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Challenges and Realities of Innovative Governance

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CONTENTS

<i>Tatiana-Camelia DOGARU</i>	<i>Global Public Policies: New Tools for Governance</i>	<i>6</i>
<i>Cristina Elena NICOLESCU</i>	<i>The Utility of Network Public Policy Analysis</i>	<i>18</i>
<i>Adriana GRIGORESCU</i> <i>Răzvan Ion CHIȚESCU</i>	<i>Public Policies for Business Based on Socialist Market Economy of China</i>	<i>25</i>
<i>Mihaela SIMIONESCU</i>	<i>Some Macroeconomic Determinants of Economic Growth in Romanian North- East Region. Implications and Policies</i>	<i>36</i>
<i>Dragoș DINCĂ</i>	<i>Analysis of local development strategies in Romania</i>	<i>48</i>
<i>Daniela PANICA</i>	<i>Institutional Trust and Cooperation: The Case of Romania's Electoral System</i>	<i>56</i>
<i>Sorina - Cristina MARIN</i>	<i>Corruption in Public Administration</i>	<i>66</i>
<i>Cristina ȘERB (TANISLAV)</i> <i>Delia Mioara POPESCU</i>	<i>Fighting Leaving Early Education and Training Systems an ahe EU – A Comparative Study</i>	<i>75</i>
<i>Antoaneta Roxana GEORGESCU</i>	<i>The Training of the Romanian Teaching Staff – The Way to the Performance</i>	<i>83</i>
<i>Adelina DUMITRESCU-PECULEA</i>	<i>The role of financial control in the decision making process</i>	<i>89</i>
<i>Anca CHIPER (NECULAU)</i> <i>Adriana GRIGORESCU</i>	<i>Human Capital in Romanian Tourism Sector</i>	<i>96</i>
<i>Bogdan - Alexandru FURDUESCU</i>	<i>Theories Used in Neuro-Linguistic Programming (Nlp) for Motivation</i>	<i>103</i>
<i>Carmen SĂVULESCU</i>	<i>Powering Digital Competence</i>	<i>117</i>
<i>Corina-Georgiana ANTONOVICI</i>	<i>Financing of Non-Governmental Organisations. Case of Romania</i>	<i>125</i>
<i>Andrada NIMU</i>	<i>It's not about the money: How External Funds have shaped Non-Governmental Organizations</i>	<i>135</i>

GLOBAL PUBLIC POLICIES: NEW TOOLS FOR GOVERNANCE

Tatiana-Camelia DOGARU¹

Abstract. *The globalization process creates new framework of multilevel policy-making, implies new actors, such as public and private actors and redefines the concept of public policy within an international and international policy regimes. Therefore, a difference in the policy process under globalization would appear to be that “policy transfer” and the global policy networks are on the increase.*

In this sense, on the one hand the paper describes and analysis the concept and process of policy-making develop under globalization driving forces in order to reveal the policy-making changes imposed by internal and external context, and on the other hand assets the importance of global public policy networks for solving global problems through global policies.

From a methodological standpoint, and taking into consideration the theoretical framework, the study adopts a review conceptual approach to advance its arguments.

Keywords: *policy, globalization, global policies, networks*

JEL Classification: *F68, D04, D78, E61*

1. Introduction

Since the early 1990s, the driving forces of globalization - technological change and economic and political liberalization have fundamentally transformed the conditions for effective and legitimate governance. In this new environment, states are no longer the only players in the policy-making realm, and although the policy term has been a prisoner of the word “state”, at the time being the national public institutions no longer serve as the sole organizing centre for policy. According to Malik (2008) the nation states have to acquiesce to the pressures exerted by both international organizations and other influential states, which seriously halts the capacity of states to develop its policies independent of any external influence and in favour of its citizens. Therefore, in this context, sometimes it can be identified various tensions between global agendas and national agenda of policy, and it is important to keep in mind that policy do not exist in a vacuum, but any type of policy is embedded in a wider set of pressures and contexts which would need to be understood. Moreover, the international organizations outline in their studies (UN, 2001) that „managing the public sector in today’s environment of constant change, particularly in view of globalization, has become an increasingly demanding challenge for national decision makers, policy advisors, service delivery managers and civil servants at large. The functions and role of the State have been transformed substantially. The general

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configuration of its responsibilities has changed and this has introduced important modifications both in the policy arena and in the State is requirements for high-level skills, qualitatively and quantitatively”.

Thus, often, in the scientific literature (Armingeon, 2001), it was believed to force distinct political systems and governments onto a path leading to convergence, but, in fact, this view neglects the other effects of globalization which facilitate and support innovative solutions of domestic policy problems. So, from this point of view, it can be said that, in the absence of globalization or the talk about globalization, these problems would have less chance of being solved.

2. A brief review of relevant literature

2.1 Policy-making: a field of globalisation

Policy-making is an extremely analytical and political process which involves a complex set of forces. Processes, such as globalisation, Europeanization, demographic change and public choice perspective on public policymaking have surely eroded the welfare state foundations. The public policy scholars try to explain public policies using public policy-making process like astronomers who use the solar system, as biochemists who use DNA sequencing or as economists who use the Kondratiev cycle and, although there are a large number of researches on this topic it can be identified some consensus on the Jones' taxonomy as standard model for public policy-making (Matei & Dogaru, 2012).

Jones divides this process in five stages: (1) setting the agenda - integrating the public issues on political agenda; (2) formulating the public policy - transforming the issue into public policy; (3) implementing the decision - applying the activities plan developed for solving the issue; (4) evaluating the public policy - the ex post analysis of all process and (5) completing the policy - the end of the process and restart the public policy-making (Harguindéguy, 2006: 42-56). Traditionally, policy has been produced within the authority of the nation-state, while since 1951, Laswell (1951: 13-14), one of the representative scholars of policy science noted that “indeed, one of the major tasks of the policy sciences is to follow in detail the processes of social invention, diffusion, and restriction throughout the globe for the sake of estimating the significance of specific events”. Moreover, in its next researches, Laswell argued that “As the globe shrinks into interdependence, relying more fully on science and technology, the policy sciences gain significance [...] Interdependence implies that every participant and every item in the social process is affected by the context in which it occurs.”

However, over the last two decades globalization has witnessed some challenges to such nation-state bound policy making. Public policy now takes place in a world system as well as in national political systems. The international environment has an added role to play in influencing the national policies. Consequently, national policies are interlocked with global issues. Harrop (1992: 263) states “policy-makers in each country share a policy context formed by the international economic cycle of prosperity; recession depression and recovery [...] International organizations such as the EC also form an increasingly important part of the context of national policy-making. The policy agenda is also becoming international”. It can be said that, currently, state has come to exercise less control on policy agenda than it was in the second half of the twentieth century. From the national perspective, this means that the policy agenda may be global, but the policy-making and implementation remain national. Literature identifies (Armingeon & Beyeler, 2004) besides the objective, material constraints which are put on welfare state through international economic and political integration, a third “soft” policy models and ideas promoted by international actors. In this sense, Palier & Sykes, 2001: 10; Palier, 2003: 148) argue that “globalisation can be thought as a provider of specific solutions for the problems met by welfare states”. Providing alternative perspective, the new ideas may trigger policy changes (Dogaru, 2013).

2.2 Globalisation and Policy Networks: two fashionable concepts

While notoriously slippery and expansive (Rupert 2005), and covering a wide range of distinct political, economic, and cultural trends, today globalisation is a very well established term in the social sciences. Globalisation as a concept has been used in both positive and negative way by different people in different situations. Everyone looks at the concept from his or her point of view and interests. Therefore, there is no any universally accepted definition, researchers defining globalization from different points of view, although it can be find an agreement among all theorists that globalisation has had enormous impact on societies at economic, political, and cultural levels. It can be broadly defined as a constitutive process of increasing interdependence between people, territories and organisations in the economic, political and cultural domains (Verger *et. al.*, 2012). In the same line, globalisation is rightly described by Giddens (1990) as a phenomenon characterized by the separation of time and space and their stretching beyond any boundaries, whereby the immediate surroundings are shaped by the distant happenings and vice versa. Being a fashionable concept, globalisation fosters and others definitions. For example, Mittleman (2000: 3) states that globalization “is an increase in

interconnections, or interdependence, a rise in international flows, such that the world is, in some respects, becoming a single place”.

According to Cerny (1997: 188) globalisation is “the convergence of economics and politics across borders into single dominant model, a variant of liberal capitalism aligned with neo-liberal politics” or “the intersection of different form of both convergence and divergence”. Waters (1995: 3) puts globalisation as a process in which “the constraints of geography on social and cultural arrangements recede”. Taylor *et al.* (1997: 55; Taylor *et al.*, 2000: 487) describe it simply as “a set of processes which in various ways - economic, cultural and political - make supranational connections”. UNDP (1999: 1) appreciated that globalisation is “the growing interdependence of the world’s people. And globalization is a process integrating not just the economy but culture, technology and governance”. Moreover (Held *et al.*, 2000) indicate that globalization stretches activities across the world, intensifies connectedness, speeds up interaction and impacts the local (respectively extensity, intensity, velocity and impact), which they call spatio-temporal” dimensions of globalization. Some scholars (Dreher 2006; Keohane & Nye, 2000 apud Ewoh *et. al.*, 2013: 7-34) highlight the following dimensions of globalisation:

- economic globalisation, characterised as long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges;
- political globalisation, characterised by a diffusion of government policies;
- social globalisation, expressed as the spread of ideas, information, images and people.

In other words, globalisation may be described as increasing and intensified flows between countries of goods, services, capital, ideas, information and people, which produce cross-border integration of a number of economic, social and cultural activities (Bertucci & Alberti, 2001). Thus, globalisation has increasingly taken on a multidimensional character, which has behind several forces which have interacted among them producing greater interdependence and integration (UN, 2001), namely:

- trade and investment liberalization policies;
- technological innovation and the reduction in communication and transportation costs;
- entrepreneurship;
- global social networks.

In this context, a new concept appeared, namely policy network. The governance network study is an attractive topic in public policy-making. In a general view, policy network consists of a variety of actors who all have their own goals and strategies but who are also dependent on each other to achieve the desire policy outcomes. In Rhodes’ words (2006) a policy network is one of a cluster of concepts focusing on government links with, and dependence on, other state

and societal actors. So, according to Rhodes “*policy networks are sets of formal institutional and informal linkages between governmental and other actors structured around shared if endlessly negotiated beliefs and interests in public policymaking and implementation. These actors are interdependent and policy emerges from the interactions between them*”. Hierarchical “top-down” policy making does not work in networks because they tend not to have a “top”. Rhodes distinguishes five types of networks according to the degree to which their members are integrated, the type of their members, and the distribution of resources among them. These are (Rhodes, 1988 apud Rhodes, 2006):

- policy communities,
- issue networks,
- professional networks,
- inter-governmental networks,
- producer networks.

In other perspective, the term policy network connotes “a cluster of actors, each of which has an interest, or “stake” in a given ... policy sector and the capacity to help determine policy success or failure” (Peterson & Bomberg 1999: 8). Thus, given the complexity of modern policy issues neither governments nor private actors or non-governmental organisations have not all the solutions for solving these problems.

3. Challenges for policy-making theory

In a context of deep transformations it requires the development of new models of public policy formulation. Therefore, the process of policy formulation must be characterized by elasticity and intellectual flexibility, attributes capable of providing a realistic response to dynamic situations. There is a quite broad recognition among scholars that public policy process is not limited to the formal structures of government. It has been outlined above, that public policies are formulated and implemented by a variety of institutions, mechanisms and formal and informal processes, to which the literature referenced through the concept of “policy network” (Pierre 2000; Pierre & Peters, 2000: 322-341), but on that the globalization process challenged to reinvent itself. So, taking into account the public policy nature and the role of policy network it must be emphasized the appearance of global policies and global public policy network, as a new concepts in policy-making theory. Being and under developing term, the concept of “global public policy” is not well established and has not a well-defined definition, although in the last decade, the using of global public policy concept increased.

3.1 Global public policy: a reliable perspective in the classical policy studies?

There is no doubt that, the economic and political liberalization, as well as the technological development and dimensions of public policy issues continues to generate profound challenges for public institutions and bureaucrats. Thus, multi-level polycentric forms of public policy in which a plethora of institutions and networks negotiate within and between international agreements and private regimes have emerged as pragmatic responses in the absence of formal global governance. The state is not necessarily retreating or in decline. However, it is re-configuring with the dynamics of globalisation and remains an important or central agent in the public space (Stone, 2008).

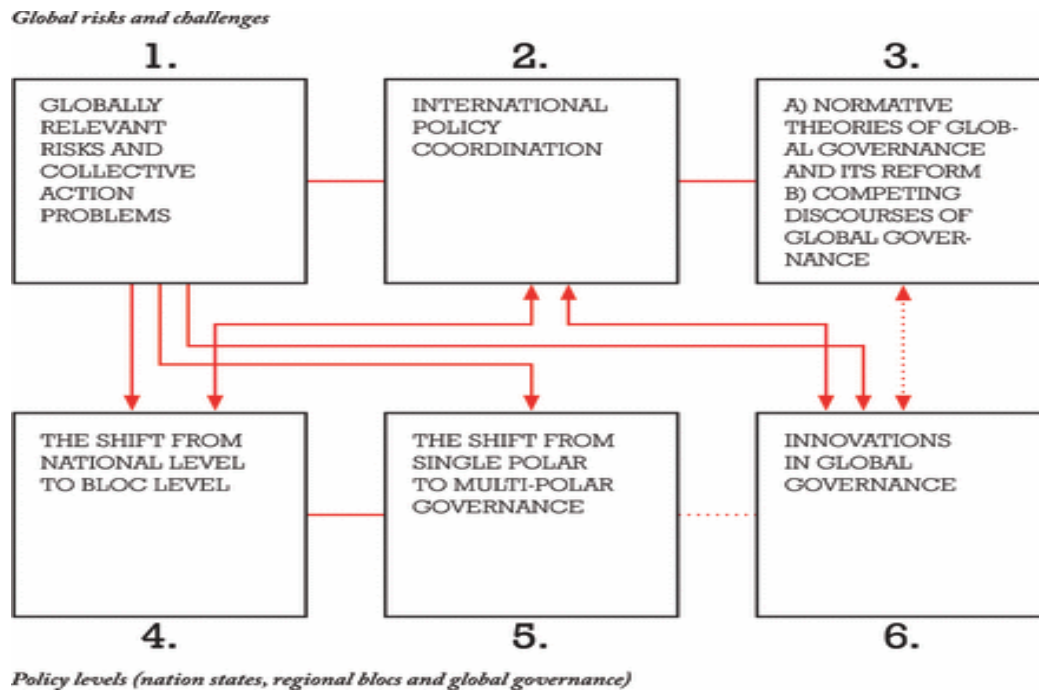
Global Public Policy (GPP) “is a set of overlapping but disjointed processes of public-private deliberation and cooperation among both official state based and international organisations with non-state actors around establishing common norms and policy agendas for securing the delivery of global public goods or ameliorating transnational problems” (Stone, Ladi, 2015). Moreover, sometimes, global public policy is equated with the financing and delivery of global public goods (Kaul 2005). Or it is equated with “global public-private partnerships” that engage in policy activities of standard setting, co-financing and co-regulation (Schäferhoff *et. al.*, 2009).

Regarding the global public policy, Held *et. al.* (2010: 1-3) defined public policy as having six main foci (components), as follow:

- “globally relevant risks and collective actions of different kinds (such as common pool resource problems) have become increasingly important as a result of the intensification of globalization over the last five decades.
- international policy coordination is also proceeding in a wide range of areas, which do not fit into the first category above.
- normative theories of global governance are undergoing rapid development and change, for instance, in thinking about the interplay between democracies, markets, networks and hierarchies.
- a change from national level to “bloc” level policy making is taking place.
- a transition from single polar to multi-polar governance is under way.
- innovations in global governance in recent decades have sought to address emerging global risks and challenges”.

To represent the interrelationships between the global public policy components, Held *et. al.* (2010) developed the below figure:

Figure 1. The six main components of a global policy



Source: Held et. al., 2010

Taking into account this new perspective on policy, a several implicitly changes occur into the policy process. According to several scholars (Stone, 2008; Soroos, 1991) global policy processes have emerged with governments, international organisations and non-state actors responding to three types of policy problems (Soroos, 1991):

- “transboundary problems” of cross border movement money laundering, pollution or drug trafficking (Raab & Milward, 2003);
- “common property problems” regarding oceans, Antarctica, the atmosphere (Haas, 2000);
- “simultaneous problems” of nations experiencing similar problems in areas of education; health, welfare, urbanisation and population growth (Deacon, 2006).

The global policy processes takes place in the global policy networks. Global public policy networks are a recent addition to the system of global governance. These global public policy networks are characterized by a number of features (Streck, 2005 in Wijen et. al (eds)):

- networks are based on informal arrangements instead of legally-binding agreements.
- cooperation in networks is based on trust and not on enforceable obligations.
- cooperation in networks is voluntary in its nature.
- networks are open to allow other partners/actors to join.
- the partners in a network bring different resources and assets to the table.

- networks are loosely structured.
- networks evolve over time.

From other perspectives (Banuri & Spanger-Siegfried, 2001) “global public policy networks can be defined as formal or informal coalitions of organizations and individuals that hold as a central goal the development of new norms, visions, analyses, methods of collecting and disseminating knowledge, and ways of operating that can directly impact global public policy. GPPNs engage directly in global policy-making arenas and/or actively fill the void in global policy left by traditional mechanisms”.

3.2 Quality management standards - an example of a global policy

Globalisation of production has accelerated demand for greater control over quality assurance in production processes. Responding to the challenge for ensuring the quality of public services, the governments started to launch quality management policies. In this process, the most of them have started to encourage the use of quality management systems and tools, especially the ISO standards and the Common Assessment Framework (CAF). The implementation of this tools has been generally voluntary type, focused on awareness of the need for quality of public institutions which have understood the benefits of quality management. Standards setting through ISO 9000 by International Organization for Standardization (ISO) is an example of a network aimed to respond to the growing complexity of global quality issues. ISO provides a platform for developing practical tools through common understanding and cooperation with all stakeholders on board. ISO members are the national standards setting associations “most representative of standardization in its country,” with one member per country. These associations may be state agencies, public-private partnerships, private associations, or any mix of representation

The ISO 9000 standard provides assurance that a product, or service, conforms to established and specified requirements and that the firm, or service provider, has in place appropriate quality management procedures (Nadvi & Wältring, 2001). The standard is generic, and can be applied to manufacturing, service, and public sectors.

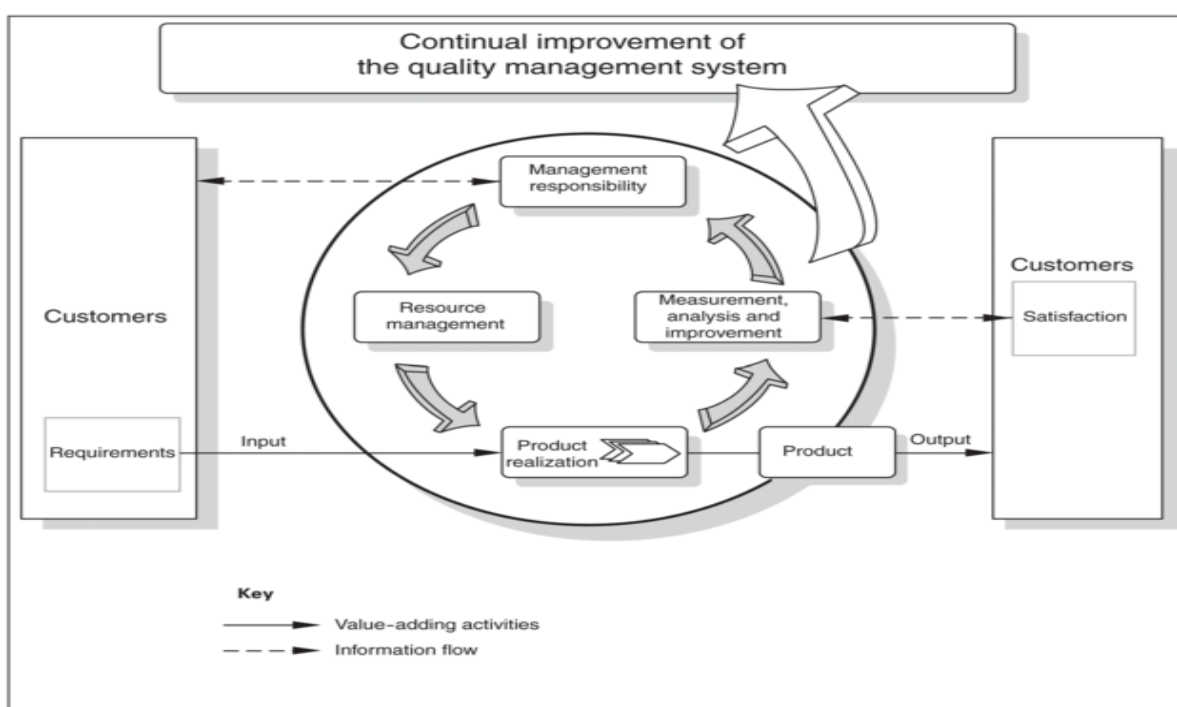
Standards in the ISO 9000 family include:

- ISO 9001:2015 - sets out the requirements of a quality management system,
- ISO 9000:2015 - covers the basic concepts and language,
- ISO 9004:2009 - focuses on how to make a quality management system more efficient and effective,

- ISO 19011:2011 - sets out guidance on internal and external audits of quality management systems.

ISO 9001 specifies the basic requirements for a quality management system that an organization must fulfil to demonstrate its ability to consistently provide products and services that enhance customer satisfaction and meet applicable statutory and regulatory requirements. One of the great challenges that societies are facing today is the need to develop and maintain citizens' confidence in their governments and their institutions. In the ISO family, several standards for specific sectors can be found for example, ISO 17582 - Electoral organizations at all levels of government and, ISO 18091 - Local government. The model of a process-based quality management system is illustrated in the below figure:

Figure 2. The model of a process-based quality management system



Source: ISO 9001:2008

This illustration shows that customers play a significant role in defining requirements as inputs. Monitoring of customer satisfaction requires the evaluation of information relating to customer perception as to whether the organization has met the customer requirements (ISO). Based on Strategy to strengthen public administration (SCAP) for 2014-2020, Romanian Government carried out an Action Plan for implementing quality management in public authorities and institutions, 2016-2020 period. The Action Plan is a strategic document that includes guidelines for use of quality management at central and local government level.

4. Final remarks

There are some fields where global problems demand global responses. Government has engaged in a multitude of networks in order to respond in a flexible way to its rapidly changing environment. Dynamic in both process and structure, global public policy networks can provide alternative means to finding solutions where traditional policy or law-making have not or cannot deliver effective result (Streck, 2005). ISO standards for quality as well as Bologna and PISA process, for instance, are strong cases for global public policy and global public policy networks.

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THE UTILITY OF NETWORK PUBLIC POLICY ANALYSIS¹

Cristina Elena NICOLESCU²

Abstract. *The theoretical repositioning generated by the policy networks allows analysts to gain higher understanding of the public policy mechanisms and determinants, through the significant contribution of this approach to transcend the “fracture” generated by the rational choice theory and the institutionalist theory and expressed through the antagonism structure versus agency. The approach supplies the conceptual framework and viable instruments for understanding the complexity of the play of the actors in the public policy space, as well as of the entire public intervention elaboration and operationalization process.*

Keywords: *policy networks, public policies, actor-centered institutionalism, administration*

JEL Classification: *M10*

1. Public policy network analysis

One of the analytical frameworks for the public policy analyses with a role in identifying the explicative variables of the public policy process and which developed together with Kingdon's *opportunity windows model*, with Paul Sabatier's and Hank Jenkins-Smith's *defense coalitions model* or the model of the neo-institutionalist approach (in its different forms, such as historical or rational institutionalism), is that of the *public policy network analyses*³.

The public policy network analysis developed starting with the years 80's of the 20th century, attempting to bring closer the approximations regarding the structure/agency dispute, starting from the hypothesis that the actors are not elements isolated from the context in which they act, but they are also not uniquely determined by the institutional norms.

The approach shares common points with other distinct theories, such as the one regarding the *role and importance of the state and its institutions in the public policy process*, also stated by neo-institutionalism or the one related to the *exchange or conflict of interests*, supported by pluralism (Chaqués Bonafont, C., 2004).

¹ Paper elaborated within the Project „Fundamentarea cadrului de elaborare a politicilor publice locale la nivelul marilor colectivitati teritoriale din România, pe coordonatele valorilor europene incidente” (Grounding the framework for the elaboration of local public policies at the level of large territorial collectivities in Romania, on the coordinated of the incident European values), won the competition for grants - Researchers in Training - National University of Political Studies and Public Administration (SNSPA) / Faculty of Public Administration (FAP) 2014, implementation period 2014-2016. Contracting Authority: SNSPA.

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³ These models explain the policy process focusing on the dynamic of the changes occurring within it, however, in a distinct manner. The *opportunity windows* or the *defense coalitions* models start from the interactions occurring between the actors, while *neo-institutionalism* or the *public policy network analysis* begins with the institutional context in which the public action occurs.

The concept of *public policy network* has a fundamental role, supporting the researchers' efforts to provide solutions to phenomena such as globalization or the possibility of articulating the increasing state's intervention in civil society, however, being unable to single-handedly solve the collective problems, requiring the participation of the social groups.

In the general understanding, the notion of public policy network means an ensemble of relatively stable relations developed between the public and private actors (government, political elites, groups of interest, experts, mass-media and others) and interacting by means of an interdependent, non-hierarchic structure, for the goal of reaching the common objectives of the respective public policy (Figure 1).

To each public policy corresponds a network of organizations and interests, as well as certain vertical and horizontal interconnections, the vertical manifesting inside a network and the horizontal maintaining between several networks.

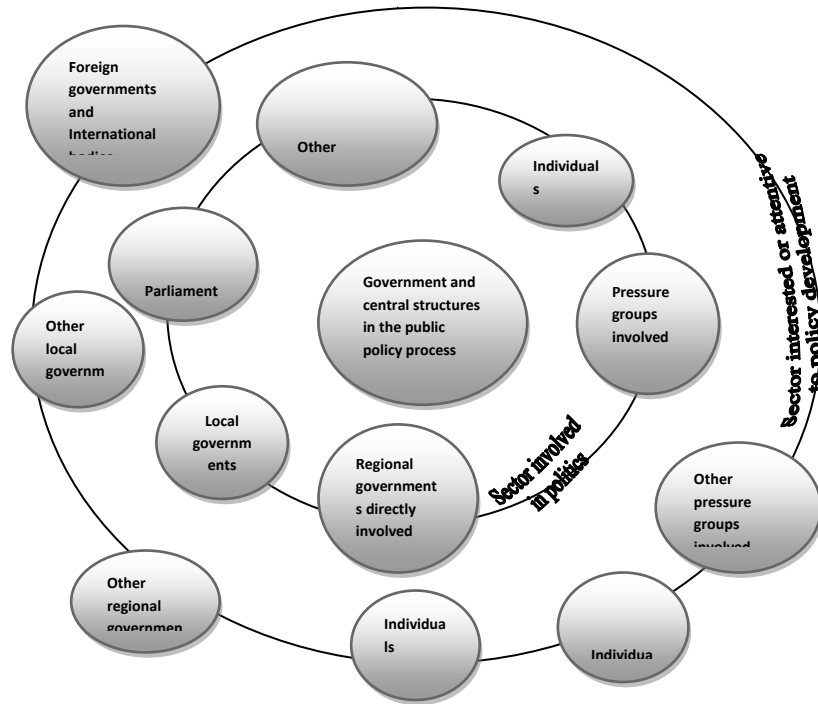
The nature and distribution of power within the relations between the actors involved is not *a priori*, but contextually established, *throughout the exchange of resources and within mutual interdependencies* (Chaqués Bonafont, 2004).

