed so to explain how the blended learning approach can be more or less effective. For example, Hiltz and Murray (2005) argues that the blended learning approach represents one of the most recent social technologies introduced to improve distance learning by adding different arguments, substitutions or by mixing new pedagogical approaches and technologies. Thereby, online learning leads to revolutionizing higher education, both in terms of process and as a way of structuring the institution and the impact of these institutions on the social level. Online learning represents neither more nor less than a new social process that begins to replace both distance learning and traditional face to face approach. This will drive in the near future to a significant change in the traditional education and will radically change the way in which a classic course at university looks like.

In an attempt to identify the most relevant dimensions into which I can categorize blended learning programs, Bersin (2004) has identified two different approaches on how to create a mix of traditional face to face learning and the one mediated by technology (2005):

1. **‘Flow model’ approach:** step by step creation of a curriculum that integrates a number of media tools chronologically within the syllabus. Thus, it maintains a linear approach to the learning process each module is built in continuation of the previous one. The authors find that this approach can generate a very high rate of completion of the educational program because it can introduce students in a program that is clearly structured in which they can plan their effort of learning with greater predictability. In this approach professors may assess the progress of each student consistently and effectively and can intervene early and to remedy backwardness. Also, such a structure of the program is very useful in courses for certifying some skills.
2. **“Core-and-spoke” approach:** a fundamental approach proposed by Bersin (Cottrell and Robison, 2003:264) training focused on a central course that can be accessed in multimedia and online format that is complementary with activities and related training materials. In this approach students have the freedom to decide to look for additional

materials. This teaching model is based on the assumption that students are motivated to train independently. The courses developed by this method can be developed more quickly by applying additional materials.

While the two approaches are not mutually exclusive, choosing one of them has important logistical implications for the whole sequencing of the educational process. In this line of reasoning, Gynther (Blended Learning. Research Reports & Examples of Best Practices, 2007:14) argues that when choosing a particular approach concerning the method of developing and implementing a blended learning solution in the higher education system, the following questions should be answered:

1. Does the communication environment offers the opportunity for students to see the professor communication?
2. Does the communication environment offer the possibility for the professor to observe directly the communication of students?
3. Does the communication environment offer the possibility for the students to observe the degree in which other students understand the educational content?
4. Does the communication environment offer the possibility for the student to observe their own understanding of the educational content of the study?
5. Does the communication environment offer the possibility for the student to differentiate the choices on the flowing information and means of communication?
6. Does the communication environment offer the possibility for the professor to organize the communication between students and professors, or teamwork organization?
7. With what contributes the communication environment in creating an appropriate learning environment?

Thus, after this initial evaluation of the most important choices necessary at the beginning of the planning activities, the administrative and academic personnel involve in implementing the blended learning approach can coherently plan the most adequate solution. Due to its characteristics, blended learning solutions offer possibilities to professors in multiple ways of organizing the transfer of information to students, stimulating in this way the ability to understand information and adapt it to students with different degrees of previous training.

In the following paragraphs I focus on some important findings which emerged from a series of studies focused on the implementation of blended learning solutions easily within courses specific to faculties of social sciences and humanities. For example, a study by Cox et al. (2004) has evaluated blended learning solutions introduced in a number of training programs for humanities, especially the introduction of online chat groups for graduate programs (Blended

Learning. Research Reports & Examples of Best Practices, 2007:23). Another assessment was made by Motteram (2006) and it focuses on the importance of blended learning solutions in offering a balance between upgrading practical skills and the development of theoretical knowledge and the incentive for reflection on the progress of students with their skills (Blended Learning. Research Reports & Examples of Best Practices, 2007:26). Moreover, Aspden and Helm (2004) have discovered that virtual learning environments implemented on some university campuses increase the number of dimensions of interactive learning. The authors argue that students, professors and university staff get to interact more when a virtual learning environment is at hand. A recent analysis of Guldberg and Pilkington (2006) focused on the interpretation of online discussion of some virtual learning environments shows that the strengthening of learning group identity increases the levels of trust and safety of students. Instead the evaluation by Welker and Berardino (2005) on State University of New York Institute of Technology students concluded that the introduction of blended learning solutions has led to a decline in social interaction in combination with an increase in time required for the understanding of educational content. It should be noted that the authors stress that the results are not entirely negative because students highlights a number of advantages of these methods, particularly flexibility of the learning program, increase of independence and ease of accessing educational content; issues that they particularly appreciate (Blended Learning. Research Reports & Examples of Best Practices, 2007:28).

## **2. Academic research on the organizational aspects of implementation of some blended learning solutions**

In the past years a couple of researches that analyze in detail the effects of the institutional environment have been made, especially those of organizational aspects on the success of implemented blended learning solutions. A study made by Boeker and Klar (Blended Learning. Research Reports & Examples of Best Practices, 2007) in 2006 argues that the teaching and organizational details significantly determine the level of success of the implemented solution much more than the technical aspects of the implemented solution. The authors identified a number of different typologies of implementation of such solutions: linear approach, sequential and hypertext approaches. For example, the case analysis focused approach is very important in medical education as it centers on the analysis of actual cases, the communication medium is only a mediator.

Another research was proposed by Cottrell and Robison (2003) in which they describe the way in which the number of students enrolled at courses that have implemented blended learning

solutions could significantly increase, reducing the necessary time allocated by the professors, tutors and also by the administrative staff of the university. By implementing solutions which eliminate the limitations related to the special presence in the same time of a higher number of students, the participation of many diverse students from many countries is made possible. Increasing the number of international students has led to recognition of the existence of different learning approaches and skills between students from different cultures (Lanham and Zhou, 2003). The authors argue that a blended learning approach offers the necessary flexibility that leads to efficient participation to the process of learning of a larger number of people from a large number of different cultures.

Creating a *flipped classroom* – in a 2012 study, a series of authors from University of Texas at Austin (Zimmaro, Corlis and Ebbeler, 2012) have analyzed the quality of learning experiences of students by introducing a flipped classroom - so the traditional reading was recorded, being accessible in online format, and course activities have focused on applying knowledge presented in the course. The authors have started from a series of assumptions based on the results of former researches, however based on a singular experience of participation in a flipped classroom.

- Learning outside the classroom focuses on delivering content - i.e. depending on the format assessment requirements.
- Learning activities within classes are more focused on proactive learning
- All types of learning activities were effectively aligned with the learning objectives of the course
- Instructors were able to provide an appropriate level of implementation of educational content.

While in the previous section I focused on process of planning blended learning solution, below I discuss number of researches that have taken into consideration the specific context of implementing some blended learning programs in European higher education institutions. For example, Bersin (2004) arguments that one of the main problems of education focused around an instructor is the lack of an appropriate scale. The moment when in some programs thousands of students are enrolled, the possibility of instructors to interact directly with the students is very low. Also, the time scale creates important difficulties in the sense that the information transmitted by the students is condensed in improperly. In this way, blended learning solutions are among the most useful in achieving an appropriate scale of organizing implementation of educational content.

The authors argue that identifying some methods of further improvement of the learning experiences held in the classroom represents the key for widely implementing some blended learning methods.

### **3. Examples of implementing strategies of blended learning solutions in European universities**

The educational process, so that the largest possible number of students to have access to a quality educational process (see Cottrell and Robison). Moreover, Aspden and Helm (2004) argues that the widespread introduction of blended learning methods can lead to an alteration of the educational dimension and the learning relationship, so increasing the number of students will not necessarily generate a decrease in contact between students and professors and administrative staff. Based on the analysis of these authors, the authors of the study on best practices in implementing blended learning platforms highlight that the researches done in the past years indicate systematically that extending blended learning methods have as an effect an increase of the quality of interaction between students and professors and also increase the incentives for students to interact directly with each other (Blended Learning. Research Reports & Examples of Best Practices, 2007).

Another illustrative example is offer by the case of Stord-Haugesund University College, the Department for Teaching Staff Training, Norway (Blended Learning. Research Reports & Examples of Best Practices, 2007:88), a blended learning program was implemented in the MA program for teaching staff of professors in using some digital instruments in the educational process. In addition to traditional courses in the educational program were implemented modules offering tutoring through the Internet, and achieve video streaming. They also used the following pedagogical approaches: collaborative learning and constructivist learning focused on issues and also projects centered learning. In terms of implementation of complex technologies, which consisted in distributing educational materials in an electronic form, the development of live broadcast of the hours of training and in terms of the interaction between professors and students and the interaction between students have been through the virtual communication channel and thus were stimulated both synchronous communication and the asynchronous one. Thus the traditional component, the course held by a professor was a bit less of the whole educational course. The present students in the campus could participate both at face to face tutoring sessions, but also at guidance via e-mail, through synchronous and asynchronous communication. According to the assessment, the level of completion of the program was very high and the feedback from students has been very positive.



Another study (Tayebnik and Puteh, 2012) that focuses on the differences of success of blended learning methods depending on the mix of methods used in the solution highlights that solutions with an equilibrated mix of components are more favorable as e-learning solutions because they generate the feeling of belonging to a learning community, very important for the educational process. The authors of the study highlight that the blended learning approach represents a mix of advantages particularly in terms of interaction between professors and students, and in terms of the learning experience, having in this perspective the characteristics necessary to become the next predominant model of organization of the educational process (Tayebnik and Puteh, 2012).

In order to highlight the advantages of the blended learning approach, Hameed, Badii, and Cullen (2008) focused their study on comparing the efficiency of e-learning versus traditional methods, like the changes that arise when these methods are combined. The authors concluded that blended learning approach offers a good alternative to pure e-learning methods in terms of flexibility, instead offers the advantage of access to a large number of alternative learning resources. On the other hand, Lu and Chiou (2010) argue in favor of introducing pure e-learning methods stressing that the advantages and flexibility of learning at their own pace are significant and important than belonging to a learning community. Hameed, Badii and Cullen (2008) highlighted implementing pure e-learning solutions actually lead to the increase of the effort required from trainers, particularly the time required for the assimilation of educational content of participants in an educational process organized exclusively online. Webb et al. (2005) reached similar conclusions that have realized a complex study during a semester and found that use of communication technologies over the Internet enables university-level instructors to give students the option to attend classes through the use of high-quality online teaching methods.

#### **4. A model for implementing a system of blended learning at a university level (Bath and Bourke, 2010)**

In the following section I present into detail the planning method developed by Bath and Bourke as a model of planning and operationalizing of a blended learning system that considers lessons learned during such efforts made in several universities. First, the authors distinguish between three different models of blended learning operating systems:

**Model 1.** In this case, technology is used to facilitate better management of educational process and increasing availability of educational resources, as well as performing administrative activities, particularly those related to communication.

**Model 2.** It involves planning the increase of the quality of the educational process through the use of technological innovations so that students can experience learning modes beyond those permitted by the classic face to face interaction. As important examples of this model, the authors refer to the implementation of communications media that allow interaction and collaboration between students through digital platforms, and implementation of assessment methods and management courses to be built on these platforms.

**Model 3.** This model leads using technology a step further than the model 2, in this case the learning process depends more on the digital environment, students having a much greater control on the structure of the educational process (Bath and Bourke, 2010).

In their effort to structure a detailed set of guiding professors, Bath and Bourke have developed a set of instructions for professors who are in the process of development of new courses. Among the most important advice are (Bath and John Bourke, 2010:12).

- Setting the goal of the course and learning objectives from the beginning, and analyzing the opportunity of introducing blended learning methods only subsequently - in so far as they can contribute to better achievement the objectives of learning. Some of the most important questions to which answers must be outlined in this process are skills, knowledge and attitudes that students should achieve at the end of the educational content completion.
- Depending on the skills list that the course proposes, it is important to examine the most appropriate teaching activities for each and determining the best ways students can demonstrate progress in completing of their educational content.
- After the first two stages have been made, the degree to which the use of an online environment should be analyzed and decided if it can contribute to one, several or all the objectives of the course. In addition, one must analyze the ways in which the use of an online learning environment can contribute to achieving each of the objectives.
- Subsequently, one should verify to what extent the general objectives and the learning objectives, the teaching activities and the learning ones are aligned and combined into a consistent manner so that the finality each activity from the course is clear and correlated to the evaluation system.
- Development of a list of the contents, evaluation of the sources of the used information, checking the type of the format in which they are accessible (print, online, audio, video etc.)

and the degree of accessibility of these resources, and the possible measures of ameliorating the degree of accessibility of the resources.

- As far as the course was taken from another professor, an evaluation of the feedback from the participants should be performed, especially the suggestion on improving the educational process, its strengths and weaknesses. Also, according to this feedback, there must be assessed whether a potential increase of the number of students may negatively or positively alter the quality of the learning experience (Bath and Bourke, 2010:9-10)
- Another step to go is to assess the typology to students participating in the course, especially the presence of international students whose native language is not the teaching of the course, of some students from disadvantaged socio-economic environments, some disabled students, or some adult students already in the workforce.
- In the case of international students, the video recording of the lectures is a very effective way to increase the accessibility of the readings so that students who don't understand very well the content can re-listen to it in a rhythm that would facilitate their understanding of the educational content.
- Implementing solutions such as team working online can facilitate the active involvement of international students because, as a rule, knowledge of a written language is more advanced than the mastery of the spoken language (especially in the case of English) so that they will feel more comfortable communicating in writing by their peers.
- In terms of accessibility of the courses, the authors stress that it should start from the assumption that not all students have access to all available technologies such as broadband, next-generation mobile phones, or very powerful computers. In this respect it should be checked whether the software solutions available can be accessed by people with access to hardware of average power and less fast internet.
- In terms of educational content accessible for people with different disabilities, impaired hearing, vision, or movement, the extent to which alternatives can be offered must be examined so full educational content through alternative methods can be accessed.
- In terms of motivation and experience of the course participants, the authors advise professors to develop trainings that take into account the average level of familiarity of students with certain technologies and the time needed to familiarize them with using the online platform.

In Bath and Bourke's (2010) analysis, the main reasons that students are giving up courses developed a blended learning system are the following (Bath and Bourke, 2010:14):

- The amount of work is very high - especially when traditional face to face component and the online component are not integrated, so there is a high degree of redundancy;
- Confusion on the technicalities of using the online platform by the lack of adequate technical support, especially orientation that should be provided at the beginning of the course;
- Experiencing a problem with the use of technology - in this sense the authors recommend the online platform to be tested in detail before the start of the course.

The authors also review the most important elements to be taken into account when thinking of a blended learning system:

**Creation of the program** - here one must consider elements such as design, planning, and creating online interface, of the videos of educational videos, of animated elements, the blog for course, web solution casting etc.

**Evaluation elements** – verifying, creating hypotheses, ways to stimulate critical thinking, experimentation methods, stimulating discussions through online platform and creating an environment that fosters the development of collaborative networks (Bath and Bourke, 2010:27).

**Analysis** – in particular elements of comparison, organization, deconstruction, or structured query;

**Conducting surveys at the level of participants** –online SWOT surveys, reports, analysis;

**Applying knowledge**– implementation, execution, editing, developing games and exercises simultaneous editing, conducting interviews etc.;

Understanding knowledge – interpreting, summarizing, paraphrasing, classification, explanation etc.;

Remembering – the recognition, description, identification, localization, creating mind maps (Bath and John Bourke, 2010:27);

In terms of evaluation, developing a program that takes into account the best practices should offer a basis for evaluation that can take account by the whole learning process so that the analysis can provide a balanced assessment on each of these dimensions, and not just on the basis of the final evaluation (Bath and John Bourke, 2010:56-57). Moreover, the blended learning approach can offer a wide range of alternatives on which the learning activities can be usefully combined with efficiency program evaluation activities. For the authors' point of view, some of the most important reasons to perform a *mixed* process of evaluation are the following:

- Monitoring students more frequently and more easily - for example by making online tests of individual or group contributions to a project;
- Motivating students to engage in learning on a permanent basis and not just at the end of the semester - something that requires integrating online activity every step of the course;

- Management and administration of evaluation becomes more efficient and has a much higher degree of accuracy. When assignments are uploaded online within the platform evaluators can easily control when the theme was sent and may have very easy access to the materials.
- Facilitating the creation of authentic assessment tasks, notably using direct activity of students in the evaluation process.

In addition, Bath and Bourke (2010) offer a series of questions to which the involved persons in developing of a blended learning course should answer:

- Does the design of the course offer self-evaluating methods, especially at the level of knowledge?
- Does the course offer the opportunity to participate in an evaluation process with low-stakes – in the sense that obtaining of low marks can subsequently be compensated by a further progress?
- Are there methods for obtaining feed-back from the tutors either through formal and informal methods?
- What is the level of consistency between the evaluation methods and learning activities?
- Is there a general alignment of methods of evaluation with the aim of the course and the objectives of learning?
- What is the necessary level of work from the students and the staff involved in the implementation of the course?
- How are the methods that the aim and the relevance of some of the tasks within the course communicated?
- Is there an effective distribution of the learning tasks and the evaluation tasks throughout the semester? The authors recommended that students in the early years start achieving early assessment tasks so they can get the time necessary feed-back to improve their performance (Bath and John Bourke, 2010:37-38).

It is very important, as Bath and Bourke (2010) underlines to prepare students for the course that implies blended learning. In this sense, at the beginning of the year it is recommended to organize at least one direct meeting involving all students and the staff engaged in the course, especially the possibility of creating a sense of belonging to a community. Authors also recommend the development of tutoring sessions in which a series of elements about the course are presented and explained in detail.

The aim of the course: continuous efforts to build a strong sense regarding the utility of the used approach should be realized. The tutors should *sell* at best the design of the course to the students. Thus, how integration between online and classical components should be explained

and how this combination leads to potential quality of education. Finally one should insist on the students' motivation to participate proactively in activities carried out within the online platform. For expectations to be as realistic, it is fundamental to establish a clear and realistic set of expectations at the end of the course. Presentation consistently and transparently to all these requirements is mandatory. Also, a methodology regarding the achievements of ads, especially their timing – so that students can be attentive to their e-mails of such announcements – is important. Moreover, students should be explained clearly the conditions and the timing they can expect to be answered to various questions they have. To limit some redundant questions, students must be explained where to find the answer to their uncertainties (e.g. by creating a special section of the Platform FAQ online)

It is also recommended to structure a set of instructions for participation in the course and access to all facilities offered by the online platform that should be easy to understand. This set of guidelines should describe the type of interaction and approach considered appropriate for different tools and environments that will be used in the course.

As has been repeated by many authors, creating the feeling of belonging to a learning community is fundamental to the implementation of successful blended learning courses. Motivating students is fundamental to obtain a level of adequate and cognitive mobilization during the course of educational process. It is therefore very important that students have clearly explained the ways through which they can have contact directly with tutors when needed. It is also desirable that the interaction between the students should be stimulated effectively, for example it is recommended fostering discussion in the forum, discussions that should be firstly initiated by the tutors, until a routine is generated in this regard. The authors also recommend recording the tutoring sessions and posting them on the online platform so that students that could not participate in these sessions or did not understand some details can return to them (Bath and John Bourke, 2010:56-57).

## **Conclusions**

Throughout this review article I systematized a very extensive literature, focusing on the most relevant elements for implementing blended learning programs at the level of higher education institutions in Romania. I have emphasized that the blended learning approach is very diverse and offers outstanding capacities for adaptation and innovation. The main systematized material has approached the blended learning approach from four different angles: (1) the projects that integrated technology in the education process has represented one of the main goals; (2) projects that improve the learning experience was the main focus of the development of such solutions; (3) projects focused on improving teaching outcomes; and (4) projects focused

on changing the organization of the educational projects around new technologies (Blended Learning. Research Reports & Examples of Best Practices, 2007). According to the central interests that determine starting to implement blended learning programs, different institutions initially focused on certain elements. According to the literature review there is no single recipe for generating successful programs, the key itself consisting in the capacity to adapt to the specific context of one country, university, study program, course and students to be addressed.

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# SOCIAL MEDIA IN PUBLIC INSTITUTIONS.

## COMPARATIVE CASE STUDY

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**Abstract.** *The activity of public institutions permanently reports itself to the requirements of an ever-changing environment, adopts the components of private organizations, pursues the changes of modern communication, and their survival depends on the degree of adaptation to environmental requirements.*

*Given this context, the discussion on the using social media in the public sector is considered imperative.*

*By using social media in public organization is helped to browse through a period of disruption and take decisions for the challenges they face.*

*The paper aims to examine the use of social media by the public organizations in the context of significant changes suffered by the government.*

*The objectives of this paper is to understand the concept of social media in the public sector and analyze the impact on the use of expressive social media from the public sector by conducting a compared case study on the parliaments of several countries that use social media.*

**Keywords:** *public institutions, social-media, communication*

### 1. Introduction

Change is inevitable and affects both public and private sector.

All organizations are exposed to the new challenges and actions taken by new competitors, any of which may require a reorganization of the organization or its disappearance.

The private sector is the one that has adapted more quickly to market demands - innovated rapidly, adopted behaviours and marketing strategies that meet the needs and requirements of customers. In order to improve the services provided by the public sector, we also need to adapt public institutions to new challenges of society based on new technologies. The goal of public institutions is similar to the one of private institutions: meeting the needs of "clients".

Public organizations must understand the dynamic of the forces and changing technologies; must have a strategic design; need to consider new effective practices; need to

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innovate; must be able to present their merits to the general public and audiences who pay taxes and track their activity (Kotler and Lee, 2007:28).

The experience of recent years shows that adaptation and orientation efforts of the activities of the public organizations to the needs of citizens aimed a conduct that involves both, responsiveness to the citizens' demands, high capacity of adaptation to changing requirements and demands of society, innovative spirit, transparency, availability for reducing bureaucracy. To apply this behaviour, most public organizations have realized they must be in step with the evolution of society. And therefore, target social media as an opportunity to revitalize citizen participation in public debate and decision-making. This process is still in the exploration phase and public organizations are looking for ways to leverage social media by using attractive and interactive tools.

Statistics (EUROSTAT, Statistics on the Information Society) on the Internet use by citizens desiring to access social networks and a number of other relatively new activities such as consulting wikis, reading and posting views on issues of political and civic participation to consultations or voting online show that: using social networking recorded in 2011 a share of 38% of EU-27 population aged 16-74 years, the age breakdown, showed that there was a great diversity in the use of these services. Percentage of people aged 55-74 years who used social networks was amounted to 11%, in stark contrast to the 80% recorded among those aged between 16 and 24 years.

Figure 1. Use of the Internet for social networking, learning, Civic and Political Participation, by age group, EU-27, 2011 (% of Individuals)



Source: EUROSTAT, [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php)

Social media offers a wide range of *online* instruments for creation and content exchange that offers new opportunities for communication between public organizations and citizens.

Philip Kotler, Hermawan Kartajaya and Iwan Setiawan (2010:7) classify social media in two broad categories. One is the expressive social media, which includes blogs, Twitter, YouTube, Facebook, photo sharing sites like Flickr, and other social networking sites. The other category is the collaborative media, which includes sites such as Wikipedia, Rotten Tomatoes, and Craigslist.

Expressive social media provides the opportunity to know the opinion of citizens on the activity of public organizations, make it more transparent. Instant real-time information of the public about the conduct of meetings, discussions, consultations etc. brings citizens closer to public organizations and facilitates communication with them.

Activities of public organizations may seem restrictive, onerous and, therefore, public organizations need to adapt to the speed, openness and interactivity of these new environments.

Using social media in the public sector can set the following types of relationships: a public organization-citizens (public organization addresses citizens with information on the services provided), public organization - public organization (public organizations addressed each other with information on public services), citizen - public organization (citizen has the opportunity to address and communicate easily with the public organization), citizen – citizen (citizens can interact with each other and can exchange information and views on services of the organizations).

**Table 2. Types of relationships established by social - media**

public organization-citizens	public organization - public organization
citizen - citizen	citizen - public organization

Source: Authors

## **2. Research methodology**

The overall objective of this paper is to analyze the applicability of social-media-type instrument in public institutions.

Research methodology stands in the use of qualitative methods, as monitoring and analyzing of social networks of the parliaments of several countries to identify their objectives destination. One of the limits of the research is that states were chosen based on how we

identified them on the social networks. The case study presents a comparative study on the use of social media in national parliaments.

### **3. Use of social media networks in national parliaments. Comparative study**

The popularity of the Internet has led to an eruption of online social networks and web communities. Countless independent and commercial websites have emerged to provide Internet consumers spaces to socialize and to exchange views and information. Nowadays, it seems that almost everyone is present on Facebook, Twitter, watch the latest videos on YouTube or check photos on Flickr.

According to the e-Parliament (Report 2012, World e-Parliament) report 2012 on the one-third of the national parliaments of the world are already on social media and another third are prepared to make this step.

Members of national parliaments participate in these social networks, posting on *Facebook, twitter and blogs* different views on issues under discussion, debating individual in real time, with citizens or between themselves numerous topics.

The Interparliamentary Union published in March 2013 the *Social Media Guide* (Williamson, 2013), developed for the use of social environment by parliament. The guide is a necessary document for the activity of parliaments, parliamentarians and their staff. It refers to the use of social media in processes of disclosure, dissemination of diverse viewpoints and dialogue with citizens. The guide is addressed the parliamentary staff using social media in institutional framework, communication teams, web sites responsables, computer scientists, staff committees, library and research service.