As seen in Figure 1, the stage of formulating and implementing the public policy implies different *governmental levels, different social actors or interests affected*, in general difficult to outline and whose negotiation and compromise process will depend on the *quality of the policy* applied (Subirats, 1999).

The increased interest to use the concept of public policy network can be understood as an *intention to contextualize the public policy process*, and, therefore, it can be said that the *policy networks approach starts where the process approach ends* (Klijn, 1998).

The major advantage conferred by the *public policy network* approach does not consist in presenting an inclusion as generous as possible of actors or of the central actor.

Figure 1 Community or network of the public policy



Source: Pross, A.P., 1986:100

It emphasizes the *strategic interaction*, as manner of reducing uncertainty and the complexity that characterizes the processes performed within the networks, for the purpose of efficiently promoting the actors' interests and the management of social problems.

Another merit of this approach consists in presenting the indirect intervention manner of institutions on the public policy results, by means of the decisional process within which the public policies are elaborated and executed.

Still, the understanding and explanation of the public policy process only with the help of the analytic framework conferred by the public policy network approach, are not complete, *policy networks* being an *instrument with still low explanatory capacity* (Chaqués Bonafont, 2004).

2. Actor-focused institutionalism

An important research in the direction laid out by the *policy networks* is represented by the investigations performed by Fritz W. Scharpf, who, attempting to unify the two theories, the theory of rational choice and the institutionalist theory, for the purpose of capturing, in its entirety, the complex game between actors and institutions, within the public policy process, elaborates the actor-focused institutionalism theory.

Essentially, the theory claims that the public policy is executed in an institutional *context* which regulates the actors' interaction and orientations and limits their capacity, the interactions materializing in the different possible action courses, as well as in the characteristic results of the targeted public policies.

Scharpf grounds his theory, starting from the following three theoretical hypotheses (Scharpf, 1997):

- *public policies are an ensemble of actions with volitional character* performed by actors attempting to obtain certain results, considered invariable for all actors, regardless of their position on the hierarchic ladder. The interests targeted exceed, however, the sphere of those promoted by the rational choice theory, regarding money, power and social status, interests;
- *the constitutional framework is an ensemble of rules channeling the actors' behaviour, not determinist*, as in the case of the classical institutional model, but one which allows action, autonomy margins, in selecting the optimum variant from a set of possible intervention alternatives. The main information source grounding the actors' decision is represented by the institution, in addition, influencing it through the incentives mechanism, used in a positive or negative sense, in order to obtain a certain action course of the actors;
- *the institutions' reason of being exceeds by many times the motivation which was at the basis of their establishment*, while the institutions continue to function and, in addition, an institutional reform is often an objective difficult to reach. The institutional ensemble characterized by inertia and rigidity to the changes of the environment in which the institutions function, cannot satisfy the actors' needs at a certain determined moment.

In considering the mentioned hypotheses, the *model elaborated by Scharpf* combines the key-elements representing the controversy between the two theories, the actors and the institutions, by taking into account their interdependencies, and considers that "it is little credible, if not impossible, that a public policy, whatever its importance, is the result of the decisional process of just one single actor. The creation and implementation of a policy are inevitably the result of the interaction between the actors, considered separately, with their own interests, goals and strategies" (Scharpf, 1978).

The model focuses first on the *public policy actors*, individuals and groups of individuals, which intervene in the public policy process, influencing its content. They are *indivisibly connected to the institutional context in which they activate* and which, on the one hand, models their action course, preferences, perceptions, capacity, and, on the other hand, supplies the resources necessary for sustaining their activities (financial, material, interactive, legal etc.)

A novelty element introduced by the model and attached to the notion of actor is the concept of *constellation of actors*, seen only as a simple sum of actors participating to a given policy, referring *in extenso* to their possible action strategies, to the results deriving from the application of these strategies, to the actors' preferences or evaluations regarding these results (Scharpf, 1997).

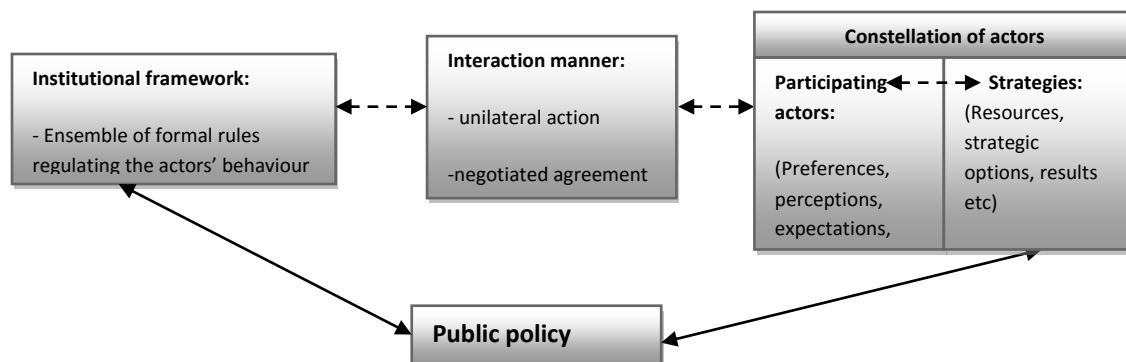
In describing his model, Scharpf adds another element, that of the *interaction manners between actors*, largely conditioned by the institutional framework, and which refer to the manner in which some actors relate to the behavior of other actors and which the author differentiates in: unilateral action, negotiated agreement, majority vote, hierarchical direction (Scharpf, 1997). Similar to these modalities, the action strategies subsequent to the public policy established by the actors can also be explained.

The actors' behavior, far from being rational in relation to the objectives, is "rational, on the one hand, in relation to the opportunities and, through them, with the context defining them; and, on the other hand, in relation to the behavior of the other actors" (Croizier & Friedberg, 1992).

The conjugation of all these elements offers us the following analysis framework for the explanation of the public policy process (Figure 2):

- *actors*, characterized by preferences, perceptions and capacities;
- *constellation of actors*, determined by the ensemble of participating actors, their associated strategies, the results and effects obtained, as well as the actors' assessment of the results;
- *institutional framework*, understood as an ensemble of formal rules regulating the actors' behaviour;
- *Interaction manner*, materialized in the manners in which the actors interact within the constellations created and located in specific institutional contexts.

Figure 2. Public policy analysis framework in the vision of Fritz W. Scharpf



Source: Own elaboration

The perspective outlined by the *actor-focused institutionalism theory* allows the enlargement of the classical study area on the public policies, preponderantly focused on measuring the *efficacy and efficiency of the governmental actions* and the *factors explaining them through the public policy analysis of the implementation stage* and extends the study of the *governmental action efficiency and of the public policy assessment*, adding them a new dimension (Navarro Yáñez, 2002).

3. Conclusions

The *policy networks* approached contributed and continues to fundamentally influence the public policy process analysis, through its capacity to create a bridge over the “fracture” produced between the *rational choice* and the *institutionalist theory*.

Explaining the inter-relating of the “structure-agency” binomial contributed to increasing the transparency of the “black box” concept launched by the systemic approach of the General System Theory (in its classical variant) which thus expresses its inability to decipher the structural causes at the basis of the public policy functioning.

Policy networks fundament the development of integrated analysis models, such as that of authors Joan Subirats, Peter Knoepfel, Corinne Larrue and Frédéric Varone, who, developing Scharpf’s analysis framework, focus the essence on the following key-elements (Subirats, J., et. al, 2008): *actors, resources, institutional rules, public policy content*.

In the light of adopting the perspective of the *actor-focused institutionalism theory*, public policies are the result of the *ensemble of actions and decisions* derived from the interaction of *public and private actors*, influenced, on the one hand, by the *resources* available to them and, on the other hand, by the *institutional framework* seen as a *set of general* (regarding the political system in its entirety) and *specific* (own to the public intervention field) *institutional rules*.

Under the sphere of *policy networks*, the public action “products” (public policies) were studied under a different angle, by relating the latter to the *increasingly complex world of actions and interactions between the social actors and the public institutions* and which to ease a *scientific control over the empirical investigations performed* (Subirats, J., 1999), reorientation being possible by means of reconsidering the political and social action in the institutional context it belongs to.

The theoretical repositioning generated by the *policy networks* allows analysts to gain higher understanding of the mechanisms and determinants of the state interventions and especially of the public administration, which, in its dual meaning of *activity and structure*, on the grounds of the new requirements, pressures or transformations claimed by society,

experiences *structural and functional reconfigurations*, for the goal of harmonizing these interventions with the dynamic of citizens' needs.

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PUBLIC POLICIES FOR BUSINESS BASED ON SOCIALIST MARKET ECONOMY OF CHINA

Adriana GRIGORESCU¹

Răzvan Ion CHIȚESCU²

Abstract. *China's current economic model is based on a socialist market economy. China's economic reform, introduced by President Deng Xiaoping to revitalize China's economy, has developed this concept, based on a dominance of the state sector and an open market economy, on models of economic growth based on market economy and regional specificity. This model has similarities with Western mixed economies, but fundamental differences, not exactly in terms of market economy models used, but authoritarian political philosophy and state ownership, thus resulting in an individualized and conclusive economic model.*

Keywords: *market economy, socialist economy, China*

JEL Classification: *A130, F120, P160*

1. Introduction

China represents, in the actual economic-social and political context, one of the main actors worldwide. Starting with 2011, it is the second biggest economic power of the world (Song & Schein, 2011), and this modifies the global economic view, acting like a catalyzer of the economical grow, with positive influences over the managerial relations between the Occidental and Asiatic countries (Barnes et al., 2011, Song & Schein, 2011). It is the biggest beneficiary of the foreign direct investments, with a value of 105 billion USD in 2010 (The Economist, 2011), and through the development of the own international institutions. The 13th Quinquennium Plan (2016-2020) supports the same orientation towards the exterior (Going Out Strategy) of the last 15 years through which China identifies itself as an outward foreign direct investments (OFDI), fundamental element for its international development. For the European companies, China offers a crucial investment development, especially to small and medium enterprises, in this situation transforming the European Union in a chines investment destination. Thus, China defines its position globally through the contribution its economy brings to the global GDI –

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15%. The outward foreign direct investments were, especially in the last 15 years, the engine of the Chinese economic development transition to an advanced economy, with a strong impact in the worldwide economy.

Understanding the suffered changes by it in the transition process from a communist economy to a ‘social market economy - SMEc’, transformations that cannot be settled to the neoclassical paradigm (Porter, 1990) or to the one that appeared after the global financial crises from 2008 and 2009 (Glynn et al., 2000; Gonzalez, 2003; Kilduff & Dougherty, 2000; Reed, 2002), assumes the knowing of all the participant factors, among which the Chinese system’s mentality dominated by the traditional conceptions and philosophies and the impact of the social-economic changes (“Socialism with Chinese characteristics”). Although the Chinese paradigm of a SMEc can be submitted to the Walter Eucken paradigm (Eucken, 2000) and it needs a free “limited” market that leads to the national limits’ blur and which assures a safe path of the social-economic politics towards a better life for the Chinese population. Therefore, the China’s development oriented both to the interior and to the exterior managed to develop a specific economic model, based both on economic and social wisdom of its millennium civilization, and on other countries’ experience from Orient and Occident.

With all the economic grow registered between 1977 and 2010 and its position between the biggest economies in the world, internal China presents many problems in realizing a functional and durable, but flexible and guided by the internal market’s power, economic grow model. Following a development plan that fits the real existent conditions in China, the Communist Party established and assumed the Chinese economic balance steps by the intelligent division of the micro and macroeconomic policies, in the historical context of the economy’s globalization. On its way through changing in the “new normal” – the economic quality durable grow, China is following a win-win opening strategy.

Caught in the worldwide economic spiral, captive in the internal economic development mechanism, and oscillating between optimistic statistics and gloomy previsions, China remains unknown and the Chinese economic miracle is an option good for exploring.

2. Stages and reforms

The changing process of the Chinese economy, unfolded at a higher speed between 1975 and 2015, was the result of the initiated and sustained reforms through strategies of the political class. There can be mentioned important moments, special either for the communist period or for the socialist one, that represented safe steps for the Chinese economy development. After Mao Zedong’s death in 1976 who tried the massive industrialization and production’s grow in all the domains, but without a planned and centralized vision, pointed by the “Great Forward Step”

moment (1958-1959) and on the “Great Culture’s Revolution” way, Deng Xiaoping, general secretary of the Chinese Communist Party, the founder of the “socialism with Chinese characteristics”, initiates a series of economic reforms starting with the Open Gates Policy from 1978, through which starts the “social market economy” stage.

Deng Xiaoping’s vision (combination between communism and capitalism) was applied through the development of two different branches of the national economy – the private component that assures in present over 60% of the China’s Gross Domestic Income (GDI), the national one with a 40% contribution and the “national champions” component, meaning giant companies controlled by the Chinese Communist Party or by the persons close to it. The lack of an inefficient correlation between the economic measures needed to the transition to the market socialist economy and the political system’s change (one party) leads to social disagree that affect the stability and direct development of the economy.

Still, the economic reforms develop by pointing some important social, political and economic accomplishments.

No.	POLITIC	SOCIAL	ECONOMIC
1.	China and United States of America establish diplomatic relations (1979)	The policy of a single child in the family is inserted (1979)	The settle, in the South-East area, of four Special Economic Area that sustain the opening policy of China (ZEL/ZES: Shenzen, Zhuhai, Shantou, Ziamen) (1980)
2.	Deng Xiaoping takes a tour of the South China to launch again the economic reforms despite the critics from the conservators (1992)	The country’s population exceeds one billion persons (1982)	Deng Xiaoping promotes the “open doors” policy to encourage the foreign investments (1986)
3.		The students’ protests in the Tiananmen Market from Beijing to change the economic, politic and social policies (1989)	The first Exchange Stock of China opens in Shanghai (1990)
4.		China reconnects to Internet (1994)	The Chinese currency becomes convertible. (1996)

The new political and economic structures and mechanisms that appeared after the death of Deng in 1997, that described the initial reform, continues the trend of the anterior reforms and lead China to the worldwide economy stage in an accelerated and unforeseeable rhythm. There can be pointed heavy events with low or high weight over this development, like:

- 1997 - China retakes control over Hong Kong;

- 1997 –The Agricultural Ministerial emits the proposals for the city enterprises’ extension (Yi, 2006, 23)
- 1998 – China sustains the banking sector with 500 billion dollars;
- 2000 –The Great West Development is launched, through which is tested the economic and social delay prevent between the east and west coast;
- 2001 - China becomes member of the World Trade Organization;
- 2002 –The entrepreneurs are allowed to enter the Communist Party;
- 2003 - Hu Jintao replaces Jiang in the president function;
- 2003 - China launches the first space mission with crew;
- 2004 –The United Nation, through the World Health Organization, estimates that almost one million chines are infected with HIV;
- 2005 - China becomes the fourth world’s economy;
- 2006 –China’s currency reserve gets to one trillion dollars, becoming the biggest in the world;
- 2007 - China becomes the country with the higher number of Internet users - 210 million;
- 2007 –The Gross Domestic Income per person reaches almost 2800 USD;
- 2008 –The Sichuan earthquake’s effects are very high (loses of 70.000 lives);
- 2008 - Beijing holds the Olympic Games;
- 2008 –The tax rate modified –the unique tax rate in volume of 25%;
- 2009 –The Chrysler Group will produce vehicles for USA in China;
- 2009 - China owns 30 million private companies;
- 2014 –The Initiative “Belt and Road” (B&R) was launched with the involvement of over 100 international countries and organizations;
- 2015 –There are emitted laws by the Chinese governmental agencies regarding the national security, but which are ambiguous and unsustainable affecting the Chinese’s market credibility for the international economic area;
- 2015 –The Central Bank of China manages the economic crisis with a found supplement of 46 billion dollars;
- 2015 –The Chinese governments force the state companies to give in 30% of the profit in order to finance the social assurance system;
- 2015 –The private investors can hold shares in the projects that are financed by the state;
- 2015 –New regulations of Internet control.

It can be notices how the China’s route is marked by economic, social and politic events, with echo in the international life, events that generated changes in the traditional thinking

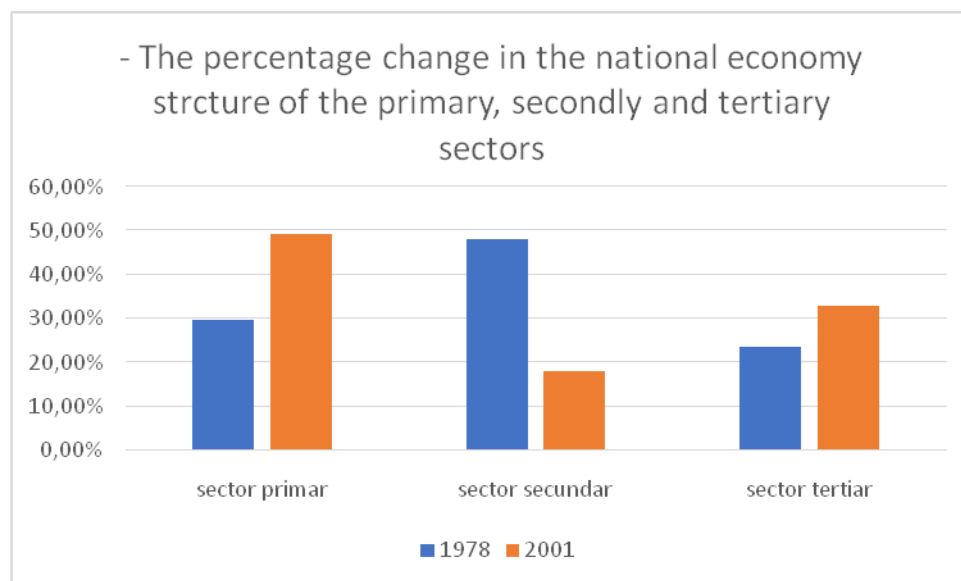
models, in the economic model or in the relational way with the international partners. One of the big changes of the XXI century of the world's economy is the appearance of China in the economies' top worldwide. It is on the second place, after the United States' economy (Song & Schein, 2011) and it has the capacity of being the biggest beneficiary of the direct foreign investments (Economist, 2011). All the social, economic, politic developments, the opening towards the capitalism and the partnerships with the world's economic powers creates the premises for China to continue the great economic development and to change from communism to a special market economy.

3. Vulnerabilities and future directions

The Chinese economic miracle provokes admiration and suspicion. The exceptional rhythm of development of the Chinese economy in contradiction with the politic and social context that is generated and sustained in the 39 years from the Deng reform's start, leads to controversy among the economic analysts from all over the world. Therefore, the priorities and future directions of the path the Chinese economy can follow in the global economy concerns both the Beijing government and the international economic and financial organisms.

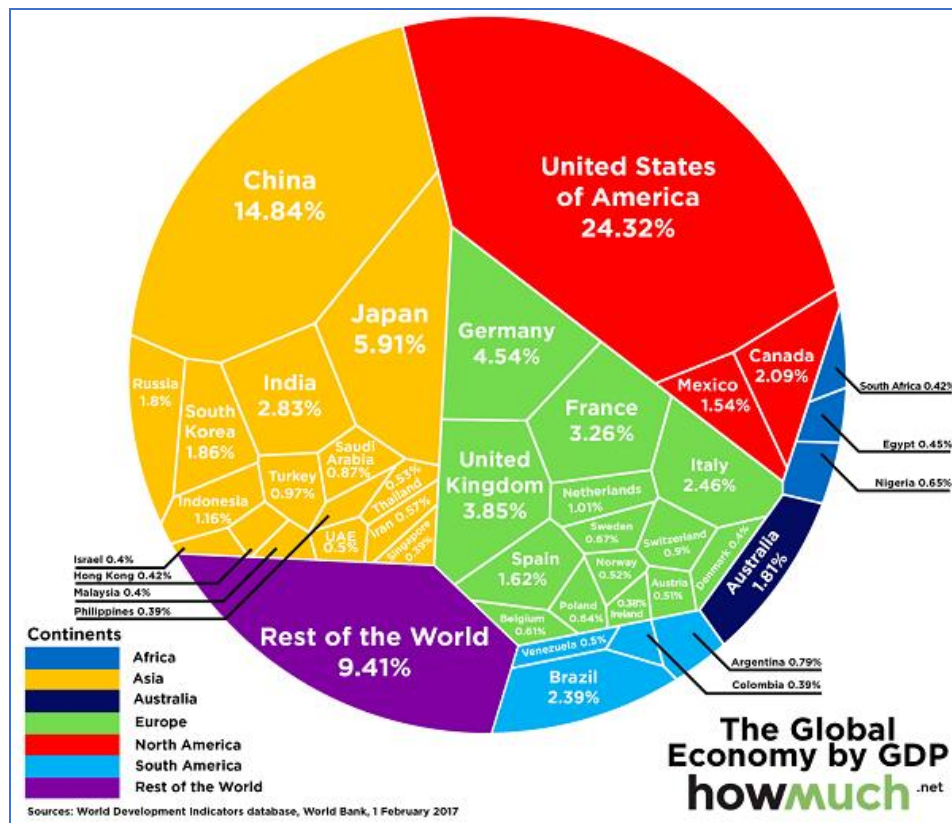
On the reforms' appliance way of the market socialist economy, China, by applying the gradual and constant of the politic and economic strategies reached some **economic records**, as:

- The change of the percentage in the national economy structure of the primary, secondary and tertiary sectors in 2001 in comparison with 1978, inside the GDI double volume for the years 1980-2000 Program, accomplished with 5 years earlier;



Source: authors computation based on data from Patraş, 2016,
<https://theophylepoliteia.files.wordpress.com/2010/06/economia-chinei.pdf>

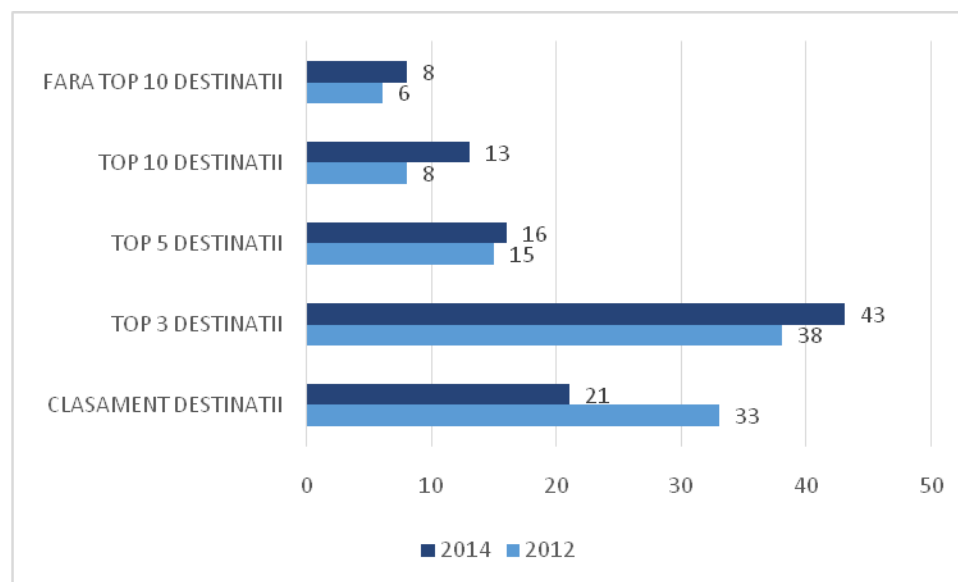
- The 30 times grow of the GDI, with a medium growth of 9.7% between 1978 and 2015. Therefore, from a value of 53 billion dollars in 1978, it reaches to 3.7 trillion dollars in 2007, placing the Chinese economy on the fourth place in the world. This trend is maintaining, China becoming the second economy of the world based on the GDI in 2010;
- The Chinese state is the biggest owner of currency and gold reserves, estimated at over three billion dollars in 2006;
- In 2009 China was considered the biggest exporter in the world (the high dependence of the goods markets of China) and the biggest producer in 2010 (China imports more than half of the metal production exported by Australia, Peru and Indonesia and more than a third exported by Chile and Brazil);
- It has a public debt of 19.6 % from GDI (IMF estimation);
- From 2010 (with a value of investments of 105 billion USD), it is the biggest beneficiary of the direct foreign investments and the third biggest source of outward foreign direct investment (OFDI) (2013).
- In 2009 it situates on the 4th place at the percent obtained from tourism – 12.2% for GDI, meaning 3360 billion Yuan (439 billion USD), after USA, Japan and Germany;
- In the period 1950-2016 China offered external assistance worth over 60 billion USD being engaged in over 5000 projects; it organized over 11,000 forming courses where were prepared over 260,000 specialists from other developing countries;



Source: World Development indicators database, World Bank, 1 February 2017;
<http://incont.stirileprotv.ro/international> or
<https://howmuch.net/articles/the-global-economy-by-gdp>

The economy's linear development was pointed and by numerous moments with **negative impact**:

- An external debt of over 200% of China's GDI inducted by the economic growth model based on investments directed towards the government and loss of productivity between 2009-2014 (Steven Barnett, chief of International Monetary Found in China), following the creditor policies;
- Reaching a 7.3% GDI level – the lowest value (2011);
- In 2015 the Chinese Stock Market recorded a loss of 2.2% and a “technical” devaluation of the Yuan, which led to important capital outflows, with a record of 29.5 billion dollar from capital funds;
- The external research-development investments lost because of the medium conditions and of the restrictions applied to the Internet in 2015;
- The fall, starting with 2013-2015, of using grade of the production capacities from the mining sector to 70% and from the naval domain to 60%;



Source: Tomozei, D. (2014) China's position as a destination for investment (data from European Union Chamber of Commerce in China), <https://dantomozei.ro/2014/06/03>

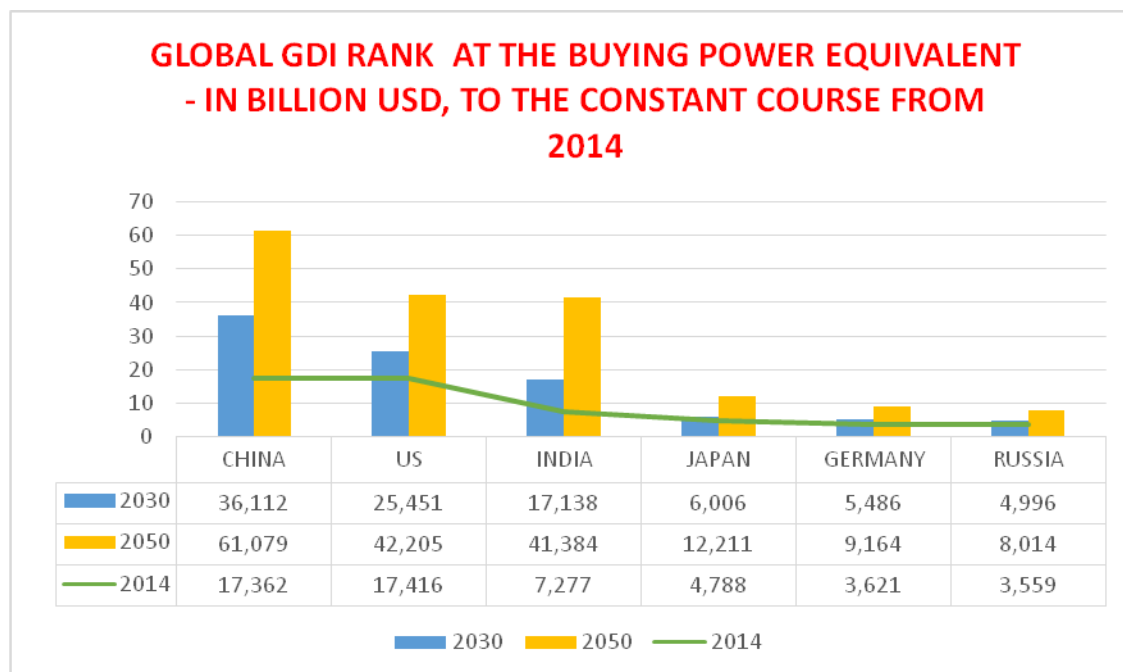
Although China didn't applied a well based economic growth model, the interferences of the political internal medium, the internal pressures and the ones of the markets from the global arena led to slowdowns and blockings which determined different visions regarding the economic development towards the year 2020 – the decline of the growing rhythm with a value of 4% in 2020 (David Hoffman and Andrew Polk, members of the Conference Board) or an accentuated fall of the Chinese economy (Larry Summers, LantPittchett) comparing the 6% GDI growth from China in 2020 (Asia Society Policy Institute).

The vulnerabilities of this economic system adopted by China are extremely various and can have an extremely strong effect. It is necessary the keep of the unique politic system, the appliance, constantly, of the reforms by the Chinese government in a transparent frame of the business area. The country's dimensions and the management of a working force over 800 million people; united with what cannot be covered by solid commands (the concept of diseconomies of scale) is a challenge for the central public administration and for the internal business society.

A series of vulnerabilities regards also the bad loans because of the government influence, the speculations from the real estate, the medium problems – pollution, regional economical-social inequalities (the Gini index – 0.3 in 1978 and over 0.48 in 2000, China Development Research Foundation), the regulation obstacles of the laws and the adequate regulations of the real needs and the internal migration.

China's ascension does not stop here, at least from the assumed objectives point of view. As major political objective, China desires the limitation of the state's involvement in the economy. It is desired the insertion of an efficient monetary policy for stabilizing the Yuan,

relaxing the fiscal policies, freeing the real estate and agricultural market and encouraging the competition, limiting the exports and encouraging the imports through a flexible custom tax system. The social objectives regard double GDI until 2020 through the growth of the incomes in the rural and urban area of China and corruption control (Hu Jintao, the 18th Congress of the Chinese Communist Party), maintaining the strategy regarding the migration towards city of the population from the rural area. The general economic objectives regard the maintain of the outward foreign direct investments as central element in the China's internationalization and development and the change of the vision regarding the economic growth, from the quantitative to the qualitative growth (Jim O'Neill, the Goldman Sachs Asset Management president). China gives a great importance to the scientific development in all the research domains, as base to a constant, durable and credible development.



Source:<https://www.dcnews.ro/>

Identifying the vulnerabilities and establishing the future maintaining or grow directions of the Chinese economy allow to determinate a “new set of instruments”, capable to offer a success economic model.

Conclusions

Watching this picture, of China's evolution in the last decades, evolution in big steps, with connected social and economic policies, with wide opening towards the technology, partnerships, sport, culture, we understand how the world's economic balance turned to Asia,

especially to China. It is important that this picture to be completed with a new economic thinking, different from the neoclassical concepts of the economy, to understand the role, scope, vision and actual and future path of China. China's economic evolution cannot be predictable, but in the measure we are thinking pluralistic, in the measure we are entering in the economic development rhythm from the last decades and we are doing the same big steps without being affected by the economic stagnation period's perception and institutional turbulent which are felt especially in Europe.

The market socialist economy, by the policies and strategies that define it, it proves for China to be an excellent way of potential's affirmation and of its capacities at worldwide level, and also a re-launch model of its internal life shown in a better quality of the individual life. The challenges which were meant to face it, the future challenges, the dare to change and assume the "new normality's" conditions motivate China on its path opened 39 years ago.

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SOME MACROECONOMIC DETERMINANTS OF ECONOMIC GROWTH IN ROMANIAN NORTH- EAST REGION. IMPLICATIONS AND POLICIES

Mihaela SIMIONESCU¹

ABSTRACT. *For identifying some factors affecting economic growth in the North-East region of Romania, several panel data models were proposed for the counties in the North-East region in the period 2005-2014. The particularities regarding the labour resources occupation influenced the real economic growth, according to fixed effects model. On the other hand, social protection expenses in constant prices had a low and negative impact on economic growth, according to random effect model. The tendency of decrease in the current GDP rate compared to previous GDP rate is suggested by the two dynamic panel models (with Arrelano-Bond estimator and Arrelano-Bond-Blundell-Bond estimator). This result might be explained by the changes brought by recent economic crisis and put the economic growth as a necessity for this county. The economic policies should be focused on the increase in occupation by generating new jobs and then, by sustainable increase in the social protection expenses.*

Keywords: *economic growth, North-East region, panel data, dynamic panel data models*

JEL Classification: *C51, C53*

1. Introduction

The GDP is an important indicator in the analysis of the level of social and economical development. Under the assumption of high disparities between regions and counties, it is important to determine the factors that bring economic growth in a certain region from a country. By identifying these factors, the local economic policies will focus on certain directions in order to ensure a higher economic growth.

Regional development policies consider the responsibilities and the role of local public administration and of regional structures in the regions' economic and social development along with the decrease in the governmental institutions involvement in these problems (Ungureanu, 2006).

In this study, only the influence of occupation rate and social protection expenses on economic growth is analyzed because of the lack of data for other variables registered for North-East region from Romania. The North-East region is characterized by quite low labour costs and a good legislative and institutional framework for business development. This region has a diversified, developed and well distributed business infrastructure in its six counties. The SMEs

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represent a key indicator for this region development (more than 99% of the regional business being SMEs). Therefore, the SMEs have an important role in economic growth, social integration and employment.

The contribution of the regional GDP to Romania's GDP in a year is more than 10% in the last few years. Most of the people from this region are occupied in agriculture sector. However, this region is one of the poorest regions of development in the European Union (Beciu & Ladaru, 2013). In this region, the rural population is predominant because there are many plain areas where agricultural activities prevail (Balan & Solomon, 2010). Moreover, the west part of North-East region (Neamt, Bacau and Suceava counties) has a high touristic potential that contributes to the economic growth (Scutariu & Nastase, 2010). The developed counties from this region that had a higher gross domestic product absorbed more structural funds, fact that determined the development of the North-East Region, but the disparities between counties have increased (Morosan, 2013).

Various types of cooperation between local authorities at micro-regional level should be encouraged in order to diminish the large changes in the spatial distribution of services and other economic activities. The reorganization process is made in order to increase the region competitiveness and to optimize the administrative costs (Beciu & Ladaru, 2014).

In what concerns the determinants of economic growth at regional level, there are some studies focusing on developed and developing countries. For a sample of around 100 countries from 1960-1990, Barro explained that the economic growth is conditioned by factors like life expectancy, fertility, initial education, inflation law rules, government consumption, trade policy (Barro, 1996). For US counties, there are differences between regions (Rupasingha *et al.*, 2002). For US counties, a higher economic growth is associated with more ethnic diversities and high levels in social capital. In the case of Europe, Tabellini proved that culture is an important factor that influences the economic development at regional level (Tabellini, 2010). Cuaresma *et al.* found robust determinants of economic growth in the European regions (255 regions) using a model averaging over 1995-2005 (Cuaresma *et al.*, 2014). In the countries from Central and Eastern Europe, regions with a high percent of workers that have higher education registered higher economic growth compared with regions with less educated people.

In China's regions, one hand, that semi-private and private companies, international trade and higher education ensure economic growth. On the other hand, public enterprises, high inflation and high fertility had a negative impact on the economic growth in China's regions over 1978-1989 (Chen & Feng, 2000).

After this short introduction, the methodological background is presented and the estimation results of several panel data models are presented.

2. Methodology

We start from a regression model based on spatial and temporal data (pooled ordinary least squares- POLS) without using fixed or random effects from panel techniques:

$$y_{it} = \beta_0 + \sum_j \beta_j \cdot X_{jit} + \varepsilon_{it}$$

y_{it} - dependent variable for individual unit i and at time t

X_{jit} - the regressor “ j ” for individual unit i and at time t

β_0 - constant (common for all individual units)

ε_{it} - errors

$i=1,2,\dots,N; t=1,2,\dots,T$

This general model will be transformed for estimating the parameters using the fixed-effects panel techniques that test the existence of individual effects. Considering a specific particularity of each individual unit that is constant in time, the unobserved characteristics are modeled as fixed-effects included in different values of β_{0i} for each individual unit. These individual effects show the individual units characteristics that suppose to be constant in the mentioned period that has impact on the dependent variable. Therefore, the unobserved heterogeneity is controlled under the assumption that it is constant in time and, eventually, correlated with regressors. The form of one-way fixed effects model is:

$$y_{it} = \beta_{0i} + \sum_j \beta_j \cdot X_{jit} + \varepsilon_{it}$$

y_{it} - dependent variable for individual unit i and at time t

X_{jit} - the regressor “ j ” for individual unit i and at time t

β_{0i} - unobserved individual effect (constant in time for each individual unit)

ε_{it} - errors

$i=1,2,\dots,N; t=1,2,\dots,T$

The model could be extended for including the fixed-effects in time (two-way fixed effects model):

$$y_{it} = \beta_{0i} + \gamma_t + \sum_j \beta_j \cdot X_{jit} + \varepsilon_{it}$$

γ_t - fixed effects in time

The impact of time passage is put into evidence by changes in economic policies, the economic crisis influence or the economic relancement in each individual unit.

The random effects model considers the model constant as a random variable of average β_0 , but the differences between individual units are random deviations from the constant mean β_0 :

$$\beta_{0i} = \beta_0 + \varepsilon_i$$

In the case of random effects model, the errors are determined as:

$$u_{it} = \varepsilon_i + e_{it}$$

ε_i - error that is specific to individual unit i

e_{it} - random error

The demeaning transformation in panel data generates the problem of unobserved heterogeneity. The dynamic panel models make the first differencing to remove the unobserved heterogeneity. A partial adjustment mechanism is ensured by the lagged variable or lagged variables in the model. The demeaning procedure generates a regressor which is not distributed independently of the error. If the explanatory variables are correlated with the lagged dependent variable, the coefficients are biased. The fixed-effect model has the problem of Nickell bias. This bias appears even if the errors are independent and identically distributed. In order to solve this problem, the first differences of the initial model are considered. If a single explanatory variable and a lagged dependent variable Y are taken, we consider the following model:

$$y_{it} = \beta_0 + \rho \cdot y_{i,t-1} + \beta_1 \cdot X_{it} + u_i + \varepsilon_{it}$$

X_{it} - exogenous regressors

y_{it} - dependent variable

u_i - unobserved individual effect

ε_{it} - error

The construction of the model in first difference will eliminate the constant and the individual effect:

$$\Delta y_{it} = \rho \cdot \Delta y_{i,t-1} + \beta_1 \cdot \Delta X_{it} + \Delta \varepsilon_{it}$$

In this case we still have correlation between disturbances and the lagged dependent variable.

We may build instruments for the lagged dependent variable from the 2nd and the 3rd lag. If the error is i.i.d., then the lags are correlated with the lagged dependent characteristic, but it will not be correlated with the composite error term.

Let consider the equations:

$$y_{it} = \beta_0 \cdot X_{it} + \beta_1 \cdot W_{it} + v_{it}$$

$$v_{it} = u_i + \varepsilon_{it}$$

X_{it} - exogenous regressors

W_{it} - predetermined and endogenous regressors correlated with u_i

The first-differencing equation eliminates the unobserved individual effect, but omitted -variable bias appears.

The Arrelano-Bond (AB) approach and its extension to System GMM (generalized method of moments) is an estimator for the following cases:

- Many individual units and few time periods;
- A linear and functional relationship between variables;
- One left-hand dynamic variable;
- Not strictly exogenous right-hand variables;
- Fixed individual effects that suppose unobserved heterogeneity;
- Autocorrelation and homoskedasticity within individual units.

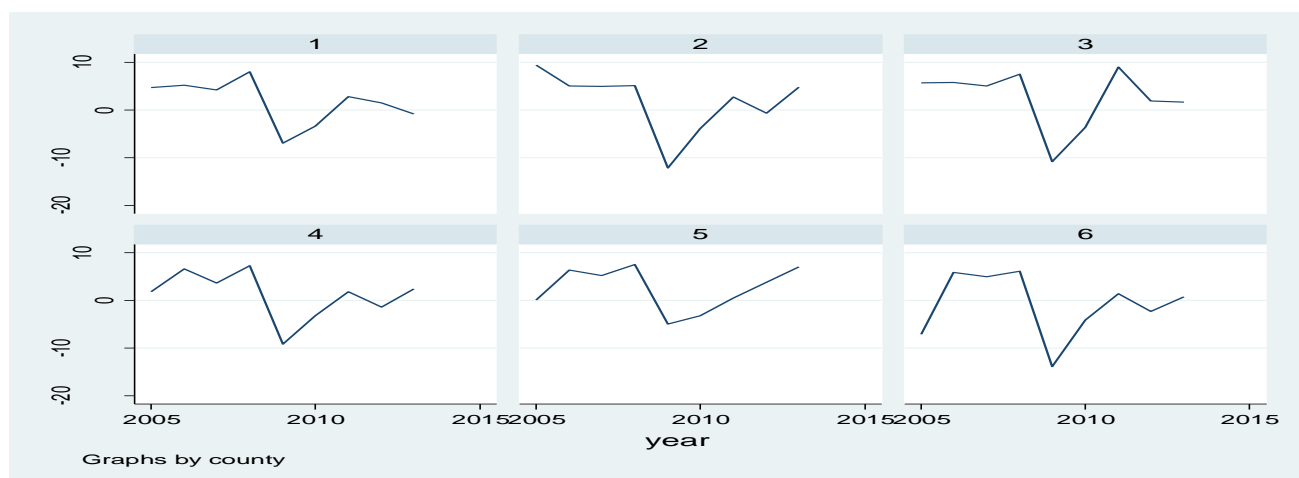
The AB estimator supposes a generalized method of moments problem. It consists in a model built as a system of equations where the instruments corresponding to each equation are different. The possible weakness of AB estimator is solved by Arrelano-Bond-Blundell-Bond (ABBB) estimator. The lagged levels are in practice poor instruments for the variables in first difference. The new estimator (ABBB one) includes lagged differences and lagged levels. The initial estimator is called difference GMM, but the expanded one is named as System GMM and it supposes supplementary restrictions regarding the initial conditions for generating the dependent variable.

3. The determinants of economic growth in North-East region

The variables used in this study are: real GDP growth rate (rGDP), occupation rate (occupation) and expenses for social protection in constant prices (2005=100) (social_protection). The values of these variables are registered for the period 2005-2014 in the six counties of North-East region from Romania (1- Bacau, 2- Botosani, 3- Iasi, 4- Neamt, 5- Suceava, 6- Vaslui). First of all, the stationary character of panel data is checked using Levin-Lin-Chu unit root test. According to the results from Appendix 1, the panels are stationary for a level of significance of 5%.

The evolution of the real GDP growth rate during 2005-2014 in each county of North-East region is represented in Figure 1. As we can see from the graph, in all the countries the lowest GDP rates were registered in 2009 when the first effects of world economic crisis were felt also in Romania.

Figure 1. The unemployment rate in North-East region in the period 2002-2014



Source: own graph

According to F test, the first fixed effects model that was proposed is valid (Table 1). According to the value of interclass correlation, 23.92% of the variance is due to differences across panels. The modified Wald test for heteroskedasticity indicated that the homoskedasticity assumption is checked. However, the errors are correlated according to Wooldridge test and the version with robust errors was chosen. The results of the estimation for the fixed effects model with robust errors are presented.

Table 1. Modelling the real GDP rate in North-East region from Romania– Fixed-effect Model (p-values in brackets)

Constant	-51.86 (0.045)
occupation	1.025 (0.041)
Sigma (alfa)	3.016
Sigma (eps)	5.377
Rho	0.2392
F test that all $\alpha_i=0$	7.47 (0.0411)
R-squared within	0.1197
R-squared between	0.1261
R-squared overall	0.0593
Wooldridge test	8.969 (0.0303)
Modified Wald test for group wise heteroskedasticity ($H_0: \sigma(i)^2 = \sigma^2$ for all I)	6.07 (0.4153)

Source: own calculations

This fixed effect model shows that there are particular characteristics regarding the occupation in North- East region that determine increase in GDP rate. In Table 2 a random effect

models is presented for showing the negative and low impact of social protection expenditure on economic growth.

Table 2. Modelling the real GDP rate in North-East region from Romania– Random- effect Model (p-values in brackets)

Constant	7.86 (0.00)
Social_protection	$-1.35 \cdot 10^{-7}$ (0.00)
Sigma (alfa)	0
Sigma (eps)	4.409
Rho	0
Wald chi2(1)	19.84 (0.00)
R-squared within	0.4081
R-squared between	0.0372
R-squared overall	0.2762

Source: own calculations

Two dynamic panel models were estimated for real GDP rate in North-East region (Appendix 2 and Table 3). The Arrelano-Bond and the Arrelano-Bond-Blundell-Bond estimators are computed for a lag equaled to 1. The models with one lag reveals a negative impact of real GDP rate in the previous period on the current GDP rate. On the other hand, the dynamic models estimation indicated a negative relationship between real GDP rate and social protection expenses, which is in accordance with the economic theory. The real GDP rate is positively correlated with the occupation rate.

Table 3. Dynamic panel data models for explaining the real GDP rate evolution in North-East region over 2005-2014

Dynamic model	Variable	Coefficient	Standard error	Z	Pr > z
Dynamic panel model (AB estimator)	$rGDP_{t-1}$	-0.6472	0.1158	-5.59	0.000
	$occupation_t$	1.2228	0.3661	3.34	0.001
	$social_protection_t$	$-2.73 \cdot 10^{-7}$	$3.15 \cdot 10^{-8}$	-8.67	0.000
	constant	-47.53	19.07	-2.47	0.013
Dynamic panel model (ABBB estimator)	$rGDP_{t-1}$	-0.5860	0.0834	-7.03	0.000
	$occupation_t$	1.3274	0.2973	4.46	0.000
	$social_protection_t$	$-2.53 \cdot 10^{-7}$	$2.36 \cdot 10^{-8}$	-10.75	0.000
	constant	-53.99	15.62	-3.46	0.001

Source: own calculations

An increase in the real GDP rate in the previous period with 1% generated a decrease in GDP rate in the current period with 0.64% (according to dynamic panel data model with AB estimator) and with 0.58% (according to dynamic panel data model with ABBB estimator) when the other variables are constant. An increase in the occupation rate with 1% determined an increase in real GDP rate with 1.22%, respectively with 1.33% (according to first dynamic model, respectively to the second model). The social protection expenses have a negative and very low impact on real GDP rate.

Based on these empirical results, some economic policies should be recommended for this region: policies that encourage the attraction of foreign direct investment for creating new jobs, which will bring increases in occupation rate. On the other hand, the increase in social protection expenses should be based on the increase in occupation rate in order to not affect the economic growth of this region. However, inside the region there are high gaps between counties. Iasi county is quite well developed, but Vaslui county is known as the poorest county in the Romania and the policies should be differentiate in order to ensure a sustainable growth of the entire region.

4. Conclusions

All in all, we can conclude that the occupation rate had a positive impact on GDP rate in North-East region from Romania, while the social protection expenses have a negative and low impact on economic growth. The dynamic panel data approach suggested that an increase in GDP rate in the previous period is followed by a decrease in GDP in the current period.

The implications of our results suggest that the occupation rate should increase in the North-East counties in order to achieve economic growth. However, our analysis is limited by the existence of limited data sets for the economic variables. A future research should include more macroeconomic variables like investment.

APPENDICES

APPENDIX 1- LLC unit-root test

Levin-Lin-Chu unit-root test for rGDP

Ho: Panels contain unit roots Number of panels = 6
Ha: Panels are stationary Number of periods = 9

AR parameter: Common Asymptotics: N/T -> 0
Panel means: Included
Time trend: Not included

ADF regressions: 1 lag
LR variance: Bartlett kernel, 6.00 lags average (chosen by LLC)

	Statistic	p-value
Unadjusted t	-6.0019	
Adjusted t*	-3.5262	0.0002

Levin-Lin-Chu unit-root test for occupation

Ho: Panels contain unit roots Number of panels = 6
Ha: Panels are stationary Number of periods = 9

AR parameter: Common Asymptotics: N/T -> 0
Panel means: Included
Time trend: Included

ADF regressions: 1 lag
LR variance: Bartlett kernel, 6.00 lags average (chosen by LLC)

	Statistic	p-value
Unadjusted t	-15.4266	
Adjusted t*	-12.3658	0.0000

Levin-Lin-Chu unit-root test for social_protection

Ho: Panels contain unit roots Number of panels = 6
Ha: Panels are stationary Number of periods = 9

AR parameter: Common Asymptotics: N/T -> 0
Panel means: Included
Time trend: Not included

ADF regressions: 1 lag
LR variance: Bartlett kernel, 6.00 lags average (chosen by LLC)

	Statistic	p-value
Unadjusted t	-6.7497	
Adjusted t*	-4.7486	0.0000

APPENDIX 2- Panel data models

```
. xtreg rGDP social_protection, re
```

```
Random-effects GLS regression           Number of obs   =       54
Group variable: county                  Number of groups =        6

R-sq:  within = 0.4081                  Obs per group: min =        9
      between = 0.0372                      avg =       9.0
      overall  = 0.2762                      max =        9

Wald chi2(1) =       19.84
corr(u_i, X) = 0 (assumed)              Prob > chi2      =       0.0000
```

rGDP	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
social_protection	-1.35e-07	3.03e-08	-4.45	0.000	-1.94e-07	-7.55e-08
_cons	7.863275	1.586954	4.95	0.000	4.752903	10.97365
sigma_u	0					
sigma_e	4.4097344					
rho	0	(fraction of variance due to u_i)				

```
. xtreg rGDP occupation, fe
```

```
Fixed-effects (within) regression       Number of obs   =       54
Group variable: county                  Number of groups =        6

R-sq:  within = 0.1197                  Obs per group: min =        9
      between = 0.1261                      avg =       9.0
      overall  = 0.0593                      max =        9

F(1,47) =       6.39
corr(u_i, Xb) = -0.7786                 Prob > F         =       0.0149
```

rGDP	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
occupation	1.025765	.4058245	2.53	0.015	.2093514	1.842179
_cons	-51.86204	21.08702	-2.46	0.018	-94.28366	-9.440428
sigma_u	3.0160155					
sigma_e	5.3778177					
rho	.23926886	(fraction of variance due to u_i)				

```
F test that all u_i=0:      F(5, 47) =      1.11          Prob > F = 0.3654
```

Modified Wald test for group wise heteroskedasticity

in fixed effect regression model

H0: $\sigma(i)^2 = \sigma^2$ for all i

chi2 (6) = 6.07

Prob>chi2 = 0.4153

Wooldridge test for autocorrelation in panel data

H0: no first-order autocorrelation

F(1, 5) = 8.969

Prob> F = 0.0303

```
. xtreg rGDP occupation, fe vce(robust)
```

```
Fixed-effects (within) regression      Number of obs   =       54
Group variable: county                 Number of groups =        6

R-sq:  within = 0.1197                  Obs per group:  min =        9
      between = 0.1261                      avg =       9.0
      overall  = 0.0593                      max =        9

                                F(1,5)      =       7.47
corr(u_i, Xb) = -0.7786                 Prob > F       =    0.0411
```

(Std. Err. adjusted for 6 clusters in county)

rGDP	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
occupation	1.025765	.3753313	2.73	0.041	.0609452	1.990585
_cons	-51.86204	19.49082	-2.66	0.045	-101.9648	-1.759304
sigma_u	3.0160155					
sigma_e	5.3778177					
rho	.23926886	(fraction of variance due to u_i)				

```
Arellano-Bond dynamic panel-data estimation Number of obs   =       42
Group variable: county                 Number of groups =        6
Time variable: year

                                Obs per group:  min =        7
                                                avg =        7
                                                max =        7
```

```
Number of instruments =       30          Wald chi2(3)      =    93.20
                                          Prob > chi2        =    0.0000
```

One-step results

rGDP	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
rGDP						
L1.	-.6472278	.1158153	-5.59	0.000	-.8742216	-.420234
occupation	1.222818	.3661907	3.34	0.001	.5050972	1.940538
social_protection	-2.73e-07	3.15e-08	-8.67	0.000	-3.35e-07	-2.11e-07
_cons	-47.53639	19.07248	-2.49	0.013	-84.91776	-10.15503

Instruments for differenced equation

GMM-type: L(2/.)rGDP

Standard: D.occupation D.social_protection

Instruments for level equation

Standard: _cons

```
. xtddpsys rGDP occupation social_protection, lags(1) artests(2)
```

```
System dynamic panel-data estimation      Number of obs   =       48
Group variable: county                   Number of groups =        6
Time variable: year

                                Obs per group:  min =        8
                                                avg =        8
                                                max =        8
```

```
Number of instruments =       37          Wald chi2(3)      =   165.24
                                          Prob > chi2        =    0.0000
```

One-step results

rGDP	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
rGDP						
L1.	-.5860941	.0834009	-7.03	0.000	-.7495568	-.4226313
occupation	1.327409	.2973373	4.46	0.000	.7446391	1.91018
social_protection	-2.53e-07	2.36e-08	-10.75	0.000	-3.00e-07	-2.07e-07
_cons	-53.99783	15.62138	-3.46	0.001	-84.61517	-23.3805

Instruments for differenced equation

GMM-type: L(2/.)rGDP

Standard: D.occupation D.social_protection

Instruments for level equation

GMM-type: LD.rGDP

Standard: _cons

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ANALYSIS OF LOCAL DEVELOPMENT STRATEGIES IN ROMANIA

Dragoș DINCĂ¹

Abstract. *Local development strategy is a complex process, the result of collaboration between development actors in the public sector, private sector and civil society, which requires a wide effort to formulate objectives, identifying ways strategic for achieving them in line with resources that can be stimulated. The drafting of the local development strategy is a necessity for any community, at least for the following reasons: 1. Resources are limited and it is necessary to create the hierarchy of local issues, the order in which they will be solved. 2. The future of the community should be planned and undertaken by all local stakeholders; 3. It is necessary to correlate national, regional and county projects with local ones.*

*The local development strategy is a planning tool for future **major actions**, at the community level. The strategy is: **An assessment of the community state** based on economic, demographic, infrastructure, environment, spatial planning, and distribution of services data; **An analysis** of how the community wants to evolve, to project its future; **A set of goals**, projects, resources and responsibilities through which identified priorities will be achieved.*

This article aims to provide an assessment of the steps followed and actors involved in local development strategies drafting in Romania, through the analysis of 65 localities: 5 municipalities, 15 towns and 45 communes.