Table 3 presents some countries that use social networks as channels of communication in national parliaments. In this analysis we followed parliaments' objectives in using this instrument and types of activities posted on these social networks.

**Table 3. The presence of expressive social media instruments in national parliaments**

General objective	Expressive social media instruments	Countries (parliaments)	Posted activities
1. To provide information about the institution, including how the Parliament works	Facebook	Great Britain	• providing information on the Parliament as an institution (events, projects, exhibitions, new services, history, processes etc.)
		Romania	• providing information on the Parliament as an institution (providing information on parliamentary activities, posting pictures of events and activities in and outside the Parliament with members of the two chambers, providing information on the House of Parliament, the work of the Parliament, Parliament's history and parliamentary events, addressing messages on various occasions (religious holidays, national or international days etc.), posting useful information for citizens, from other countries travel tips to the way of interacting with MPs
	Twitter	Great Britain	• promoting off-line information about the history of the Parliament • reference to links Flickr sets and movies on YouTube
		Scotland	• providing information about the Parliament and special events
		Wales	• providing links to Flickr sets
	YouTube	Great Britain	• providing information on the House of Parliament, the work of the Parliament, Parliament's history and parliamentary events
		Wales	• providing information on parliamentary activities
		Northern Ireland	• providing information on the Parliament works
	Flickr	Great Britain	• posting Photostream pictures that reflect the work, the history, the events and the architectural heritage of Parliament
		Northern Ireland	• posting pictures of events and activities in and outside Parliament
	Blog	Northern Ireland	• providing information on events and activities behind the parliamentary scenes
2. Providing and	Facebook	Australia	• (House of Representatives) reference to links for information on the

promoting information on parliamentary activities (eg. expenses and proposals debated in the Parliament, committees meetings, special events, parliamentary diplomacy, submission of reports, etc.), in a more pro-active and timely manner			Parliament and the Commissions
		British Columbia	• providing current information to the public on the work of parliamentary commissions
		France – Senate	• providing information on the commissions’ work • providing an overview of the Senate
		Romania	• providing information on the activity of the presidents of the two Houses of Parliament and events • posting photos and video / press articles relating to the work of the Parliament
	Twitter	Australia	• providing updated information on the activity of the House of Representatives • providing updated information on the work of the Senate
		France (Senate)	• providing information on the work of the Senate, in general • providing direct information on major parliamentary debates
		Northern Ireland	• providing information on the work of the Parliament and parliamentary commissions • posting reports of the Parliament and the commissions • reference to links of the commissions’ meetings • answers to public questions received via Twitter
		Great Britain	• announcing launches of parliamentary or commission reports • providing information on special parliamentary events • links to commission meetings verbatim reports • answers to public questions, received via Twitter
		Scotland	• providing information on the work of the Parliament and parliamentary commissions • providing information about the institution and special events
		Wales	• providing information on the Parliament work and parliamentary commissions • reference to links of commission meetings

	YouTube	Great Britain	<ul style="list-style-type: none"> <li>• posting MPs questions and interpellations movies</li> <li>• transmission of commissions of inquiry launches and publication of commissions reports</li> <li>• transmission of Commission meetings</li> </ul>
		Romania	• posting videos of political statements of the Members (deputies, senators)/ politicians
	Blog	Northern Ireland	• providing information on the Parliament
3. To ask the public on policies, legislation etc.	Facebook	British Columbia	• promoting public consultations carried out by commissions and directing the public to commissions pages, to participate in public debates
	Twitter	Great Britain	• submission of political issues considered by the Parliament and Commission as being of major importance
		Scotland	• inviting the public to comment on policies and legislation under debate within the commissions
4. To encourage the dialogue in order to involve the citizens into the democratic process	Blog	Great Britain	• encouraging the dialogue between the public and members of the House of Lords. Members of the House of Lords can write blogs on their specialized areas and talk about life and work in the House of Lords. Comments can be posted.
5. To give the MPs and the public information on the research and other publications	Facebook	Australia	<ul style="list-style-type: none"> <li>• providing links to publications, summaries prepared by the Parliamentary Library and its blog</li> <li>• providing information on seminars and conferences</li> </ul>
	Twitter	Australia	• providing updates and links to the Library's publications
		Wales	• providing links to research papers and legal summaries prepared by the Research Department
	Blog	Australia	• providing concrete, descriptive and / or summary information on subjects of current interest to members of the Australian Parliament.

Source: Authors

Experience in using social media in the national parliaments of the states presented in Table 3 shows that there are various social media platforms, various tools and applications to achieve communication, depending on the specifics of each country. Choosing takes account of the existence of certain platforms tailored according to the needs.

Analyzing the activities of national parliaments board shown in Table 3, the use of social media aims for: information (access to information resources, parliamentary activity related to events organized by the Parliament); educational purposes for activities with a specific target audience and access to documents and parliamentary activities; public awareness by establishing and active relationship with the civil society, the business world, with other social groups; dialogue with citizens to provide required information, to ask for proposals from them, to consult citizens about legislative proposals, policies, involving them in the legislative and decision making activity.

The advantages of using these social networks are obvious for the attempt to approach and dialogue with the social environment. The advantages of social – media use by parliaments relate to: bringing closer the public and find out their needs, creating a space for dialogue, increasing credibility and trust, possible association with partners and business support, massive dissemination of information, ensuring optimum cost-efficiency, real-time coordination of this activity, reduce the time for obtaining information, efficient communication strategy of the institution etc.

Possible disadvantages are related to: the existence of different procedures and protocols of other media, major adverse breach of transparency and honest communication, the risk that the public is not given priority to act only for themselves, the risk of rapid and uncontrollable development of the communication process, the difficulty of predictions regarding the public side, the content of posts has to be created, edited, approved and published, requiring time etc.

The institutions of the European Union were concerned, in 2010, when special action plan for social-media presence was developed (Malherbe, 2011). Subsequently, the European Commission has developed regulations for the communication of this institution through social media (European Commission, EU Use of social media in communication).

In time, half of the European Commission members became active on Facebook, Twitter (Decrypter to communication européenne) and the European Parliament has developed a special strategy in this area.

The European Parliament has made special Facebook applications used by 70% of the Parliament members, Twitter used by 35% of euro deputies, LinkedIn (20%). In this context they were created conditions for dialogue between and Parliament members, and thus made possible

for the deputy that represents the voter to be identified for keeping neutral kindness and openness by meeting specific demands of these environments.

#### **4. Conclusions**

Even if public institutions are characterized by rigidity and excessive bureaucracy, they accepted the challenge and have already captured a number of marketing tools developed by the private sector, namely social media.

Currently, to obtain information about government programs and services through the Internet is commonplace. Social media provides the tools needed to minimize the communication gap and participate effectively in an active, ongoing dialogue. In this paper, the Internet is a distribution channel, a tool that people can use to receive services/public goods, participation in debates etc.

Traditional public institutions, with a weak contact with the public can turn to modern public institution with a strong contact with the public. There is immense potential to promote citizen engagement. Using social media in the parliaments allows access to legislative documents posted on sites, interactive dialogue between citizens and representatives of these institutions. These new ways of communication are designed to increase the reliability and confidence in parliamentary institutions, as in time these forms of communication will become the preferred way to access information, especially because of the speed of information and instant access.

However, successful participation of public sector organizations in existing online social networks presents certain challenges. Most parliaments, but also other public experiment how to use social media effectively, and the results are hard enough measured.

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# SOCIAL CHANGE IN PUBLIC ADMINISTRATION

Luminița IORDACHE<sup>1</sup>

**Abstract:** *Public administration is influenced by political, economic, cultural and social changes, because irrespective of change from a certain size it attracts all other changes and these have profound implications on various mentalities of all the players and on the structures of society. Studying the concept of social change in the study of public administration represents a new approach in terms of administrative sciences and through this work emphasize social change within the public administration, the role it plays in changing both the local communities and at national level, which are the instruments it uses and the EU's role in this process. Public administration cannot be seen in isolation, it is part of the global social system, with strong influences on it, and is in turn strongly influenced.*

**Keywords:** *social change, society, social structures, social agent.*

## 1. The concept of social change and theories of change

Society has created structures to conserve and develop the fundamental aims of groups and individuals, and these are institutions, social assemblies, which provide stability and meet the needs of society and are vital basic systems of sustainable cohesion. Due to changes that occur in permanent structures of a society, it evolves into a more or less.

Social change was discussed in important sociological doctrines and was studied from different perspectives in the relationship between new and old, between traditional and modern, between progress and regression. This issue is analyzed systematically in all of its studies relating to modernization. Social change is a process by which the society or one of its components is transformed into a different form both quantitatively and qualitatively.

This topic has been linked to modernization, industrialization and economic development that have emerged as mechanisms for building social structures engines of a technological civilization, but only a certain cultural space (Schifirnet, 2004: 177).

Change is seen as a constant element in social life, societies knowing social change as a significant change in the social structure and that is reflected in social behavior.

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Some societies suffer a slow process of change, other changes faster, some are planned, others are sporadic, some are short lived and others long lived, some are accepted immediately, others are controversial.

The action of several factors in social and individual life contributes to social change, the most important of these are: the environment, population, conflict, innovation, diffusion, acculturation, social structure, social movements, deviance, technology.

In terms of social change, the structure theory of Anthony Giddens tries to capture the dynamic and static-structure and the dynamic -process. There are three major trends in how history sees every theory of change: evolution, circular dialectic.

Durkheim argues that society's evolution is linear, cumulative, non-repetitive, with several stages, ranging from small societies and different culturally towards and small societies, with a degree of structural differentiation and a heterogeneous culture.

The society increases but also the social differentiation increases, the set of values shared by the entire society shrinks so it takes formal means to ensure the cohesion of the social system.

Oswald Spengler in "Decline of the West", claims that all cultural systems follow a fatal cycle of upwelling followed by descending, well-established and repetitive, where development and decay occur after a similar biological life cycle of man.

The dialectical theories attempt to merge development issues seen as linear and the circular history, the change taking place in spring.

As sources of change we distinguish the materialist perspective (economic and technological factors) and idealistic perspective, the latter are focused on values, beliefs and ideologies, Max Weber is an advocate of this view.

According to Wilbert E. Moore, most significant components of social existence are persistent, these regularities generating certain fixed elements that constitute the criteria and classification of social change, of these are: the magnitude of change, change sources (external), the nature of change, duration (long / short), the direction of change and the shape of change (dimensional / multidimensional).

The variables of change are: the time, the amount of change and the change agent that serve as the classification of the major types of social change.

In the functionalist vision, social change occurs within the system, maintaining its balance and stability.

From a conflict perspective, the development and functioning of the society is seen through the prism of conflict, the struggle for various reasons among individuals, groups, social classes, political parties, communities, states, culminating in disorder and social tension. The

social reality is seen as dominated by a struggle in which relations between people are based on competition, considered as an element of progress.

Regarding structuralism, T. Parsons analyzes the structure as a way of investigating the functional order of society and A. Giddens discusses social structures in relation to social action, the interactionism studies the basics of everyday social interaction.

Auguste Comte, the founder of sociology, divides the society study in a social form focused on studying the structure of society and social dynamics focused on social change and institutional development (Schiriflet, 2004:6).

In the view of Herbert Spencer, society is analogous to the biological body, because like the human body consists of organs, society is made up of institutions which are interrelated, so the evolution of society occurs identical organism evolution. Thus, Herbert Spencer lays the foundations of systems theory about society in sociology.

Max Weber studied values, intentions, beliefs and attitudes that support human behavior, analyze the concept of social action for understanding social reality shaped by the intervention of the human agent (Schiriflet, 2004: 9).

Smith (1976: 10) argues that change is a sequence of events that over time produce changes or replacement of patterns or units with new ones. Change is natural and normal condition of life that characterizes social reality (Smith, 1976: 8, Giddens, 2005: 560).

Social change is seen in two theoretical perspectives: the systemic perspective and the procedural perspective. Procedural perspective talks about the duality of the agents and of the structure, they coexist and influence each other.

The change relates to an event or a social permanent process, continuous and undivided (Sztompka 1993: 12) because social reality is relational, dynamic and interindividual (Rusu, 2008: 29)

Modern theories refer to the transformation of pre-industrial societies into industrial society, modernization is viewed as a technological development, economic and environmental that branches into the whole social system (Smelser, 1973: 111).

The social context determines the refocusing of theories at macro level, over the society, superhuman, micro level, at the level of individuals and the importance of social actors makes the transition from analyzing processes at the macro level to the micro level, the major trends to discrete force (Boudon, 1997: 356).

## **2. Social change and public administration**

This paper proposes a sociological approach, besides the administrative because this is the science that studies the society and the social relations established between its members even more, according to the author Petre Andrei (1970), this is a concrete and empirical science concerned with the institutions and with the ways in which they interact with each other but also with citizens.

From the perspective the systemic theory, the public administration is studied taking into account the position and connections with other subsystems, connections that influence their configuration. The administrative system appears as part of an overall social order that rests upon it as a constraint (Matei, 2000).

Public administration is a social agent because, as defined by this term, society manifests itself in a social system as a factor of transformation and is usually represented by social classes, groups, political, economic, moral, religious, and these should have some skills: competence, conscience participatory and social responsibility.

The European Union has an influence on the process of change in the Member States by exerting pressure on them by implementing reform policies (Reiners, 2013).

For the states that wanted accession to the European Union, setting high standards for accessing gave it the power to change them, both institutionally and politically. Socio-economic backgrounds and outside pressure have spurred the change.

The pressure put on states to modernize came from the imperative to be internationally competitive, the need for not being so bureaucratic and the pressure of globalization in terms of the driving decision forces for change (Haensch & Holtmann, 2008; Lippert & Umbach, 2005), but these pressures not only could they change the structure within a state but also the learning, also taking best practices from other countries.

Public administration is a key factor in implementing structural change and reform, even more it plays a vital role in implementing EU standards.

States with a system of health well established and economic power can have significant influence on the way in which the process of change is realized and its success (Radosevic, 2004). Also, the people and government can influence factors that contribute to the operation of the change process.

How well the government formulates change policies that is how much better the future in the political environment and quality of public administration will be (Blondel, Müller-Rommel & Malovic, 2007, Brusis, Staronova & Zubek, 2007).

The types of problems the government is facing nowadays involve different mechanisms that should be more flexible, more inclusive and more adaptable (Alter & Hage, 1993; McGuire, 2006).

Globalization and modernization are processes of change experienced by all societies, the company is making the transition from traditional to modern society (industrialization), and later postmodern (information society). Also makes the transition from short-term outlook in the long term, from centralization to decentralization, from hierarchies to networks, the exclusive option to the multiple of representative democracy to the participatory one (Rusu, 2008: 21).

Modernization means industrialization, urbanization, bureaucratization, development of information and communication technologies and contributing to raising living standards and development of education, social wellbeing, but brings with it less pleasant sides of these changes.

Globalization is seen through the prism of two theories: theories of modernity and postmodern theories. Globalization is a process or a series of processes that expand the manifestation of social change globally and is the process of spreading the modernization, which is based on development of different fields. It is increasing its global social and socio-cultural life in all dimensions which are influenced.

In his view Wallerstein (1990), the world is a global system that is becoming more uniform and standardized through synchronous economic, cultural and commercial and this concept of globalization is closely linked to modernization.

In Meyer's view (2000), the structural factors of the global order is politics, the state - nation that creates value through collective authority and society is a system of social actions based on communication (social).

From the perspective of Bauman (1999), globalization emphasizes individualization, the speed of change and the movement of societies and social actors, generated by the freedom of capital and the technological leaps.

Castells (1997) sees globalization as involving both capitalist markets and social relations and exchanges of products, technology, ideas between people across national borders, transmutation technology and capital, contributing to a globalized and interconnected world.

These two processes influence the structure and the way public administration functions in relation to other administrations both in the EU and outside its borders.

### **3. Public sector reform for the social change**

As I said above, the trend of the last twenty years is the development of globalization and intense development of social systems where states are put in a totally new position, in which institutions and administrative systems must adapt to these changes.

Public administration reform involves changes of substance both in the public administration of central and local public administration and public services in general. The development of democracy requires a new relationship between citizens and administration, increasing and strengthening the role of the authorities and reconsidering the partnership with civil society and the leaders of the local administration.

Public administration reform is a broad concept that includes all aspects of the organization of the public sector, encompassing everything that the central Government through ministries and agencies, organizations and institutions at local level, systems, structures, processes, incentives, and how they survey and periodic adjust to the system (Profiroiu et al.).

The reform comprises two phases: 1991-2000 and 2001-2010 but we can talk about a third phase that is in progress as structural and system changes continues to exist in the public administration.

According to the Treaty on European Union and the Treaty of establishing a Constitution for Europe, Member States are free to decide the national legislation applicable in this field. The European Union emphasizes the importance of capacity building which is considered to be the basis for better absorptions of Community funds that cannot be imagined without efficient operation of public administration, and such an operation involves continuous adaptation of the sector through long term strategies by improving the legislation.

In the 2004 Report of the European Commission on Romania's progress towards accession underlies that the updated Strategy of the Romanian Government on speeding up the administrative reform is "a good basis for future reforms and their implementation should be given priority".

The institutions responsible for civil service reform are: NAPS - for management of the public; National Institute of Directors - for the continuous training of civil servants (regional centers, universities and training centers continue in higher education, schools and training centers belonging to ministries and other central public institutions and non-governmental organizations and private institutions).

Transforming a community over time involves a high potential to adapt to new social, economic and political conditions. One of the core areas to be modernized, improved and

adapted to new requirements with priority to the new social requirements in a society in a phase of growth and processing is arguably the public administration.

In 2001, was developed and adopted, the Government Strategy on accelerating public administration reform, to start implementing strategic reform of public administration with the adoption of GD. 951/2001 (OJ no. 640 / 12.10.2001).

Moreover, promoting an inclusive information society can "democratize" access to development opportunities and will allow public administration to make a technological leap and a better participation in the activities of innovation and highly productive.

Thus in supporting reform and introducing specific technological methods in the public administration, Ministry of Public Administration (MAP) developed the Strategy on computerizing public administration adopted by the Government through GD. 1007/2001 (OJ no. 705 / 06.11.2001).

Among the objectives of the public administration reform are included computerization of services, creating a body of professional civil servants, mending of corruption, developing projects of public-private partnership, decentralization and awareness of local communities in the management of regional and local issues, regulation of the legal regime of administrative acts, public administration friendly to citizens, cadastre and agricultural territory organization. Through administrative reform is desired a unitary system in terms of strengthening the administration, consolidation of democracy, respecting laws and human rights.

As I listed above, through public administration reform is desired a deep restructuring both at a central and a local level in order to modernize and adapt to the realities of Romanian society, government and related structures of the European Union and other developed countries.

Given the current need to increase the administrative capacity of local and central public authorities, each authority can define its own objectives for the Strategy on modernization, in full compliance with European values of administration: transparency, predictability, responsibility, adaptability and efficiency,

Administrative capacity development aims to promote and support the creation at central and local levels of a public administration which will become an important factor for competitiveness, development, progress and cohesion.

Administrative capacity is crucial for the reform and for the rule and is only a part of it, but in itself it cannot provide the expected results from a modern administration because it depends to some extent on how it is organized and carried out, but also on the staff and their attitude regarding their duties.



The attitude of civil servants, their relations with citizens and the professionalism with which they perform their duties is a real interest in the process of reform of the administration in an attempt to improve the image and effectiveness of the public administration.

The closeness of the public administration to the citizen means a modern public administration that is oriented toward addressing the needs of citizens to cooperate with civil society in decision-making and also ensuring administrative provisions to create transparency and better communication with citizens.

Through the decentralization of public services and strengthening local administrative and financial autonomy, it is desired the awareness and increasing the involvement of local communities in the management of regional and local issues and efficient public administration.

In the context of public administration reform, the priorities are the decentralization and devolution as parts of the administrative decentralization, but decentralization is assimilated by delegation and devolution, the latter does not imply a territorial-administrative autonomy.

The strategy on accelerating public administration reform mentioned above has identified the need to decentralize certain public services to reduce costs and strengthen management capacity of local governments.

In terms of civil service neutrality and impartiality which are core principles, and the legislation should create the appropriate framework through which to ensure the stability of employment regardless of changes in policies but the reality is different in the sense that political changes lead to many changes among civil servants, especially in the leadership of the public servants which generate massive migration of public officials generated by pressures at the political level. These policy changes often unbalanced the institution by blocking the process, discontinuity and cumbersome reorganization of the activities and the management of the situations.

To achieve the whole reform process is important to involve political representatives and public servant towards the process of reform but also citizen participation, civil society, the business environment in carrying out this process.

The role of the public administration is changing, from orders to coerce and control mechanisms towards a collaborative public management (Bingham et al., 2005, Kettl, 2006; Leach, 2006) and to facilitate the increase in cooperation, coordination, integration and exchange of information instead of command and control.

An important aspect to consider regarding the reform of the reform in public administration is the process of management of reform in the process of application because malfunctions can occur frequently in implementing changes. There are several factors blocking the implementation of the strategy to accelerate reform: strategic factors (complexity of decision

making), structural (paperwork specify any system, human and financial resources limited, the size and complexity), cultural (fear of risk, the tradition of "continuity" change mentality) and behavior (absence of individual incentives, motivation and frustration).

Public administration cannot be reformed in a short time this is a long term process, which must be implemented in a difficult environment, competitive and changing.

## **Conclusions**

Through public sector reform are covered both the static (structure) and the procedural (dynamics) of public administration in terms of social change. Reform must be addressed globally also as an open process because each change should be seen as an integral and organic part of the reform strategy to be adapted to changes in the external environment.

The concern for achieving a reform of the public administration in Romania is due to the need to develop and strengthen the capacity of public administration to the European standards to improve the quality and access to public services.

Through this process we want to establish a modern and efficient system of public administration, whose functioning will correspond to the best European practices. A long-term strategy on social change is required in redefining the role that the state has as a promoter of democracy and market economy.

The interaction between public administration and will improve civil society, civil society, NGOs, associations, media and other segments of the population will have increased access to the activities of the public administration by disseminating information through electronic means by using e-government.

Public administration reform should be conceptually based and is necessary to establish clearly the role, responsibilities, tasks and results of the public administration and making proposals for reforming and restructuring, taking into account a long-term strategy, and to determine the measures to be undertaken by the public administration authorities to establish and carry out their duties.

As I said at the begging of this paper, public administration is a basic system of social cohesion and depending on the changes occurring in this system, it contributes to a lesser or greater development of the society and can be a important factor for competitiveness, development and global progress.

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# INSTRUMENTS FOR MEASURING CORRUPTION. COMPARATIVE ANALYSIS

Marius – Florin POPA<sup>1</sup>

**Abstract:** *This increased importance of corruption also generated a strong demand of particular strategies to launch, reliable indicators to measure and well-identified goals to achieve (Urra, 2007). The demand for this type of instrument came from both academic environment but also from public officials and from private decision makers.*

**Key words:** *corruption, measurement, indicators*

## 1. Geneal aspects on corruption

During the past recent years, corruption makes its presence all over the world, and this fact has attracted the attention of the economists and of the public opinion. The awareness of the dramatic effects of corruption on the process of development for a country has led to research incentives on the phenomenon and its various forms he wears in different countries around the world (Serra, 2006).

Corruption is a threat to democracy, to the law's supremacy, to social equity and justice, it erodes the principles of efficient administration, undermines the market economy and endanger the stability of state institutions.

Most commonly, corruption springs out at the joint public-private activities and finds its own determinations in the central and local government structures.

Research on corruption has particularly focused on the classification of its various forms in order to operationalize the concept of analytical judgment and practical reasoning. Therefore, there are many opinions regarding the best way to classify corruption into categories and subcategories. Some researchers have defined corruption as a particular state-society relationship and they make a distinction between 'political' corruption and the 'bureaucratic' one. Another classification is that considering 'functional' corruption and 'dysfunctional' bureaucracy. Other researchers have tried to link corruption with other phenomena or processes. For example,

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political sciences have recently tried to place corruption, and the fight against it, on the agenda of democratization process. A strict definition of corruption, limits it to the staff, to certain sectors or to specific transactions (as the case of corruption is defined as a behavioral deviation of the officials).

The decisive role of the state is reflected in most definitions of corruption, which speak about this phenomenon as a particular state-society relationship. Corruption is conventionally understood and regarded as *'the private conduct in the search of welfare of someone who represents either the state or the public authority'*. It stands for the public authorities' misuse of public resources for personal interests. Encyclopedias and working definitions used by the World Bank, Transparency International and other intervention bodies, show that corruption is *'abuse of public power for private benefit'* (Amundsen, 1999).

Another widely used definition is that according to which *'corruption is a transaction between private actors and public sector actors, through which collective goods are illegally converted into private property'* (Heidenheimer, Johnston and LeVine). This point of view is also emphasized by Rose-Ackerman, who argues that *'the corruption exists at the interface between public and private sectors'* (Rose-Ackerman, 1978).

Samuel Huntington notes that there, where political opportunities are rare, *'corruption occurs when people use their wealth to buy power, and where economic opportunities are scarce, corruption occurs when political power is used to track wealth'* (Huntington, 1968). Prospecting different types of transferred resources, there could be made a distinction between corruption in economic terms, and corruption in social terms. Economic corruption is a typical market situation and requires an exchange of cash or goods, which are fundamental to corruption.