Keywords: local development, local development strategy, strategy development stages

JEL Classification: H70

1. Conceptual approaches on development strategy

In specialized papers the strategy is defined as the science and art to establish the overall organizational objectives in the medium and long term and to formulate options for the drive to achieve them, taking into account existing resources, in order to adapt efficiently the organization to the environmental ambient requirements in which it acts. Formulating organizational strategy is a science, but an art as well, since it is based both on the use of methods and scientific techniques, but also on intuition, experience, flair and logic of decision makers (Zorletan et al., 1998:258) or the set of options for entrepreneurial, competitive and functional nature, through which the organization's leadership believes that fundamental objectives can be achieved in the medium and long term, taking into account available resources, to ensure its success in the environment in which it acts (Burdus & Caprarescu, 1999:246).

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Other views on the definition of strategies emphasize the strategy as the art or assembly of decisions, how an organization designs their long-term development in the light of the outcome of interactions between internal and external environment of the organization (Petru, 1997: 155).

Special attention is paid in the specialized doctrine to local development strategies, seen as an essential component of the planning process of any community, determining goals and long-term objectives of communities, adoption of local policies and allocation of resources to achieve them, taking into account the needs, expectations and desires of citizens and local political system components (Profiroiu, 1998:175).

A strategy is simply a framework for local action. It takes into account the area's problems, the possibilities, means and resources and it defines a planned approach to its economic development and creating jobs. The strategy is an indispensable element in the work of an agency for local development to the extent that, on the one hand, it clearly indicates the problems and possibilities and, on the other hand, it structures, coordinates and makes sense of a whole series of potentially different activities (Matei, 2005:165).

The development strategy:

- Is not an **urban plan**, so that it presents major development directions;
- is not a **feasibility study**, so it does not realize the cost benefit analysis of projects;
- is not a **budget** so it does not detail each activity costs;
- is not an **urban mobility plan**.

There are experts (Zorletan et al., 1998:262-290) who consider that strategy development is done in several steps:

1. *mission statement*
2. *highlighting strengths and weaknesses.*
3. *discovering opportunities and threats in the organization's development.*
4. *identifying the organization's place in the environment,*
5. *setting goals and strategic choices.*
6. *allocating of material, financial and human resources.*
7. *strategy formulation* - is a synthesis of the other steps, in which strategic components are finalized and formulated. Each stage of the methodology for setting the strategy gives a partial picture on it; this final stage offers a global view on the strategy.

It is estimated that a strategy has six main components (Matei, 2005:166-167):

▪ *problems' analysis* - which puts in question the strengths and weaknesses of the local economy, as well as problems that the area, the enterprises and the local population has to face. It comprises a collection of existing data and the identification of new data that must be gathered.

- *survey information* - examining the effectiveness of existing activities, local organizers roles, management of development activities, and mutual relations existing between the organizations

- *an examination of resources* - that verifies how they have been used so far, determining the resources needed to conduct the activities provided and to identify means to mobilize.

- *defining objectives* - that clearly indicate the strategy goals. They should relate to the problems and possibilities of the area.

- *an action plan* - which describes the specific actions to be taken to reach the objectives of the strategy

- *a system of control and evaluation* - that verifies the effectiveness of specific actions and which evaluates the global relevancy of the strategy.

According to the "Guide for local economic development", developed in the early 2000s (Cornateanu et al.), the local development strategy must be developed in eight steps:

1. *Organizing the community and creating the public-private partnership; Strategic Development Consortium.*

2. *Context analysis and drawing the community profile and business attitude survey.*

3. *Identifying the critical aspects of economic development.*

4. *Identifying advantages, disadvantages, opportunities and threats (SWOT analysis).*

5. *Developing action plans.*

6. *Choosing the optimal plan of action, adopting a local development strategy.*

7. *Implementation.*

8. *Monitoring, evaluation and control and update of the economic development strategy.*

2. Analysis of the stages of achieving the local development strategies in Romania

To identify the stages undertook in the practice of local strategies development in Romania, we examined the strategic planning process in 65 localities: 5 municipalities, 15 towns and 45 communes. The instrument used was the questionnaire sent to local authorities.

The first question of the questionnaire concerned the existence / non-existence of local development strategies and its approval by Decision of the local council. It can be found that 11% of analyzed localities did not prepare a local development strategy, and 5% have not approved the development strategy by a Local Council Decision, therefore not legally binding and not applicable (Chart 1).

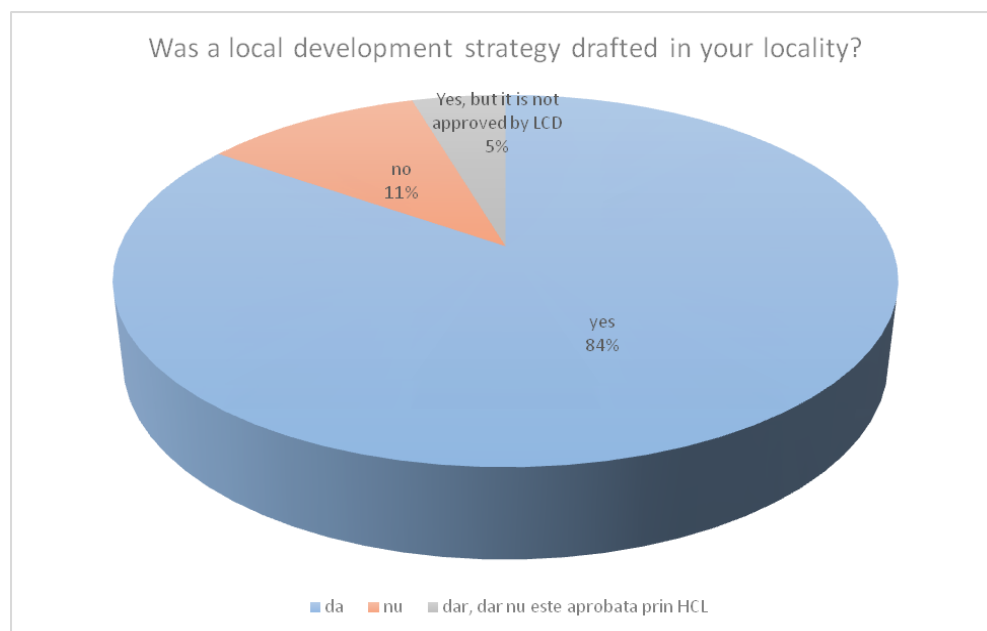


Chart no. 1

Most local development strategies were developed in the period 2012-2014 (chart 2), so they are not correlated with structural funds programs 2014-2020 guides which were published in 2015 and 2016.

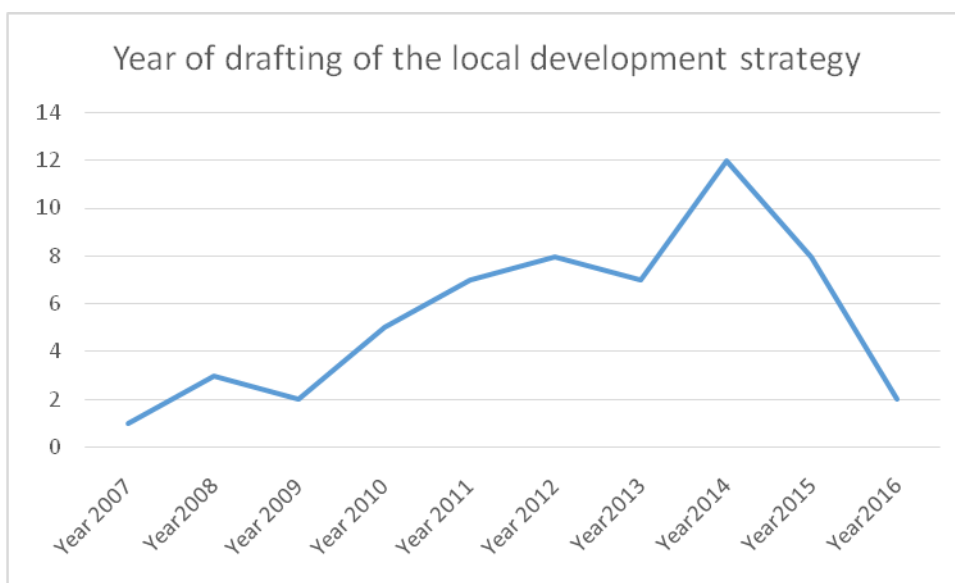


Chart no.2

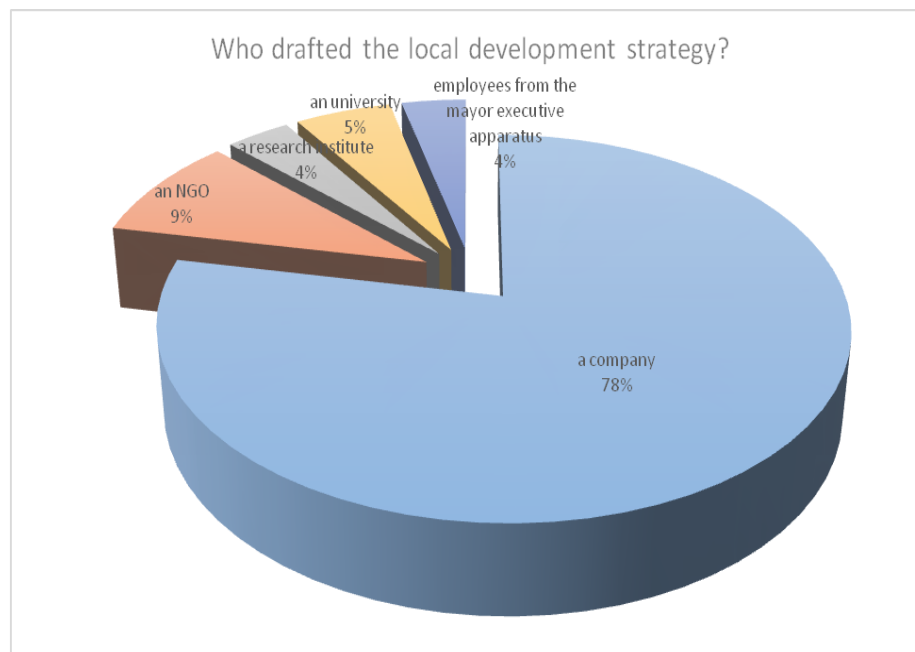


Chart no.3

78% of the identified strategies were developed by companies, 9% by NGOs. Universities and research institutes participated in the development of just 9% of the strategies. 4% of them have been prepared by employees from the mayor specialized apparatus. Regarding the tools used for developing strategies, it appears that most are based on the collection, analysis, interpretation of statistical data and possibly surveys. (Chart no. 4). Quite a few strategies integrate various forms of public consultation: consultative groups, public meetings and surveys.

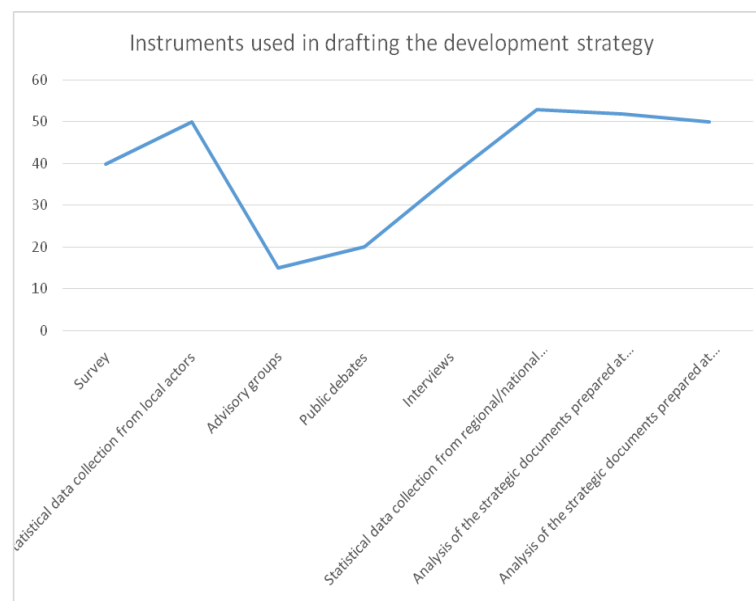


Chart no. 4

According to the chart no. 5 developed strategies do not address all areas of local development. Local institutions, which have the main role in implementing the strategy, are not dealt with in the documents; their reform is not seen as a local issue. Neither religions, culture and sport are addressed in most of the strategies. Road infrastructure and utilities are treated in all the strategies identified.

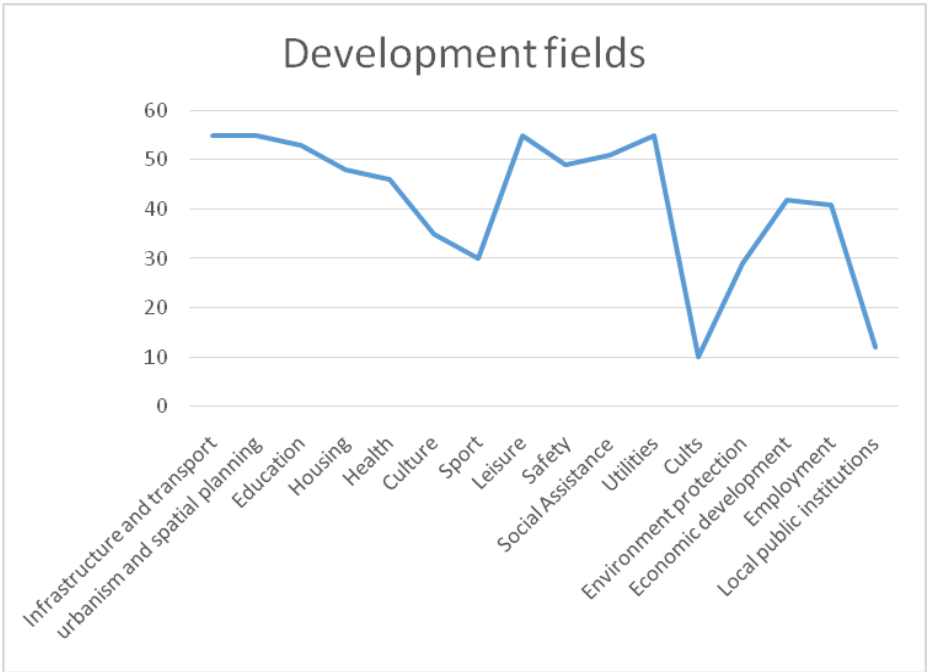


Chart no.5

The mayor and his specialized apparatus are the main actors participating in the drafting process of development strategies. Business representatives, cults or young people are less present, involved in the strategic planning process. Local councilors, except for the time of approval by decision of the strategies are also less involved. Therefore, most strategies identified, have a low level of representation.



Chart no.6

Conclusions

A significant number of localities in Romania did not draft local development strategies, so that the development process is chaotic, unplanned. Of the existing strategies a significant part are old, outdated or unrelated to financing from structural funds programs.

The most active actors in the elaboration of strategies are commercial companies. Mayors' specialized apparatus do not have the human resource capacity or time to develop strategies. A low involvement of universities and research institutes can be also observed.

Many analyzed localities have developed strategies which do not necessarily have the population support or they do not integrate the views of residents because, in the drafting process, appropriate forms of consultation were not used.

It finds also that strategies have an incomplete approach on local issues without presenting, detailing and identifying solutions for all fields of local development.

Strategies are less representative for local communities, not being the result of a local public consultation process.

Thus, it can be appreciated that development strategies have a high degree of formalism, they are technically incomplete, unrepresentative and therefore largely unnecessary.

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INSTITUTIONAL TRUST AND COOPERATION: THE CASE OF ROMANIA'S ELECTORAL SYSTEM

Daniela PANICA¹

Abstract. *Trust can facilitate the individual's cooperation with institutions, but in the context of low institutional trust, are citizens less inclined in cooperating with certain electoral institutions? In order to test this hypothesis, the database "Studii Electorale Românești" from 2011, on perceptions regarding the Romanian electoral system will be used. As a result, I shall test if a negative evaluation of some electoral institutions, referring to both institutional trust and the perceptions on the fairness of its activities can have an effect on people's willingness to cooperate with its institutions, more precisely to vote.*

Keywords: *Institutional Trust, Voting, Romanian Electoral System, Corruption, Political Information*

JEL Classification: D72

1. Introduction

In this paper I shall analyse whether people's perception regarding the activities of certain electoral institutions can have an impact on how they cooperate with them. In other words, I will hypothesise that if people perceive electoral institutions (Parliament, Government and the Permanent Electoral Authority) as corrupt (not referring to the perception of corruption towards politicians) they will be less inclined to take part in elections, more precisely to vote in elections. Using the "Studii Electorale Românești" database from 2011, this paper aims to test whether trust in electoral institutions, the level of political information and their perceived levels of corruption can have an effect on their willingness to vote in the next elections.

The paper will be structured as follows: in the first section I shall discuss the concept of political trust and support, then I will follow with a discussion on corruption and its effects on institutional trust and institutional cooperation. In the second section I will present the methodology used for the analysis, operationalize the concepts used in the first sections, mainly institutional trust, political information and perceived corruption, and I will formulate the hypotheses. In the third section I will undergo the statistical analysis and test whether these independent variables have an effect on voting intention, and in the last section I will discuss the results and draw the conclusion.

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2. The issue of trust

Social trust has been referred to as an important component for the economic and social development of a community. Starting with Robert Putnam's (2001) findings where the most developed province (the Northern Italy) had the highest level of social and institutional trust and the less developed province (the Southern Italy) had lower levels of trust, this research highlights the importance and consequences of having higher or lower levels of trust.

When speaking about institutional trust especially electoral institutions, it is important to acknowledge the fact that we need to distinguish between institutional and political trust, since the definitions for both concepts are somewhat similar. First of all, political trust can be defined as a *“basic evaluative function towards the government, founded on how well the government is operating according to people's normative expectations”* (Hetherington 1998, 791). As a result, most measurements of political trust focus mainly on the ethical and moral evaluation of public officials and government actions, while other questions focus on measuring the level of trust individuals have for certain institutions. More precisely, some questions focus on measuring the level of support that an individual has for an institution or a public official. Support refers to *“the way in which a person evaluatively orients himself to some object through either his attitudes or his behaviour”* (Easton 1975, 436). The author also differentiates between two types of support: specific and diffuse. Specific support refers to the satisfaction with government outputs and overall satisfaction with the performance of public officials. It is directed at the perceived actions, decisions and policies of these institutions, while diffuse support refers to the public's attitude towards political objectives and the political regime with less or no emphasis on government outputs. These types of supports can have different causes and also can encourage different types of behaviours. Firstly, diffuse support can be the result of socialization, or experience (because through experience individuals can learn to identify with some political ideas), and it can be described as a stronger attachment to certain political ideas (Easton 1975, 445). Specific support on the other hand refers to the evaluation of government output, but it can also be based upon past experiences. For example a society can have a very high level of specific support for their current political institutions if the outputs are positively evaluated, but low levels of trust for the same institutions. It is important to mention that the author clearly differentiates between support and trust, claiming that individuals can have little or no trust in political authorities, and they can support them because of the output they provide (Easton 1975, 432).

Since trust can be built upon past experience (like specific support) (Easton 1975, 450), and lower levels of trust can be attributed to past actions, if authorities are no longer perceived as trustworthy, their levels of support can also decrease (Easton 1975, 449). As a result, having low levels of support and trust for some institutions can encourage the development of certain behaviours like withdrawal from voting, protests or other mean of political action (Hetherington 1998; Kostadinova 2013).

a. Trust in electoral institutions

Electoral institutions play an important role in assuring the existence of democracy, because they can offer a certain sense of legitimacy (based on the idea of free elections) and offer stability to the democratic regime (Sorescu and Todor 2007). Although the activity of these institutions is important for having a stable democracy, there is a certain difference regarding the level of trust in other institutions (not taking into consideration political parties) and trust in electoral institutions (Government, Parliament and the Permanent Electoral Authority), the latter having among the lowest levels of trust (OECD 2002, 107). It is important also to take into consideration the fact that political parties have one of the lowest levels of trust among all types of institutions, because this could offer an indicator on why do electoral institutions have a low level of trust. In order to provide an explanation regarding the low level of trust for certain electoral institutions it is important to explain how the Romanian electoral system works.

Firstly, there are four time frames (the time between elections, the electoral campaign, the day of the vote and the time in which the votes are being counted and the results are announced) for any electoral cycle during which every electoral institution has to fulfil certain attributions. In Romania, the Permanent Electoral Authority is the main institution responsible with supervising and proposing legislative change in order to adapt the legal framework. Once the second time frame starts, the Central Electoral Bureau (which includes the president and the two vice-presidents of PEA) will become the main authority during the electoral process, until the ending of 4th time frame (Sorescu and Todor 2007).

When it comes to the structure of these institutions, they include members of various other institutions, ministries and political parties, some of which are proposed by political parties. Because of how these institutions are formed, the level of trust for these electoral institutions is somewhat lower (Table 1) than for other institutions (the army or church), but slightly higher than trust in political parties. As a result, it could be expected that these high levels of distrust to be associated with high levels of voter withdrawal.

b. Corruption and cooperation

Since the fall of communism, the voting participation rates have changed significantly (Kostadinova 2009), voter withdrawal increasing in East-European countries every year after 1989 (Kostadinova 2013, 694; Rose-Ackerman 2007; Kostadinova 2009). One of the many explanations for this phenomenon is that the lack of transparency in policy making and the very little attention given to the quality of governance, resulted in very few mechanisms that would keep the public officials responsible to those who elected them, which encouraged a process of electoral disengagement (Kostadinova 2009).

Because of its nature, corruption has proven to be quite difficult to measure accurately, and as a result most researchers have agreed upon using perception on corruption as an indicator for the level of corruption within a society (measurement also used for the Corruption Perception Index by Transparency International). Since I am discussing the perception on corruption as a measurement for this phenomenon, it is important further on to discuss how it can play an important part in how citizens cooperate with these institutions. Since in this paper the focus is set upon electoral institutions, it I will explain further on how trust and perception on corruption can affect the intention to vote.

There are certain ways in which corruption can influence voter behaviour. For example, when faced with the situation of either having to vote with corrupt politicians or simply voting within a corrupt electoral system, citizens will usually adopt three strategies: either they continue to vote for the corrupt politicians (Sousa and Moriconi 2013), they change their candidate/ vote for a candidate known for their integrity (Kostadinova 2009) or abstain from voting and maybe use other means to express their concerns (most of the times through uninstitutionalized forms of political participation) (Kostadinova 2013; Kostadinova 2009; Goerres 2009). The strategy of abstaining is derived from the erosion of trust (through frequent scandals regarding public procurement deals illegal party financing or interference with the voting process) in the democratic process, this disappointment generating withdrawal and lower turnouts (Kostadinova 2009, 696).

The strategy of engaging into other forms of political participation (uninstitutionalized forms) can also be generated by disappointment and lack of trust in intuitions (electoral institutions in this case) (Goerres 2009; Bateson 2012). As a result, individuals will take part in certain manifestations because they do not trust these institutions and also believe that their actions can play an important part in changing them.

To summarize, when the level of corruption is high, citizens can either mobilize in order to express their concerns, elect some more reputable politicians, or demobilize other groups, because they have lost their trust in politicians and institutions (Kostadinova 2009). The question which can arise from this is whether there is something (beside distrust in institutions and corruption) that can encourage a certain electoral behaviour? One element that can dictate the course of action is whether an individual is politically informed.

c. The importance of political information

Following the argument regarding the importance of education for civic engagement (La Due Lake and Huckfeldt 1998), the same can be said about having politically relevant information (about candidates, about how elections take place). Although there might be true that there can be an association between political knowledge and education, in this case I am not taking into consideration education (measured in years of schooling), rather the knowledge about politics that individuals have.

As explained in previous research (Burns, Schlozman, and Verba 2001) knowledge can facilitate certain forms of civic engagement because it enables and eases people to take part in these actions. That is why generally, people who are civically active tend to also be more politically active because their skills, knowledge and social networks can facilitate their engagement in political activities (Burns, Schlozman, and Verba 2001). In this paper however, I am taking into consideration only the knowledge that people have regarding elections or politicians, measured using the individual's own perception regarding their knowledge. As a result, this type of knowledge could also encourage individuals to vote, because it can give the individuals a stronger sense of confidence in their own decisions (Kaid, McKinney, and Tedesco 2007).

3. Methodology

Previous studies on the effect of corruption on voter turnout have focused mostly on the perceived corruption of politicians (Sousa and Moriconi 2013) and the quality of government output (Kostadinova 2009). In this paper, the focus will be set upon the perceived fairness of how the electoral process takes place and also how institutional trust can affect the intention to vote.

First of all, I have brought into discussion the concept of cooperation. In the case of electoral institutions (Government, Parliament and the Permanent Electoral Authority) cooperation will be referred to as the willingness to vote. I have chosen the willingness to vote as a measurement for cooperation because voting refers to the action of taking part into an

organization's procedures (even if the individual does not receive payment) as a form of prosocial behaviour (De Cremer, Tyler, and Ouden 2005). Since voting does not provide an immediate reward and is a process organized by and for the electoral institutions mentioned above, voting could be viewed as a one of the procedures created by these institutions. As a result, taking part in this procedure can be regarded as a form of cooperation with these institutions.

In order to show that the negative evaluation on the activity of electoral institutions and the level of trust in these institutions can have an effect on the willingness to vote, it is important firstly to operationalize the concepts that I am going to use. First of all, when I am talking about a negative evaluation of certain activities, I am referring to the perceived fairness on how the elections are organised in Romania, or in other words the perceived level of corruption for the electoral system. Secondly, when I am referring to trust in institutions it will be measured by level of trust in government and the central electoral institution. As a result, the level of trust in these institutions will be measured on a scale of 1 to 4 where 1 represents low levels of trust and 4 high levels of trust.

When it comes to operationalizing the concept of political information, the self-evaluation regarding their own level of information (concerning voting legislation, procedure and candidates) will be used as a measurement for this phenomenon.