As noted above, the definition of corruption, best suitable to its appearance in the public sector, seems, at least at a first glance, an easy thing to reach: *the misuse of public power for private gains*.

## **2. Measuring the corruption**

The problem of measuring of corrupt transactions is freely linked to that of unofficial measurement criminal activity in general: how can one measure the transactions that are executed essentially in secret? Formally opened economic activity is measured by a variety of backgrounds: income tax; corporate reports; industrial and agricultural information reported by

the government and trade associations; foreign trade; revenues and expenses reported by governments at every level; and so on

Scientists and various international organizations have conducted a series of measures for measuring corruption. These measures can be grouped as follows:

- Studies on the perceptions of "experts", businesses, households and authorities.
- Studies on the direct experience of businessmen and authorities households.
- Indirect measures of "hard information" on variables considered to be the result of corruption or associated.

USAID issue in 2005 "Handbook, A. "Tools for assessing corruption & integrity in institutions.", in which the authors make a classification of major indices on corruption and integrity as follow (USAID, 2005:19-22):

**Perception Surveys.** Among the indicators of corruption perceptions, the best-known is Transparency International's *Corruption Perceptions Index*, which is based on a weighted average of the results from a number of other surveys, both public and private. Another one is World Bank's *Control of Corruption Indicator*, which forms part of its set of governance indicators, and which is also constructed by calculating a weighted average of different survey results for each country.

**Opinion Surveys.** The second approach surveys *opinions* of experts. It calculates indices that are based on variables related to the quality of governance or institutional integrity. Here, the main sources are private intelligence companies and certain surveys carried out by the World Bank. Some of the main sources of information are the following:

**Objective Indicators.** The major work in bringing together a large amount of data on different aspects of governance has been performed by Daniel Kaufmann and his colleagues at the World Bank. In this work, the World Bank economists gather together the largest number of ratings and scores available for each country and aggregate them under six main governance indicators: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. Country scores are not strictly comparable, however, since the number of sources on which the score is based differs from country to country.

### 3. The research

For our research we have taken into account 3 indicators of corruption: Corruption Perception Index from Transparency International, Global Competitiveness Index from World Economic Forum and Worldwide Governance Indicators from World Bank.

*Corruption Perception Index* was launched in 1995 and measures the perception of corruption with the help of analysts, businesspeople and experts in countries around the world. According to Transparency International the CPI methodology, (<http://www.transparency.org.ro/>) follows 4 basic steps: selection of source data, rescaling source data, aggregating the rescaled data and then reporting a measure for uncertainty.

**Selection of source data.** The CPI draws upon a number of available sources which capture perceptions of corruption. Each source is evaluated against the criteria listed below. A) Reliable data collection and methodology from a credible institution; B) Data addresses corruption in the public sector; C) Quantitative granularity; D) Cross country comparability; E) Multiyear data-set;

**Standardize data sources** Each source is then standardised to be compatible with other available sources, for aggregation to the CPI scale. The standardisation converts all the data sources to a scale of 0-100 where a 0 = highest level of perceived corruption, and 100 = lowest level of perceived corruption. From 1995 till 2015 the scale was from 0 to 10. Any source that is scaled such that lower scores represent lower levels of corruption must first be reversed.

**Aggregate the rescaled data.** Each country's CPI score is calculated as a simple average of all the available rescaled scores for that. A country will only be given a score if there are at least three data sources available from which to calculate this average.

**Report a measure of uncertainty.** The CPI score will be reported alongside a standard error and 90% confidence interval which reflects the variance in the value of the source data that comprises the CPI score. The standard error term is calculated as the standard deviation of the rescaled source data, divided by the square root of the number of sources.

*Global Competitiveness Index* was building on Klaus Schwab's original idea from 1979. The methodology (<http://reports.weforum.org/>) mentions that since 2005 the World Economic Forum has published the Index developed by Xavier Sala-i-Martin in collaboration with the



Forum. Since an update in 2007, the methodology has remained largely unchanged. The GCI combines 114 indicators that capture concepts that matter for productivity. These indicators are grouped into 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. These are in turn organized into three subindexes, in line with three main stages of development: basic requirements, efficiency enhancers, and innovation and sophistication factors. The three subindexes are given different weights in the calculation of the overall Index, depending on each economy's stage of development, as proxied by its GDP per capita and the share of exports represented by raw materials. is an indirect indicator of corruption and integrity. By measuring the competitiveness of an economy the indicator uses data concerning institutions, infrastructure, macroeconomic stability and health and primary education. These domains are in the primary responsibility of the national government and can offer information on the transparency of activity, on the possible corruption from the infrastructure and health and education. It is well known that investments in infrastructure are the subject of a lot of interests, with a huge impact in economy. The same for health and education, domains where the need for financial resources is permanent.

*Worldwide Governance Indicators* (<http://info.worldbank.org/>) is a aggregate indicator create by World Bank and report on six broad dimensions of governance for 215 countries over the period 1996-2014 (Kaufman, Kraay, Zoido, 1999):

1. Voice and Accountability (VA) – capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

2. Political Stability and Absence of Violence/Terrorism (PV) – capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. (b) The capacity of the government to effectively formulate and implement sound policies:

3. Government Effectiveness (GE) – capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

4. Regulatory Quality (RQ) – capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. (c) The respect of citizens and the state for the institutions that govern economic and social interactions among them:

5. Rule of Law (RL) – capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. 6. Control of Corruption (CC) – capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

The WGI draw on four different types of source data:

- Surveys of households and firms (9 data sources including the Afrobarometer surveys, Gallup World Poll, and Global Competitiveness Report survey),
- Commercial business information providers (4 data sources including the Economist Intelligence Unit, Global Insight, Political Risk Services),
- Non-governmental organizations (11 data sources including Global Integrity, Freedom House, Reporters Without Borders), and
- Public sector organizations (8 data sources including the CPIA assessments of World Bank and regional development banks, the EBRD Transition Report, French Ministry of Finance Institutional Profiles Database) (<http://info.worldbank.org/>)

### **3. Conclusion**

Measuring corruption it is a process difficult and unforeseeable. It is very hard to measure a particular relation between two persons or two organizations. Also it is difficult to have a clear image about a phenomenon that it is known by everybody but unrecognizable by anyone. Measuring the perception is going to offer a clear image but only until a certain point. Also, to measure the opinions can offer an image influenced by the experts. In my opinion the appropriate way to measure corruption is by using objective indicators like the one used by World Bank. In this case the indicator underline the areas where corruption can arise by using hard data.

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# DEVELOPMENT TRENDS OF INTERNAL PUBLIC AUDIT SYSTEMS. COMPARATIVE STUDY ROMANIA – BULGARIA

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**Abstract.** Numerous researches regarding internal audit activities and especially internal public audit have shown the positive role that these activities play, despite multiple approaches on this topic. Since the EU has defined public sector audit activities only in a very general sense, leaving the specifics of implementing such systems to the free decision of its member states, it is interesting to determine how such different systems can have such similar result. In this regard, common elements have to be present in audit systems across the EU. This paper aims to present such common elements but also to present the main characteristics of public audit activities of two EU member states, namely Romania and Bulgaria.

**Keywords:** public audit system, audit regulation, risk management, counseling missions

## 1. Literature Review

In 1987, Carmichael & Willingham published their work *Auditing Concepts and Methods. A guide to current Auditing Theory and Practice* (Carmichael & Willingham, 1987), where they established that audit activities, namely auditing of financial statements, were carried out since the XV-th century, although the exact moment when these activities emerged is still uncertain. However, the two authors present in their work the theory, practice and significance of audit activities. Also, the roles of internal and external audit are explained. According to Carmichael & Willingham audit actions and reports should target specific areas of an operation or activity, wherein improvements are possible or performance has been notably good (Carmichael & Willingham, 1987, p. 21). The modernity and actuality of their work is underlined today by the fact, that modern legislation, standards and scientific approaches focus on exactly the same aspects.

Nevertheless, the actual use of the audit concept is recorded in the USA during the Great Depression (Meigs et al., 1989; Abdel-Meguid et al., 2013). In the context of deep economic recession affecting public going enterprises, important resources had to be spent in order to certify accounts (Renard, 2002, Ghită & Popescu, 2006, Dascălu & Nicolae, 2006).

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Also in 1987, following the report of National Commission on Fraudulent Financial Reporting (NCFFR, 1987, pp. 11-12), mentions of the introduction of internal audit functions in publicly listed companies are made. Even at that point, the need of an objective internal audit function to analyze, examine and evaluate an organization's internal controls and formulate recommendations on their findings was felt (NCFFR, 1987, p. 20).

Nowadays, internal audit applies to all entities, regardless of their activity or size. Concerning the public sector a progressive implementation and development process of internal audit activities can be observed, which lead to a better fulfillment of objectives set by development strategies referring to efficiency, security and quality (Strategy for Public Administration Consolidation, 2012-2020)

## **2. Audit approach of the European Union**

For many EU member states audit represents an activity with an extensive tradition for both the private and public sector. Nevertheless, the internal audit profession and its reputation have been under scrutiny several times as huge scandals like ENRON<sup>1</sup> in the United States of America or Parmalat in Italy<sup>2</sup> unfolded, especially regarding ethical and moral aspects of audit approaches. Also, these scandals, as well as other equally notorious ones have had repercussions on the global economy, affecting not only thousands of lives – investors, shareholders, employees and so on – but also organizations such as banks, stock markets, or other creditors, by destabilizing markets and diminishing the public opinion's trust in the economic environment.

For this reason, the European Union has tried in the past years to reinforce public trust in the internal audit system. The introduction of the 2006/43/CEE directive is setting the necessary framework in order to prevent and avoid such scandals. Thus the 2006/43/CEE directive, which replaces the VIII-th directive of the European Commission, defines the ethical, procedural and organizational boundaries of the auditor's profession.

Regarding internal public audit, the European Commission, together with admission candidates to the EU have created an adequate institutional structure for the practical implementation of internal public audit concepts and requirements for public sector activities efficiency growth. Still, after more recent scandals, such as the Greek debt crisis<sup>3</sup>, may still lead to newer and stricter norms of internal public audit being enforced by the European Union. Changes might concern the status of the internal auditor in regard to the organization's

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<sup>1</sup> <http://news.bbc.co.uk/2/hi/business/1780075.stm#auditors>

<sup>2</sup> <http://news.bbc.co.uk/2/hi/business/3345735.stm>

<sup>3</sup> <http://www.businessmagazin.ro/actualitate/afaceri/da-grecia-faliment-5407797>.

management structures, and strengthening of his authority in reporting events with negative effects.

Nevertheless, the scope and role of internal public audit is and remains for all EU member states the same: *„By providing unbiased, objective assessments of whether public resources are managed responsibly and effectively to achieve intended results, auditors help public sector organizations achieve accountability and integrity, improve operations, and instill confidence among citizens and stakeholder (IIA, 2012)”*.

Each member of the European Union has the right to organize public audit activities at a national level, according on one hand to the EU requirements and to the national specific conditions on the other. Internal public audit approaches across the EU depend on both the institutional framework created by the European Commission and on the specific conditions existing in each member state. Thus, the institutional framework defines in general terms internal public audit activities, leaving specific aspects of organization to the better judgement of each member state. Among influencing factors on the organization of public audit, we mention:

- a. Government form;
- b. Audit tradition in each member state;
- c. Legal and organizational framework of public administration in each EU member state;
- d. State organization, and so on.

Most of the 28 EU-members have regulated some form of internal audit function. However, this function does not necessarily cover all areas of interest and activities of the respective state's public administration.

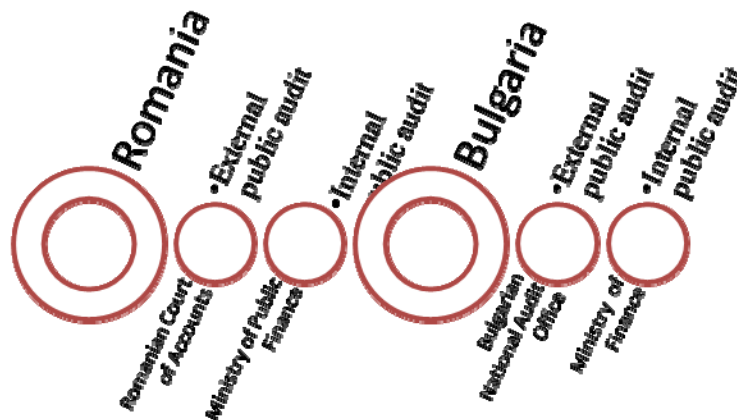
### **3. Audit approach of the European Union. The Public Audit System in Romania and Bulgaria**

As literature shows (Ghiță & Popescu, 2006; OECD, 2011) audit activities in Romania have begun as a direct consequence of EU requirements in the field, the same being valid also for Bulgaria. As in many European countries, audit activities have known a growing development (Ghiță & Popescu, 2009), leading to the formation of well-structured professional organizations at national levels, enforcing rules, regulations, standards and general norms of organizations and function. At global levels, the Institute of Internal Auditors (IIA) acts as a global “command center” (IIA, 2012) for coordinating, guiding and standardizing audit activities worldwide. The IIA unites professional organizations from more than 80 states around the world.

Since the present study targets only two of the 28 member states of the European Union, respectively Romania and Bulgaria, we will focus on comparing the audit systems which have

been set up and are functioning in these two states. As can be observed from figure 1 – institutions with responsibilities in regulating and exerting public audit, this activity is governed in the two countries by similar structures.

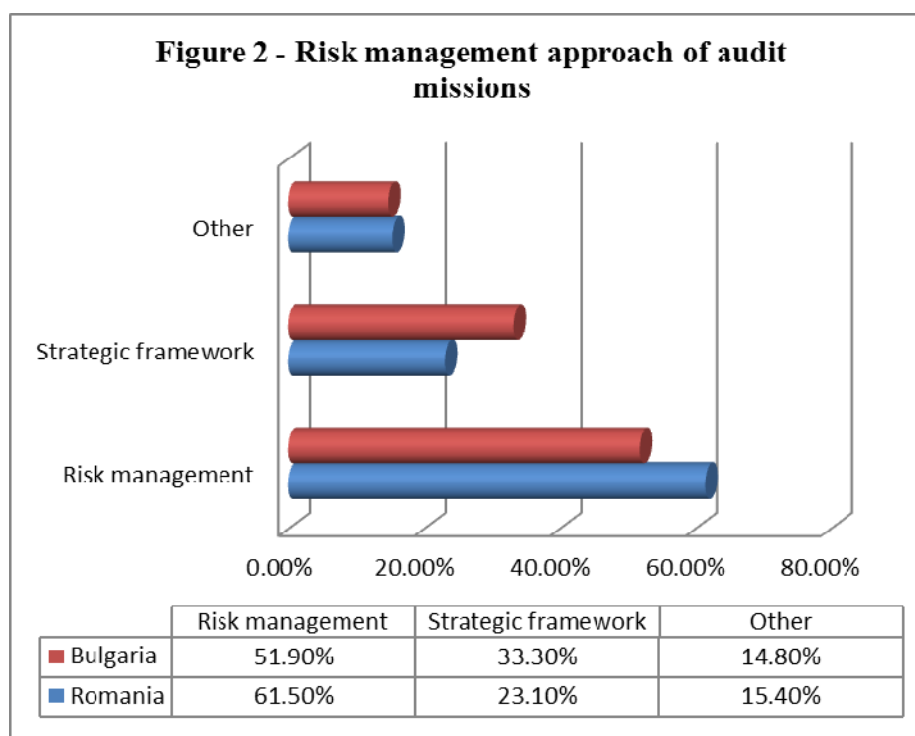
**Figure 1 – Institutions with responsibilities in regulating and exerting public audit**



*Source: Author's contribution*

In both countries, audit activities are regulated by laws which are according to international audit standards. Both countries focus on assurance and counseling missions, however, Bulgaria focuses more on counseling missions, while Romania focuses on assurance missions. Bulgaria's focus on counseling missions has the positive effect of a greater added value to organizations (European Commission, 2014).

As can be seen from figure 2 – risk management approach of audit missions, there is a also strong focus on risk management and strategic framework, both countries showing close figures in this regard



*Source: European Confederation of Institutes of Internal Auditing (Ed.), 2009*

Regarding the organization framework, the two countries show string similarities, but also slight differences, as table 1 will show. Stanrards and methodology contain regulations allowing the following up of formulated recommendations in regard to their implementation processes.

Table 1 – The organization framework of public audit in Romania and Bulgaria

	<i>Audit entity</i>	<i>Frequency and role</i>	<i>Stanrards</i>	<i>Independence</i>
<b>Romania</b>	Romanian Court of Accounts	Annual	INTOSAI	Regulated by law
	Ministry of Public Finance	provides assistance in achieving its present and future goals	Internal public Law and specific application norms	
<b>Bulgaria</b>	National Audit Office	Annual	ISSAI	Regulated by law
	Ministry of Finance	provides assistance in achieving its present and future goals	Internal public Law and audit standards	

*Source: Author's contribution*



## Conclusions

Internal audit activity quality and recommendation implementation are leading to the conclusion that for their better part, such activities stand at the basis of public sector efficiency and performance. Studies (Precob & Rusu-Buruiana, 2015) show a continuing trend of development of this function concentrating on increasing the efficiency of risk management processes.

The application areas of internal and external audit do not overlap. This demonstrates that these two functions are complementary. Both internal and external public audit must not be regarded upon as a scope in itself, but rather as an instrument of optimizing public sector performance at institution level, by essentially contributing in detecting and uncovering financial imbalances, infringements to rules and regulations or general deviations which can affect the general performance of the institution. Recommendations issued by audits can contribute to the stability and consolidation of public entities through fulfillment of strategic and operational objectives.

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# DIVERSITY IN THE ECONOMY AND LOCAL INTEGRATION (DELI): THE CASE OF BUCHAREST<sup>1</sup>

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Cristina Elena NICOLESCU<sup>3</sup>

**Abstract.** *The amplification of the internationalization and Europeanization process of the EU member states, as well as of the local collectivities implies the need for solving the different emergent phenomena, such as the migration phenomenon, which in Europe has brought forth a series of economic and social problems.*

*The majority of research in the matter of immigrant integration policies is oriented towards the governmental–central level, but they are quite restricted at the local level and implemented by the town halls. Due to the slow reaction, sometimes, from the governmental level, research targets the local, more proactive, more comprehensive, faster framework, directly faced with this problematic.*

*A key actor in reconsidering the migrant's status is the European Union, based on the fundamental idea that the migrant must not be understood as a local problem, but as an opportunity. In this sense, the EU and the member states have acknowledged the considerable economic and social benefits obtained by the local collectivities by means of the migrants, due to their competences and investments, especially of the migrant entrepreneurs. Still, there are numerous barriers of legal, linguistic, cultural nature, as well as limited labour market integration offers.*

*In the context of the increased interest of the political-administrative decision-makers to increase the sustainable development degree of the local collectivities they represent, the local public administration authorities turned to the implementation of the best practices developed at the level of the local immigration policies for the facilitation and integration of the entrepreneurial initiative of immigrant persons, such as those promoted by the European project „Diversity in economy and local integration” (DELI). This project is part of the set of common actions of the Council of Europe and the European Commission in matters of diversity and it enjoyed the participation of ten European cities, among which the City of Bucharest.*

*The paper at hand aims to present part of the results, conclusions and challenges derived from the implementation of the DELI project at the level of the City of Bucharest.*

**Key words:** *UE, migrant entrepreneur, local collectivity, DELI, City of Bucharest (Romania)*

## 1. Introduction

The migration phenomenon is a process originating in the ancient times, common to all societies, with an important structural demographic, socio-economic, cultural and political impact. Migration knows in the recent years a particularly relevant development, being one of

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the social topics of the international, European and national public agendas raising major interest and concern, as well as intense public debates.

Among the deep causes of migration, which trigger the internal motivations of the migrants to search for opportunities to improve their living conditions are the following: poverty and sub-development of the state, low wages, absence of jobs, racial discrimination, religious issues, armed conflicts, political disputes, natural disasters etc. The main motivation of those who choose to migrate out of their own free will is the desire to reach a high level of wellbeing.

On the European continent, the intensity of the migratory flows has increased with the expansion of the large supra-state construction which is the European Union, the Europeanization process and, implicitly, the freedom of travel transforming our old continent, Europe, in a mirage both for the extra-community and for the community migrants.

In year 2013, the *International Organization for Migration* presented for the first time a report (International Organization for Migration, *Etat de la migration dans le monde* 2013) regarding the impact of migration on the well-being<sup>1</sup> and the personal development of migrants. The conclusions of the Report are grounded on a source of unique data in this field, the *Gallup World Poll*, which comprises 150 countries, the report being able to place in a new light, *from the migrant's perspective*, different aspects pertaining to personal well-being: incomes, labour conditions, social security, health etc.

Another novelty element introduced by this report is the change in the manner of approaching the migratory flow. Thus, the analyses comprised in the report no longer focus solely on migrants leaving low-income countries in order to reach wealthier states, but also presents information with respect to the four main migration axes (South-North, North-South, South-South and North-North)<sup>2</sup> and their consequences on development.

Considering the classification of the UN *Economic and Social Affairs Department* (DESA-UN), the *North* region comprises: North America, Europe, Japan, Australia and New Zealand (56 countries in total)<sup>3</sup>. The South region includes Africa, America (except USA and Canada), the Caribbean, Asia (excluding Japan) and Oceania (except Australia and New Zealand).

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<sup>1</sup> The Gallup researchers consider that the main factors contributing to the subjective well-being of an individual are: career, social relations, personal economic situation, health and community.

<sup>2</sup> The north-south classification is used in order to facilitate the understanding of the global tendencies at the world level and does not take into account the relevant socio-cultural differences between migrants or their well-being.

<sup>3</sup> Except for Chile, Israel, Mexico, Republic of Korea and Turkey and the high-income countries, such as Bahrain, Hong Kong (China), Puerto Rico or the United Arab Emirates. Still, several countries in East-Europe (such as Belarus, Moldova, the Russian Federation and Ukraine) are considered as belonging to the North region. According to this classification, Romania is part of the North region. However, the World Bank classification puts us in the Southregion, as also depicted in figure 1.

The conclusions of the report show that the main migratory flows are the South-North and South-South movements, the South-North flow experiencing almost a doubling in the last 20 years, in contrast with the North-South migration, which remained stable, and the North-North and South-South flows knew a growth of almost one third of their initial value (IOM, p.58). In absolute terms, the majority of the international migrants come from the countries located in the South region (approximately 70% according to the DESA-UN calculations) (Figure 1).

Figure 1. Top 20 migration corridors worldwide (migrant stock, in thousands) - World Bank classification



Source: IOM Report, *op.cit.*, p. 63.

The evolution of the migratory flows confirms the fact that *migration transformed in time from a regional process into a global phenomenon, in 2001 being quantified at approximately 3% of the total population; no country is outside these flows, having the standing either of place of origin, or transit state or destination or, in some case, all of them simultaneously.*<sup>1</sup>

In what concerns the national context, the migration routes (legal and illegal) which pass through our country, have different starting points, belonging preponderantly to countries on the African, but also on the Asian continents. The tendency of transforming Romania from transit country into a destination country is strengthened, „the legal immigration flows originating in states with which our country has developed and continues to develop cooperation relations”<sup>2</sup>.

The reconversion of this statute is due to the socio-economic and geopolitical evolution, both at the internal level (institution of democracy after 1989, Romania’s accession to the EU, the imminent entry in the Schengen Area, the economic and social development, the granting of facilities to third country citizens, with respect to entering, staying or running commercial activities, reduced intensity of social conflicts etc.) and at the international level (religious

<sup>1</sup>Government Decision no. 498/2011 for the approval of the National Strategy on Immigration for the period 2011-2014, p.1.

<sup>2</sup>Draft of Government Decision for the approval of the National Strategy on Immigration for the period 2015-2018, p.4.

problems, armed conflicts, political instability etc., especially those triggered in Northern Africa and East Asia).

At present, the central element of public debates on the migration phenomenon is the socio-economic impact on the one hand, on the migrants themselves, and on the other hand, on the collectivity where they live, with a focus on correlating the regulatory-institutional level with the socio-cultural one.

## **2. The EU role in elaborating the national and local agenda**

The alternatives and intervention instruments identified by an EU member state in order to ensure an efficient and integrated migration management are influenced, on the one hand, by the *European political agenda in the matter* and on the other hand, by the *evolution and intensity of the own migration phenomenon* (Godoy, 2002).

The European dimension of the immigration policy has been gradually integrated in the national process for the elaboration and execution of the public policies in the matter, especially together with Romania's accession to the EU, by means of a transfer of knowledge, objectives, good practices, mandatory European regulations, recommendations etc., even though the means available to the EU in the field of migration are limited (Communication regarding migration, 2011); in other words, by *integrating the knowledge generated and available at the community level on the manner of managing the immigration phenomena in the process of the national public policies in the matter* (Communication regarding migration, 2011).