H2: A high level of political information is positively associated with a higher willingness to vote

H1: High levels of trust in institutions and a positive evaluation of the activity of electoral institutions are associated with a high level of willingness to vote.

4. Data analysys

Based on the idea that a high level of political information can encourage individuals to vote because it can give a certain sense of confidence with their own action (Kaid, McKinney, and Tedesco 2007), the first hypothesis tests whether a high level of political information is positively associated with a higher willingness to vote. The results have shown that people who think that they have high levels of political information are generally more likely to vote, given the fact that there is a statistically significant relation between voting intention and any of the three types of political information. It is also important to acknowledge the fact that the strongest correlation is between voting intention and political information regarding voting procedure (.236). These results confirm the hypothesis that political information, especially information regarding voting procedure can encourage people to vote.

Secondly, it is also important to highlight the fact that high levels of political information (referring to all three types) are positively related to all the variables within the model (including all forms of institutional trust and the evaluations of the electoral system), although there are slightly stronger correlations with trust in the electoral authority.

When it comes to the effect of these variables on voting intention, the correlations are also quite weak and positive, although the strongest associations are with trust in parliament (.213) and the perception that elections are free (.203).

The second hypothesis aims to test whether high levels of trust in institutions and a positive evaluation of the activity of electoral institutions are associated with a high willingness to vote. As it can be observed from the regression table, trust in parliament is the strongest predictor within both regression models (the odds of voting for the election increase by 135.5% for a 1 unit increase in trust). Also, the evaluations regarding the fairness of the electoral system are the second and third strongest predictors within the model, the perception that elections are free and citizens can vote the candidate that they support increasing the odds of voting in the next election by 54% , and the perception that the result of the elections is decided by the citizens can increase the odds of voting by 29.8% with every unit increase in the independent variables.

Lastly, the weakest statistically significant independent variable in the model is trust in government. Unlike the previous association, trust in government has a negative effect on voting intention, reducing the odds of participating by 38.4% with every unit increase for this variable.

Taking into consideration the two hypotheses presented in the methodology section and the results of the analysis, I can conclude that both hypotheses have been confirmed since I have highlighted that all variables that measure certain levels of political information are positively associated with the willingness to vote. In other words, people with high levels of political information are more willing to vote than individuals with lower levels of information. Secondly, trust in institutions (Parliament, Government and the Electoral Authority) has been shown to be positively associated with voting intention, and also some forms of trust (in Parliament) are strong predictors of voting intention. Regarding the variables that measure evaluation of the activity of electoral institutions, they also have a positive effect on voting intention, although there is a stronger relationship with the variable that measures the perception that the result of the election is decided by the citizens. More precisely, if individuals think that the results of elections are fair (decided by the citizens and the elections are free), they will be more willing to vote.

5. Conclusion

Going back to the problem of institutional support it is important to highlight how trust and information can influence the way individuals can cooperate with institutions. Given the fact that support can be based upon past experience, it is important to acknowledge the effect that political information and the perceived fairness of the electoral system (because both can be the result of past interactions with these institutions) can play a role in how individuals collaborate with electoral institutions. As a result, if people do not perceive institutions as fair, they might choose to not take part in their activities (De Cremer, Tyler, and Ouden 2005) and in the case of electoral institutions, individuals can choose to either abstain from voting or engage in other forms of political participation (Burns, Schlozman, and Verba 2001). The purpose of this paper however, is to analyse the effect of these independent variables on voting intention, in other words to see how the level of trust or information can affect the voting intention. As a result, individuals with high levels of institutional trust, high levels of political information or people who think that these electoral institutions have fair procedures are more likely to vote.

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Table 1. Frequencies for trust in institutions

	1	2	3	4
Trust in Political parties	59.6	33.2	6.4	0.8
Trust in Parliament	60.1	31.7	7.2	0.9
Trust in Government	60.2	29.9	8.5	1.4
Trust in Army	23.8	26.2	37.4	12.6
Trust in Church	16.1	11.8	29.1	43.0

Source: "Religie si Comportament Religios" database, 2011

Table 2. Frequencies for all variables in the model

	1	2	3	4
Information 1 (legislation)	48.2	35.1	14.1	2.6
Information 2 (Voting Procedure)	39.9	31.6	24.1	4.4
Information 3 (Candidates)	46.9	34.4	15.1	3.5
Trust Parliament	41.5	49.1	9.1	0.3
Trust Government	50.2	41.9	7.1	0.7
Trust Permanent Electoral Authority	45.2	45.9	8.6	0.3
Evaluation 1 (The result is decided by the citizens)	3.3	8.2	31.1	57.3
Evaluation 2 (Free election)	21.3	29.6	30.2	18.9
Voting Intention	18.4	8.5	24.8	48.3

Table 3. Regression Model

	Model 1
Information 1 (legislation)	1.112
Information 2 (Voting Procedure)	1.162
Information 3 (Candidates)	1.384
Trust Parliament	2.355***
Trust Government	.616*
Trust Permanent Electoral Authority	1.182
Age	1.005
Evaluation 1 (The result is decided by the citizens)	1.298**
Evaluation 2 (Free election)	1.540***
Nagelkerke R2	.201
P<0.05*; P<0.01***	

Table 4. Correlations with political information

	Information 1 (legislation)	Information 2 (Voting Procedure)	Information 3 (Candidates)
Evaluation 1 (The result is decided by the citizens)	.110 ***	.122***	.180***
Evaluation 2 (Free election)	.162***	.173***	.160***
Trust Government	.173**	.144***	.133**
Trust Parliament	.186***	.140***	.144***
Trust Electoral Authority	.216**	.197**	.205***
Voting intention	.215***	.236***	.216***
P<0.001 ***			

Table 5. Correlations with voting intention

	Voting intention
Evaluation 1 (The result is decided by the citizens)	.173***
Evaluation 2 (Free election)	.203***
Trust Government	.170***
Trust Parliament	.213***
Trust Electoral Authority	.199***
P<0.001 ***	

CORRUPTION IN PUBLIC ADMINISTRATION

Sorina - Cristina MARIN¹

Abstract. *The work entitled „Corruption in public administration” focuses mainly on a documented research on the general aspects of the corruption phenomenon found in Romania’s public administration system.*

The corruption in public administration, which has a currently reforming administrative system, represents a threat for democracy, for the rule of law, social equity and justice, it can constantly generate the decay of an efficient administration’s principles, it can affect the credibility of the state’s entities and their representatives and can undermine the market economy, endangering the state institutions’ stability, as well as their economic and social development.

That is why, taking into account the extent of the phenomenon, measures were taken in order to counterwork, thus elaborating the National Anticorruption Strategy as a fundamental tool, giving priority to the preventive measures adopted by the public administration, both at a national and local level, with recommendations from an European level.

This strategy’s aim is to increase the citizens’ trust in justice and administration, to involve the civil society in the decision-making processes, to ensure the legislative body and the anti-corruption entities’ stability and to provide the proper resources for the public system’s well-functioning, a system found at the citizen’s service.

When it comes to the Romanian society, the consolidation of the process of reforming the public administration system, as well as the prevention and fight against corruption must be further supported by the governmental decision makers, for the achieved progresses to become sustainable.

Key words: *corruption, public administration, public position, strategy, justice*

JEL Classification: *D73, H83, K10*

1. Corruption – general considerations

The corruption phenomenon has a history of thousands of years. Starting from ancient times, corruption represents one of the worst behavioural models but, at the same time, extremely spread within the civil officials or the community’s chosen representatives. Over the past century, corruption made its presence felt in the private sector too and this is why the interest and concern towards this subject have grown and reactions occurred on a national and international plan.

Corruption, defined as being a state of deviation from normality, means abusively using the prerogatives of the public function for giving an administrative or economic advantage to the person that corrupts or to their representative group of interest, to obtain undue benefits in exchange.

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In the public administration, the public servants are the subjects of corruption acts, to whom are given permanently or temporarily, according to the law, by appointment, by choice or by the virtue of an errand, certain rights and obligations, to exercise functions in a public service or in another institution. If a person uses its public function or position to circumvent or to avoid the fulfilment of legal norms, obtaining in exchange material benefits or certain professional and administrative functions, and so on, the process is also called corruption in public administration.

Corruption can be a chameleonic phenomenon because, even though there are lots of studies made based on the phenomenon of corruption, a universally available and unanimously accepted definition has not been reached, a definition that could cover all the possible acts and deeds and that could constitute as corruption acts in any jurisdiction because, in general, this adapts to any level of society, but mostly to the public and private system's level.

Corruption delays the economic development, prevents the democratic processes and gravely affects justice and the rule of law. None of the European or the world's states are safe from this phenomenon's effects.

Today, corruption represents one of the main subjects of discussion in any field and at any level, being one of the biggest challenges of today's world. It is present in the poor and currently developing states, as well as in those developed, and the battle to fight it has become a serious issue, because corruption spreads very quickly, including, at the beginning, several sectors, several fields, and then the whole society, becoming a life style, a mentality.

When it comes to Romania, the corruption phenomenon isn't a new product of the social and economic relations that appeared after the year 1989, it also existed during the communist period and it continues in the present.

With a currently reforming administrative system, corruption had fertile land for propagating itself; this is why it represents a threat for democracy and the rule of law, because it can constantly erode an efficient administration's principles, leading to discrediting the state's institutions and their representatives, endangering the economic and social stability.

In the speciality literature there are more types of corruption, among which we find the corruption *focused on the public servant* which consists of his behaviour that visibly furthers itself from the public function's obligations, in order to obtain personal advantages or which breaks the rules that forbid the exercise of certain types of private influence.

Corruption *focused on the market* is characteristic to the types of public functions that have a direct bond with the mechanism of producing and distributing goods and services to the society. In these situations, the public servant begins to look at his position and the tasks entrusted to him as a commercial act, from which he tries to obtain leverage.

There is also the corruption of *general interest* and it concerns both the phenomenon's nature, as well as its social, political, legal, moral, etc. consequences. Thus, from this point of view, we can talk about corruption when the owner of a public office, entrusted with the regulation of certain things and with responsibilities of general interest, is delighted by benefits of any nature, unforeseen by the law, to take certain measures in the advantage of that who provides him those benefits, but at the expense and damage of the community.

And, last but not least, *public corruption*, which appears during the selection of public servants based on political criteria; this process was viewed as necessary because it ensures the official's loyalty for that who nominated him for the function. Today, all the democratic states admit this criteria of the official's "professionalism". Within the public administration, the leading posts are always occupied by politicians (ministers, prefects, mayors) who, in their turn, call in subordinate positions the people from their party or from within their alliance party. It's well known that once a government changes, all the public institutions' leaders, with all that certain government's politicians, are also changed.

The public administration's employees' selection and promotion for the position was made over the years mainly subjective: based on hereditary, by buying the posts, nepotism, favouritism, etc. Even the notorious contest method contains a dash of arbitrariness, because the most prepared candidate always wins.

In theory, the equality of opportunity was generalized, starting from the principle proclaimed by the French Revolution: "all the citizens, being equal in the eyes of the law, are equally admissible to all public dignities, places, and employments, according to their capacity...".

In practice, the manner of structuring the bureaucratic apparatus itself allows for the selection and promotion of public officers based on unorthodox criteria. And we can encounter two situations, thus, the officer must ensure the support of the head office and the head of service, of course, through attentions, favours or even bribe and the second situation occurs when the public administration's leader suggests or even commands the subordinate director to hire or promote, for the position, a certain person, the situation being also called "favouritism".

Basically, the corruption in public administration could be understood as the misappropriation of the public function for private purposes. The range of corruption phenomenon contains giving and taking bribes, influence peddling, nepotism, frauds and fakes, collecting undue benefits, embezzlement and many others. Even though, mainly, corruption appears as a prerogative of the public function, it also activates during the private sector. In reality, the private sector is involved in the majority of the public authorities' corruption cases.

According to the Public Opinion Barometer [2001], at the public perception level, the transition period played a stimulation part for the corruption phenomenon. The corruption “before 1989” is praised as “big or very big” by only 40% of the respondents, whereas the corruption “after 2000” is also considered “big and very big”, but this time by 94% of the respondents.

According to the survey results on the Corruption Perception Index (CPI) from 2001 conducted by the anti-corruption organization Transparency International and made public through the Romanian Association for Transparency, places Romania on the 69th place, being the only country that negotiated joining the European Union and which placed at that level.

This Corruption Perception Index is a global aggregate index that includes up to 12 different sources which captivate the businessmen and the country’s experts’ perception regarding the corruption level from the public sector. The scored given to the countries reflect the perceived degree of corruption: 100 points means not corrupt, and 0 point means very corrupt.

It’s well known the fact that, in Romania, the CPI was first conceived in 1995, our country being included in this study starting from 1997, and in the year 2012 it was included in the National Anticorruption Strategy as its performance indicator.

For the year 2015, CPI placed Romania on the 58th place among the world’s states, with a score of 46 points, compared to the EU states’ average of 65.36.

The first places in the ranking of countries with low corruption are occupied by Denmark (91 points), Finland (90 points), Sweden (89 points), New Zealand (88 points) and Holland (87 points), and the last places with a high level of corruption are occupied by Sudan (12 points), Afghanistan (11 points), North Korea and Somalia (8 points).

However, in 2015 Romania places before Italy (44 points), Turkey (42 points), Bulgaria (41 points), Serbia (40 points), Albania (36 points), the Republic of Moldova (33 points), Ukraine (27 points) and Russia (29 points).

Even though corruption is still spread at a global level, the countries that improved their scores in the CPI 2015 edition are more than those which registered a downfall compared to 2014.

But CPI 2015 shows that the phenomenon of corruption remains a worldwide problem.

2. The corruption phenomenon's causes in the public administration.

In order for the prevention and combat of the corruption phenomenon to be efficient, it's necessary to concentrate on understanding the deep causes of the acts of corruption's different manifestations, as well as to find some methods of eliminating or reducing this phenomenon.

One of the causes is the legislative framework that is incoherent and uncorrelated with the efficient managerial measures in order to reduce the corruption temptations' risk.

The good functioning of the public administration is also conditioned by the relevant legal provisions. The clearer and more efficient they are, the more the arbitrariness and illegality will be less present in its actions.

In practice, the legislative changes haven't always led to the desired result, and this is why it's crucial to eliminate the regulatory gap as being the potential source of inefficiency or of limiting the battle against corruption.

The lack of transparency and communication in the public sector is another cause that triggers corruption, even if it's mentioned in Romania's Constitution that "a person's right to have access to any information of public interest mustn't be restricted", that doesn't mean that it's put into practice. The 544/2001 law regarding the free access to public information is not enough, in this sense, it's recommended that the public officers, according to their skills and their responsibilities, promote a more transparent system of making decisions, and correctly inform the citizens as well regarding the problems of personal interest.

The fact that there exists a high degree of politicization of administration is obvious, taking into account the fact that a political government contains ministries with politically appointed representatives, the politicization of the subordinate institutions is a well-known fact. Even the government's representative on the territory, namely the prefect, is also appointed from among the politicians or with political support, even if he is a high official and isn't allowed to be a member of any political party.

A political government works harder in the territory with apolitical people who can implement its governmental program, another reason for the prefects to be political, because they are the exponents of a political government, and to escape the 188/1999 law regarding the status of civil servants, especially that the public opinion knows very well that the prefect is politically just covered by the technocrat's mantle.

Another cause for the corruption phenomenon's appearance represents the dysfunctionality of adopting a unified wage law among the public administration's officers, as well as the lack of material and moral stimuli. The creation and implementation of a

motivating, simple and transparent wage system for the public officers, that can reflect their activity and that can be financially supported, is at the moment of major importance, significantly contributing to diminishing the acts of corruption. Eliminating wage discrimination between public functions, especially in the same system (ministry and subordinate institutions), would lead to financial equity and the public servant's satisfaction of having done work. The corruption temptation appears because the low wages make public officers look for ways in which to enlarge them in order to ensure a somewhat decent life.

The insecurity of employment, the promotion based on political criteria and not on those professional are just a few examples of the problems that require a fast solution, in order to ensure a framework for the exercise of public function free from any subjective -personal interferences, which would foster the phenomenon of corruption. The processes of reorganizing the public administration's institutions generate a feeling of potentially losing employment, in most cases leading to the elimination from the system.

These represent just a small part of the causes that lead to the appearance of corruption in the public administration, because it is spread at the society's level, and especially at the public and private system's level.

3. Integrity management in public institutions

Romania, as an European democratic state, promotes a policy that is integrated in the matter of strengthening institutional integrity, based on a proactive attitude oriented towards reducing the corruption's costs, developing the business environment based on competition, increasing the public's faith in justice and administration, as well as involving the civil society in the decision-making processes.

Encouraging integrity in public institutions and preventing corruption are some of the management's functions, both in the private and public sector.

When it comes to Romania's public institutions, this function has been highlighted over the years through the National Anticorruption Strategy (NAS), approved and implemented by Romania's government. Now, the NAS 2016-2020 is to be approved, which will include the SNA 2012-2015 conclusion and recommendations, a strategic document elaborated by the Ministry of Justice and subject to adoption by the Romanian Government.

It appears that in the National Anticorruption Strategy 2012-2015 the general objectives focused on preventing corruption in public institutions, raising the education on anticorruption's level, combatting corruption through administrative and criminal measures and approving sectorial plans and developing the national monitoring system strategy. As a result of this evaluation, at the public perception level, corruption continues to be identified as an obstacle in

the quality delivery of services at a local and central level, as a phenomenon that undermines the efficient management of public funds and obstructs justice, also affecting business. The internal and external indicators specialized in evaluating the corruption's perception and impact places Romania below the average of EU countries.

By exercising this management function, we aim at creating or strengthening a culture of integrity. In turn, this involves a set of internal procedures (including internal and external audits), shared internal rules, behaviors and practices, commonly accepted values and goals, that guide the manner in which the public institution's staff act internally or in relation to third parties. The development and adoption of clear internal standards and procedures to prevent corruption must be accompanied by appropriate attitudes and behaviors in the process of putting them into practice, in the daily activity.

The management of preventing corruption is not an end in itself, it aims to ensure the proper functioning of public institutions, fulfilling its mandate, improvements in public services and increasing the trust of beneficiaries of public services in the public institution.

Therefore, the purpose of NAS is to reduce and prevent corruption by rigorously implementing the regulatory and institutional framework to maximize the impact of anticorruption measures.

The national anti-corruption legislation developed over the last decade contains a comprehensive set of preventive measures ensuring a high level of integrity in Romania's public administration.

Law no. 78/2000 on preventing, detecting and punishing corruption, with subsequent amendments, creates an obligation for the persons exercising a public function to fulfill their duties from the exercise of functions, attributions or assignments entrusted, in strict compliance with the laws and rules of professional conduct without using the function's prerogatives to acquire for themselves or for others goods or other undue benefits.

This general obligation is subsequently regulated by special laws, as well as ethical codes and internal regulations that comprise a series of rules concerning the conduct of the persons from the public and private sector, in line with international standards.

According to the European Commission Report to the European Parliament and to the Council on the progress of Romania within the Mechanism for Cooperation and Verification (MCV) issued in Brussels on January 2016, the challenge of fighting corruption in the Romanian society as a whole is well known.

The National Anticorruption Strategy is the basic instrument that encourages prioritizing preventive measures adopted by the government, both nationally and locally. The specific

projects to prevent corruption in ministries, some funded by the EU and NGOs, will continue to contribute effectively to the fight against corruption within the administration.

However, even if measures to prevent corruption were taken, their application is rather fragmented, due to the insufficient capacity of institutions, the staff's lack of knowledge and skills, and the lack of political will from the leadership institutions. The strategy's limited results, especially at the local level, are attested by the considerable number of corruption cases which confirm the perception of a systemic corruption.

The overall administrative reform planned by the government will also represent an opportunity to effectively implement the measures of combating corruption within the administration.

Conclusions

The MCV reports of the European Commission from the years 2014 and 2015 could highlight a number of areas where reform was strengthened by obtaining positive results over time. Continuing this trend is in itself a sign of progress in the sense of sustainability.

The judicial system as a whole continued to show professionalism, including the ability to adapt to significant changes in the civil and criminal codes, of efforts to unify jurisprudence and of the will of the defending judiciary system's independence.

Romania has continued to make progress in fulfilling the benchmarks of the MCV.

At the same time, that several of the recommendations from the report regarding the MCV from 2015 remain valid shows that the reform does not enjoy the full consensus necessary for ensuring sustainable progress.

For example, the reform of criminal codes is questioned in the Parliament. The decisions taken by the Parliament as to whether or not the prosecuting authorities to treat the MPs as some ordinary citizens are still lacking objective criteria.

There are improved measures to combat general corruption, but not at the scale and with the political will necessary to fix this problem, which is widely recognized as a systemic problem.

We will be able to assess how deeply anchored the reform is by the prominence of the integrity aspects in leadership positions within the judiciary and by verifying the applications from local and general elections. The continuation of trend of reform will also be an indicator of sustainability.

2016 will be a test year in many respects and the European Commission expresses its willingness to continue to work closely with Romania to achieve the objectives of MCV in areas such as judicial reform and independence, integrity, fight against corruption.

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FIGHTING LEAVING EARLY EDUCATION AND TRAINING SYSTEMS IN THE EU – A COMPARATIVE STUDY

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Delia Mioara POPESCU²

Abstract. *In the current context with a rapidly demographic decline of population, the phenomenon of early school leaving will undermine the development prospects of both Romania and EU countries. The extent of early school leaving reveals that many youngsters from school population leave the education system without having the skills and training required in the labour market. Being unable to engage, many young people leave the labour market, which lowers their contribution to country's economic growth.*

The article focused on identifying the impact of the programs about the fight against the phenomenon of early school leaving, both in Romania and in EU countries. The results showed that measures aim to achieve Europe 2020 Target – reducing the rate of early school leaving to less than 10%. The paper presents the social context of early school leaving, causes, actors and measures taken by Romania and some EU member states to reduce this phenomenon.

The conclusion of the study shows that early school leaving has important social and economic implications, having major influence on subsequent social exclusion of young people. These persons will involve public and social high costs and their productivity on labour market is slow.

Keywords: *early school leaving, vocational training, labour market, educational system.*

JEL Classification: *I21, I24, I26*

1. Introduction

The population of Romania has decreased significantly during the last two decennia, because of the poor birth rate, the emigration and the rapid ageing of the adult population. According to the present forecasts, the total number of school-aged children and young population will decrease by 40% until 2025 (MER, 2015). Early school leaving (ESL) is defined in Romania as the percentage of young people aged between 18 and 24 who finished maximally the lower secondary school (the equivalent of the 8th grade) and who no longer follow any other form of schooling/professional training.

In the context of the demographic decline on the labour market, many young people leave the education system prematurely, being predisposed to non-integration on the labour market. The EU countries are influenced by unemployment and labour force issues – which in turn are influenced by this early school leaving (ESL) phenomenon, as well. This phenomenon can

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trigger significant competitiveness problems for the countries that do not take any measures to reduce the phenomenon.

In Romania, the school abandonment average between the years 2009 and 2011 on the high schools level rose from 2.2% to 3.8% mainly in the technological high schools (5.3% in 2011), and in the high schools of the rural area (about 7% in the 11th grade in 2012). According to the National Statistics Institute (INS), it results that the gross rate of higher education enrollments increased from 75% to 94.9% during the period 2005-2012. At the same time, during the same period, the graduation rate with baccalaureate diploma of the pupils aged 18 decreased from 63.4% to 39.2%, largely due to the modification of the exam development procedures. On average, the graduation rate at the baccalaureate decreased from 78% to 58% during the period 2009-2013, lower results being recorded at the technological high schools (almost 20% in some cases) (MER, 2015).

The main cause of this phenomenon is the decreasing attractiveness of the professional and technical education, and also the insufficient development of the school and professional counseling and guidance systems.

2. Problem formulation

The long-term consequences of the early school leaving (ESL) phenomenon are multiple, both for Romania and for the EU countries:

- ESL is one of the main risk factors for unemployment, poverty and social exclusion.
- important social and economic consequences given that a person who abandons school early can be excluded socially. The estimates related to the skills needed for a job in Europe suggest that, in the future, only 1 out of 10 jobs will be accessible for an early school leaver (EP-CEC, 2011).
- high unemployment and risk of earning less, once they find a job, leading to supplementary public and social costs, under the form of higher costs for public services, such as those in health, justice and the payment of social benefits, individual revenues and a smaller economic growth, and lower fiscal revenues. The costs of such exclusion have been estimated, in certain countries, based on the analysis of the major social and economic costs at the level of the individual and of the society and, in this context, the costs related to early school leavers reach, throughout their lifetime, € 1-2 million per person (EP-CEC, 2011).

According to recent studies (IES, 2011), the main reasons of school abandonment, identified both by educational actors and by families, are directly associated to financial difficulties. The categories faced with the greatest risk are the children and the youngsters from

underprivileged environments, the pupils in the rural area, the Rroma and the persons with special educational needs. The Rroma population (in Romania) and the population emigrated in the developed countries of the EU are more prone to the risk of ESL. According to the researches, out of 597 Rroma children (aged 7-11), out of families with at least one child outside school, almost half of them (44.2%) do not participate in any education or professional training program (Surdu *et al.*, 2011).

- decrease of the future level of education of the parents, especially of the mother – migration of the parents from certain communities abroad (leading to temporary withdrawals from school);

- early marriage and/or pregnancy, other personal reasons influencing ESL.

3. Factors influencing ESL

- incapacity of the poor families to support the collateral costs of education;
- involvement of the children in seasonal work activities and activities related to taking care of the younger brothers;

- the migration phenomenon determines the withdrawal of the children from the local school community and the impossibility to get integrated in the school community of the host country;

- maternal lack of culture and analphabetism;

- school infrastructure inadequate for integrating the pupils with special educational needs;

- inadequate teaching-learning methods and processes;

- legislative infrastructure not correlated at the European level.

4. Measures undertaken for fighting ESL

A precarious period in Romania was 2003-2011, when the school abandonment rate was much higher in the professional and technical education, which triggered measures for fighting the abandonment.

Table 1. School abandonment in high school education

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
T	2,5	2,3	2,7	3,3	2,9	2,4	2,2
M	2,2	2,0	2,2	2,5	2,3	1,9	1,8
F	2,8	2,6	3,2	4,1	3,5	3,0	2,5

(Source: Data calculated on the basis of the RNSI, 2003-2011)

Table 2. School abandonment in professional education

	2003/2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
T	5,9	5,5	6,6	8,2	8,5	8,3	8,6
M	6,2	5,9	6,8	8,2	8,7	8,3	9,7
F	5,7	5,3	6,5	8,2	8,3	8,2	7,9

(Source: Data calculated on the basis of the NIS, 2003-2011)

Fighting the early school leaving of the professional education and training systems (Early Leaving from Education and Training - ELET) has positive results at the individual level, and at the level of the society, concerning the employment perspectives, better health and low public and social costs and high productivity (EC/EACEA, 2015).

A great influence on the pupils' early school leaving decision goes to the socio-economic factors rather than to their belonging to a certain gender (13.6% boys and 10.2% girls) (EU-LFS, 2014), or to the fact that they come from a family of immigrants / minority (22.6% pupils of foreign origin, compared to 11% out of those born in the respective country).