As a consequence, the legal framework considered in the programming stage of the governmental or local public policies in our country is harmonized with the European legislation in the field and with other legal instruments with international character to which the Romanian state is part.

The evolution of the public agenda<sup>1</sup> of migration in Romania for the period 2004-2014 (Figure 2) indicates the fact that migration, together with terrorism and country defense, was considered one of the least important issues of our country, both before and after its accession to the EU (2007), the Romanian being convinced that the country's economic situation, inflation, unemployment, health are the most important for the country (they are placed on the first four places). Still, in year 2014, the problematic of migration has raised the interest of citizens four

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<sup>1</sup> Authors Roger W. Cobb and Charles D. Elder made a distinction between the public agenda (systemic) and the institutional agenda (formal). The public agenda includes social issues understood by the community as requiring public attention, while the institutional agenda comprises issues of the competence of the public authorities to be solved, are undertaken by these authorities and are recorded in their framework of administrative action. See more in Profiroiu, M.C., *Politici publice. Teorie, Analiză, Practică, Economică* Publishing House, Bucharest, 2006, p.152 and Boussagnet, L., Jacquot, S., Ravinet, P. (coord.), *Dicționar de politici publice*, Polirom Publishing House, Iași, 2009, pp.52-53.

times more, compared to the period 2009- 2013, reaching almost the same threshold as before and immediately after accession (2004-2008).

A research performed for year 2014, „Eurobarometer 82. Public opinion in the European Union. November 2014” illustrates the fact that our country is one of the only 5 states of the 28 EU member states<sup>1</sup> where the citizens’ perception to extra-community immigration is predominantly positive.

A similar conclusion was also reached following a Romanian sociologic research which claimed in year 2013 that the *Romanians are generally tolerant with respect to foreigners in Romania and they support their protection measures*, only 16% of the Romanian perceive at least a medium threat from the immigrants, only 7% mention foreigners/immigrants among the groups they would not wish to have as neighbours (in the period 2005-2007, the percentage value was approximately 15%, dropping to approximately 10% in the period 2009-2010)<sup>2</sup>. The same research shows in year 2015 that „Romanians are open when it comes to the presence of immigrants in Romania: more than 30% agree that anyone should be allowed to come to Romania, and the proportion of those rejecting the entry of foreigners in the country is low (around 20% consider that the number of foreigners coming to work in our country should be strictly controlled)”<sup>3</sup>.

The entry on the institutional agenda of the immigration problematic occurred with the adoption of the Decree-Law no. 10 of 8 January 1990 regarding the *Regime of passports and travels abroad* (successively abrogated) and of the Constitution of Romania from year 1991, where the Romanian citizens’ right to travel is recognized and guaranteed (art.25). Subsequently, through the adoption of Government Expedite Ordinance no. 194/2002 *regarding the regime of foreigners in Romania*, a broadening of the institutional public policy space in the matter occurred, permanently consolidated by means of transposing the *acquis* in the field.

Exhibiting consistence and coherence in what concerns the objectives targeted for the management of the immigration problematic<sup>4</sup> within its common actions, synchronized with the

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<sup>1</sup> Sweden (72%), Spain (48% versus 42%), Croatia (48% versus 41%), Portugal (47% versus 44%) and Romania (47% versus 38%). A majority of respondents in 23 Member States are negative about extra-Community immigration, with an absolute majority in 21 of them, most strikingly in Latvia (79% “negative”), Greece (75%), Cyprus (75%), Italy (75%), Slovakia (74%), the Czech Republic (74%) and Malta (73%), and a relative majority in Ireland (48% versus 46%) and Poland (44% versus 39%). See more Standard Eurobarometer 82, Autumn 2014, Public opinion in the European Union Report, p.177.

<sup>2</sup> Center for research and documentation in the field of migrant integration, Barometer of migrant integration. Final research report, 2013, p.24.

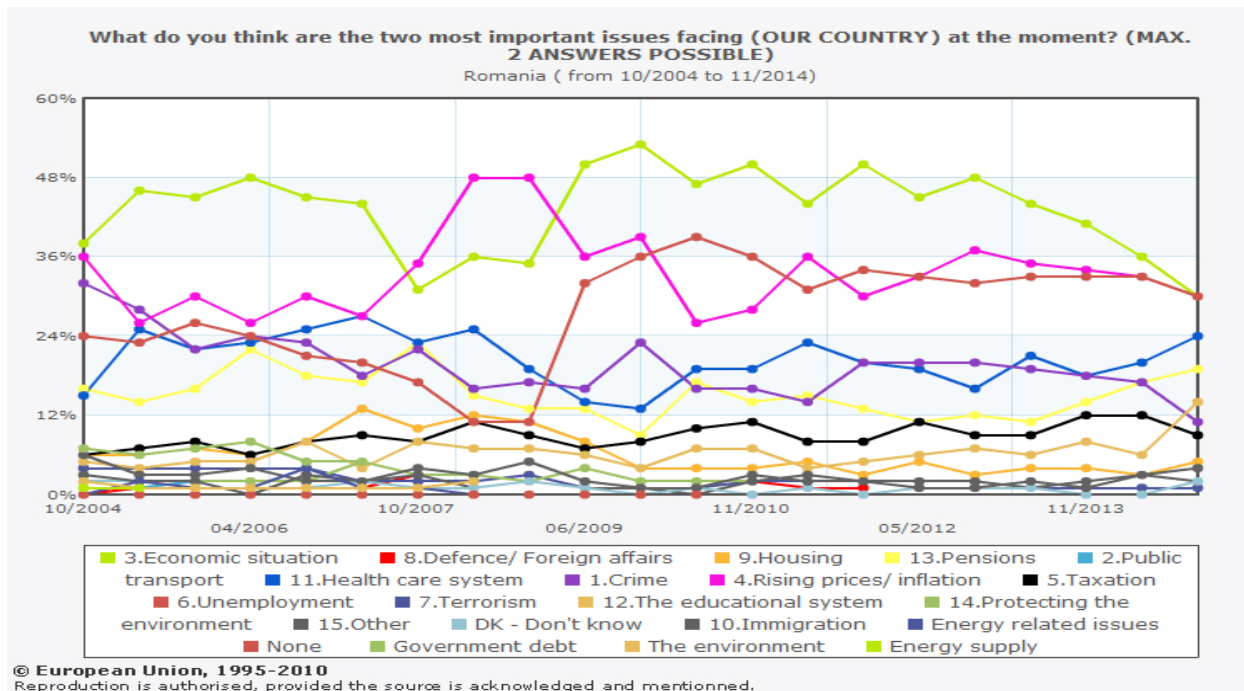
<sup>3</sup> Center for research and documentation in the field of migrant integration, Barometer of migrant integration. Final research report, 2015, p.28. The study analyzed only the situation of third-country citizens with a legal right of stay in Romania.

<sup>4</sup> See the common EU objectives in the field of migration and asylum in Government Decision no. 498/2011 for the approval of the National Strategy regarding immigration for the period 2011-2014; the EU immigration policy is

member states, the European Union proves to be a key-actor in reconsidering the statute of the migrant in its space, starting from the fundamental premise that the migrant must be understood not as a local problem, but as an opportunity. In this sense, the EU and the member states have acknowledged the considerable economic and social benefits obtained by the local collectivities by means of migrants, due to their competences and investments, especially of the migrant entrepreneurs.

Migrants may generate a development chain – which starts from the individuals, contains with the local households and communities and finally includes the entire country (IOM, p. 31). Still, not all effects of migration in the destination-collectivity are positive since there are numerous barriers of a legal, linguistic, cultural nature, as well as limited offers for labour market integration.

Figure 2. Romanian public opinion on the main problems Romania is facing (2004-2014)



Own elaboration. Source: Eurobarometer Interactive Search System, [http://ec.europa.eu/public\\_opinion/cf/index.cfm?lang=en](http://ec.europa.eu/public_opinion/cf/index.cfm?lang=en)

### 3. Immigration policy and the distribution of competences between the state and the local collectivities in Romania

The immigration problem falls in the category of problems not solved because of the market failure and for which the state must intervene through public policies, either governmental or local.



For the correct assessment of the implementation results of an immigration policy it is necessary to clarify certain general characteristics of this type of policies: object, dimensions, objectives and instruments.

In what concerns the object of the immigration policy, we must take into consideration three conceptual distinctions (Godoy, 2002:104):

- *Immigration and not emigration.* Defining the public problem imposes, apart from the simple presentation of a demographic statistic, a conceptual outlining of the term *immigrant*. Thus, by immigrant is understood the person entering the national territory with the goal of staying and not the person who emigrates or returns.
- *Economic and not political immigration.* This distinction refers to the reasons of immigration: economic or political. For the economic causes, the state's answer is found in the form of the *immigration policies* and for the political ones in the form of *asylum policies*, numerous congruence points being seen between the two types of policies. It should be noted that *the right to asylum, by its nature, represents a unilateral manifestation of the state, being its exclusive right, not of the person requesting it* (Cocoşatu, 2012: 117).
- *Legality and illegality.* The distinction refers to the legal or illegal situation in which the immigrant is while on the national territory, each of the two situations bringing forth public interventions (public policies), different through their objectives, instruments and measures foreseen.

Jörg Monar stated in 1997 that the *constitutive elements for a comprehensive immigration policy* must ensure the integration of both the *policy for refugees and of the policy for asylum-seekers* and must cover four dimensions: *prevention, admission, control and integration* (Hailbronner et al., 2007). Each of these dimensions presupposes distinct objectives and instruments, which brings forth the differentiation of these types of policies, however, without interrupting their interdependence.

From the perspective of these four dimensions, the immigration policy in Romania is an integrated policy because it takes into account both controller immigration, the prevention and combating of illegal immigration, asylum and refugees and the policy regarding the social integration of foreigners.

In the EU member states, competence in the field of prevention and admission policies is generally due to the supra-state actors, competence which they share with the national governments in what concerns the control and regulation of the entry, stay and exit of immigrants into and from the territory of the national state (Godoi, 2002:107).

In what concerns the immigrants' integration policy, this dimension is preponderantly in the competence of the sub-national authorities (in Romania, to the local authorities), the main objective consisting in the creation of an adequate socio-economic and cultural framework which facilitates the integration of immigrants with legal documents on the territory of a state.

The integration policies presuppose the use of all four large categories of public policy instruments (Subirats et al., 2008: 158-159): *regulatory* (simplification of the legal and administrative procedures, criteria for granting economic support or social housing, granting of rights, imposing obligations, establishment of sanctions for exceeding certain norms etc.), *stimulating* (allowances for the immigrants' children, tax exemptions etc.), *persuasive* (information campaigns, campaigns for the prevention of racism or xenophobia etc.), *direct supply of administrative goods and services* (social housing, language courses, educational, medical, social etc. service).

#### **4. The institutional agenda of immigration at the level of the local authorities of the City of Bucharest. The DELI project**

One of the examples of the amplification of the dimension regarding the legal immigrants' integration in the collectivities where they live is represented by the DELI project (Diversity in economy and local integration), which may be considered a successful attempt of the supra-state European actors (European Commission, European Parliament, Council of Europe) to increase and consolidate the legitimacy of the local authorities' decisions and actions in the area of the immigration policies<sup>1</sup>.

This project is part of the set of common actions of the Council of Europe and the European Commission in matters of diversity and has enjoyed the participation of ten European cities<sup>2</sup>, the City of Bucharest being one of them<sup>3</sup>, being financed by the Union European by means of the *European Integration Fund*.

The project objectives aimed to elaborate a *local platform, between the public authorities and the immigrant communities* in order to facilitate their access to the economic life and the support of the local authorities in their action to elaborate and *implement local policies and*

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<sup>1</sup> The project website <http://pjp-eu.coe.int/en/web/deli>.

<sup>2</sup> Bucharest, Cartagena (Spain), Dublin (Ireland), Getxo (Spain), Lisbon (Portugal), London Lewisham (UK), Munich (Germany), Reggio Emilia (Italy), Rotterdam (Holland), Vienna (Austria).

<sup>3</sup> The entry of the City of Bucharest as partner-city in the DELI project was approved through Decision no. 31/02.27.2014 of the General Council of the City of Bucharest. The project running period is 18 months (1 Jan. 2014-30 Jun. 2015). Out of the total of 998,760 Euro, the City of Bucharest benefited of 54,200 Euro.

*strategies* according to the principles of equal chances, social inclusion and diversity management<sup>1</sup>.

The highest number of immigrants in Romania live in Bucharest-Ilfov, in Bucharest existing approximately 27,000 registered immigrants (out of which approx. 20,000 are third country citizens). A percent of 13% of the total SME's in Romania are owned by foreign managers.

*Since one of the major challenges of integration is the inter-sectoral integrated planning and reaching the consensus of all stakeholders for the collaboration projects, the DELI project aimed to help the partner-cities develop a flexible public-private dialogue framework, such as, in time, to create an environment favorable for entrepreneurship within the immigrant communities*<sup>2</sup>. Thus can be identified the main actors participating to the integration process, the activity fields and the instruments necessary in order to create opportunities in the public and private sector. In order to reach these objectives, the project was executed in five multi-level, multi-sectoral stages, which included several stakeholders, having the following activities: *data collection & mapping, development of quality management standards, diversity & economy roundtables, development of on-line assessment tools, self-assessment review*.

Within the DELI project, 5 workshops and/or participative planning meetings took place, in the period January - May 2015, to which approximately 100 persons participated, as well as 2 round tables, in the period June 2014 - May 2015, which more than 120 persons attended.

A structuring of the aspects discussed and of the conclusions extracted from each workshop is illustrated in Table 1.

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<sup>1</sup>According to the Indication of reasons of the General Mayor and the Speciality Report of the Foreign Affairs and Protocol Directorate within the specialty apparatus of the General Mayor of the City of Bucharest, which represented the basis for the DCGCB no. 31/02.27.2014.

<sup>2</sup>Idem.

Table 1. Synthesis of the problematic and conclusions of the project DELI workshops (Bucharest)

	Workshopno. 1 (21 Jan.2015)	Workshop no. 2 (16 Febr.2015)	Workshop no. 3 (31 Mar.2015)	Workshop no.4 (29 Apr.2015)	Workshop no. 5 (11 May 2015)
General aspects discussed	Conceptual outlining of the concept of „migrant”; incident legal framework Brief presentation of world, European and national statistics, in the field of migration; Presentation of the activities of the European IntegrationFund; Presentation of the DELI project - objectives, challenges, activities, expected impact; Organization and functioning of the Romanian Committee for the Issue of Migrations – legal regulations, duties, activities etc.; The socio-economic evolution of the City of Bucharest; Importance of involving the business environment and the banking system in the project; Identification of the modalities and instruments necessary for the acceleration of the integration process of immigrants with legal forms; Aspects regarding the legal and institutional framework of public procurement in Romania; Aspects regarding the different cultural events performed in Bucharest with the involvement of the immigrant communities.	Involvement of the banking system in the consolidation of immigrant integration in the City of Bucharest.	DELI project implementation stage; Conclusions of the first DELI round table; Free discussions regarding the barriers against immigrant integration in the City of Bucharest with representatives of the business environment and of immigrant communities in the City of Bucharest; Good practices in the matter of immigrant integration at the level of multinationals.	Free discussions regarding the barriers against immigrant integration in the City of Bucharest with immigrant entrepreneurs and different representatives of the profile association in the City of Bucharest (23 guests from India, Syria, Tunisia, China, Lebanon, Greece, and Bulgaria).	Free discussions regarding the barriers against immigrant integration in the City of Bucharest with representatives of the GCCB (Commission for International Relations, Cooperation and Association with other Public Authorities), of the Foreign Affairs and Protocol Directorate, as well as of the Public Policy Implementation Directorate within the specialty apparatus of the General Mayor of the City of Bucharest.
Problems indicated in the matter of immigration pertaining to the competence of the Legislative (Parliament) and the central public administration	The legal framework in the matter does not offer sufficient opportunities for the consolidation of immigrants’ integration in the collectivities local.	-	Non-existence of well-defined central policies for the immigrants.	The national legislation is not harmonized with the European.	-
Problems indicated in the matter of immigration pertaining to the competence divided between the state and local authorities	Difficulties in collecting data and information about the migrants at the level of the City of Bucharest; Decrease of the number of immigrants performing trading activities; Lack of unitary and integrated procedures between the	-	-	Difficulties regarding access to the public procurement system; Difficulties claimed by the migrant entrepreneurs in opening a trading company/initiating a business: bureaucracy; the information necessary for opening the trading	Lack of institutionalized collaboration between the central and local public administration and the civil society, for the purpose of creating the necessary conditions for the immigrants’ integration.

	central, territorial and local administration in order to facilitate the immigrants' integration; High costs of immigrants' integration in the local collectivity; Difficulties in accessing the labour market in Bucharest for the immigrants; Lack of trust and difficulties indicated by the immigrants in the process of participation of their own SME's in the public procurement system (particularly the online one).			company is not centralized and easy to access and they are not available in an international language; very long term for authorization; „fluffy” administrative procedures for the obtaining of authorizations and certificates; lack of specialized staff which to dialogue and guide the immigrants; lack of support from the banking system; lack of knowledge of the Romanian language by all immigrants.	
Problems indicated in the matter of immigration pertaining to the competence of the local public authorities of the City of Bucharest	Weak involvement of the local public authorities and institutions in the City of Bucharest; Non-existence of the local policy for migrants in the City of Bucharest; Communication deficiencies between the authorities and the immigrants; Absence of a section for immigrants in the Bucharest City Hall portal, in an international language (preferably, English); Lack of transparency regarding the running of the public procurement process by the Bucharest City Hall; Low number of clerks in the Public Relations office, with competences in an international language; Weak cooperation of the City Hall with the immigrants' business environment.	Weak promotion of the activities of immigrant entrepreneurs by the local authorities of the City of Bucharest.	Non-existence of well-defined local policies for immigrants; Absence of the single information counter for immigrants; High costs for the counseling service provided for immigrants.	Absence of a free phone line for immigrants; Weak involvement of the local public authorities and institutions in the City of Bucharest; Non-existence of a local policy of Bucharest for the immigrants; Communication deficiencies between the authorities and the immigrants; Weak cooperation of the City Hall with the immigrants' business environment.	Non-existence of a local policy of Bucharest for the immigrants; Communication deficiencies between the authorities and the immigrants.
Problems indicated in the matter of immigration pertaining to the competence of other entities	Lack of involvement of the banking system in the immigrants' integration process.	Difficulties in obtaining credits and financing of European projects (when they are accessed by the immigrants), lack of facilities for immigrants.	-	Difficulties in obtaining credits and financing of European projects (when they are accessed by the immigrants), lack of facilities for immigrants.	-
Conclusions	The need to elaborate in Romania coherent governmental and local policies in the field of migration; The need to increase the involvement degree of the Bucharest City authorities in the policy of integrating immigrants in the local community; The need to create a single information point for immigrants at the level of the City of Bucharest (relationship with the local authorities, the banking system, the professional associations, social	Out of 29 banks invited, only 3 replied and only one accepted to attend the event, CEC (the oldest Romanian bank) The difficulties faced by the immigrants in their relation with the banks (although not accompanied by discrimination-related problems) are mainly due to the absence of the immigrant's history in his/her relationship with the bank and the impossibility to financially follow the immigrant debtor is he/she leaves	Out of 22 private entities invited, having activities in the City of Bucharest, only 3 participated. The local collectivity presents a large opening and a high degree of tolerance towards the foreigners in Romania Immigrants bring added value to the trading companies (by means of knowledge, skills, desire for personal development etc.); The need to grant free counseling and consultancy services for immigrants by the local	The need to grant free legal consultancy for immigrants, especially in order to access bank credits; The opening of a single immigrant admission center by the Bucharest City Hall; The need to simplify the administrative procedures within the City Hall, in order to facilitate immigrants' access to obtaining information, administrative documents etc.	Execution of a census of the immigrants in the City of Bucharest; Identification of the main needs of immigrants in the City of Bucharest: Adoption of a local policy for migrants by the GCCB (compulsory for all 6 sectors of the City of Bucharest), grounded on four pillars: education, health, social assistance and business opportunities; Institutionalization of a partnership between the City of Bucharest and the central and territorial authorities

	<p>assistance, educational service and housing, Romanian language courses, accounting services, opening trading companies etc.); The need to train clerks within the Bucharest City Hall and its subordinated institutions on aspects related to cultural and legislation differences in the field of migration and integration; The need of a better outline of the roles, competences and duties of the local public authorities and institutions; The need to establish partnerships between the local authorities and institutions, but also between them and the central and deconcentrated authorities and institutions; The need to increase the flexibility of the immigrants' SME's access to the public procurement in Romania; The need to create a functional network between the authorities, the profile NGO's, chambers of commerce etc.</p>	<p>Romania</p> <p>The need to institutionalize the collaboration between the General Inspectorate for Immigration, the local public administration and the civil society, for the purpose of creating the necessary conditions for the immigrants' integration; Continuation of activities regarding education / financial inclusion; Support by the local authorities of the City of Bucharest of promotion campaigns for the immigrants' entrepreneurship.</p>	<p>authorities of the City of Bucharest; The need to diversify the organizational policies of the private entities in the matter of immigration.</p>		<p>which intervene in the migrants; integration process (Min. of Labour, Social Protection and Family, Min. of Health, Local Police of the City of Bucharest etc.); The exact observance of the principles of transparency and non-discrimination in the public procurement process performed by the Bucharest City Hall PMB; Modification of the City Hall organizational chart for the purpose of establishing a single information point for immigrants; Free Romanian language courses for immigrants.</p>
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Own creation. Source: *Report on the communication and outreach events-workshops and participative meetings (Foreign Affairs and Protocol Directorate within the specialty apparatus of the General Mayor of the City of Bucharest)*

Within the fifth workshop, the meeting at the level of the *Commission for international relations, cooperation and association with other public authorities* within the General Council of the City of Bucharest (GCCB) with the representatives of the *Foreign Affairs and Protocol Directorate*, as well as of the *Public Policy Implementation Directorate* within the specialty apparatus of the General Mayor of the City of Bucharest, had as central objective the presentation and analysis of the existing mechanisms, but also of the strategic points in the system for the integration and protection of migrants with the right to work in the City of Bucharest, from the perspective of three major levels:

- Institutional competences;
- Institutional coordination;
- Regulatory (normative) framework.

At the same time, different vulnerability situations were presented, regarding immigrants, issues derived from the discussions with different stakeholders within the workshops previously organized within the DELI project, namely: housing, health and education.

*Three main action directions for granting assistance* from the City of Bucharest authorities were identified: educative, health and personal, as well as institutional development. Focus was placed to an equal extent on social and familial integration.

However, public services must be equally supplied for all citizens and in equal conditions and the exception must be the services specialized for particular cases, such as primary care.

Talking about a long-term process composed of several stages, the need for better and more unitary coordination is felt, by establishing, initially at the level of the Bucharest City Hall, of a Technical Immigration Service, with the role of coordinating the future immigration policy. In what concerns the instruments of this policy, regulation, institutionalized participation channels (dialogue forums etc.) and financial support (granted following the submission of projects) are necessary.

Also, the matter of using a barometer of perceptions was also raised, in order to better know the immigrants' needs and challenges, occurred in their process of integration in the City of Bucharest, especially those of the immigrant entrepreneurs.

## *Round table conclusions*

In what concerns the discussion held during the round tables, attended by representatives of the local and national public authorities, of several embassies, as well as by representatives of the business environment and the civil society, local and national experts, they targeted three main dimensions<sup>1</sup>: *aspects regarding the migrants' economic integration, business development by migrants and openness of the procurement policies to different entrepreneurs.*

The representatives of the Council of Europe and of *Migration Policy Group*<sup>2</sup> presented the instruments made available for the local authorities by means of the DELI project for the progress measurement and assessment in the development of own migration policies and especially of the support mechanisms identified for the migrant entrepreneurs and for the promotion of the equality standards in the field of public procurement.

The DELI project will contribute to the development of the quality management standards and of the self-assessment instruments, both for the local authorities and for other interested parties, in order to identify and understand the existing challenges in the implementation of strategies supporting the migrants' entrepreneurial spirit<sup>3</sup>. The benchmarking process generated within the DELI project at the level of the City of Bucharest will facilitate the evaluation by the local authorities of their own capacities regarding the support of the immigrants' economic integration.

The representatives of the local authorities of the City of Bucharest confirmed the increase of the future efforts in the elaboration and enforcement of the immigrants' integration policies and of the partnership initiatives on the basis of collaboration.

## **Conclusions**

In the matter of the immigrants' integration within the local collectivities, in Romania there is no governmental public policy which unitarily and exhaustively coordinates the actions performed on this problematic. This dimension of migration policy starts to develop gradually, as the immigration problematic entered in the Romanian public and institutional

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<sup>1</sup>Foreign Affairs and Protocol Directorate within the specialty apparatus of the General Mayor of the City of Bucharest - Report on the DELI – Diversity & Economy. Round Tables, 2015, p.7.

<sup>2</sup>See more in Niessen, J., „Producing and using indicators and indices in the migration policy field”, IOM Publications, Migration Policy Practice, Vol. V, Number 1, February 2015–March 2015, pp.17-22.