A major impact on ELET is determined by a high quality early education and care, optimal management of the levels and types of education, flexible and well-managed transactions. The starting point for fighting ELET should be the periodical and vast collection of data on early school leaving (national registers or databases with pupils, to which quantitative and qualitative studies or surveys can be added).

The strategies meant to fight early school leaving ought to target three aspects: prevention, interventio and compensation.

Prevention aims to fight the origin of the problems that can eventually generate early school leaving.

Intervention includes: measures meant to fight the difficulties met by the pupils, measures meant to improve the quality of education and professional training and offering specific assistance.

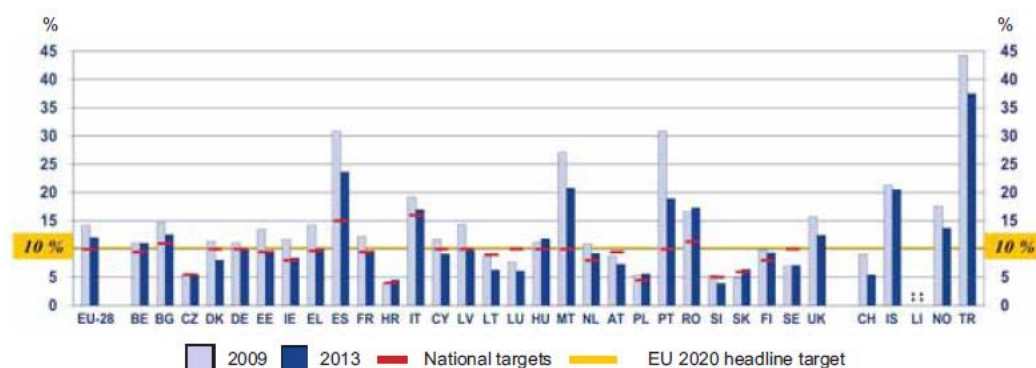
Compensation is provided by offering new opportunities of acquiring a qualification for the people who have left the education and professional training systems prematurely.

The stakeholders (national, regional and local organisms with a role in the education system) will have to cooperate both horizontally and vertically for reducing early school leaving. Essential is also the capacity to work with private and non-governmental organisms, such as the employers and the labour unions (*trans-sectorial cooperation*).

During the last years, in the European countries, numerous progresses have been recorded in relation to reducing the early school leaving rate. The latest Eurostat data (EU-LFS, 2014)

show that in the majority of the European countries, the early school leaving rate has decreased during the last years; and by the present average of 12% of the EU (ECDVT, 2016), the countries are heading together towards the target of 10% established for the year 2020, if the present tendency continues. More than half of the countries attained the EU target, and about a third of all the countries attained their own national targets, often set at more ambitious levels than the European target. Several countries (Spain, Malta and Portugal), although they have rates over 10%, have recorded significant progresses during the last years.

Fig. 1. Ratio of those leaving the education and professional training systems early (2009-2013) and national targets, compared to the European target



Source: Eurostat, EU-LFS [edat_lfse_14], (data extracted October 2014).

Most of the countries have elaborated national definitions of ELET and have developed corresponding data collections, supplementary to the data collected for the EU Survey on the labour force. Exceptions are Belgium (the German community), the Czech Republic, Croatia, Cyprus, Hungary, Romania, Slovakia and Northern Ireland.

Combining the quantitative and qualitative data on ELET can assure a more informed policy development. France, Malta and Scotland are among the few countries periodically carrying out surveys among the pupils after they prematurely leave the education and training systems.

Eight European countries (Belgium - the Flemish Community, Bulgaria, Spain, Malta, Holland, Austria, France and Hungary) have implemented a national strategy to reduce ELET. A national strategy is about to be adopted in Romania.

All the European countries have elaborated policies and measures for fighting early school leaving, especially concerning the flexibility and permeability of the educational itineraries and of the guidance in matters of education and career.

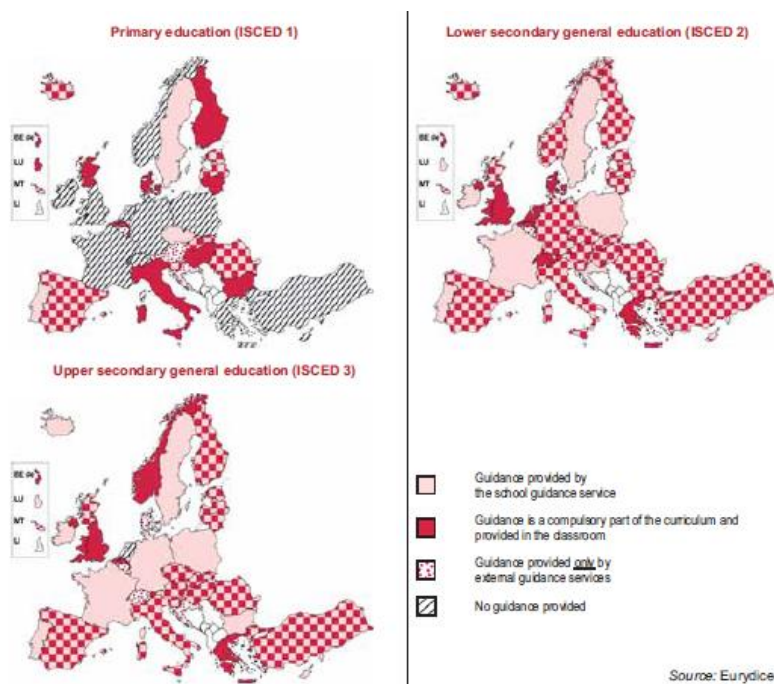
At the European level, an educational policy in the domain of the continuing education of the teaching personnel in education is the development of the skills needed to prevent and fight

the early school leaving of the educational system. In this sense, only several countries have implemented policies meant to fight early school leaving by reducing grade repetition (Belgium, the Czech Republic, France, Latvia, Austria, Portugal, Romania and Slovenia) or policies meant to fight school segregation (Belgium, Bulgaria, the Czech Republic, Hungary, Malta and Romania). At the same time, less than a third of all the countries (Belgium, Spain, Luxembourg, Hungary, Portugal, Romania and Norway) mention that the theme *early school leaving* is part of the pre-service or in-service training policies for teachers.

Policies and measures aimed at the groups with high risk of early school leaving, including underprivileged pupils, those coming from a family of immigrants or belonging to a minority (especially Rroma) and pupils with special educational needs can be found in all the countries as a priority measure.

The guidance in matters of education and career in fighting early school leaving is represented by: the provision of assistance to the pupils, the provision of information on the existing education and career opportunities and by helping them to develop the skills needed to make decisions for a professional itinerary. This includes, now, for a large number of countries, the orientation in the overall curriculum, making it accessible to all the pupils and allowing it to be used as a prevention measure.

Fig. 2. *Guidance services in matters of education and career in primary and secondary general education (ISCED 1, 2, 3), 2013/14*



The teachers offering guidance in matters of education and career report the need of professional development in this domain, especially when they are faced with pupils at high risk of early school leaving (ECDVT, 2016). Consequently, a number of countries report a lack of high-quality guidance services (Bulgaria, Latvia, Portugal, Romania and England). This is also confirmed by the results of the study TALIS of OECD (TALIS, OECD, 2014) which shows that about 42% of the European teaching staff needs professional development in the domain of pupils' career guidance and counselling. Almost a third of the countries report that the personnel in charge with guidance is provided instruction during the in-service training concerning the skills needed to work with groups at risk of early school leaving (Bulgaria, the Czech Republic, Germany, Spain, Italy, Cyprus, Malta, Romania, Slovakia, Sweden and Finland).

The domain of intergovernmental and intersectorial cooperation is a condition for efficiently fighting ELET (Early Leaving from Education and Training). Although only four countries/regions have created an official coordination organism, as part of their comprehensive strategy for fighting early school leaving (Belgium – the Flemish Community, Spain, Malta and Holland), the initial positive results of their activity could constitute an example for other countries.

On a local level, multiagency partnerships can assure the fact that pupils receive the necessary support, in a holistic manner. The experiments of Belgium – German community, Ireland, Malta and Holland demonstrate that the makeup of the multidisciplinary teams involved in the common management of a team can be efficient in answering a complete array of needs of the pupils.

5. Conclusion

Despite all the measures adopted, the high levels of grade repetition and the low levels of participation in ECEC (Early Childhood Education and Care) coincide with high percentages of early school leaving in several countries (Spain and Portugal), this being a reason why the respective aspects continue to be a general concern. At the same time, an aspect that should be explored in the strategies, policies and measures fighting early school leaving is funding (e.g. in Holland, schools receive funding according to the performance by which they contribute to reducing early school leaving). In Romania, it has been attempted to: find new professionalization routes (dual education) and to get involved in attracting European funds; support early pre-kindergarten and pre-school education; develop the program The Second Chance (A doua șansă), to eliminate analphabetism and get integrated on the labour market and other support programs, funded from European funds, for those who have left school; support the

program School after School (*Școala după școală*), encourage the participation of the pupils of the rural area at all the levels of education and training; assure the conditions of participation to education for the pupils of the national minorities (including the Roma population) and stimulate their participation in higher levels of education; support the pupils with disabilities to access basic and higher levels of education; continue the social support programs for groups with special risk: High School Money, Euro 200, *Cornul și laptele* (Croissant and Milk); scholarships for pupils opting for professional education; reimbursement of transport expenses for commuting pupils.

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THE TRAINING OF THE ROMANIAN TEACHING STAFF – THE WAY TO THE PERFORMANCE

Antoaneta Roxana GEORGESCU¹

Abstract: *The human resources competitiveness in pre-university education represents a strategic priority for the Romanian Ministry of National Education and Scientific Research in 2016. The training and development of the teaching staff in the secondary education system, as a dimension of lifelong learning, leads to an educational maturity orientated towards achieving goals, which are focused on the teaching learning activity, on new teaching resources, on creating auxiliary curricular materials, and on personal and professional development.*

Improving human resources in education as a way of perfecting the training started during the initial part, trains knowledge, skills and attitudes orientated towards practice and based on experimental, scientifically founded learning. As a consequence of the professional development programs for the post-secondary schools, the quality of the teaching act has seen actual improvements and the results have been visible in the performances of the pupils in the baccalaureate and in different national and international competitions.

Key-words: *teacher training, initial training, professional development programs, performance, experimental learning*

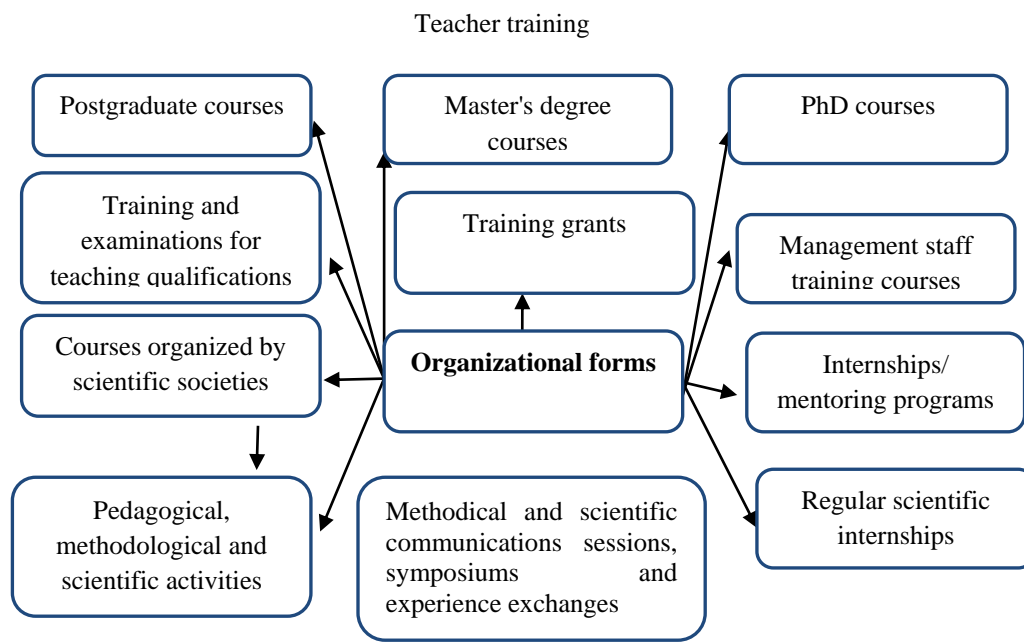
Jel Classification: *M53*

Bionote: *Georgescu Antoaneta Roxana is a PhD student in Management at the Valahia University in Targoviste. Since 1990, she has been working as a teacher at "Ion Ghica" Economic College Targoviste. She studied at the Academy of Economical Studies, of Bucharest. Main activities and responsibilities: National author of Professional Standards and Curriculum, Coordinator of Resources Centre for Quality Assessment for South Muntenia Region, Teacher trainer, Coordinator of Training Firms since 2003, Coordinator the students' teaching-learning activity, guiding them in curricular/extracurricular activities, The Making of learning materials. Design and coordination of activities for the initial training of students, promoting educational materials useful in teaching-learning assessment activities.*

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The continuous training / improving the teaching staff in secondary education is achieved by the main forms of organizing, as shown in figure 1:

Figure 1



(Source: Author, 2015)

The only link between the initial and continuous training are the transferable credits, which can be obtained through development programs. These refer to either specialized professional training or methodical and pedagogical courses.

Training programs once every 5 years provide continuing professional development of staff and are integrated into a recognition system validation, cumulating professional transferable credits, as shown in Table 1:

Table 1. Categories, types of programs, duration, number of professional transferable credits

CATEGORIES	TYPES OF PROGRAMS	DURATION	NUMBER OF PROFESSIONAL TRANSFERABLE CREDITS
1. Training programs, once every 5 years, provided by Universities	long	240-280 hrs	90-100
	medium	170-200 hrs	60-70
	short	90-120 hrs	30-40
2. Thematic or modular programs in the form of informal stages	thematic	10-20 hrs	1-5
	short module	21-40 hrs	6-10
	medium module	41-60 hrs	11-15
	long module	61-89 hrs	16-25
3. Training programs due to the reform, according to art. 33, par. (2) of Law 128/1997	thematic	10-20 hrs	1-5
	short module	21-40 hrs	6-10
	medium module	41-60 hrs	11-15
	long module	61-89 hrs	16-25
4. Special Programs (POS DRU, ERASMUS +)	thematic	10-20 hrs	1-5
	short module	21-40 hrs	6-10
	medium module	41-60 hrs	11-15
	long module	61-89 hrs	16-25

(Source: The Methodology for Accrediting Continuous Training Programs for Secondary Education Personnel, 2009)

The Completed Exam in education is achieved by teaching personnel, who meets the requirements laid down in art. 7 (of the Law regarding the teaching personnel's status) and for 2 years' time they practice teaching while they have the basic title in education.

Table 2 depicts the teaching staff's Completed Exam results for years 2013-2015.

Table 2. National level results

YEAR/ CANDIDATES	ENLISTED AT THE BEGINNING OF THE YEAR	ADMITTED TO THE WRITTEN TEST	ATTENDED	ELIMINATED	PROMOVABILITY RATE
2015	10297	9385	6844	13	49,25 %
2014	10764	9917	9196	40	63,35 %
2013	8567	7889	7400	16	51,26 %

Source: <http://www.hotnews.ro>, 14 iulie 2015, time 12:53

Since 2013 Ministry of Education and Research decided that the minimum passing grade for the national completion exam has to change from 7 to 8. Another novelty has been granting the right to participate in this exam to the newcomers with only one year teaching experience.

According to the Law of National Education, teachers who have completed the national examination acquire the title of professor with the right of practice in the secondary education system. People who do not pass the exam the first session, have the right to participate in two other sessions of this examination, the conditions imply each time, one school year long practice prior to the exam. People who do not pass the exam may be committed in the national secondary education system only during a pre-determined period of time with the status of starting teacher. The Second Teaching Degree means reaching a greater level of professionalization, confirmed by the specially designed results which highlight the added value acquired after the Completion Exam.

The obtaining of the First Teaching Degree attests the highest level of professional maturity and expertise that recommend one as a supplier of best practices in the educational system.

At European level teaching staff's professional development is different from country to country. France, Holland, Sweden, Island consider that teaching staff development is a **professional duty, yet the participation to such courses is optional**. In countries such as Spain, Portugal, Poland, Luxemburg teaching staff development is closely related to career evolution and financial motivation. The credits obtained are taken into consideration upon career advancement. The training programs developed in the past 5 years in Romania, during the European Social Fund, have definitely influenced the performance and the professionalization of the teaching career. Table 3 presents the results of a survey conducted on a representative number of teachers in schools located in the South Muntenia Region (366), teachers who work in theoretical, technological and vocational schools. The improvement courses for teachers are:

Table 3

South Muntenia Teaching Staff	a right	a professional duty	an option	a career advancement facility	a salary increase opportunity	a credit accumulation	others
366	17,8%	51,7%	5,1%	13,7%	0,3%	8,9%	2,5%

Source: Research on the impact of training programs on the professionalization of the teaching career, author

According to the Education Law the teaching staff's professional development is a right of the teachers. We can summarize the Romanian teaching staff's participation to specialization

programs over the past five years as prioritized for mathematics, economics, history, geography, Romanian language, physics, chemistry, biology, teacher's certifications, master's degrees. As for methods-related and psycho-pedagogical development, teaching staff have chosen courses for didactics specialization and basic discipline methods, mentoring, curricular qualification, assessment. The desire to develop in terms of educational management has boosted the participation to courses which enable the access to management, supervision and auditing positions, implementation of educational policy measures at organizational level. Teachers development of IT skills outlines an evolution from initiation to the domain to use of educational platform in the didactic undertaking.

Having new ideas is always vital for education, putting them in practice consolidates individual aspirations and those of the organization in an open vision, providing a guideline towards performance.

Didactic performance is reflected in the results in the class, Baccalaureate or in competitions and Olympiads. Table 4 shows the results obtained at the Baccalaureate for the years 2013-2015 in the South-Muntenia Region.

Table 4

Baccalaureate Results	DB	PH	AG	IL	GR	CL	TR
2015	61,2%	74,4%	65,2%	67,7%	36,1%	55,7%	42,7%
2014	51,5%	65,9%	64,3%	57,4%	38,8%	53,4%	45,3%
2013	47,5%	61,7%	58,8%	57,3%	40,6%	48,9%	36,8%
2012	38,73%	45,69%	46,07%	42,18%	45,27%	37,17%	29,09%
2011	35,51%	45%	37,14%	41,07%	39,84%	41,14%	47,15%

Source: <http://www.hotnews.ro>

Conclusion

The teachers training system is a priority of the education reform, considering the fact that the teacher training system registered a slower development compared to the other strands of the reform: curriculum and instruction, evaluation and management. Usually there is a gap between initial and continuous training, although the two dimensions must be in a permanent interaction based on coherent educational policies.

Private providers offer mainly non-disciplinary internships, short-term qualifications requested as part of some projects/programs financed by European funds and the costs are generally high compared to the quality of the programs.

The teaching staff's motivation to participate to professional development programs is triggered by their desire to personally develop, to be in line with what is new and to be competitive in their profession.

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THE ROLE OF FINANCIAL CONTROL IN THE DECISION MAKING PROCESS

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Abstract. *The background of traditional approaches in decision making processes and the discrepancies which emerged with the ongoing adaptations to new technologies are influencing the implementation of systems and instruments specific to financial control. The paper examines the relationship between the financial control and decision process in public organization using both qualitative and quantitative research methods. Under an existing theoretical framework regarding the comprehensive of the control system correlated with meaning of best practices, this process must be performed without does not drift away from its main purpose. The results of the study define and provide future development measures by strengthening the relationship between the system control and management process.*

Keywords: *financial control system, performance, efficiency, Lorenz Curve.*

JEL Classification: *H1, H5, L2, M4.*

1. Introduction

The macroeconomic context based on financial policies and efficient systems has played an important role in promoting global economic recovery especially since the financial crisis of 2008. Taking into account the actual tendencies, the evolution of knowledge, the need for progress and sustainability of processes in general, and specifically of institutional instruments used, the organization must meet the major economic changes which are shaping the Romanian society. In this context, the managers of entities needs to paid more attention to the role of confirm and control in the organization's governance, through risk management and control, and actively explored risk assessment. Moreover, the control mechanisms and instruments are not just a statement of government finance, but rather the link between the mobilization of funds and attainment of strategic goals and objectives (Dumitrescu Peculea, 2015, pp. 476-481).

The classical French approach (Renard, 2003) on control has to essential features:

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- The control must be performed either a priori for organizations whose activities are previously standardized;
- Control is undertaken by all employees/stakeholders;
- This instrument can help us work better.

Through the instruments it uses, the financial control system influences organizations in a positive manner by growth of efficiency. The assessment of situations, leading to decision making processes is realized using concrete and objective data, thus contributing to both the fulfillment of objectives and better working of internal processes. Furthermore, efficiency, efficacy and economy growth is gaining importance in organizations.

Several studies have mentioned the control refers to determining the exactness of material operations and is carried out prior to these, or, in the worst case, immediately following them (Saguna, 2001). Control secures dynamic, real, and preventive information, and does not resume itself to just pointing out shortcomings, but is based mainly on the forecast of activities and occurrence of related deficiencies and abnormalities. In addition with aspects mentioned above, the definition proposed by COSO mentions as follows: control is a process implemented by the administrative/supervisory/management board and the staff of an organisation, aimed to providing reasonable assurance on the achievement of goals.

When it is about to implement the internal control according to COSO, there are few factors that have to be taken into consideration, as (see Figure 1):

Figure 1. COSO framework



Source: COSO (The Committee of Sponsoring Organizations of Treadway Commission)

For maximizing profits in relation to set objectives and established norms, control contributes to the prevention of tendencies and actions that later will require punitive and

correctional actions. Thus control follows mainly the function of production units at normal or even maximum capacity according to criteria of efficiency and profitability.

Control in organizations consists of verifying the conformity of internal processes to set objectives, and organization principles, vision and mission. This is to detect mistakes and errors before they can produce effects and also to avoid their repeated occurrence. Control is performed on persons, activities and documents; however, control is almost always followed by sanctions for infringements to legal or internal requirements. Unlike control, the audit determines whether existing knowledge, skills and resources are used appropriately.

2. Conditional requirements of financial control

According to the International Organization of Supreme Audit Institutions (INTOSAI), public internal financial control is considered “an integrated process conducted by the entity management and staff, designed to address risks and to provide reasonable assurance in exercising the missions of the entity by performing the following objectives: carrying out operations in an orderly, ethical, economical and efficient manner; fulfilling responsibilities; compliance with laws and regulations; protecting resources against loss, misuse and damage”.

Motivating the aspects presented above from the point of view of the public sector, the system control is necessary for those employees who have to manage public funds or public patrimony. There is a legal requirement, that public patrimony administration and public resource usage must be carried out by ensuring efficiency, economy, efficacy, regularity and legal compliance.

The legal framework for control and audit activities was elaborated in the context of fulfilling the commitments assumed by Romania in the European Union adherence process - the *acquis communautaire* regarding Chapter 28 - Financial Control, by which Romania committed to the development and modernization of the public financial control system in Romania, in accordance with European and international standards, in order to ensure healthy public funds systems management and public property management, including community funds.

The normative framework regarding the internal public audit is ensured, mainly, by Law no. 119/1999 on internal and financial control and also by OSGG 400/2015 on internal managerial control system.

Control harmonizes with and connects to the rest of the management processes. Between the planning function of management and control there is a strong and indissoluble connection and a reciprocal influence. Financial control, being a component of economic control is focused

towards the state determining the way in which companies and public institutions manage material and financial assets and of the way public money is being collected and/or spent. Also, there is a strong focus on the assurance of financial equilibrium, achieving economic and financial efficiency, development of the economy and achievement of social progress.

In the public sector, preventive financial control consists of a systematic check of operations in relation to legal compliance and regularity which means that any operation must be compliant to all legal norms that apply at the moment.

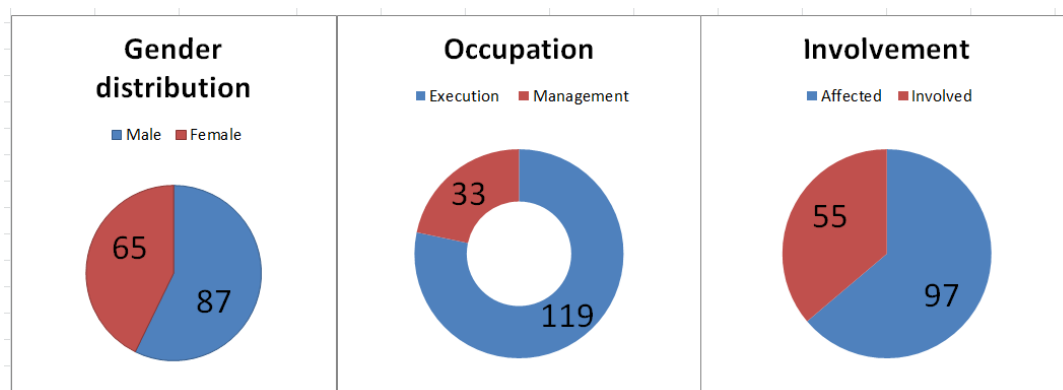
3. Methodology

The data for this study has been gathered by the distribution of a questionnaire to several public institutions throughout Romania. As we have mentioned in the abstract terms, we used both qualitative and quantitative research methods. Also, regardless of the chosen scientific approach, the qualitative research (Banister et al., 1994) must give a much more detailed analysis than the quantitative one (Hîncu & Ene, 2005; McQueen & Knussen, 2006, pp. 245-249).

In all entities, a number of 152 valid questionnaires have been recorded, out of the 179 that have been answered. This translates into a validation rate of 84,91%. 27 questionnaires were rejected, mainly because they contained unanswered questions.

The questionnaire was composed of 15 questions relating to the topics to be studied, as well as 6 complementary questions for the description of the sample. Out of the 152 respondents, 57,23% were men and 42,77% were women. Also, 21,71% of the respondents were at management levels and the rest occupied execution jobs. Last but not least, 36,18% of respondents actually were involved in financial control activities, while 63,82% of respondents were influenced in their daily activity by financial control. Figure 2 shows the different distributions of the sample.

Figure 2. Distributions of the sample



(Source: Author's interpretation of analyzed data)

The purpose of the questionnaire was to determine both awareness of the role of financial control structures as well as the assessment of the relationship between financial control and management. The methods used for the quantitative analysis of the data are statistical in nature. The qualitative analysis is based on the results obtained by mean and standard deviation analysis and of correlation using the Bravais-Pearson Correlation coefficient. Also, a concentration analysis has been performed in order to corroborate the findings of the correlation analysis. The results are relevant for both further empirical studies as well as organizations, trying to manage control processes within.

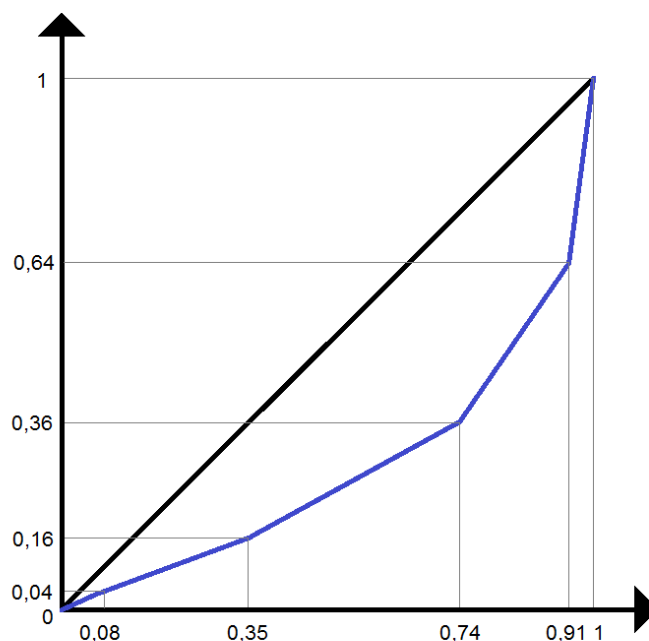
4. Empirical results

Data from the study has revealed a bidirectional relationship between financial control and management decision making process. Out of the 33 managers that responded to the questionnaire, most of them considered that financial control lowers the risks associated with decisions. This is especially true regarding operational decisions. Respondents occupying execution jobs acknowledge the influence of financial control on their activities. In this regard, 63,03% of the 119 respondents see an influence. Also, the examination of the relationship between the respondent's level in the organization and their perception of financial control activities reveals a statistical correlation. Using the Bravais-Pearson correlation coefficient, a liaison of 0,665 has been determined. While the correlation is not particularly strong, it reveals that managers tend to rely on the efforts of financial control in their operational decisions regarding financial activities, while other employees seem to find financial control to be hindering them in their daily activities. The shape of the Lorenz curve and value of the Gini-coefficient also corroborate these conclusions.

$$\text{GINI}=0,578 \quad (1)$$

Figure 3 shows the Lorenz curve for the sample.

Figure 3. Lorenz curve for the sample distribution



(Source: Author's interpretation of analized data)

Another fact revealed by the study regards the relationship of the financial controller to his colleagues. Employees of public institutions often confuse between the person and his job, which is supported by a strong correlation between the perception on financial control activities and the financial controller. In fact, the correlation coefficient between these two variables is about 0,784.

The study also revealed a great degree of bureaucracy related to financial control activities. Thus 61,818% of financial controllers feel that the workload is too big, mainly because of the unstable legal framework. Also, controllers accuse the lack of appropriate technical means to reduce the bureaucratic burden. The following measures should be taken, in order to increase the efficiency of financial control activities:

- Rigorous training of workforce;
- Employment of highly skilled personnel;
- Exploitation of the newest information technology opportunities;
- Increase of responsibility regarding financial control work;
- Appropriate measures for improving the image of financial control activities in institutions;
- Better support from the legal department in order to understand and implement changes of the legal financial framework;

- Increased support by internal audit for the optimization of financial control procedures.

5. Conclusions

Financial control is an activity which was introduced in Romanian public institutions for the compliance with European norms, and it is meant to optimize the spending of public funds regarding both current and extraordinary processes. The present study identifies the relationship of both activity and employees with the whole of the institutions in which financial control is implemented, as well as the level of acknowledgement of the control efforts on public fund spending. Results of the study reveal a lack of understanding regarding control activities as well as inefficiency in the carrying out of duties due to both unstable legal framework and sub-optimal resource allocation. The findings of this paper are of interest to policy makers as well as heads of public institutions alike.

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HUMAN CAPITAL IN ROMANIAN TOURISM SECTOR

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Abstract. According to the Organization for Economic Cooperation and Development, human capital is composed of "productive resources concentrated in labour resources, skills and knowledge". Default on economic and touristic field, human capital estimates "a person's ability to generate income through labour" (DiBartolo, 1999).

Human capital is used to explain the economic growth of a country and to define the level of its development. It is automatically deduced that the economic growth in the Romanian touristic sector is determined by achieving all the proposed goals and the objectives through the strategic factor called human capital.

In order to determine strategies for improving human capital in tourism, it is necessary to analyse the labour market tourism in our country, the needs of the managers, and the connection between educational institutions that prepare future professionals in the travel business and tourism institutions with the exact identification of the needs regarding these two divisions.

In 2015 about 2.2 million foreign tourists were registered in accommodation establishments, 17% more than the previous year (N.I.S). In other words tourist organizations have put into action new plans and strategies through qualified personnel to create a first record in terms of bringing foreign tourists in Romania.

Key words: Human capital, economic growth, tourism, first record, analysis of tourism.

JEL Classification: WG8

1. Theories of the human capital

Starting from the theory that "The man is the richest asset of a country" W. Schultz, G Becker and G. Stigler tackles the problems of the human capital and bring important contributions in other areas of economic research. Theodore W. Schultz who made to himself known through his studies on agriculture and of developing countries initiated a series of research on human capital. His diverse and extreme research prompted him to the conclusion that all knowledge has a particular economic value, in other words, the science of knowing is reserved to the ones educated enough to understand it.

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Gary Becker (1994), considered to be the father of the contemporary human capital in the economic literature, for the 1st time highlights the fact that the individual is not simply the final consumer but a true producer whom through education and professional formation is practising an investment into the human capital. The theory of human capital concept which allows him to address from an economic perspective that both regular expenditure (food, clothes, use of free time) and also personal achievements and human virtues (love, hate, altruism) constitutes the fundamental thinking behind G. Becker theory (1994). In his opinion, the individual is a true company which utilises rare resources (paid and house work) and through this hard work gets personal satisfactions.

Becker defines the human capital as a monetary and non-monetary activity which influences the individual future financial decisions. Amongst these decisions enumerates school education, professional development, medical costs, migration, price comparison. The investment in human capital has been influenced by a series of motivating factors: the main purpose is the expected profit and yield from the financial investments in the human capital and second is the expected remuneration in investing in the human capital which is determined by the price comparison between cost and benefits.

The main stimulus in the investment of human capital is the increase of future income resulted from the development of labour production. “Human Capital, a theoretical and empirical analysis, with special reference to education” (Becker, 1994).

2. Applicability in tourism and concrete figures

The purpose of this research is the desire of finding the applicability of human capital in the sightseeing, touristy (tourism) sector. One key role which is played by the educational tourism in the competition strategies of this sector it is a newer structure that has global dimensions in this specific industry and not only in it. There is no doubt that in the modern world where flexibility and competitiveness are essential, investment in human capital could be a good tool to deal with these challenges (Groot and Maaseen van den Brinks, 2000). The human capital in tourism is completely bounded to the quality of the touristic product which is created by their field agents and suppliers (local, international, aerial, hotels, restaurants, transport, guides) as such that the degree of competitiveness amongst the preparation and professionalism should exceed any expectation. These sine-qua-non factors can be only achieved if the employees are passing on a positive attitude to their visitors, have a high degree of professionalism, go beyond their clients expectations. Once clients have had an enjoyable time in their destinations they can recommend the companies to others as well.

Human capital in tourism is essential for the quality of the touristic product will Touristic which is created by agencies and tourism providers (local, international, air, hotel, restaurant, transport, guide etc.), so that the competitiveness of the tourism companies is connected only by their degree of readiness and professionalism. These factors sine-qua-non are achieved only if employees permanently transmit a positive attitude to the clients, customer training of high level, in order to be fulfilled and even exceeded the expectations of existing and potential customers. Upon the returning these customers from their destinations offered by travel companies, they can evaluate and recommend the company to other relatives/friends. Also it's recommended to be incorporated in the system all the management methods that have been successful internationally, primarily with updating the technology used, both in terms of logistics, and information data. This, once again merges with the idea of higher education employees in this sector. Human capital is an intangible resource. It blends in combination with tangible resources to highlight the untapped potential qualities of Romanian tourism by improving their image through customer care, proper use of new technologies. Employee education level (high school, university, training courses) is closely related to human capital measurement.

Generally, in Romania, the related tourism study programs: undergraduate, masters, classes with concrete application, are few, considering that this area belongs to the economic field and in Romania tourism contributes with 5.1% of GDP (2015) placing Romania rank 154 of 180 countries in the world, behind Albania, Bulgaria, Hungary, Czech Republic and Slovakia, according to a report by the World Tourism Council (WTTC). The tourism sector had last year a total contribution of 33.1 billion lei (9.9 billion dollars) to Romania's GDP, of which 10.5 billion lei (3.2 billion dollars) represents the direct contribution, according to the WTTC.

WTTC anticipates an increase of 5.4% in total contribution of tourism to GDP this year, followed by an average growth rate of 3.8% per year until 2024, to 50.8 billion lei.

Human capital is closely related to human resources as a component. In 2013 for example, "tourism has secured directly in Romania 212.500 jobs and overall contribution to the labour market, including jobs indirectly supported by tourism is estimated at 500 500 jobs" cites <http://politici.weebly.com/>. The total contribution of tourism to GDP includes businesses directly generated by this activity, such as accommodation, transport, attractions, entertainment, shopping and food expenses and investments in tourism and hospitality, plus income generated indirectly, such as earnings suppliers serving projects or tourism facilities and expenses incurred by employees in the sector in the economy.

Regarding the results reported above, a broader picture can be achieved by checking in the next issue. From the 8.2 million Romanians with a work place, only 19.2% have received higher

education, Romania recorded the lowest percentage of licensees in the workforce, among EU member states. Unfortunately the lack of programs leading to the creation of jobs in rural areas in the services sector - leading consequently to an increase in the number of employees with higher education - is one of the factors that contributed to these statistics, experts say. Romania still has a high rate of population in rural areas compared to other countries, and for us is a big problem in rural areas due to lack of infrastructure.” If you educated and live in the countryside, not much you can actually do with those studies, because it has not developed a healthy economy where there are services, "said Stefan Palarie, President of School Values that conducts educational programs for young.

If in Romania only 19% of the employed population has higher education, in EU countries the average share is about 33%, the largest share by licensees of the labor market were registered in Luxembourg (where almost 50% of the employed population has college), Ireland (with a share of about 47%), Cyprus (45%), Belgium (43%), UK (42%) and Spain (42%).In Romania the share of the population with an average level of education represents 23% of total obviously higher share than the 19% that represents all employees with higher education. It follows that the remaining 58% of the population with labor do not even secondary education.

In terms of human capital at the microeconomic level there is a strong link between education and salary, but we think it should be extended connection between pay and productivity. Obviously the rate of remuneration derived by a person you education and training levels are reflected in payroll, including touristic sector.

Both employees and those who are not working but is looking for a job in the touristic sector represents touristic active population; other determinants are the level of experience, and mobility of employees working shifts, one area that requires the presence 24/24.

The human capital is essential in defining and responding to questions that automatically rise:

- ✓ which are the necessary knowledge touristic sector?
- ✓ which is the technical language necessary to achieve international standards?
- ✓ which is the touristic profile that has the highest success in Romania?
- ✓ which is the graduate profile that can work in tourism (with middle and upper studies)?
- ✓ how can the salaries be determined based on studies and courses?

Consequently in order to structure human capital in tourism must be defined each subsector of the industry, such as hotel and catering industry, agencies tour operator, airline agencies and land transportation. They also have identified their needs in terms of human capital but also the size of these companies (small, medium, large, multinational).The totality of global companies and local tourism industry gather a total of 284 million jobs worldwide, according to

"World Travel & Tourism Council" (Economic impact analysis-2015), parity is 1 job in tourism at 11 other jobs. From this aspect the role of human capital has impact regarding two reasons.

The first relates to the fact that in general in the economic sector, as demonstrated by Solow (2000) is believed that overall production is the key, and the services sector grows more difficult due to lack of classic manufacturing. But, as shown above, the dynamic of the number of jobs in this industry is among the strongest in the world, so it must be eliminated the classical thinking about production. In fact About 6.7 million jobs worldwide are in tourism industry directly supported by the spending of foreign visitors arriving by air. Taking into account both the overseas visitors and work force employed it can be said that this industry is a giant in "The world's largest industry of Travel and Tourism" (wikiversity.org).

The second aspect is that there are several sectors in the touristic field and it is more difficult to distinguish individual training needs and education. But one area where the customer is in close contact with the employee (Baumol, 1985) is needed to study the relationship between employee education and quality of the product that they are promoting / creating / offering. Maxwell (2001) and Fleetwood (2002) believe that only truly qualified workforce can sustain a high level of efficiency, communication and professionalism.

Tourism qualifications required depending on the country are:

- ✓ Spain - information technology, languages (Agut and Grau, 2002);
- ✓ Turkey - foreign languages, general education (Aktas, 2001);
- ✓ Italy - HR, marketing (Formica and McCleary, 2000);
- ✓ Latin America - customer services, IT, foreign languages (Pizam, 1999);
- ✓ Romania - reservations, ticketing, sales, marketing (own).

3. Intervention factors

The literature indicates that profile trainings are important components of successful tourism in the hospitality industry, but the objectives and needs have always to be properly assessed and the corresponding action plans must be developed each touristic end-year, with vision for the next year. Regarding state institutions, Ministry of Tourism must build sustainable tourism projects and agencies in the field, for ANAT (National Agency of Tourism) should organize training and re-qualification classes in order to improve the visible results of the industry. These courses would be especially beneficial where the private sector does not deal with training employees and their specialization. Training programs should focus on developing competencies and skills that meet European standards. An important factor that can play in national agencies is to keep track of suppliers and monitoring "Training Centers", condition

where they issued diplomas and certificates necessary for employment in touristic sector. Also proper and continuous training in the workplace and is very important to keep skills up to the standards in force. Monitoring bodies should possess special skills training in the workplace to maintain their competitiveness and performance. It should be added: workshops, trainings quick character information regarding specific financing possibilities for tourism.

In this context training programs can be achieved specialized on minimum knowledge in the population, which directly contribute to increasing the number of tourists to return in a certain place. Teachers can be attached through their participation in tourism modern knowledge, transfer and business touristic management knowledge, touristic marketing and branding should not miss.

4. Conclusions

For best results must be grounded the term of human capital in tourism in order to obtain clearer results. Also economic analysis in research should have a clearer role on tourism and human capital needs to improve measurement of relevant variables and innovation in the industry, but that almost does not exist. It is that way proven that human capital is a complementary factor innovation, so soon will produce new innovation touristic sector. Creating a group to study intellectual capital could help us understand human capital needs its applicability in subsectors of tourism and forming each one a real industry. It would also differentiate the profile of the industry and would generate the needs of new training programs.

In this sense, since the competitiveness of a destination or company in the tourism sector, is increasing, it depends on the possibilities of attracting and retaining a specific segment of the demand, the human resources management plays a fundamental role in the obtaining high standards of quality and profitability, becoming therefore a basic element to achieve distinctive capabilities that allow it to differentiate itself from its competitors in the tourist market.

Raising awareness, appreciation and knowledge of national and cultural values among the local communities and visitors, public administration, NGOs, educational institutions, along with education are important components of the management process destinations in Romania.

Education in all its forms facilitates ideas exchanges awareness of behavior towards participation and accountability is possible. These actions must be started in the short and medium term and continued on.

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THEORIES USED IN NEURO-LINGUISTIC PROGRAMMING (NLP) FOR MOTIVATION

Bogdan - Alexandru FURDUESCU¹

Abstract: *Neuro-Linguistic Programming (NLP) represents all the methods, techniques, tools, procedures, theories and models used to obtain a change. It is a lifestyle oriented on the appropriate use of the way in which mind, words and reason are constructing reality, mentally operating through communication tools. It also is the combination of a „use manual” of mind and a guide of linguistic, social and emotional good practices, allowing both the control of negative moods and situations and the access to functions that can change the way in which an individual lives his life. On the other hand, the concept of motivation hides extremely different meanings from one author to another, the following definition being close to those of psychology of organizations: „the action of forces - conscious or unconscious - that determine the behavior”. On this basis and with the idea that motivation is „a process which involves the will to strive, to guide and to strongly support energy towards achieving objectives and workload, on one hand, and to effectively translate this intentional behaviour as well as possible accordingly with personal capacity, on the other hand”, we can say that the theories used in NLP for motivation constitute the decisive factor in the personal and professional development process.*

Keywords: *Transactional Analysis, motivation, Neuro-Linguistic Programming (NLP), General Semantics, theories.*

Jel Classification: *O30*

1. Introduction

Motivational theories are based on the premise that the individual is driven by the intrapsychic potentials that the manager and leader must identify and find a way to put them out. Everyone is *motivated* both starting from his own structure and from his own development. No doubt everyone needs encouragement, guidance and support. *Motivation* is a pretty capricious and changeable element that involves *movement*, and the manager, the leader and the professional context are its main factors.

2. Transactional Analysis

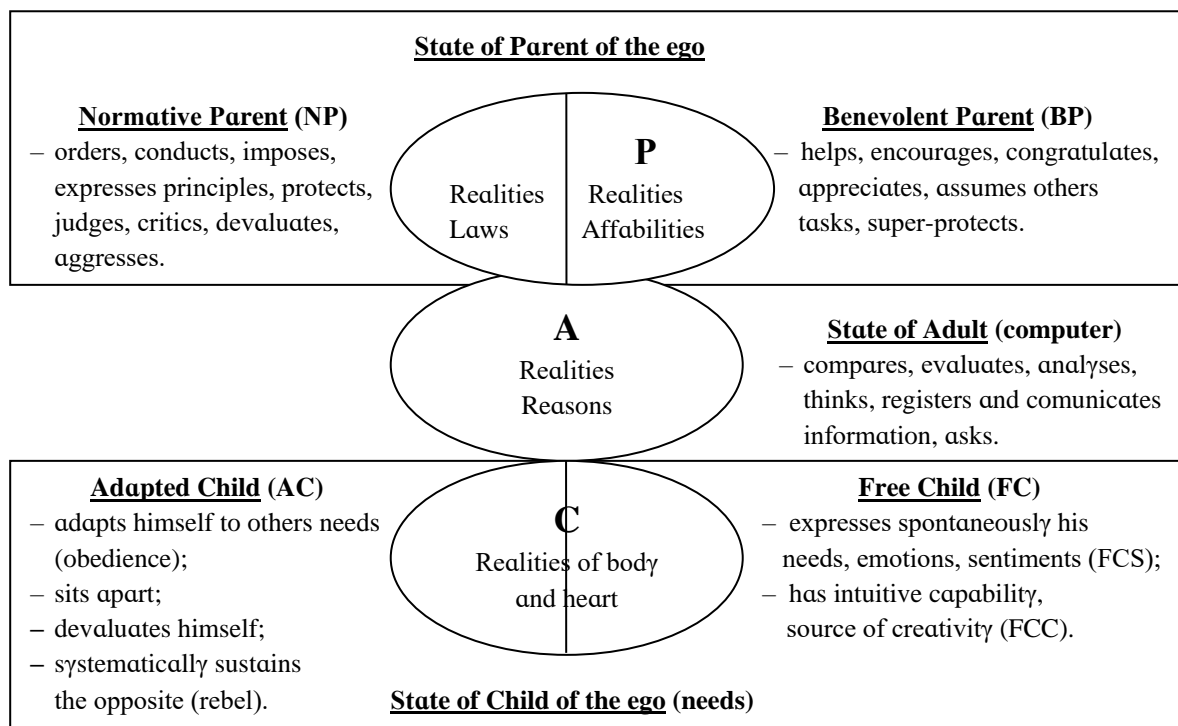
A form of *social psychology*, that contains elements of psychoanalysis and of human and cognitive psychology, invented by Eric Berne at mid twentieth century, the *Transactional Analysis* entered in the 70s in France, bringing a new approach of the personality of each of us and of relations of union with our peers, by proposing a new method for identification of behaviours, emotions and thoughts that impede the human development. Conceived as a tool for

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practicing psychotherapy, the *Transactional Analysis* experienced considerable success, turning into a personal evaluation tool and in a group evaluation tool, acquiring during their wide use wide management connotations [18, p. 406].

By synthesizing the eternal human actions associated to biological ages in his book „*Games People Play: the Psychology of Human Relation*”, Berne presents the remarkable idea that people have three different states of the ego, each one with its meaningful *appearance*, called by him: *the State of Parent* (contains and reproduces entries of values and behaviours), *the State of Adult* (adaptation of needs, desires accordingly with those of others) and *the State of Child* (needs, impulses, emotions and feelings), assigning these names to the three states accordingly with the stages of life of an individual. He noted that all states are equally important and that they simultaneously manifest to an individual. The basic principle is as follows [18, p. 403]: when two people are having a dialogue, they do this through those three states of the ego which are addressed to one of three states of others. The *motivations* are the result of the ego of each individual who knows three different states [18, p. 403]: *the state of Parent of the ego* (corresponds to social norms and schemes or to our models), *the state of Adult of the ego* (corresponds to a balance between impulses of *the state of Child* and the rules of *the state of Parent*) and *the state of Child of the ego* (corresponds to our intuitive capability and our child spontaneity, that lies within each of us).

Figure 1: Berne Model of the Transactional Analysis



Source: De Lassus R. - „*Analiza tranzactionala*”, Editura Teora, Bucuresti, 2000, p. 38-39

A state of the ego relates to a set of behaviours, thoughts and feelings associated and stimulated by a situation of life. So, in every moment of his life, the individual uses a method for reality testing, a special emotional and behavioural pattern in order to communicate and to bond. The ideal state of the ego is the one of *adult*, which supervises the answers from *the state of Child* and the *state of Parent*. The states of the ego are separated - symbolical – by a flexible border which allows to psychical energy to flow from one to another, assuring natural functioning of human mind. In order that theory to be accessible, Berne states that „*we make decisions and react based on one of these states of us, from one of the three states of the ego. Therefore, what happens to us in life depends largely on state of the ego from our actions are leaving*” [5 p. 15], naming the three states considering the stages of life of an individual and stating that they are equally important, all of them acting simultaneously.

The *Transactional Analysis* aims to identify the personal growth and development by identifying the dysfunctional *patterns*, emphasizing the states of the ego mainly used and their decontamination from foreign, unnecessary elements obtained in childhood. The pursued objectives are the *social control* and *exit from the scenario*, the *Transactional Analysis* proposing a *theory of the child development*, the concept of *script* introduced by Berne in „*the first complete presentation and still basic paper in transactional analysis*” [7, p. 330] which explains how strategies of behaviour appeared in childhood and how we continue to use them, even if they lead to dysfunctional results for the quality of our life.

Berne names the human relations „*transactions*” that generate motivational behaviours throughout the life of every individual. *Transactions* are: *complementary* (as long as *transactions* remain *complementary*, communication continues easily), *crossed* (when communication is crossed, misunderstandings appear and the way to conflict opens) and *subsequent* (this type of *transactions* must be avoided because they lead to manipulation).

Table 1: Settings of the ego

Positive	Status	Negative
Protects and counsels	NP	Included and constrained
Uses rules	BP	Devalues and sanctions
Analyses and observes	A	Cold, distant, without feelings
Learns for future	AC	He is revolting, always sustains the opposite
Understands rapidly	FCS	Confuses the dream
Sincere and funny	FCC	Incontrollable and insolent

Source: ***L'AT - „*Communication orale*”, <http://www.communicationorale.com/at.htm>

In the book „*Transactional Analysis*”, published in 1978, Stan Woollams and Michael Brown mention that „*Transactional analysis is a theory of personality, a method of psychotherapy and a theory of communication*” that „*allows generalization and achievement of a public rationality*” [13, p. 70] and that has been used in recent decades as a model with practical applications in psychotherapy, counselling, education, organizational development, being effective for solving problems related to anger management and difficulties in relationships, having as directions the following specializations recognised by the *International Transactional Analysis Association – ITAA*: *clinical* (system of psychotherapy), *educational* (used in educational environments for maintaining the clear communication and avoiding the appearance of inefficient conflicts) *organizational* (tool in management formation, communication, training, coaching and organizational analysis) and *counselling* (specialization appeared in areas as: financial, image, political, parental, family, educational, sexual etc., helping those people working in human potential development domain).

The philosophic system, which is the foundation of *Transactional Analysis*, is based on the following main concepts: „*All the people are OK, they are born with the potential of creative growth and development, they have the capability to think, they can decide on their own destiny and they can change*, by replacing the models of behaviour prescribed in the scenario of life assumed in childhood” [11 p. 15]. Berne expressed the wish that the *Transactional Analysis* be known by as many people in order to discover the inner riches, creative power, autonomy, spontaneity, genius and happiness [18, p. 406]. The main scope of development through *Transactional Analysis* is the autonomy, involving the capability to solve problems by using at maximum the resources of the *adult* of the ego. The elements composing the autonomy are: *awareness* (capability to be in the current reality), *spontaneousness* (capability to choose freely from a range of options, feelings, thoughts and behaviours), *proximity* (establishing the relationship, the bond, the connection between individuals in order to communicate) and *capability for privacy* (direct and open interaction between individuals and expressing to the other of authentic feelings and needs).

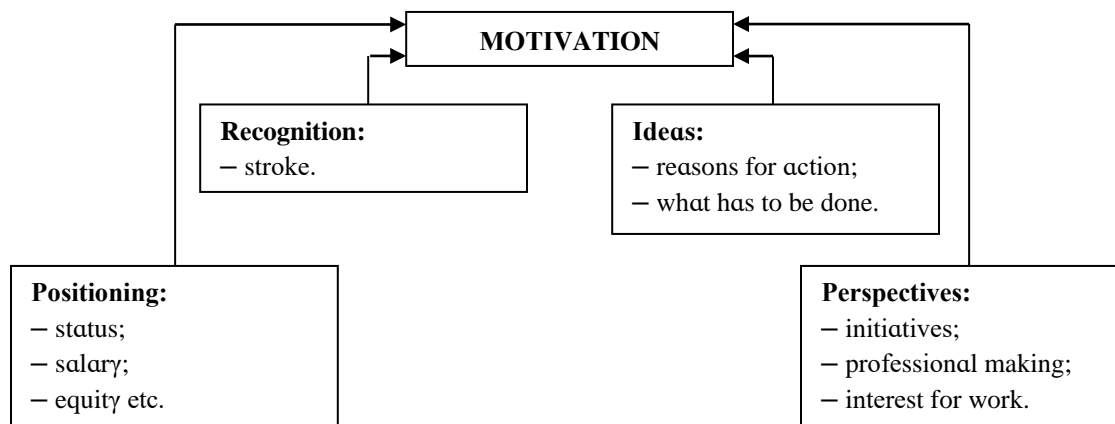
For completely capitalization of the human potential, the updating of strategies established in childhood is needed, the awareness of the fact these are only some *patterns* that hinder obtaining *autonomy* and that have to be replaced with some new ones which function and offer to the individual more options from which to choose.

The metaphor of the states that compose the ego has been undertaken and used to wide scale in NLP, though not exactly in the form used by Berne. The parts (states) are a metaphor - nobody really is *fragmented* in parts, but the idea can prove to be useful in approaching difficult

issues and decisions because people often feel teased of contradictory wishes and emotions [14, p. 391].