<sup>3</sup>Foreign Affairs and Protocol Directorate within the specialty apparatus of the General Mayor of the City of Bucharest - Report on the DELI – Diversity & Economy. Round Tables, 2015, p.7.



agenda, the local framework becoming more proactive, more comprehensive, faster and directly confronted with this problematic.

As other local collectivities, the City of Bucharest also obtains considerable economic and social benefits by means of the immigrants, due to their competences and investments.

At present, *the city became more aware regarding the migration issues, but immigrants are not perceived as a priority, due to the small percentage they represent among the population of the City of Bucharest* (Oprescu, 2015).

The running of the DELI project showed the local public authorities of the City of Bucharest, on the one hand, the importance of the activity of support of immigrants, especially, from the *economic* point of view, but also from the viewpoint of the *workforce employment* and, on the other hand, beyond reaching the project objectives, *the points not yet crystalized* of this activity, to which full attention must be given in the immediately following period, short and medium-term.

As weak points (strategic points) in the field of immigrants' integration, identified at the level of the City of Bucharest, the following can be mentioned:

- lack of data systematization regarding the communities of immigrants in Bucharest (lack of quantitative and qualitative information) which to demonstrate the magnitude of the problematic;
- lack of monitoring mechanisms;
- lack of interinstitutional protocols for the determination of the role, competences, duties and actions of each institution involved in the immigrants' integration process;
- non-existence of visibility procedures of the different vulnerability situations;
- lack of labour opportunities and of the socio-cultural factors;
- non-existence of temporary housing;
- non-existence of integrated immigrant aid points;
- cultural difficulties (ex.: language);
- lack of decentralized services in the matter of immigrants' protection;
- weak training of public servants within the Bucharest City Hall and its subordinated institutions on aspects pertaining to the cultural and legislation differences in the field of migration and integration and which to service the immigrants.

The local authorities of the City of Bucharest, manifesting a pluralist vision towards immigrants, expressed the desire to elaborate a future *multicultural active* local policy, *based*

*on the recognition of the cultural and ethnic identity of the different immigrants, but integrated from the economic-social view point in the Romanian reality and not a laissez-faire policy, tolerant, but which does not promote diversity.*

Both the General Mayor and the GCCB actively promote integration models which to interact with the existing local governance and with the respective participative structures, attitude deriving from the accentuation in Romania of the policy of decentralizing the competences of the central public administration to the local level.

The local authorities must ensure in the future a consolidation of the economic inclusion, guaranteeing to the immigrants that they are not exploited or discriminated, but especially of the immigrants' social rights: adequate housing, sanitary assistance, proper level of life etc.

The key-points of the local immigration policy are the existence of the political consensus, sustainability and transversality of all subsequent actions. By respecting these dimensions, the future action directions envisaged by the local public authorities of the City of Bucharest on the short and medium term are the following:

- adoption by the GCCB of a local policy for immigrants' integration, grounded on four pillars: education, health, social assistance and business opportunities;
- promotion of document migration;
- creation of a single information points for immigrants at the level of the City of Bucharest;
- conclusion of common action protocols with different authorities and institutions involved in the immigrants' integration process;
- simplification of the administrative procedures in order to facilitate immigrants' access;
- training of public servants and clerks within the Bucharest City Hall and the subordinated institutions in the City of Bucharest on different aspects related to the cultural and legislation differences in the field of migration and integration;
- supply of free Romanian language courses for the immigrants;
- running a new project by the Bucharest City Hall, aimed at developing the competences of immigrant entrepreneurs;
- involvement of the immigrants' representatives in the public consulting processes etc.

Being aware of the value and importance of the contribution generated by the integration of the migrant persons, the local authorities of the City of Bucharest will continue to make all efforts necessary in order to ensure for those persons the best, auspicious conditions, allowing them to adapt from the economic-social point of view to the reality of the Romanian society, in particular, to the specific of the Bucharest community.

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# ADAPTIVE MARKETING – A TURNAROUND OF THE DOWNWARD SLOPING RECESSION CURVE

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**Scholar within the project “Doctoral and Postdoctoral Fellowships for young researchers in the fields of Political, Administrative and Communication Sciences and Sociology” POSDRU/159/1.5/S/134650, financed through the Sectoral Operational Programme for Human Resources Development 2007-2013, cofinanced by the European Social Fund.**

***Abstract.** This paper focuses on analyzing the possibility to reduce administrative costs, as part of the expenditure incurred until the completion of the budget execution in the context of a negative balance of the public budget – expenditure exceeds income – i.e. a budget deficit. In most cases, the authorities react instinctively – knee-jerk response – during the economic downturns by reducing discretionary spending. The problem with this reduction lies within the failure to distinguish between the short-term operating expenses and the strategic programs expenses that aim, of course, long periods of time. Sacrificing the strategic spending should be avoided, and the efforts should be channelled towards identifying the short term spending inefficiency. This category of strategic expenses was developed by Kaplan et al., as the authors are underlining that these should be separated from the other categories of expenses and protected, and not seen as discretionary. In this context, one should reach for the possibility of reducing costs that do not create value for the citizens. During the recession, the citizens are changing their behaviour; the market segments are being rearranged. The time of recession is when being aware of the citizens' needs is more important than ever. This task falls under the adaptive marketing. The huge mistake made by the private firms during the recession, which is to cut the marketing budget, need not be repeated in the public sector, at least for the fact that the public service is provided for a broad market full of consumers continuing to spend, but who are searching for alternatives that must be righteously anticipated by the public authorities. The resources to be used for that purpose may result from reducing the administrative costs, a major opportunity to reduce costs.*

**Key words:** adaptive marketing, public budget, costs

## 1. The downturn and its budgetary constraints

The economic cycle consists in the irregular alternation of the recession periods with those of economic expansion. Most of the time, recession strikes off-hand, not that the previous recession did not stir debates, analyses and solutions to warn the authorities, but because they occur at distant times, making the event even more unexpected, no matter its strength.

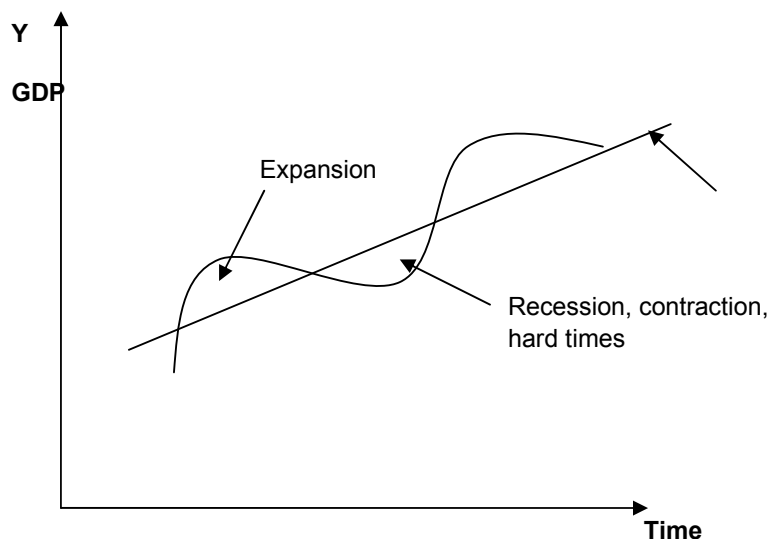
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*A recession is normally a situation where the public, seen as a whole, is trying to accumulate money (or, as it is the same thing, trying to save more than investing) (Krugman, 2009:25).*

**Recession** - working definition - is a phase of the business cycle materialized in unintended slowdowns of the economic growth rate (Dicționar de Economie, 2001:372), expressed as an aggregate economic indicator such as GDP.

- Two consecutive semesters of negative GDP growth;
- It usually takes more than 1 year;
- Examples : USA 2001 (Spring --- Autumn ) August 2, 1990 – Saddam Hussein invades Kuwait (Gulf War) (8-9 months), '74 - '75 – OPEC I, '81 - '83 – OPEC II - Reagan recession (Paul Volcker);
- Tends to globally coincide, as is transmitted from one country to another, all countries being exposed at different times. *The origin of the financial collapse lies within the global imbalances – the phenomenon of the huge current account deficit of the United States financed by the increased surpluses of China and other countries (Alfaro and Renee, 2009).*



The fluctuation along the curve that describes the behaviour of GDP in terms of full use of the production factors describes the boom – when the use of production factors is increased – and the recession – when the resources are not fully utilized. These periods when the GDP deviates from the path that fully describes the use of production factors are known as the output gap (Y). *The output gap measures the gap between actual output and output that an*

*economy could achieve in case of the full use of the existing resources* (Dornbusch et al., 2007:34).

The concept of GDP, as a representation of the final value of all goods and services produced in a country, was developed only after the Second World War. This national production of goods and services involves both inputs of factors of production (namely capital K and labour L), and outputs referring to the obtained result. These inputs and outputs are actually two sides of the national income.

The first side describes the offer and it is being represented with the help of the Cobb-Douglas production function:

$$Y = AK^{\alpha}L^{1-\alpha},$$

Where A is the productivity,  $\alpha$  represents the capital share of the revenue, and  $1-\alpha$  the labour share.

The second side describes the demand and it involves:

$$Y \equiv C + I + G + NX,$$

Where C represents the consumer spending of the individual households, I is the investment of the enterprises and individual households, G refers to the government spending for goods and services, and NX represents the external demand for net export, all these four component define the national income.

In view of the research aim, it is important to underline that there is a governmental spending distinct from the direct one (G), the indirect one under the form of transfers, which, being larger than the direct one, involves higher administrative costs. These transfer payments are directed towards the unemployed, elderly people, farmers, poor or those holding government bonds. *The transfer payments are not part of the GDP, as these transfers are not in themselves a part of the current output* (Dornbusch et al, 2007:44).

Therefore, the total government spending include both the governmental spending for goods and services (G), and the governmental payments for transfers TR. In order to balance this spending there are the duties and taxes collected by the government (fiscal revenues)  $\tau Y$ , the debt financing through the bonds issuing and seigniorage – the revenue obtained for issuing currency.<sup>1</sup>

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<sup>1</sup> The difference between the cost of currency issuing and its nominal value is known in the field literature as ‘seigniorage’ and it can sometimes be important revenue for the state budget. As the Central Bank, the one issuing currency, is independent, one could argue that this money do not go to the state budget. Nevertheless, it

Total Spending = Total Revenue

$$G + TR = \tau Y + DebtFin + Seigniorage$$

When the fiscal revenues of the government  $\tau Y$  are higher than the total spending a budget surplus occurs. The **budget surplus** (BS) represents the government fiscal revenue surplus, namely taxes and duties, as opposed to the total expenditures that refer to the acquisition of goods and services and transfer payments (Dornbusch et al, 2007:228).

$$BS = \tau Y - G - TR,$$

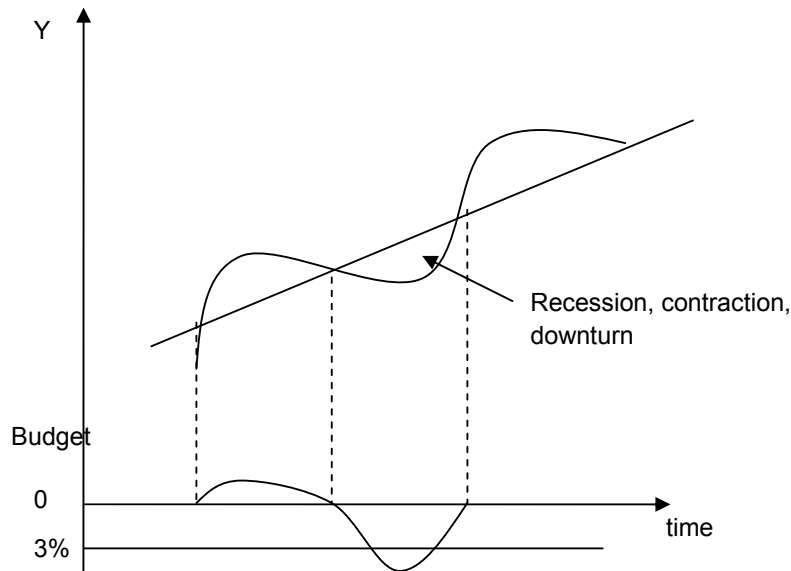
Where  $\tau Y$  represents the fiscal revenues ( $\tau$  is the income tax rate),  $G + TR$  is the government spending ( $G$  is the discretionary spending subjected to the certain procedures as part of the authorities' approval process – expenditures;  $TR$  represent mandatory expenditures in accordance with the legal provisions on the citizens' rights to fulfil certain conditions to automatically receive aids – unemployment, pensions, aid for farmers, poor and bondholders). When the BS budget surplus is negative, namely the total spending is larger than the fiscal revenue, a budget deficit is registered.

For a member of the European Union the budget deficit under 3 percent of the GDP is one of the criteria that should be fulfilled in order to enter the Euro zone. This value of 3 percent for the ratio between the foreseen or reached public deficit and the gross domestic product at market prices represent the reference value mentioned in article 126 paragraph 2 of the Treaty on the functioning of the European Union<sup>1</sup>. Nevertheless, during the recession times, this value can go under the allowed threshold of 3 percent.

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is a well known fact that in most of the states, the tax on central bank's profit is high (in Romania, the NBR profit is taxed by 80 per cent), the result being that the money obtained end up in the state's budget. (see **Moraru, Liviu-Cătălin, Dumitrescu, Corina-Ionela**, Politica bugetară și seniorajul, <http://www.ectap.ro/articole/160.pdf>)

<sup>1</sup> See Protocol no. 12 on the Procedure for excessive deficits – Article 1, Consolidated version of the Treaty on the European Union and the Treaty on the Functioning of the European (2008/C 115/01), available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:115:0201:0328:RO:PDF>



This paper focuses on analyzing the possibility to reduce the administrative costs as part of the spending registered until the end of the budget execution in the context of a negative balance of the public budget – spending exceeds income – i.e. a budget deficit.

The actions that have proven to be a failure (they deepened the recession – see the Great Depression) were related to increase taxes and duties in the middle of a recession in order to meet the expenditures, trying to balance the budget.

The Keynesian remedy provided in response to the Great Depression was referring to reduced taxation and increased government spending and was needed to be taken into account to prevent further recession in the future.

In most cases, the authorities reacted instinctively – knee-jerk response – during economic downturns by reducing discretionary spending. The problem with this reduction lies within the failure to distinguish between the short-term operating expenses and the spending for strategic programs that aim, of course, long periods of time. Sacrificing the strategic spending should be avoided, as it is necessary to channel efforts towards identifying the inefficiency of short-term expenses. This category of strategic spending was developed by Kaplan et al., and the authors stressed that this type of spending should be separated from other categories of expenditures and protected, and not seen as discretionary (Kaplan et al, 2008).



The compulsory expenditures as transfer payments are three times higher than spending on purchases of goods and services (in 2007, before the recession<sup>1</sup>). During recession, the taxes and duties collected for the budget  $\tau Y$  are low and TR transfer payments are increased. Reducing the revenue collected from social contributions and the deterioration of indicators that led to the substantiation of the state social insurance budget and unemployment insurance budget such as the increase in unemployment due to restructuring the activity of the main economic operators and reducing the average gross wage requires searching for solutions for ensuring the budget funds. This analysis suggests seeking solutions in **reducing the administrative costs**. The transfer payments TR assume high administrative costs (AC), also increased with the increase of TR and a reduction of the AC could deploy significant resources.

## 2. The reduction of administrative costs and CAR analysis

In this context, the possibility of reducing costs that do not create value for citizens must be sought. During the recession, citizens change their behaviour, market segments rearrange. Recession is when an accurate knowledge of citizens' needs is more important than ever. This managerial task falls under marketing. The huge mistake made by private firms during the recession, which is to cut the marketing budget, should not be repeated in the public sector, even by the fact that the public service serves a broad market full of consumers who continue to spend, but are searching for alternatives that should be well anticipated by the public authorities. The resources to be used for that purpose may result from reducing the administrative costs, a major opportunity to reduce costs.

*Administrative costs are defined as the costs incurred by enterprises, the voluntary sector, local authorities and citizens in meeting legal obligations to provide information on their operation or production, either to public authorities or to private parties*<sup>2</sup> These costs are currently estimated at 3.5% of EU GDP. Reaching this target to reduce the administrative

<sup>1</sup> See Romania's state budget on 2007, <http://www.mfinante.gov.ro/buget/buget2007/pdf/macs.pdf>

<sup>2</sup> COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Action Programme for Reducing Administrative Burdens in the European Union, COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 24.1.2007, COM(2007) 23 final, p. 5, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0023:FIN:RO:PDF>

burdens by 25% by 2012 was meant to increase EU GDP by 1.4% or €150 billion in the medium term.

This requires a market orientation of the public institutions. This assumes an entrepreneurial capacity, orientation towards performance, a strategic framework aimed at efficient behaviour, in other words – a better understanding of the client-citizen. Usually, civil servants are sceptical about the *marketing* orientation because it is less measurable and tangible than the measures to reduce administrative costs. The paper wants to emphasise the idea of the interdependence of the two, namely to reduce the administrative expenses to cover a strategic necessity, that of marketing. The public sector marketing aims at founding and strengthening the client-citizen relationship as follows:

- Keeps the customers and assures them of a service improve;
- Makes sure that people know the full range of provided services;
- It ensures top position on the list of customers' preferences;
- Identifies new opportunities and threats;
- Analyses the market and its segments;
- Improves the internal marketing;
- Changes the view upon sales;
- Communicates the results or the legislative changes.

The proposed analysis in this paper is a CAR type one, as explained below:

Challenge: Finding resources, limited in the context of the downturn, without reducing the government spending G, so that value provided by the public service meets the social needs.

Action: Reducing the administrative costs without compromising the ability of the public institutions to control the delivery of the public service.

Result: Changing the marketing mix, an instrument whose use must be intensified to correctly assess the public market readjustment. Using the resources discovered after reducing the administrative costs for a citizens-oriented approach inside each segment of the public services' delivery leads to improved services and coverage of citizens' need for information transparency, fairness and increased accountability to citizens.

#### The Challenge

The public administration faces two problems regarding covering the need for public services. First one regards the equity of the delivery, namely the need to serve all citizens, unlike a private company that has the opportunity to choose which market segment to address. The second one regards the choice, as the institutions providing the public services are faced with

the difficulty of an offer that could cover the needs of all citizens without discrimination and, at the same time, to be varied according to the needs. It takes a transition from an homogenous supply to a segmented one, from a *one size fits all* approach of approach to a *adaptive* approach of the supply. If in the private sector the differentiation of the provided service can be made in connection to charging different fees, in the public sector the law would not allow such differentiation, even if the tax rate would not be flat.

In addition to these legislative restrictions, the public sector is also facing budgetary constraints in delivering public services. During the economic recession, the budgetary constraints are even more stringent. Moreover, the public institutions must respond to varying needs imposed by the difficult economic times. So, during the downturn, the public administration must reach two equally important targets: one to fulfill their duties under the law and meet citizens' needs in terms of reduced resources and the other to achieve the proposed objective in accordance with the available income.

The recessions, regardless of duration, the causes or the depth, are affecting the citizen behaviour, giving rise to different needs and rearranging market components and social layers. The more the public institutions succeed in properly assessing these changes, the more the provision of public services can adequately meet the high demands of citizens. The more the growth curve descends in the southern quadrant, the more the behaviour of citizens, consumers of public services, becomes more agitated and difficult to assess by the decision makers' analyzes. The resources allocated to these analyzes need to be increased – despite the resource constraints imposed by the difficult time of recession. For these analyzes marketing tools should be used, these being *the process of planning and executing the conception, price, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives* (AMA Board Approves New Marketing Definition, 1985:1). Marketing should not be used as a tool to enhance the institution's resources or cost recovery but should primarily be used to increase the efficiency of public institutions in serving the public interest.

#### The action

Reducing administrative costs is actually an important opportunity to increase social benefit by reallocating these resources to marketing activity. Reducing marketing expenses, so tempting for decision makers during recession, but so dangerous in the context of the changing needs and behaviour of the citizens should be avoided, requiring even an increase of these expenses, an increase that this analysis suggests it to be thought as the resources gained

from reducing the administrative costs. *Marketing is not optional, it is a "good cost"* (Quelch, 2009:5).

To reduce these administrative costs requires creative thinking and careful analysis of the chain of resource utilization, efficiency and effectiveness throughout the entire network of resources. *An increased efficiency brings more money for social investment and an increased effectiveness increases the social benefit provided by all spent money* (Bradley et al., 2003:9).

#### The result

Marketing as a model should be used for the supply of goods and services in the public sector, just like in the private sector. In a way, it is perhaps more significant to use it in the public sector, whereas the private sector has more direct feedback mechanisms. If a private company does not meet the needs of its customers, the result will be seen in the profit. But in the public sector, the reaction of citizens is much less noticeable in the short term, feedback is much less direct and decisions can be taken much easier in an inappropriate manner.

Generally, the citizens hardly associate marketing with the concept of public goods and services. However, the reasons for which the principles of marketing are adequate to the public sector are manifold:

- The policies for the transfer of responsibilities from central to local level. The local authorities aim to develop, so it is essential to properly assess the needs and priorities of local communities, the ultimate goal being the appropriate allocation of funds.
- The need for means of knowledge of the real needs of citizens, which should be fine-tuned and that the citizen must trust.

### **3. The Findings**

Marketing defines the interface that the public administration has with the outside environment. This interdependence with the political, economic, social, legal, technological and cultural forces entails the resources, opportunities, and possible threats targeting the public administration. Therefore, a very important strategic concern must be to understand the nature of the relevant environment and to plan how the public administration will respond to changes in these elements.

These changes triggered by the recession require an accurate assessment of the new market conditions, achieved with the resources diverted from reducing the administrative costs by using the 7P marketing mix (Proctor, 2007:9).

The first P of the marketing mix refers to the ***product***. For today's consumers, this must be sustainable, economic and functional. Recessions are stressful times, which create confusing demand. On one hand, the citizen is forced to stick to simple products, but a careful

assessment indicates an increase in the complexity of the citizen's needs. From a psychological viewpoint, the citizen is becoming more moderate and forces him/herself to a simpler consumption, but the recession triggers a different choice because his/her needs are increasingly less constant. The public institutions must respond to these inconstant and unstable behaviours, even in the context of the supply constrained by the limited resources. The pressures to reduce the government spending merely transfer more social burden on public institutions.

An important tool of the public sector marketing, part of the marketing mix is the distribution of public services – *place*. During the economic slowdown the reallocate of scarce resources to more efficient channels is needed, thereby reducing operational costs and improving cooperation between them. The distribution channels of public services are more complex than in the private sector. Some are direct, such as water, electricity or gas, which goes to the individual consumer but others bring the consumer to source, such as schools, hospitals and parks. Public services, such as fire-fighters or police, are distributed as a result of isolated events, while others are activated following a request received from the offices, as it happens with the social benefits. Customer satisfaction largely depends on the availability of these services, reflected in: the location, time for distribution and cultural barriers. The markets and the consumer behaviour is rapidly changing during the recession, time compresses and decisions related to reallocation of resources towards more efficient distribution channels should be taken expeditiously. However, it is essential to conduct a careful analysis under which they can waive the channels that do not work and reallocate resources to the lossless.

**Pricing** is extremely sensitive in times of economic contraction. On one part, maintaining price is needed, but also an increase in quality. During the recession, consumers tend to prioritize the needs of products and services in four categories: essential (a category that includes mostly public services such as health or transport), pleasures – whose acquisition is considered justified, future – desired, but can be postponed, and pointless – their purchase is unjustified (Quelch, 2009:3). Certainly, during the recession consumers continually reassess their priorities, but public services permanently remain in the essential category. This is crucial to pricing strategy. In the simplest case, the relationship between the provided service and the price is straightforward. But, most often, the relationship is an indirect one, based mainly on the local taxes and duties system. The public institutions cannot ignore the requirements of citizens especially in times of recession, when they are very attentive to the value received in return for their contributions through taxes and duties and more aware of their role as citizens with rights that go beyond those of the consumer or customer

(Mintzberg, 1996:77). This citizen of the recession times is fully aware of the value he/she must receive and would never accept its reduction in the context of maintaining the price. The same citizen very attentive to the value received in exchange for the hard-earned money can consider the price as an indicator of this value and a possible reduction in price can make him/her to doubt this value.

Another marketing tool, also very important, is ***promotion***. Targeting public relations, this instrument refers to social marketing and it seeks the change of the social behaviour, deeply affected by the recession. During periods of recession, the communication departments, while reducing budgets, would be faced with more and more complex activities, but with weakened financial support. Citizens' expectations for social responsibility are much higher, so developing a strong communication strategy is essential. More than ever, the public administration needs to strengthen the trust that citizens have in the ability of the public institutions to act without harming their interests.

The fifth P – ***people*** – involves an analysis of those involved in providing public services, of their behaviour and interaction. Public services address a more diverse mass of people than that served by private actors. By default, the public expectations of service are far from homogeneous. Market segmentation appears necessary, and it should be done in close correlation with meeting all needs. Recession acts on both parts that relate to public service users, meaning that it changes both market segments, and the possibility of covering the requirements of these segments. But marketing should not be used only in relation to the citizens but also in relation to the central authorities as sources of funding. The policy or decision makers can be the key determinants for long-term sustainability of the effort towards public marketing use. However, rarely it can see how program designers explicitly direct a marketing strategy to these audiences, despite their often vital role in implementing the program.

The sixth component of the marketing mix meets the need for constant information in the context of the frequent changes – website, newsletters – ***physical evidence***. The public administration should use marketing as a method of informing citizens, promoting programs and improving public health services, education, transport, etc. The recession times destroy citizens' trust in public institutions, this actually being essential for their proper functioning. The public institutions *do not face the same competition on the market or the same standard of performance like the private companies, but failure to serve the citizens weakens the social ties* (Quelch and Jocz, 2008:1). The recessions cause a decline in citizen's belief in the quality of information provided by the public institutions. Moreover, *recessions accelerates this trend*

of consumers who are blaming the public institutions for the disastrous state that they are forced to pass (Flatters and Willmott, 2009:5).

The seventh P is analyzing the entire chain of *processes* – evaluating inputs and outputs of the system – surveys, complaint procedures, or quality management. Often, the feedback from the citizens which could be achieved by using marketing tools is considered irrelevant to the services that hide behind the requirement stipulated in the law, such as those issuing driving licenses or building permits. The feedback should become part of the decision on allocation of budgetary resources for both the services where it is not used at all, and those in which it arrives too late and services' budgeting is finally accomplished without considering it.

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# TRAINING NEEDS ANALYSIS FOR CIVIL SERVANTS FROM ROMANIA

Dragoș DINCĂ<sup>1</sup>

**Abstract:** *Social order and even the general welfare depend on the human quality of civil servants, their professional training and their willingness to perform tasks. Administrative performance cannot be achieved unless there are competent, active, well-trained persons that understand the dimension of public good.*

*The training system represents all the activities and their structure regarding the initial and continuous training of civil servants, designed to support conceptually, methodologically and didactically the implementation of the training strategy (Manole, 2006:52).*

*The purpose of training is not to prepare persons for a particular function, but to offer them expertise in different fields and sectors of activity, which are then enriched and embodied in practical activity within public administration organizations (Brezoianu and Oprican, 2008:360).*

**Keywords:** *civil servant, training, training needs analysis*

## 1. Training of civil servants

Training of human resources is a set of processes through which, after following specialized programs, the employees enrich their skills, knowledge, behaviors and working techniques for which they already have a basic qualification in order to achieve the objectives and their tasks at a higher level. *So through training the improvement of already existent professional capacity is aimed (Profiroiu et al., 2006:24).*

Reorganization processes of public administration organizations, decentralization process and strengthening of local autonomy, applying the principle of subsidiarity and the horizon created by the new tasks of administration, can be achieved only through increased involvement and accountability of civil servants and, not least, by continuing their improvement.

The professional training processes requires knowledge and considering of a set of essential elements formed in the following assumptions:

- the need to create a public administration capable of operating at the capacity required by the european union

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- the need to create a body of professional civil servants
- the need for the introduction and use of methods, techniques and procedures characterizing modern public management
- the need to introduce new information and communication technologies
- the need of continuous adaptation of the training strategy at the institution / system level
- the need to consult key stakeholders involved in the training of public servants process.

The principles of the system of training of civil servants are:

- Efficiency - the principle that public authorities and institutions are required to achieve the purposes of training with a rational consumption of resources;
- Effectiveness - principle that beneficiaries have the right training to achieve results superior than the allocations;
- Consistency - the principle that the rules are generally applicable to the process of law enforcement and fulfillment of professional training of civil servants;
- Equal treatment - the principle that the contracting training services, contracting parties have the obligation not to discriminate between categories of beneficiaries, and between the categories of training providers;
- Decentralized management of the training process - the principle that public authorities and institutions have full competence in planning training, purchase training services, monitoring and evaluation of civil servants training
- Free access to training services - the principle that training providers have free access to the procurement of training services, competitive conditions and equal treatment in relation to training beneficiaries;
- Planning - the principle that public authorities and institutions are required to initiate annually the process of identifying training needs of civil servants and to prioritize the procurement of training services based on identified training needs and available resources;
- Transparency - the principle that public authorities and institutions are obliged to make available to all interested public information relating to the training of civil servants

## **2. The legislative framework in the field of training**

The Romanian Constitution, as well as the Universal Declaration of Human Rights mention professional training as a fundamental right: Art. 52. *The right to education is ensured through compulsory general education ... as well as other forms of instruction and training.*

Also, the Romania Labour Code (Law 53/2003), provides in Art. 190. (1) *that employers are required to ensure participation in training programs for all employees. So, every person has the right to pursue forms of professional training*, right transposed into an employer's obligation to create the conditions for achieving it.

Regarding the civil servants, Law 188/1999, republished, on the statute of civil servants regulates in Section3 Chapter V *the professional development of civil servants*, stating in Art. 50 that *civil servants **have the right and obligation** to continuously improve their professional skills and knowledge*. This right entails the obligation of the state and local communities to create **the legal, institutional framework and to ensure resources necessary** to ensure its materialisation.

In addition to the contractual employee, the civil servant has the **OBLIGATION** to perfect his/ hers training, an obligation derived from that he/ she exercises the prerogatives of public power and its action is circumscribed to general interest. In this context, the civil servant is obliged to follow forms of training organized at the initiative or in the interest of the public organization.

*Law no. 53/2003 Labour Code*, as amended and completed, stipulates the obligation of the employer to ensure regular access of employees to training. In accordance with Art. 191 of Law no. 53/2003 with subsequent amendments and completion, contract staff training is done based on an annual training plan drafted by the employer, in consultation with the trade union or, as appropriate, with the employees representatives.

Individualized training is determined according to art. 192 of Law no. 53/2003 by the employer together with the employee concerned, taking into account the criteria envisaged in the annual plan of training and conditions of work in the workplace.

*Law no. 188/1999 regarding the Statute of civil servants, republished* represents the general legal framework applicable to civil servants. The law establishes both the right and the obligation of civil servants to continuously improve their professional training and acquire new skills and competencies. Art. 69 of Law no. 188/1999 on the statute of civil servants, with completions and amendments provides that the training requirements of civil servants are determined in the process of performance appraisal of civil servants.

In 2008, in order to implement the provisions of the aforementioned legal act, came into force the *Government Decision no. 1066/2008* for approving the rules on the training of civil servants.

According to article 5 of the GD 1066/2008, the modalities of training of civil servants are:

- training programs organized and run by training providers, finalized with participation certificate or, as appropriate, graduation diploma;
- training programs organized and conducted or, where appropriate, approved by the employers within public authorities and institutions;
- training programs organized and conducted within the implementation of projects with external financing;
- other types of training provided by law.

**The documents regarding the training** developed at public institutions level are:

- Action Plan on the professional training of civil servants from the authority or public institution;
- Annual training plan for civil servants<sup>1</sup>;
- Annual Report on training of civil servants<sup>2</sup>.

At national level, the following documents are elaborated: every year the Annual Report on training of civil servants<sup>3</sup> and the Strategy for training of civil servants<sup>4</sup>.

Summarizing the normative documents mentioned, we conclude the following:

The training of civil servants is organized and conducted usually in relation to each of the institutions and categories of civil servants

The priority areas in which training programs for civil servants are organized are established by the Order of the President of the National Agency of Civil Servants.

✓ To ensure an efficient training process at public authorities level, the annual training plan is developed, which includes measures concerning training of civil servants within that authority and, within subordinated public authorities and institutions. The annual training plan

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<sup>1</sup> Art. 18 from GD 1066/2008

(1) The main authorities for expenditures are required to submit to the National Agency of Civil Servants approved documents under the conditions laid down in art. 17 (3).

(2) Approved documents are submitted in a centralized manner and for public authorities and public institutions subordinated to the main authority of expenditure or financed by its own budget by 31 March of each year.

<sup>2</sup> Art. 21 from GD 1066/2008

(1) At the end of the budgetary year, public authorities and institutions prepare annual report on the training of civil servants.

(3) The annual report on the training of civil servants is part of the activity report of public authorities and institutions.

<sup>3</sup> Art. 18 from GD 1066/2008

(3) The National Agency of Civil Servants aggregates the data submitted by the main authorities for expenditure and elaborates the annual report on the training of civil servants, which they present to the public including by publication on its website

<sup>4</sup> Art. 19 from GD 1066/2008

(1) At national level, priority areas for training of civil servants are set according to the document referred to in art. 18, para. (3)

is approved by the head of the authority and forwarded to the National Agency of Civil Servants.

- ✓ The application of the training measures of civil servants is monitored in the human resources departments of public institutions and quarterly reports on progress in achieving the planned measures are prepared.
- ✓ For each civil servant in order to ensure continuous improvement of skills and training, in annual individual performance appraisal, the fields in which the evaluated civil servants needs additional training in the following period are recorded in the evaluation report.

### **3. Training needs analysis**

**Training needs analysis** is a process of research, identification, using specific tools (questionnaires, focus groups, brainstorming, stakeholder analysis, interview etc.) of individual or group problems in labor relations, in a certain social, political, economic, and institutional context and problem-solving solutions through various forms of learning.

**Training needs analysis substantiates** an approach of improving the training performance that goes beyond traditional concepts of learning and knowledge transfer by improving the current performance and increasing the quality of work of the staff in accordance with the strategic goals of the organizations.

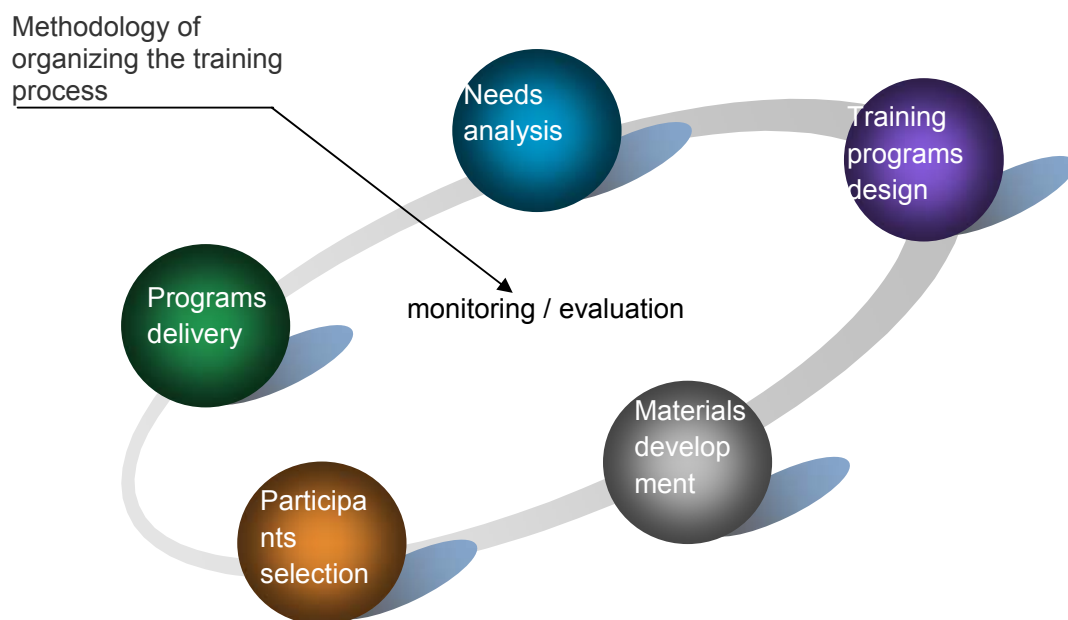
**Training needs analysis** lays epistemological premises of training program planning as it substantiates the training objectives, establishing the topics, development of the training program methodology, planning of training sessions, monitoring planning and training program evaluation.

The basic premise of this approach substantiated on the needs analysis is that traditional training rarely improves performance, which depends on organizational issues such as staff motivation, communication.

**Training needs analysis** is one of the six stages of organizing the training process:

- ✓ training needs analysis;
- ✓ training program design;
- ✓ training materials development;
- ✓ training activities participants selection;
- ✓ training programs delivery;
- ✓ training programs monitoring/ evaluation

The methodology of organizing the training process is illustrated in the figure below:



#### 4. The legal framework for training needs analysis

**The identification of training needs** within public authorities and institutions is covered by art. 69 of Law no. 188/1999:

(1) Assessment of individual professional performance of civil servants is done annually;

(4) In the process of performance appraisal of civil servants, **training requirements of civil servants are established.**

According to art. 16 et seq. of GD 1066/2008, in order to ensure respect for the rights and fulfillment of continuous improvement of skills and professional training, annually during the individual performance appraisal, in the evaluation report, fields where the civil servant requires additional training in the next period are identified.

Training needs identified are supplemented, where appropriate, with the necessary training resulted from legislative changes in areas of civil servants competence, as well as from any relevant changes in the job description.

Civil servants occupying management positions shall report on the training needs of subordinate staff, identifying priority areas and criteria underlying the identification of priorities.

The centralization of these reports occurs within the structures responsible for human resources, the draft action plan on training of civil servants within the authority is elaborated

and forwarded to its management, together with the annual training plan for civil servants for the following period and funds need to be allocated by the authority or institution budgets for this purpose. After approval, the documents are sent to the National Agency of Civil Servants. At the end of the budgetary year, the annual report on the training of civil servants will be drafted at the Authority level.

**According to Order no. 2.323 / 2013 of the President of the National Agency of Civil Servants for determining the priority areas in which training programs are organized for general civil servants in management and execution positions and for specific public functions assimilated to these, hereinafter fields are:**

- a) Management;
- b) Communication and transparent decision-making;
- c) Personal development;
- d) Law and community legislation;
- e) Technology of information and communication;
- f) Resources and public services.

### **Conclusions**

For the training to be meaningful and effective, the methodology for the organization of training programs should be carried out taking into account the organizational needs and the needs of each participant. A participatory approach in the training process will lead to the awareness of the needs by the participants in the training.

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# MODELS OF DECISION-MAKING IN THE PUBLIC SECTOR

Andy LEOVEANU<sup>1</sup>

**Abstract:** *Public administration is a complex phenomenon for its research requiring an inter and multidisciplinary. Plan public decision include the following dimensions: public system complexity, time, sensitivity to risk, uncertainty, modeling the topology of the universe can be determined quantitatively, qualitatively or vague. The research objective is to discover the characteristics of public decision-making process through the decision-making models. The paper analyzes the main models of decision making in the public sector: the rationalist approach, the gradualist model, the model of organizational processes and "policy bureaucracy", the model "windows of opportunity" and "of the agenda", model of public choice and other organizational models decision-making.*

**Keywords:** *public decision, models of decision-making, the rationalist approach, gradualist model, the model of organizational processes and "policy bureaucracy", the model "windows of opportunity" and "of the agenda".*

In the specialized literature we find several models of decision-making in the public sector: the rationalist approach, the gradualist model, the model of organizational processes and "policy bureaucracy", the model "windows of opportunity" and "of the agenda", model of public choice and other organizational models decision-making.

## 1. The rationalist model

Based on the distinction between objective (of substance rationality) and means (functional rationality), this model assumes that all public decisions must first be based on substantive rationality. Thus, the company must establish, through the government, social objectives and social values (such as equality, economic development or public policy). Clearly, these objectives and these values will be different depending on the ages and countries analyzed. We discuss the rationalist model, only when it is established that these values or social objectives can operate in functional rationality, which is a means to seek ways to maximize these goals. Setting goals and values of society can often take the form of a concept of "general interest", which then helps determine the importance and urgency to solve

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(Mercier, 2008: 148).

On the basis of rational model stay the rationalist theories are rooted in Enlightenment rationalism and positivism, which promoted ways current and neutral objective knowledge of human society. On this basis is the idea that the problems of human society can and should be resolved in a rational manner and scientific by collecting the entire amount of information that is the problem, followed by processing them, and obtain, by applying the most efficient design in terms of cost (Junjan, 2001: 24).

In the opinion of Professor Marius Profiroiu (2006: 161-162) "is about decision making approach developed in classical economy in which man performs rational choices. Decision being treated as a single actor reasoning, seeking to maximize their goals according to its means. It has preferences, establish its goals, set their values and some choose their utilities. Then seek alternatives available to solve the problem, alternatives that we exhaustively inventoried and whose effects and worth trying to identify them. In the next phase, he adopts a criterion of choice as objectively as possible, to allow him to identify the best balance between the advantages and disadvantages of each alternative possible. The crowd alternatives will then be screened using this criterion, obținându- solution is considered to be most suitable for solving this problem".

Rationalist decision making model presented the consists of the following separate and sequential stages (Mercier, 2008: 149):

1. Identify the values and objectives to be attained;
2. Analysis of all possible alternatives for achieving the objectives;
3. Research and selection of information based on the efficacy or effectiveness of different alternatives;
4. Making a comparison between alternatives and their consequences;
5. Choosing alternative that maximizes the values and objectives;
6. Implementation;
7. Feedback.

Rational actor model has many qualities as decision-maker should focus essentially on the matter, the content of alternatives and preferences, as well as the criterion of choosing a good, appropriate content. Several analysts have adhered to this model and tried to improve it by examining all possible options and their costs. The improved model called the rational - comprehensive model (Profiroiu, 2006: 162).

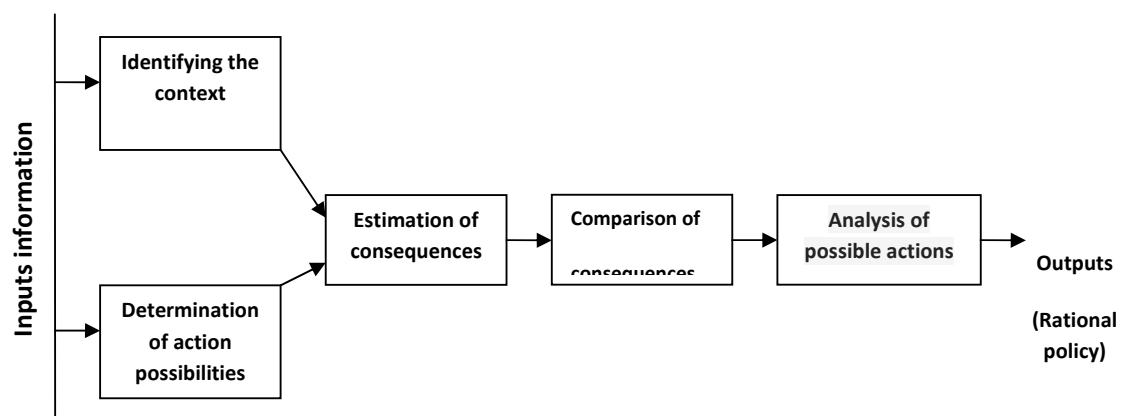
According to Réjean Landry (1980: 15), "rationalist model of decision-making process involves the following steps:

1. Identification of context;
2. Determination of action possibilities;
3. Estimation of consequences;
4. Comparison consequences;
5. The selection of choices in for action.

According to Gournay (1980: 343-367), the rationalist model, are not taken into account several factors that influence the decision. The first of of these factors is the fact that government policy makers are more, so more rationality and value systems which are in competition. In principle, the rationalist model, the decision maker must take a decision at the right time. In reality, the decision-maker working with multiple files in parallel and can not devote a single decision. To take a decision, decision makers do not have the right tools for them to make projections into the future of all the effects of a decision. Intellectual routine often prevents public decision maker to consider all possible alternatives of a decision. This calls into question the rationality of certain decisions of the government. Finally, despite all efforts made within the meaning of rationality, it is impossible to predict all the consequences that would result from such a decision or another. He believes that a rational process requires adopting a decision, the decision makers, an objective that can not be achieved, especially where political decisions.

Rationalist model of decision-making in five steps illustrated in Fig. 1:

**Fig. 1:** The rationalist model



**Source:** Réjean, L.; Introduction à l'analyse des politiques, Les presses de l' Université Laval, 1980, p.16

In the literature meet and critics of this model.

Simon Herbert has shown that this theory of absolute rationality is unrealistic. He tried

to apply the theory to the decision-making process of large companies, but he realized that his postulates are wrong. Herbert Simon questioned the idea of optimal decision making and demonstrated through empirical research, that the decision frequently triggers are organizational problems. Simon also said that the process of problem solving leads to satisfactory solutions, and in any case the optimal solution (Profiroiu, 2006: 163).

Simon Herbert believes that "decision makers can not investigate in depth all possible alternatives, but rather try to find a solution relatively satisfactory." This is explained by the fact that members of a public organization does not have a direct interest in terms of optimal decision, to In contrast to private entrepreneurs, for example. Other authors, emphasizes that finding an optimal solution was found to often be too costly to ever be adopted (Mercier, 2008: 150).

The rational decision maker behaves as though acting in a world of absolute rationality. There is no compulsion (both cognitive and politics) does not press on him or on his situation, but they exert a strong influence on the process. There is some rationality, but it is limited. Herbert Simon joined them in 1958, James March, showing that actors organizations acting together in a way rationality limited choices and decisions being made subject to constraints arising from human nature itself (Profiroiu, 2006: 164).

In reality of action, decision maker faces major constraints related to several factors (Profiroiu, 2006: 164 - 165):

- firstly, efficiency, effectiveness and economy are not values prevalent in the public sector;
- missing information and costs;
- there are few instances where public decision-maker acts in advance (so-called proactive action), before trying to identify their problems and means of solving;
- selection criteria are rare;
- the ability to generate a state exhaustive range of alternatives;
- choice situation triggers a psychological tension.

## **2. The gradualist approach**

This model, which is known in the literature as a method of small steps or method of sieving through the ranks, was introduced by political scientist Charles Lindblom in 1959, and is based largely on its own interests of different actors organizations and the

experience of living day. Lindblom in 1959 meant that decisions are made relatively independent actors who may have conflicting interests (Lindblom, 1959: 79 - 88).

The gradualist model is constructed as follows (Lindblom 1959: 79-88):

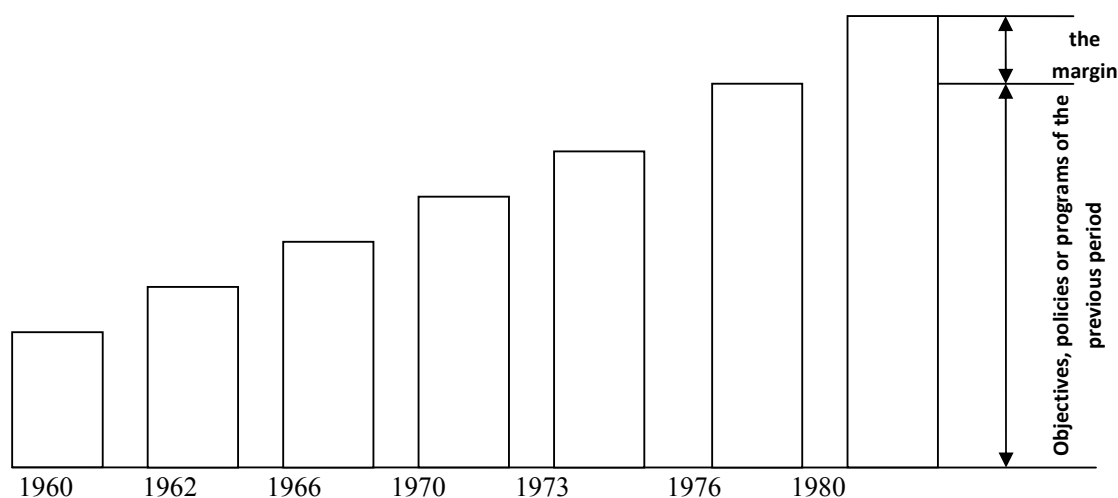
1. establish a simple goal;
2. identify a small number of alternatives;
3. evaluation based on experience;
4. election of simultaneous values and ways;
5. repeat the process.

Emphasizing that rationality is limited to a decider, Lindblom shows that, unlike rationalist model, not found in gradualist decision (Mercier, 2008: 151):

- a definite order between values and means;
- means an exhaustive research that lead to goals (alternative);
- a complete database on the subject of the decision.

Gradualism has the advantage of being quick in terms of political agreements on some changes to the budget or other existing programs is relatively easy to obtain. Conflicts arise when big decisions have to be all or nothing type, or type yes or no decision (Popescu, 2006:267).

**Fig. 2 :** The gradualist model



**Source:** Réjean, L., Introduction à l'analyse des politiques, Les presses de l' Université Laval, 1980, p.19

The gradualist model raises a difficult dilemma when looking to take account of non gradualist policies, or in other words radical policies: or gradualist model is used to account for the selection of non gradualist policies; or it is used to account for non gradualist policies, but it raises the same problems as the rationalist model (Réjean, 1980: 19).

May be considered rational decision by essentially deductive better suits the French intellectual tradition, while gradualism, more inductive, corresponds better to a certain pragmatism Anglo - Saxon. To return to the issue of determining the content of general interest principles (French) of liberty, fraternity and equality are actually content, as opposed to the rule of law (English), which is essentially a procedural issue (Mercier, 2008: 152).

### **3. The model of organizational processes and "policy bureaucracy"**

Graham T. Allison, of Harvard University, in his article today considered classic "conceptual models and the Cuban Missile Crisis" (1969), proposes three models to analyze the Cuban missile crisis that shook the world in October 1962. In the middle period of increased tensions between the United States and the Soviet Union, the latter wanted to install missiles in Cuba that could easily reach American cities. President Kennedy took then a decision on a possible answer: accept the status quo, through military fires back - a naval blockade, serving an ultimatum to dismantle Soviet military installations. It was actually a crucial decision that could lead to the loss of thousands of lives, even millions of individuals. Allison says that there are actually three ways of looking at the decision by President Kennedy (final decision has been applying a naval blockade and issuing an ultimatum to the Soviets, who give and go in dismantling their military installations) (Mercier, 2008: 153).

A first way to see things is the rational approach. But Allison said that this approach presents the government as a monolithic entity, so any government is a complex reality more or less bombarded by small or large organizations that have programs quite different (Mercier, 2008: 153).

Given its dissatisfaction towards the rational model to explain what - happened really he proposes two models.

The second model that he proposes is the organizational process model. Under this model, government is actually kind of conglomerate composed of relatively autonomous organizations that have a life of its own specific objectives. Each of these organizations, especially if they are important for coordinating a repertoire of standardized operations, which corresponds more or less to what Herbert Simon called "programmed decisions". All these decisions are made programmed so that even policymakers, elected to lead, struggling to control them. Allison cites another US president Franklin D. Roosevelt, another master of administration governmental organizations, who complained of not being able to effectively control certain US federal ministries, "Minister for the Treasury is so deeply immersed in his

routine that I come to believe that it is almost impossible to obtain from his actions and the results we've asked [...] But Treasury can not compare with the State Department. Should live the experience of trying to change something in the thinking, policies and actions career diplomats, and then realizing that this is a real problem. But Treasury and the State Department, together, represent are nothing compared Marina. To change something in the Department of the Navy is equivalent to giving punches in - a feather bed. Strike the right, then hit the left, and when you - absolutely exhausted, you realize that returned to its original bed" (Allison, 1969: 701 - 702).

The third model proposed by Allison (1969: 707) is the "policy bureaucracy". Here habits are not as standardized as shown Allison; there are plenty of rivalries and power struggles between bureaucratic organizations of the same government. The various bureaucrats are in - really engaged in - a competition between them (resources, budgets and influence) and government decisions are the result of these battles on a given problem. This model is reminiscent Lindblom's gradualist model, but apply within the government. As Allison said, "that the nation is often simply the result of the triumph of one group over another".

#### **4. The model "windows of opportunity" and "of the agenda" of John Kingdon**

John Kingdon, in his book "Agendas, Alternatives and Public Policy" (1984: 174) and in - a more recent version of the 1995 wonders why a problem some get to be on the agenda of a government, and says it is among the problems it sees fit that must reglemeteze. After all, there is at any time, dozens, even hundreds of issues that could be attacked? Kingdom answer this question by saying that a problem gets to be on the agenda of a government where three streams meet: flow problems, solutions and stream flow guidelines. Thus, for example, for medical woes reach government's agenda American (federal) must be those issues (million Americans are deprived of medical coverage) solutions to address them (proposals expert troubleshooting) and guidelines (a public opinion favorable reforms, a strong party for this issue to be sensitive). For Kingdon these three streams live independently from each other; So there is a chance that they meet: at the time it opens a "window of opportunity" that should take if you want the problem to be resolved. This latter point (some consensus on solutions) that unfortunately there was the issue of health administration in the United States, the various reform projects had failed at the legislative level, elected officials failed to find a minimum consensus on the solutions (Mercier, 2008: 155).

In other words, the "window of opportunity" is the proper context for the problem to come to the attention of the government and receive solutions. Note that "windows of opportunity" open and close shortly. If participants fail to promote public policy issues on time, then they will have to wait until there are again favorable conditions.

Model's Kingdom may be made to a critical namely that the problems are not always brought to the public agenda from the outside, but are suggested even by policy makers and therefore, even in a democratic society issues go on the official agenda, the agenda public, not just vice versa. Composition public agenda can be either extrinsic when problems arise within the company or intrinsic, when problems are just opportunities suggested solving the underlying reach decision makers. Thus the base of making agenda officials from the outside are power relations taking place between actors involved in the public policy process, and in the second case, the reason to constitute experience to act in a certain area or in a certain way.

## **5. The model "Public Choice"**

This model is unique in several respects. In fact it is the content of public policy interest, but also particularly for structures that fall decision, especially bureaucracy. Moreover, even if there is a majority in community social sciences influence on decision makers it was important. And in many respects has most influenced American models of the decision-making because it involves a reduced effective role for governments. While gradualist approach implicitly recognizes that stakeholders effectively represent its members, public choice does not recognize the representativeness of all groups, car may become prey to their leaders and their interests. In - a certain way, public choice recovers from the notion of rationality rationalist approach, but apply only to individuals who are trying to - maximize its own values. Thus, for example, the head of a union makes a decision based on maximizing its career advancement, not necessarily in the interests of union members; and a chief political decisions by increasing its chances of reelection (Mercier, 2008: 157).

In other words, public choice theory, believes that all players: voters, taxpayers, candidates, legislators, bureaucrats, etc. -and trying to maximize their own benefit, as happens in the market (Popescu, 2006: 267).

James Buchanan (1980), Nobel laureate economist and author reference to "public choice teory" believes that individuals associated politics to - meet their own threefold (Popescu, 2006: 268).

The public choice leads us to ask a number of issues, some of which are philosophical. For example, the exchange, the market is inherent to human nature - so inevitable - or is a human construction that can be aggravated by - a neoliberalism unleashed? There is no obvious answer to such questions. Another feature of public choice is to comply with the trend of commissioning decisions market game. Similarly, there are few countries in the world where citizens see the municipal taxes an important factor and must know where they are going or where must leave their place of residence, but the idea of "voting with their feet" is presented as evidence by some American authors, that if people do not have attachment and took decisions only based on monetary calculations (Mercier, 2008: 158).

To understand the issue that involves public choice theory should be noted that literature gives us another theory to be analyzed in terms of the former, namely social choices.

Normative theory of collective choice called "social choice" theory of positive political behavior, "public choice" show divergent trends after the early 50's (Matei, 2003: 132).

Divergences have their justification in economic anthropology and refers questions: What is man in economically? How does he reveal his preferences, and under what constraints to which the alternative? How is the coordination of individual preferences and their transformation into social preferences? How can individual rankings hierarchy and how to avoid obstacles on interpersonal comparisons of utility? (Matei, 2003: 132).

The debate moves to the status of rules and collective rationality. The opposition between the two theories is getting stronger in 1970 due to "Pareto liberal paradox" described by Sen (1970). An attempt to achieve consensus between the two theories belongs to Mueller (1982). Appreciating the contributions of everyone, we can say that Rawls, Harsanyi, Buchanan, Tullock contribute to achieving the same objective: "to agree unanimously deduction and citizens on the social order or of constitution" (Buchanan and Tullock, 1962: 96). We can compare the public choice and social choice based on their essential characteristics. This approach is also found in the work of Jarret and Mahieu (1998) and can be summarized as follows:



**Table 1:** Comparison of public choice with social choice

<b>The public choice</b>	<b>The social choice</b>
Scientific	Moral
Positive	Normative
Market	Welfare
Individual rationality	Collective rationality
Applied	Logical - deductive
Marginalism	Axiomatic
The key paradox: the median voter	The key paradox: dictator
Procedural	Immediate
Hypothetical imperative	Categorical imperative

**Source:** Ani Matei, *Economie Publică. Analiza economică a deciziilor publice*. Editura Economică, București, 2003, p. 141

The authors revolve around the the journal Public Choice economists, especially professors of political science, studies the functioning of the public sector by means of concepts and analytical tools that were traditionally reserved for the study of market transactions (Mercier, 2008: 159).

It would be wrong to claim that the school "Public Choice" recommends smaller administrative units and more flexible. In principle, this intellectual movement, is mainly a way of seeing things, a kind of worldview; it is primarily a method of analysis, it is not a priori normative or prescriptive. It can happen even in exceptional cases, it is the case of Anthony Downs (1962), whose followers recommends an increase in public sector responsibilities. But these exceptions prove the rule. The rule is that public choice advocates recommended administrative units more flexible, decentralized and privatization of several public responsibilities. Even if the movement of public choice has followers in several European countries, and even if several concepts related to market analysis were used to study the dynamics of government outside the United States, it should be considered the origin of this movement as essentially American . In general, supporters of public choice and comparative historical interests and very limited - mostly focused on the analysis of the United States in the contemporary era. That's what invites us to seek the origins of the movement in the American context. We have in this regard some interesting tracks (Mercier, 2008: 159).

The journal "Public Choice" appeared at the end of 1960. At mid-decade VII - XX th century, under the presidency of Lyndon B. Johnson, had high hopes on the programs grouped under the label "The Great Society" programs they were intended to reduce poverty and, especially, poverty in American cities. Towards the end of the mandate of President Johnson in 1968, we realize that these ambitious programs and not - have achieved the desired

expectations. In particular, most Americans continue to leave the centers of large cities to the suburbs. It's hard not to see in this context, a set of facts that lead to public choice. Indeed, in the context of disappointment vis - a - vis the ambitious programs to eradicate poverty, it is clear that the income gap between rich and poor citizens hardly will diminish. The question is, which of these major programs have been used better. And we look to the US federal bureaucracy. Big cities are not safe, citizens continue to flee to the suburbs (Mercier, 2008: 160).

By using their economic and mathematical calculations, partisans "public choice" are interested in administrative structures and decision-making process. Even if their starting point is analytical, almost inevitably come to recommend administrative structures smaller, more flexible, decentralized and public monopolies and condemns the effects of centralization. So should therefore reduced the size, decentralizing decision making, breaking the monopoly so that citizens, as in a market economy, have a choice (Mercier, 2008: 162).

## **6. Other organizational models decision-making**

It must be emphasized that in reality, we can not choose between rationalist approach / deductive traditionally attributed to France and gradualist approach / inductive traditionally attributed States - US. Because in practice, organizations need both.

Organizations need to focus on short-term problems, but also for the long term have used the same strategic planning; in - the latter really brought back manner rational model before being staged using a different terminology. This requires the use of two approaches this fact was pointed out by Amitai Etzioni in his article "Scanning - mixed": The third approach in decision making (Mercier, 2008: 162).

This pattern suggests a first phase seeking alternatives, and in the next step to occur exploring in detail the one that seems to be the most interesting of them. This approach embraces innovation (which was limited incremental model) and does not require such strict conditionalities presumed rational model - comprehensive (Profiroiu, 2006: 171).

Etzioni (1964), maintains that the proposed model is more representative of the way in which decisions are in reality. Not infrequently happens that, after a series of decisions that are slightly different from the initial situation, when a particular problem, to take a decision that is radically different from the previous ones. Amitai Etzioni strongly advocated that policy analysis should not be restricted to economic analysis. He gave as example the medical knowledge in an eclectic include political, social, cultural, psychological and environmental

(Etzioni, 1985: 383-395).

**The model "trash" by Cohen, March and Olsen**, is a decision-making model who made headlines in 1970 and 1980. Again, perpetrators attacked the rationality postulate. Should be noted that this empirical model framework consists of university life as organizations and universities. Trash can, according to the authors, a kind of container (trash in a literal translation) whither the problems and solutions in a random fashion. Policy makers actually do not know a priori preferences; they discover action; problems often are not discovered like when you have answers available, for example, we realize that we have a system of information too slow in contacting a solution which is in the form of a computerized system. This led to their finding, which became famous: they are looking for solutions to problems, provided that seek solutions to problems. The decision is already therefore somewhat incidental and depends, among other things, the time of occurrence of the problem (Mercier, 2008: 164).

Thinking of organized anarchy, we can say that these are organizations - or decision-making situations - characterized by three distinctive features. The first is the uncertainty of their preferences (Bélanger and Mercier, 2006: 180).

The second characteristic is represented by a fuzzy technology. The organization manages to survive and even produce, although its procedures are not understood by its members. It works by probing, operating through the remainder of the lessons learned from the past and inventing a pragmatic way under the pressure of necessity (Bélanger and Mercier, 2006: 180).

A third distinguishing characteristic is fluctuating participation. Participants provide various fields a variable amount of time and work. Their degree of commitment varies. As a result, the organization is subject to limits motion and is uncertain and is subject to capricious change of policy makers and the public because no matter the type of election (Mercier, 2008: 164).

The next model which we will discuss is rather an interpretation of the respective roles of the rational calculation and intuition in decision making, especially when this decision is unstructured. More than a theory, these views about the crucial role of intuition in decision unscheduled, unstructured, strategic, are repeated by Henry Mintzberg often. You might call this theory "unstructured structure decisions" and Mintzberg suggested himself (and his colleagues) in an article on the subject (Bélanger and Mercier, 2006: 180).

In addition, Mintzberg tied intuition experience. Therefore, he says, comes from intuition extended experience in a certain field of activity; it capture patterns that can not be

explained logically every time. The most important decisions for organizations are like this, and they do not lend any rational calculations and explicit (Bélanger and Mercier, 2006: 180).

Returning to the article by Mintzberg and his colleagues on decisions unstructured should mention that these authors see essentially two stimuli on a decision or decisions of opportunity (those demands are taken voluntarily to improve a situation) and the decision of crisis that we are forced to take to deal with pressure or threat. Mintzberg and his colleagues developed a model of strategic decision making That process focused on intellectual steps must follow, on principle, all decision makers. Their model answer three general phases divided into seven sub sections (Mintzberg and all, 1976: 246 - 275):

1. Identify the problem:
  - I) recognizing the problem;
  - II) diagnostic;
2. Development Solutions:
  - I) the search for solutions that already exist;
  - II) development of customized solutions;
3. Choosing a solution:
  - I) removing solutions;
  - II) evaluation and choice;
  - III) authorization (permission).

Sometimes encountered a terminological equivalence between the decision "non structured" and the strategic decision that makes both have a common characteristic: they do not lend themselves easily to quantification. Exaggerating least his position Mintzberg, might say that when Measurable easily parts of a decision, especially when these elements come from within the organization, we are almost not to be in any case in the presence of a decision really strategic (Mercier, 2008: 165).

## **7. Conclusions**

The literature abounds with information on public sector decision-making models. We can say that there are no perfect models, each of which can be improved.

Can be synthesized few simple, yet vital elements for the accuracy and efficiency of public decision-making, they desprinzâdu - theories are studied:

- public decision is a result of a complex process that brings together in a perfect mix information, rationality, creativity, logic and consequence analysis, disregard these elements, leading to errors in putting it into practice;

- obtain an efficient public decision based on compliance with rigorous planning is respected;

- stakeholders in the problem solving or decision that needs to be known and analyzed properly, in order to determine their influence in decision implementation stage;

- a decision constitutes a logical process conducted in a succession natural activities, the notification of problems to be solved to checking the feasibility of the option, the "deciding whether a decision be taken" in connection with a problem concerning organization or public institution, up to decide whether, ultimately, the decision retains the same features implemented and coordinated times it is necessary to apply certain remedies.

Public decision should not be regarded only as a mere activity of choice of the best variant of several possible but it is a complex act, whose implementation can have irreversible consequences on the lives of those administered (individuals and legal persons).

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# THE SIZE OF THE PUBLIC SECTOR AND THE IMPLICATION OF REFORM ON THE LEVEL OF CORRUPTION

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Florin Marius POPA<sup>2</sup>

**Abstract:** Preventing corruption helps increase revenue, improve public services and stimulate public participation and confidence in winning the election. In connection with the public sector questions are often raised concerning the structure and its role in the economy and in the society, whether or not overdeveloped, if effectively serves the public and if it is effective. The public sector is considered by many authors the main source of corruption (Themudo, 2014), due to the fact that corruption appears at the point where public and private sectors interact. The purpose of the paper is to stress the need for public sector reform in order to reduce corruption.

**Key words:** corruption, public sector, public expenditure

## 1. GENERAL ASPECTS ON CORRUPTION

During the last decade corruption has become a major issue in the international development debate. However, behind the scene it has always been there, referred to as the ‘c-word’ in the policy environments of the development community (Odd-Helge, Isaksen, 2008).

Corruption is part of a larger phenomenon, typical of any activity organized by civilians. The success of all social actions that have a purpose depends on the willingness of the participants to comply with rules adopted by the organization or rules and behavioral patterns prevailing in the society. Compliance with the rules is a prerequisite for the survival of social order - whether it is an order governed by market or political order governed by the state. Organizations seek to ensure compliance of individual and group using a combination of positive incentives, motivation and negative base incentives. Balance can be difficult to overcome, whereas the use of a set of incentives can undermine the objectives of another organization by preventing, for example, will to produce. But to properly resolve, effective instruments must be in place. And, as Amartya Sen points out, as it should be the rules of

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behavior, which "... importance can be particularly attached to behavior of those in power or authority." (Sen 2000: 36)

Fundamentally, governments and public institutions' mission is to serve the public interest (OECD, 2003). The expectations of the citizens from the officials are that they perform their duty honestly, fairly and impartially. Governments are increasingly pressed to ensure that civil servants should not allow the decision-making process being compromised because of personal interests and relations. Given that society demands are increasingly higher, government measures on reducing corruption must be increasingly more concise, more effective.

At the level of national arena corruption occurs at the meeting point between state and different non-state actors. On one side are corrupt official; on the other hand is the provider of bribes. Authorities may be represented by anyone, from the president and top political leadership (political corruption), down the hierarchy (bureaucratic corruption) to the farthest official of a public service in the local government.

At the level of national institutions, under various state agencies, corruption can occur between the political and administrative/bureaucratic tier. These relationships can be corrupted because of overlapping authority, conflicting because of political battles for access to resources, because of the personal relationships of dependency and loyalty.

## **2. PUBLIC SECTOR PERFORMANCE AND CORRUPTION**

The concerns of governments for the governing act, from the perspective of satisfying the public interest, the public need, lowering of public expenditure and improving the public services were the prerequisites of public sector reform (Matei L., 2006). Improving the public sector performance is an objective that has a role in the political agenda of all industrialized countries. Public sector performance is generally closely related to the overall economic performance of different countries (Profiroiu A.,Profiroiu M., 2007).

The issue of the public sector governance performance is increasingly more present in the scientific literature. Considered as a finality of a complex process of public management, the governance performance, either central or local, acquires systemic characteristics and, in accordance with the level of respective governments, establishes new public decision feedback, meant to improve performance (Matei A.,Matei L., C. Savulescu, 2010: 21). All in all, the public sector management cannot ignore issues of integrity.

Recent years have seen an impressive increase in interest in the public sector ethics management, partly in reaction to the public management reform in general and “New Public Management” (NPM) more specifically. These reforms include the introduction of competition both within government and between governmental agencies and private sector organizations, the introduction of performance management systems, a transformation of the role the public manager from the administrator to the public entrepreneur, and the introduction of instruments of quality management and a customer service focus (Maesschalck, Jeroen, 2004:20). In this sense, the World Bank considers that the principles of the governance of the public sector are the following:

- responsibility - public authority is responsible for making and enforcing mechanisms promoting public management at high levels;
- transparency / openness - expresses the ability of public authority relating to the assumed roles and responsibilities and the decision-making procedures and the exercise of power;
- integrity - with reference to the public and personal action, impartial, ethical and in the interest of public authority;
- responsible management – requires the use of every opportunity to develop public assets;
- efficiency - ensuring the use of resource in the best conditions to meet the organization's objectives;
- driving - imposed commitment to good governance (Matei A. Matei L., C. Savulescu, 2010: 24).

In the same manner the concepts of integrity, transparency and accountability have been identified by the UN countries, collectively and individually, as part of the founding principles of public administration (Armstrong E, 2005). The UN Charter states: “The paramount consideration in the employment of the (UN) staff ... shall be the necessity of securing the highest standards of efficiency, competence and integrity” (Article 101).

One of the fundamental works presenting the indissoluble link between corruption and governance is that of Rose-Ackerman, who eloquently demonstrates how the high level of corruption limits investment and growth and leads to the inefficiency of government (Matei A. Matei L., C. Savulescu, 2010: 24).



### 3. THE RESEARCH

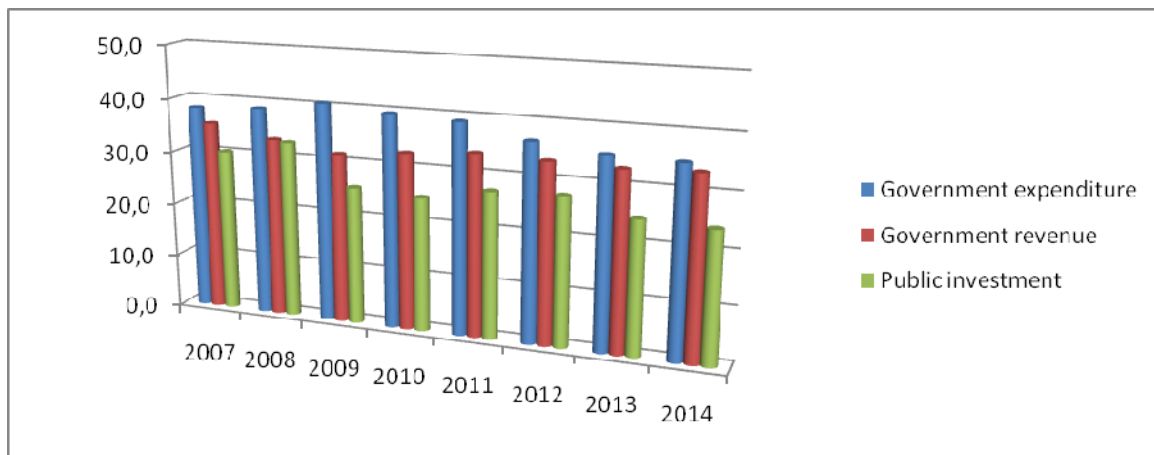
The research has as main *hypotehesis* the fact that a high level of corruption is strongly conected to a high level of public investments, a high level of public expenditure and a low level of government revenues.

In order to verify this *hypotehesis*, we have used data from EUROSTAT concerning the government's activity (public investment, public spending and public revenues) and the data from different corruption indicators such as Worldwide Governance Indicators from the World Bank (in this case we took into consideration the agregate indicators Government Effectiveness and Corruption Control), Corruption Perception Index from Transparency International and Global Competitiveness Index from the World Economic Forum (in this case we took into consideration only the first pillar, Basic requirements composed from 4 indicators: institutions, infrastructure, macroeconomic stability and health and primary education).

Our analysis is focused on four countries from Central and Eastern Europe: Romania, Bulgaria, Hungary and Poland. The four countries have the same political and economic background and became members of the European Union in the period 2004 – 2007.

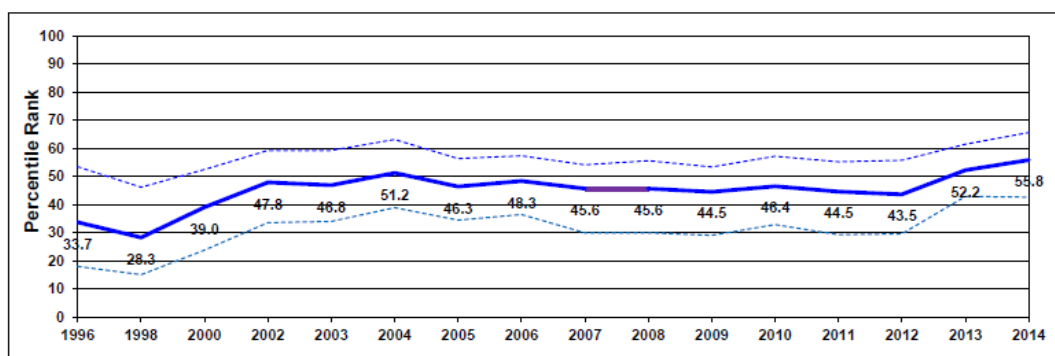
#### ROMANIA

**Fig. 1. Government finanacial aspects**



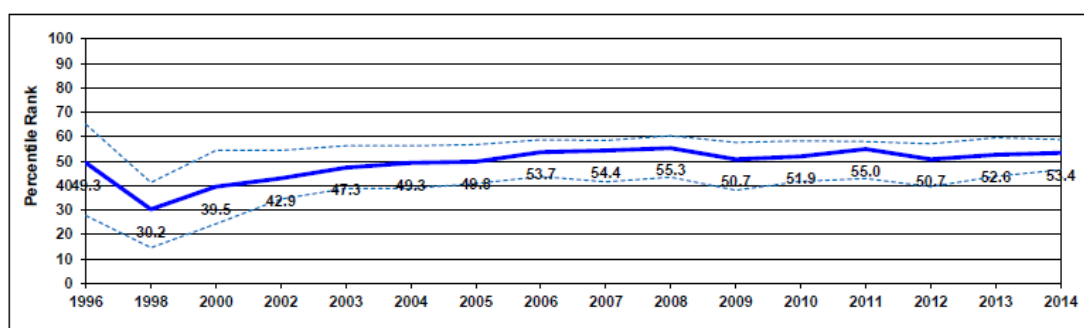
Source: own ellboration based on data gathered from EUROSTAT

**Fig. 2. Government Effectiveness**



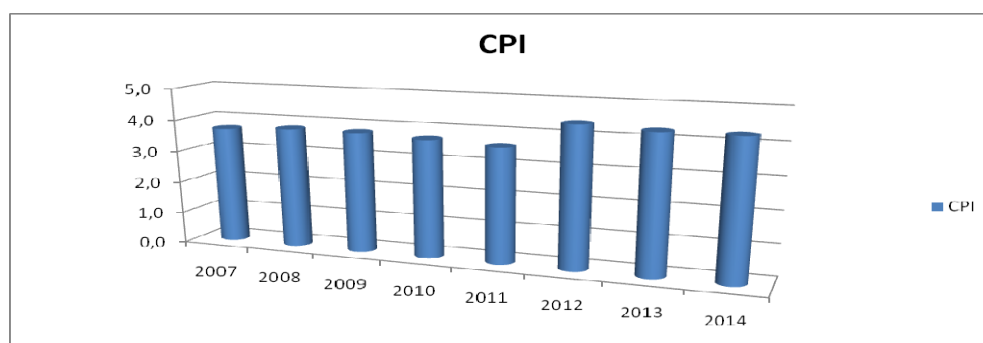
Source: own ellboration based on data gathered from **Worldwide Governance Indicators** from World Bank

**Fig. 3. Control of corruption**



Source: own ellboration based on data gathered from **Worldwide Governance Indicators** from World Bank

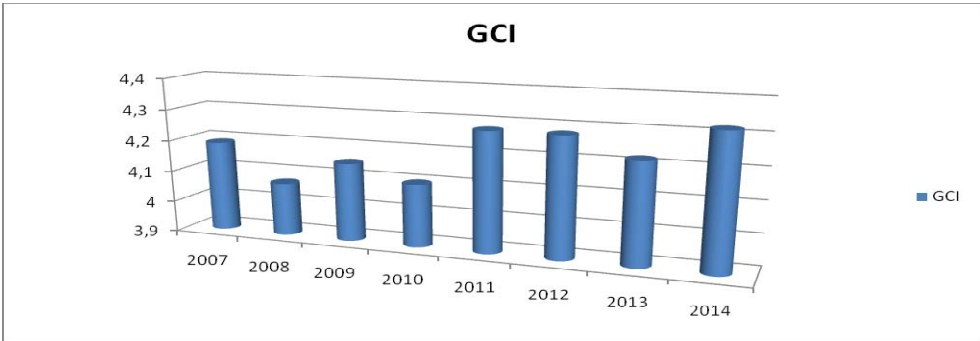
**Fig. 4. Corruption perception Index from Transparency International\***



Source: own ellboration based on data gathered from **Transparency International**

\* Since 2012 CPI is calculated on a scale from 0 to 100. In order to have a better understanding of the comparison we kept the scale from 0 to 10.

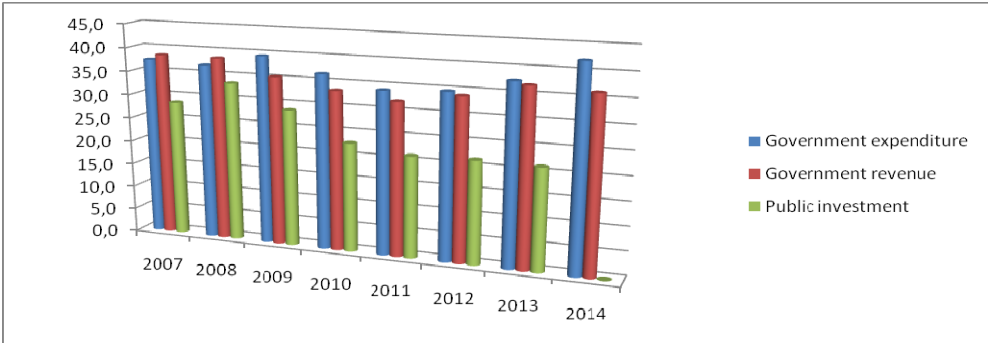
**Fig. 5. Global CompetitivenessIndex**



Source: own ellaboration based on data gathered from **World Economic Forum**

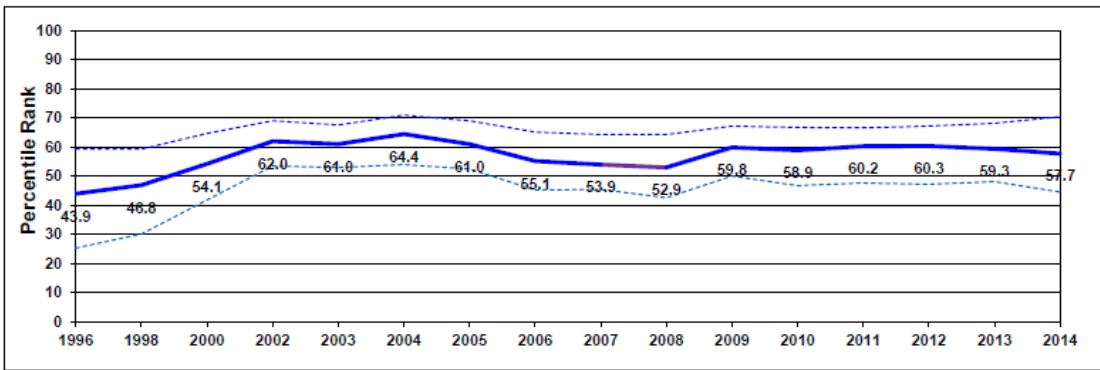
**BULGARIA**

**Fig. 6. Government finanacial aspects**



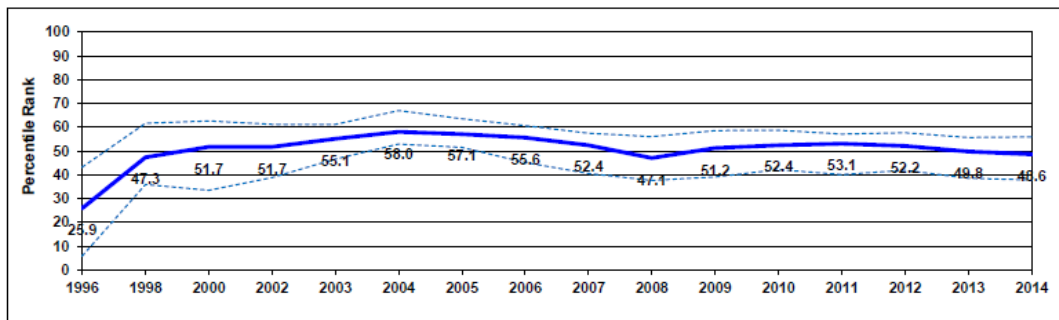
Source: own ellaboration based on data gathered from **EUROSTAT**

**Fig. 7. Government Effectiveness**



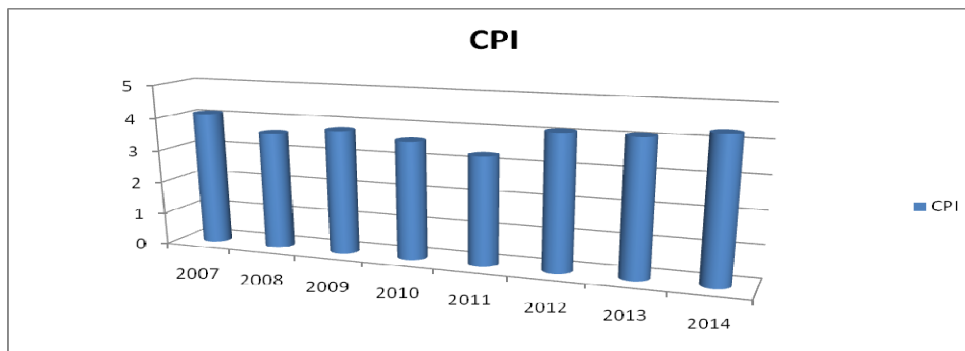
Source: own ellaboration based on data gathered from **Worldwide Governance Indicators** from **World Bank**

**Fig. 8. Control of corruption**



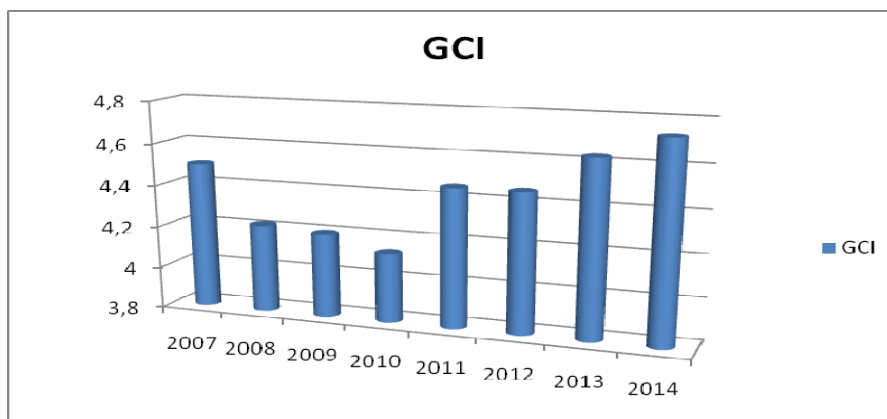
Source: own ellboration based on data gathered from **Worldwide Governance Indicators from World Bank**

**Fig. 9. Corruption perception Index from Transparency International\***



Source: own ellboration based on data gathered from **Transparency International**

**Fig 10. Global CompetitivenessIndex**

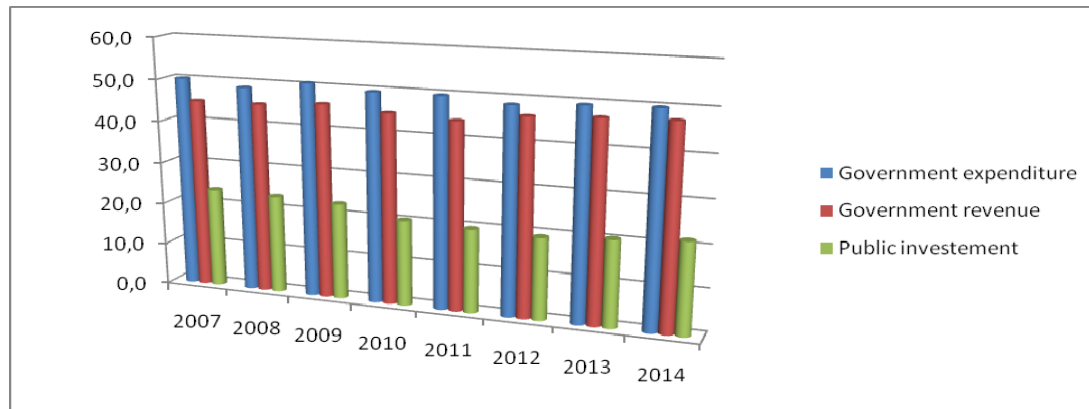


Source: own ellboration based on data gathered from the **World Economic Forum**

\* Since 2012 CPI is calculated on a scale from 0 to 100. In order to have a better understanding of the comparison we kept the scale from 0 to 10.

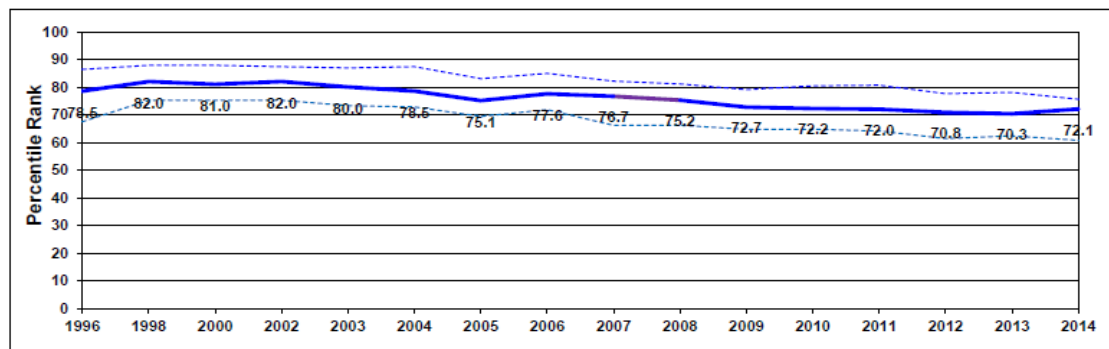
## HUNGARY

**Fig. 11. Government financial aspects**



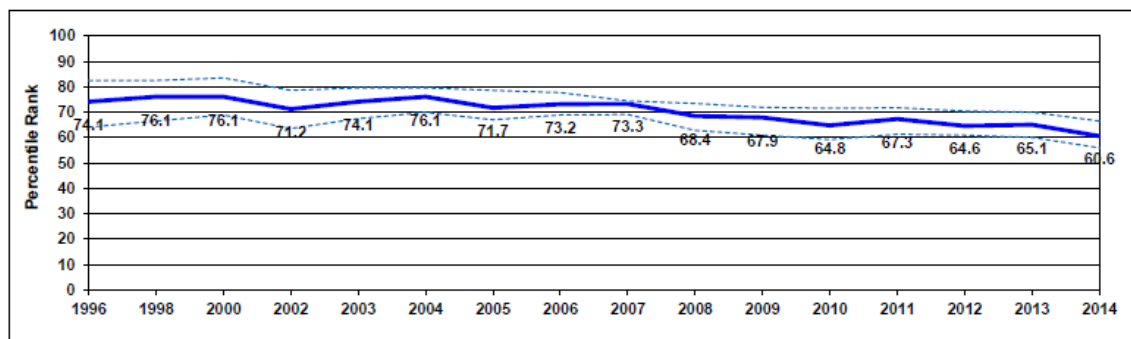
Source: own ellaboration based on data gathered from EUROSTAT

**Fig. 12. Government Effectiveness**



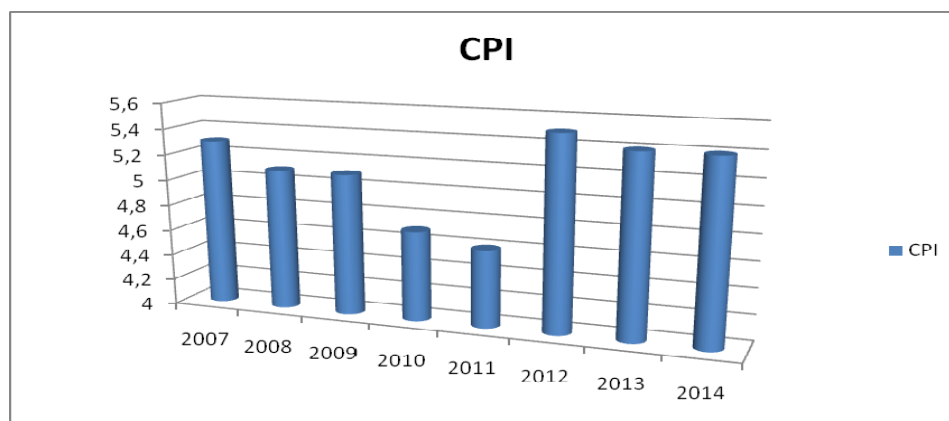
Source: own ellaboration based on data gathered from Worldwide Governance Indicators from World Bank

**Fig. 13. Control of corruption**



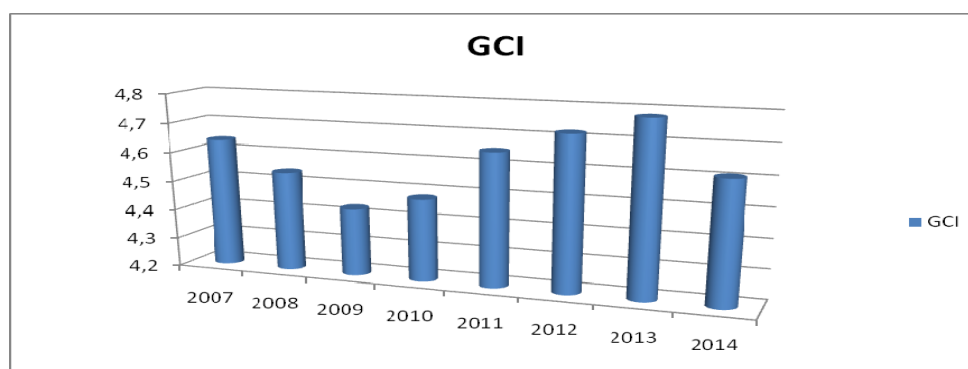
Source: own ellaboration based on data gathered from Worldwide Governance Indicators from World Bank

**Fig. 14. Corruption perception Index from Transparency International\***



Source: own elaboration based on data gathered from **Transparency International**

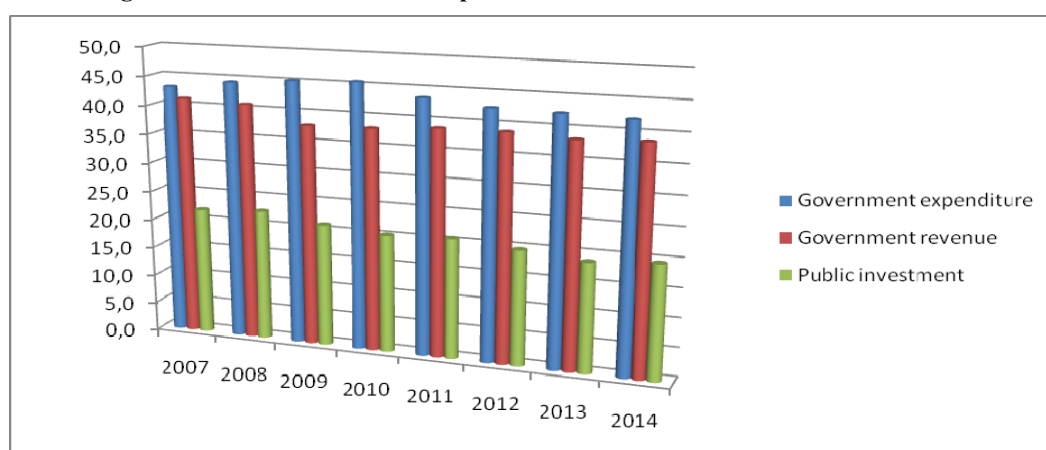
**Fi. 15. Global Competitiveness Index**



Source: own elaboration based on data gathered from **World Economic Forum**

## POLAND

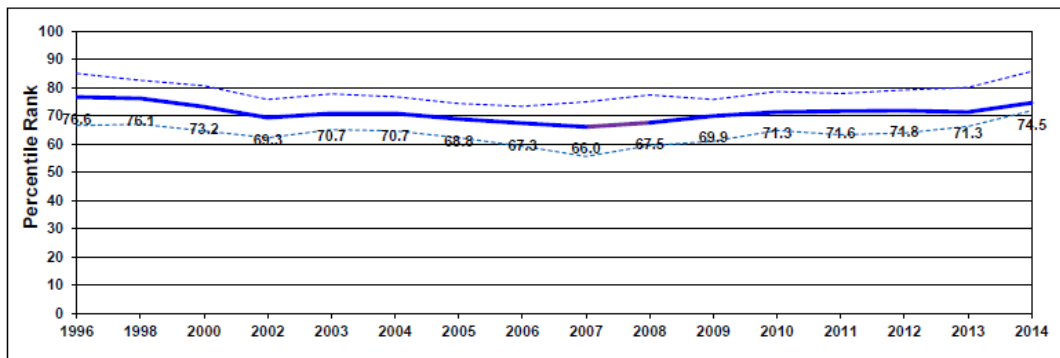
**Fig. 16. Government financial aspects**



Source: own elaboration based on data gathered from **EUROSTAT**

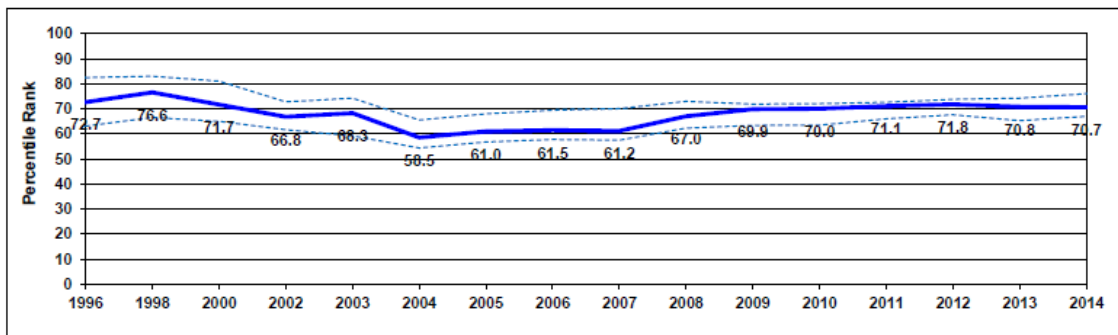
\* Since 2012 CPI is calculated on a scale from 0 to 100. In order to have a better understanding of the comparison we kept the scale from 0 to 10.

**Fig. 17. Government Effectiveness**



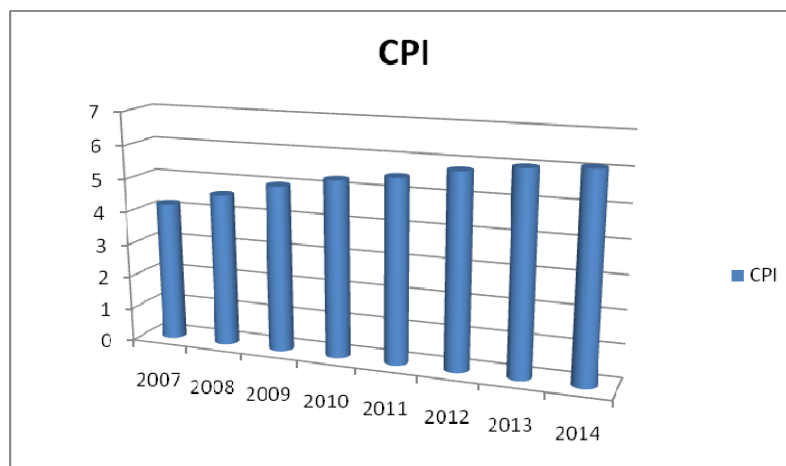
Source: own elaboration based on data gathered from **Worldwide Governance Indicators from World Bank**

**Fig. 18. Control of corruption**



Source: own elaboration based on data gathered from **Worldwide Governance Indicators from World Bank**

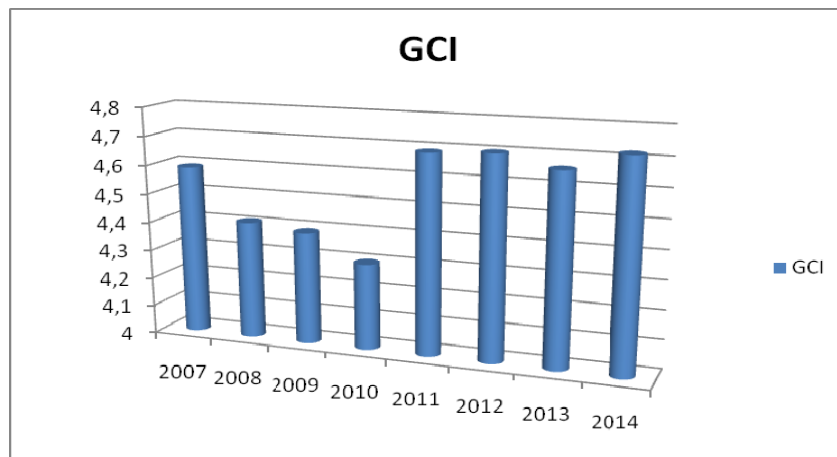
**Fig. 19. Corruption perception Index from Transparency International\***



Source: own elaboration based on data gathered from **Transparency International**

**Fig. 20. Global CompetitivenessIndex**

\* Since 2012 CPI is calculated on a scale from 0 to 100. In order to have a better understanding of the comparison we kept the scale from 0 to 10



Source: own elaboration based on data gathered from **World Economic Forum**

#### 4. FINDINGS

All four states that we have taken into consideration are former communist countries and they have as heritage a centralised economic system and a large public sector. These conditions create the perfect framework for the birth and spread of the corruption phenomenon. As a common observation we might say that the financial crisis determined the reduction of the public spending accomplished by reducing the public investment, but in the same time this did not result in a decrease. Moreover, it determined a rise of the corruption phenomenon due to „the fight” for the access to resources. The growth of the corruption also underlines the fact that the public sector was not reformed.

#### 4. Future reasearch

The reform of the public sector remains the most important measure to improve the act of governance. There is no doubt about the profound political feature of the public sector reform, but, at the same time, no one can argue the need of reforming the public sector in order to improve the efficiency of the resource allocation and for a greater justice in income distribution. The reasons behind that need are also quite clear: institutional reform along with a reduction of the costs and expenditures, which will lead to savings. The problem is the strong link that our findings underlined once again: size – reform – corruption. Bigger means state of the art competencies for the more and more specialized services that the citizens are demanding, but it can also mean an increased level of corruption. What we need to establish is whether this link could be somehow weaker depending on the type of activity, namely can we perhaps find lower corruption levels if we look in-depth of the public sub-sectors separately (public non-market and public market)?



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