The main tool for *motivation* used in *Transactional Analysis* is the „*stroke*” – a unit of attention addressed to a person – used just because of its complex meaning to hit, to comfort, to recognize someone [18, p. 403]. The *stroke* is accepted with the meaning of *sign of recognition* (salute, smile, complement, criticism, insult etc.), in its absence being impossible to conceive the personal development. In conclusion, the *stroke* is not the only tool for motivation and involvement of the collaborators of managers, helping in achieving *motivation*. analysis of the *strokes* is not effective for a good management if *the pylons of motivation* are not are considered.

Figure 2: Pylons of motivation



Source: Vagu P., Stegaroiu I. - „*Motivarea in munca. De la teorie la practica*”, Editura Bibliotheca, Targoviste, 2007, p. 405

Affirming the idea that each individual has his history, influence of parts, scenario that will conduct his whole life and stimuli from the context in which he lives, Berne classifies *the strokes* into six categories, depending on their intensity and quality.

Table 2: Types of *strokes*

Type of <i>stroke</i>	Criteria of classification		Examples
	Intensity	Quality	
1. Unconditioned (+++)	Strong	Positive	– I want to do this thing with you! – Knowing your capabilities, I am convinced that you will to this thing!
2. Conditioned (++)	Medium	Positive	– I praised the efforts for accomplishing the task. – The results obtained this year are satisfactory.
3. Ritually (+)	Low	Positive	– Hello! How will be today? – Have you read of book of „X”? It’s interesting, isn’t it?

4. Clumsy (-)	Low	Negative	– I appreciate you! (in fact, I appreciate everybody) – Hello! (even if you have already saluted this person earlier)
5. Conditionated negatively (- -)	Medium	Negative	– I was expecting to something better from you! – You were wrong twice to me!
6. Unconditionated negatively (- - -)	Strong	Negative	– All you now to do is wrong! – You are not able to progress!

Source: Esnault P. N., Carée O., Muller J. L. - „*Motiver aujourd'hui, C'est possible!*”, ESF Éditeur, CEGOS, 2003, p. 152-153

The *Transactional Analysis* is an interesting method because it is accessible and effective in the training actions in an organization [18, p. 407], namely: *training of managers at all levels, staff training, introduction of transactional analysis in sciences for problem solving and creativity*.

Depending on interlocutors and circumstances, the individual changes his mood, *Transactional Analysis* identifying the states of ego and codifying them in simple words, becoming thus an evaluation and communication tool which allows the use of a *script* of life, *motivational* behaviours that result from various combinations of the states of ego. Knowing the strokes is of particular importance for managers, from several viewpoints [18, p. 407-408]:

- *Application of stroke in a brutal manner (the unconditioned negatively stroke)* - creates a feeling of unrecognising, ignoring that everyone has something good in him. This is a destructive strategy that generates from the apostrophized individual indifference or suicide attempts, accidents at work, alcoholism, repeated failures, systematic rebellion etc.
- *Application of stroke in a more subtle manner (the conditioned negatively stroke)* - each of us knows someone who has less desire to succeed, and he fails to get result of his actions. Beliefs or representations of the world, related to the received strokes, determine the repeated failures and encountered obstacles.
- *Vigilance, from managers, not to reinforce these types of behaviour by applying negative stroke* because they will turn against the interests of the organization and even to themselves. In case of adverse situations, it is recommended that *strokes* to take the form of advices to improve the critical situation. It is suggested speak about the significant facts using the „*Present Perfect*” time in order to highlight the recommendations. A comparison over time of the „*transactions*” is necessary because the recommendations must take into account also the evolution in time of motivational behaviours of individuals.

Generally, all individuals are skilled both in giving/receiving *positive strokes* and in guarding themselves against the *negative* ones. But the bad experiences of the past, the criteria

sometimes rigid of the received education, the dramatic or catastrophic events and the professional context shape our natural skills in order to circulate with fluidity the signs of gratitude [9 p. 154].

3. Motivation by values

Although „*the concept of motivation hides very different meanings from one author to another*” [8 p. 10], I will present some of the many definitions of *motivation to work* regarded by experts as the most important:

- „*it is the process of self-determination or to determine others to do an activity in order to achieve personal or organizational objectives*” [10, p. 69];
- „*it is a process that involves the will to strive, to guide and to strongly support energy towards achieving objectives and workload, on one hand, and to effectively translate this intentional behaviour as well as possible accordingly with personal capacity, on the other hand*” [17 p. 74-75];
- „*it is a set of energy forces coming from inside the human being and from the environment in order to raise work-related behaviour and to determine its shape, direction, intensity and duration*” [15, p. 8];
- „*it is the way in which the behaviour is triggered, stimulated, supported, directed, stopped and what time of subjective reaction is present in the organization, the time when all these occur*” [16, p. 7].

Motivation should not be confused with *mobilization*; the first is an internal and individual phenomenon, while the second is an external and collective process, a process to support an action that makes possible the collection and stimulation of energies. If it said that it is difficult to *mobilize* individuals, it must be recognized also the fact that it is a particularly difficult to *motivate* them [18, p. 2. 3].

Motivation to work was a subject of study for many specialists in management theory and practice [18, p. 24-25]:

- Frederick Taylor was convinced that the *motivation* is due to a rudimentary financial interest or results in satisfaction born of the simple fact that the individuals did good work. It is known that the methods proposed by the representatives of scientific management were far to stimulate and *motivate* the workers and triggered hostility and criticism.
- George Mayo, who led - in the late 20s and early 30s - experiments at the Hawthorne plant in Illinois, proposed a new philosophy of work relations. These experiments

have concluded that individuals adopt a desired behaviour solely in accordance with expectations in a given situation. a historic turning point in human resource management, the experiments revealed the sources of satisfaction or dissatisfaction of the individual at work. These studies allowed identifying the social factors that create value and determine the components of *motivation: attention paid to work, moral stimulation of workers, raising awareness of workers for work, environment of the individual to prove his ability, teamwork and harmonizing the unofficial, informal relations of people.*

- Abraham Maslow and Frederick Herzberg proposed the models of *motivation* based on the analysis of needs that people try to satisfy through work. The two insisted not only on the idea of the relationship between individual efforts and material rewards, but also on the fact that work offers the possibility of deploying a professional activity whose social dimensions are important.

- Douglas McGregor and Rensis Likert insisted on the behaviour of individuals as a combination of two extremes - Theory X and Theory Y - and „*they stigmatized a pessimistic view of human nature that people are by nature indolent and without ambition and they defended a more optimistic and generous view that individuals are prepared to mobilize from the moment they are given responsibilities*” [12 p. 16-17].

- Researches from the 60s were more focused and complete. They studied *motivation to work* not only as a state but as a process that is done in time and is continually changing. *Motivation* theories have emphasized the need to find a flexible model to know the specific indications of various strategies of stimulation depending on the specifics of each situation. Diversity becomes a rule the economic world, where working conditions, enterprises structure, role of services, meaning of work are changing profoundly. The status and work culture of meet unprecedented changes. and in these circumstances, *motivation* theories must connect to these requirements.

Experimental research and analysis of the theories of Maslow, Herzberg, McGregor and Likert revealed the following [12, p. 18-19]:

- theories are considered insufficient to take into account the complex reality, are even partially wrong; hence the need to distinguish between *generous* and *seductive* ideas and the objective evidence of their validity;
- it was researched the possibility of imposing a normative model or defining an universal style of management and it was concluded that it is impossible to find a method of *motivation* which can apply to all individuals, to all organizations, in all situations and in all

cultures, and that is failure risk when borrowing a method, without reflection, but simply that succeeded elsewhere;

- the first efforts for reporting the factors of *motivation to work* are inspired from experiments conducted in organizational psychology for analyzing the *motivations*, of animal behavioural and, more specifically, for determining the exact needs that push an animal to act in a certain way and not remain inactive; it was assumed that there is a simple relationship, from cause and effect, between the effort consented by the human to work and the need or needs that this effort could meet.

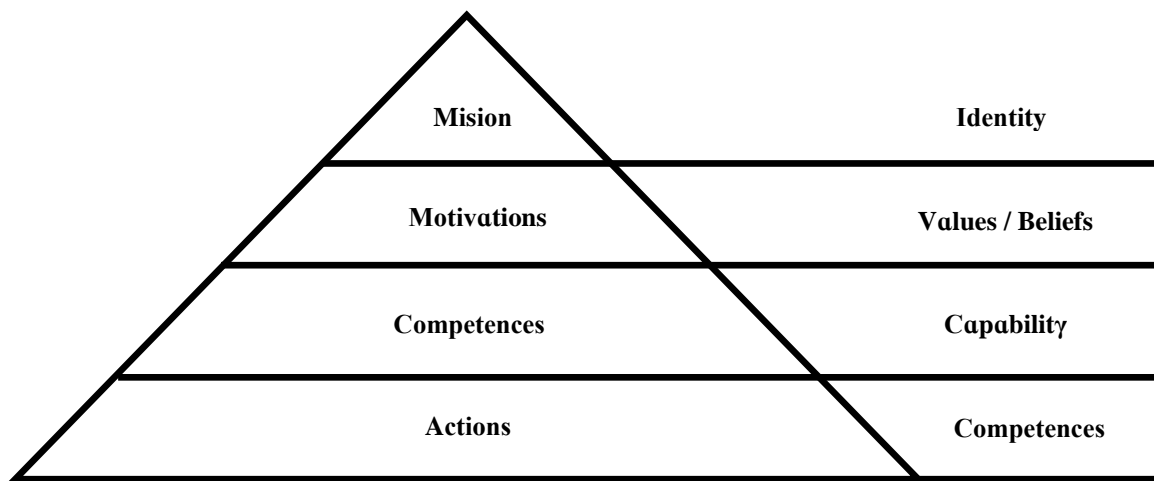
The term of *motivation* was imposed during the twentieth century, becoming an object of study for management. According to areas where it is addressed, the concept of *motivation* took different meanings [12, p. 14]: in *economy* (it means all the factors that determine the behaviour of the economic agent) and in *consumption domain* (it refers to psychological factors that explain the act of sale of a product, its prescription or refusal).

If the classical theories of *motivation* assumed that *motivation* is triggered by external daily and close factors, *motivation by values* takes into account the behaviour of individual triggered by his capability to identify with the organization [18, p. 413], passing from the necessity of *motivation* to even the one of attachment and even passion, existing individuals who are able to contradict the principles of the pyramid classification of needs from Maslow's theory. This mood is reflected in organizations where, instead of targeting the security and success, they prefer to take risks to achieve a dream, to develop a team with its ideas and values, to renew a saturated market, to gain recognition and more money, to perform work that improves environmental quality etc.

The reasoning of *motivation by values* is as follows [9 p. 162-163]: there are teams which, in the first phase of setting up a business, a website, invest beyond their basic needs, transcend to produce a joint work. The same teams are showing signs of weaker commitment when their approach reaches a cruising regime. Everything happens as Maslow's pyramid would reverse. Meeting the needs of accomplishment and achievement overcomes physiological needs and security needs [18, p. 413].

Robert Dilts' and Gregory Bateson' theory on *motivation by values* is – from the vision of the relationship between identity, values, beliefs, capability, behaviour and environment – a new point of view. Bateson's thinking style and distinctions that he made have deeply influenced Richard Bandler' and John Grinder' approach on communication capabilities and how they can be imitated [14, p. 392]. Drawing on ideas from Palo alto school, Dilts and Bateson presented the results of their research as a *pyramid* explaining the relationships mentioned above.

Figure 3: Dilts - Bateson Pyramid



Source: Esnault P. N., Carée O., Muller J. L. - „*Motiver aujourd'hui, C'est possible!*”, ESF Éditeur, CEGOS, 2003, p. 163]

The model of *motivation by values* enables the managers to better understand the specificities of each of his employees and to anticipate their behaviours and attitudes. In fact, the teamwork is very much emphasized, highlighting the advantages of this way of organizing the work, both for the individual and for the organization [18, p. 414-415]: *developing trust, reciprocity and solidarity, instilling positive attitudes at work from irresponsibility to co-responsibility, personal involvement in solving the problems of the others instead of doing his work, management of competences and acquisition of effectiveness.*

Moreover, the *motivation by values* model helps to ensure consistency of values, rites, rules of the game and concrete practices within the organization [18, p. 415]. This model operates with the following elements [9 p. 164-165]:

- *Environment* or, in other words, *the context in which the organization evaluates the set of data and external constraints that it faces. The environment encompasses everything: places, spaces, climate, political situations, ambience, families, interpersonal relationships and individuals*, however putting its mark on human behaviour.
- *Behaviour* or, in other words, *all the activities carried out by the individual at a time. Behaviour integrates all verbal and non-verbal signs sent, conscious or not, because we do not control our behaviour completely.*
- *Capabilities* or *latent mental and physical skills* that can be used according to circumstances (a base of resources that provides finding of behavioural answers adapted to the environment). *Capabilities* concern, on the one hand, physiology and biology, and on the other hand, history and learning.

- *Values and beliefs* that specifically define any individual: „*what is right*” and „*what is not right*”. Even if life in society produces *shared values and beliefs*, they are different for each individual. a mission in conformance with these *values and beliefs* will benefit from a strong *motivation*, otherwise the mission will be unsuccessful, even if is absolutely necessary. „*The values and beliefs are subjective. They determine every moment of life. Most often they are unconscious and evolve throughout our existence*” [18, p. 416].
- *Identity* that constitutes the fundamental values of the individual. This is the result of continuous interaction of the individual with the *environment*.

In conclusion, „*the Dilts - Bateson pyramid has particular relevance to management practice, as the organization lives in an environment in which its members operate. any organization has an identity (social object, operating rules, a leader and appropriate staff on the one hand, and the values, beliefs, capacities, on the other hand). The organization values, under certain conditions, strongly influence the motivation of employees and their professional behaviours. Transparency of values is very important for the image of the company. The successful organizations due their success also to the fact that they managed to effectively communicate so that employees are attracted and share the values of the organization. For these reasons they have become in time a criterion for recruitment. Sharing values allows an organization, firstly, to have motivated employees and, secondly, to have more coherence between the teams, a better synergy and greater productivity. The enthusiasm of employees and the coherence of external communication of the organization generate, finally, the creation of a strong image of the organization on markets*” [18, p. 416].

3. General Semantics

Angela Bidu-Vranceanu, author of the „*Dictionar de stiinte ale limbii*” lexicon, published in 2005, states that this discipline „*investigates the impact of the meaning of words on concepts, attitudes and feelings that people adopt*”. Therefore, *General Semantics* recognizes and highlights the extremely powerful impact of words on each of us [4, p. 129].

General Semantics was formulated and substantiated as discipline by Alfred Korzybski in the book „*Science and Sanity: lim-Aristotelian Non Introduction to Systems and General Semantics*” published in 1953. Its advantages include: *a more tolerant attitude, more realistic more realistic hopes, less unexpected surprises and higher predictability in relationships with others*.

As follows there are presented some of the formulations, moreover incomplete, of *General Semantics* [4, p. 129-130]:

- *We are living in a continuously changing world and full of uncertainties. Our experiences and knowledge are limited. Our lives intersect with each other and react often in conflict. Realizing this, we can say that we already did a step towards a healthier life.*
- *When you interact with an object, a person or an event, we form our specific images and we create our specific symbols. Our brain forms these images and symbols thought the representation of the outside world, where most part of information is filtered. Therefore, the selected information represents a summary of interaction.*
- *Different people select, summarize the information in a different ways - in other words, "they draw" different maps of the same territory.*
- *awareness of this selection process represents the key for the growth of our potential as human beings.*
- *The symbols we create and the words we use do not represent the given object or situation, with all its infinite characteristics.*
- *Many of our differences appear when we act as if we have all the information about anyone and anything.*
- *Never two objects or two events are identical, but we consider them so for the ease of understanding. Treating them as if they are identical, thus ignoring the differences between them, the results can be misunderstandings, conflicts and even tragedies.*
- *We often confuse our symbols and models with what they represent. It must be remembered that "the map" is not the territory, and the words are not the things themselves. These symbols were created by us.*

General Semantics provides a methodology that helps at differentiation and simultaneous integration of four different worlds: *the outer world* (which is in an eternal process of change), *the inner world* (our nervous system and our senses, with which we partly interact with *the outer world*), *the world which is not made up of words* (non-verbal communication through movements, signs and manifestation of emotions with the world around us, that we can see, hear, taste, smell and touch) and *the world of words* (communication by words used not only in everyday life but also in relationships within an organization, words and grammar making possible both the communication and the development of human intellect).

It is said that, although *General Semantics* probably involves a more intensified level of theorization, ultimately it proves to be a pragmatic, authentic and rooted in reality discipline because it is trying to offer practical solutions appropriate to different conflict situations arising from the use of some incomplete or unsatisfactory words or from a language inappropriate to the interlocutor's level.

The premises from which Korzybski started in creating the new system can be represented by the following analogy [4, p. 131]:

- *the „map” is not the territory*, in other words, *the „map” (the language) is not the mapped thing (experience)* [14, p. 389];
- *a „map” does not represent the whole territory*;
- *a map is self-reflexive, meaning that an ideal „map” should include forever a „map” of „map”*.

Formulating these fundamental non-aristotelian premises, it was found that our usual reactions follow the way of the subconscious assumptions of the old systems, which often violate the first two premises and completely ignore the third.

Korzybski's conclusion drawn is that *„[...] experience shows that when the methods of General Semantics are applied, the results are usually good, regardless of field of activity - law, medicine, business, etc. - or where they are applied - in the family, at national or international level. If these methods are only discussed and they are not applied, the results are zero”*.

The spirit of Korzybski's work was continued by George Lakoff and Johnson Mark, who developed the idea that any kind of language is based on metaphors. The literal analysis of the language metaphors opens some new fascinating perspectives about how we think and understand the world and thus what we are able to do. NLP often literally analyses the language in order to give a hint about the thought process behind it [14, p. 390].

Conclusions

The current development of organizational structures and cultures and the future one toward which organizations are tending raise special problems to which the existing theoretical models have not yet given precise answers. The scientific research on the relationship between employees, the workplace and what animates them in fulfilling their official tasks still have an individual approach. It appears the issue of integration of work activities designed to stimulate *motivation*, which is not an easy task as it requires the capability to regulate in a clear manner the individual performance indicators of the objectives of a department, even of an organization [18 p. 528]. All these issues pose challenges for theoretical and experimental research whose solution will increase efficiency of *motivation to work* not only put at the service of the individual but also of the organization.

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POWERING DIGITAL COMPETENCE

Carmen SĂVULESCU¹

Abstract. *The modern society is based on the broad use of digital technologies. The social and economic progress of society is highly interconnected to the digital world. The paper presents an analysis on digital skills in information, communication, problem-solving, content-creation of the EU population. It is highlighted the necessity to develop the digital competences in all the EU countries, and especially in Romania by smart education.*

Keywords: *digital competence, digital skills, analysis, smart education*

JEL Classification: *O30, Q55*

1. Introduction

In a digital world, the digital competences represent a “must”.

The European Union has proposed a clear programme, Digital Agenda 2020 and it is achieving various activities and projects such as DIGCOMP, New Skills Agenda for Europe.

In the field literature, Krumsvik (2008) highlights the digital competence, while Bawden (2001), Eshet-Alkalai (2004) emphasise the digital literacy, Oliver and Towers (2000), Reed et al. (2005) focus on computer literacy, and other specialists refer to e-skills.

In 2006, the European Parliament and the European Council issued a recommendation, providing a European Reference Framework on Key competences for Lifelong learning.

2. Digital Competences in the European Union

For the time being, according to statistics, millions of Europeans are lacking adequate digital skills.

The European Commission presented its New Skills Agenda for Europe in Brussels on 10 June 2016, aiming “to assist the European Union Member States in view to endow people with better skills”.

On the other hand, highly skilled young people are employed in areas that do not match their qualifications and talents. 40% of European employers report that it is hard to find people with right skills in view to develop and innovate.

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Summarizing the challenge of Europe, the Vice President of the European Commission, Jyrki Katainen asserted: “Our new Skills Agenda aims both to make sure that no one is left behind, and that Europe nurtures the high-end skills that drive competitiveness and innovation”.

To hold digital competences signifies to hold a series of skills, ranging from search of data, information, transmission of online messages to creation of digital content, such as accomplishing applications, codification etc.

At the European level, in all sectors of the economic and social life, there are vacant jobs due to the lack of persons holding digital competences. According to the estimations, in 2020, almost 750,000 jobs in the ICT sector will not be occupied due to the lack of persons with digital competences.

This situation is present in the context of an unemployment rate of 20% for the youth aged between 15 and 24 in the EU.

The European Commission, Member States, companies, social partners, NGOs, providers of educational services have launched the Coalition for competences and jobs in ICT sector on 1 December 2016.

3. Analysis of digital skills of the EU population

Based on the data from the Digital Scoreboard 2016, we shall analyse the digital competence of the EU population.

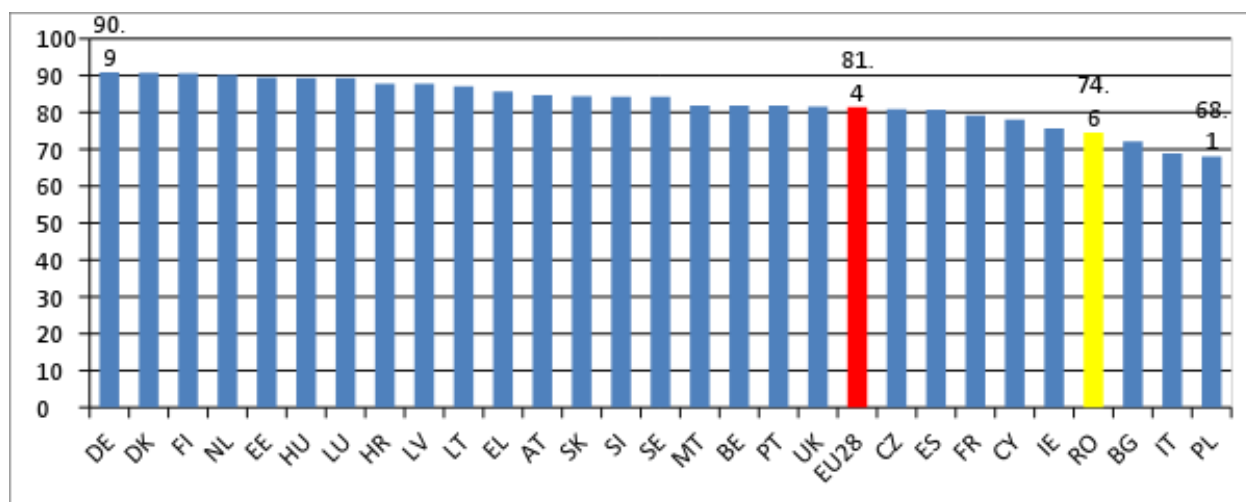
3.1. Digital information skills in the EU

Information skills refer to the capability “to identify, retrieve, store, organise and analyse digital information, assessing its relevance and aims” (EC, 2006). “The scores are basic, above basic and none. Individuals not using internet are classified without digital skills” (Digital Scoreboard 2016).

Table 1. Percentage of internet users with information skills above level, EU, 2015

Country	%	Country	%	Country	%
DE	90.9	EL	85.6	CZ	80.9
DK	90.7	AT	84.7	ES	80.8
FI	90.6	SK	84.4	FR	79.2
NL	90.2	SI	84.3	CY	78.1
EE	89.5	SE	84.2	IE	75.6
HU	89.4	MT	81.9	RO	74.6
LU	89.3	BE	81.8	BG	72.1
HR	87.8	PT	81.8	IT	68.9
LV	87.8	UK	81.6	PL	68.1
LT	87.1	EU28	81.4		

Figure 1. Percentage of internet users with information skills above level, EU, 2015



Source: the author, based on data from Digital Scoreboard 2016

We remark that the top countries are Germany (90.9%), Denmark (90.7%), Finland (90.6%), the Netherlands (90.2%) while at the other extreme we find countries such as Bulgaria (72.1%), Italy (68.9%) and Poland (68.1%). Romania has a score of 74.6%, thus being necessary to improve this area (Figure 1).

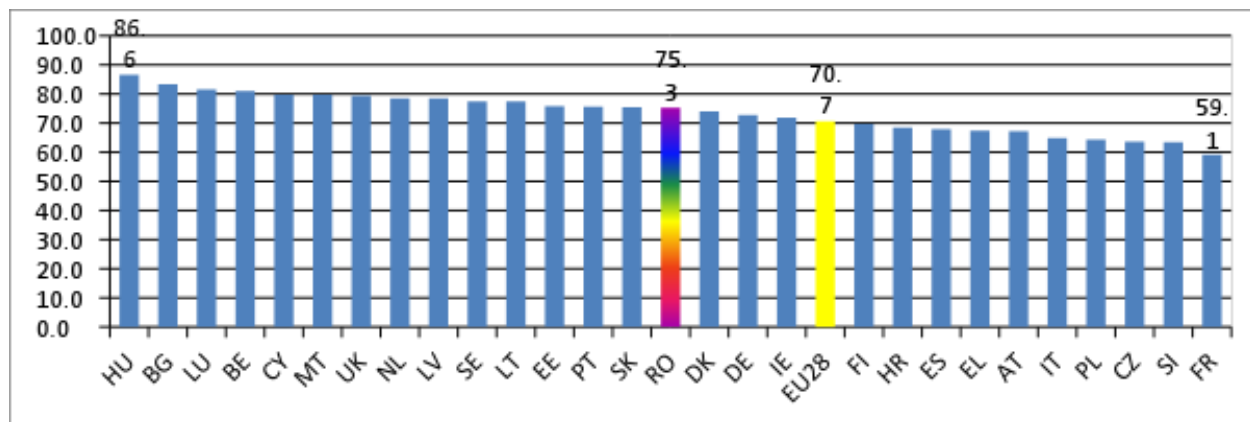
3.2. Digital communication skills in the EU

These skills refer to “the ability to communicate in digital environments, share resources through online instruments, link and cooperate by digital instruments, interact, involve in communities and networks, cross-cultural awareness” (EC, 2006).

Table 2. Percentage of internet users with communication skills above level, EU, 2015

Country	%	Country	%	Country	%
HU	86.6	LT	77.4	HR	68.5
BG	83.4	EE	75.8	ES	68.0
LU	81.6	PT	75.6	EL	67.4
BE	81.1	SK	75.6	AT	67.1
CY	79.8	RO	75.3	IT	64.8
MT	79.7	DK	74.1	PL	64.4
UK	79.4	DE	72.8	CZ	63.6
NL	78.6	IE	71.9	SI	63.5
LV	78.5	EU28	70.7	FR	59.1
SE	77.4	FI	69.7		

Figure 2. Percentage of internet users with communication skills above level, EU, 2015



Source: the author, based on data from Digital Scoreboard 2016

According to Figure 2, we remark that Romania is ranked above the EU 28 average, holding 75.3%, thus revealing a strong ability to communicate online. The top performer is Hungary with 86.6% and the low performer is France with 59.1%

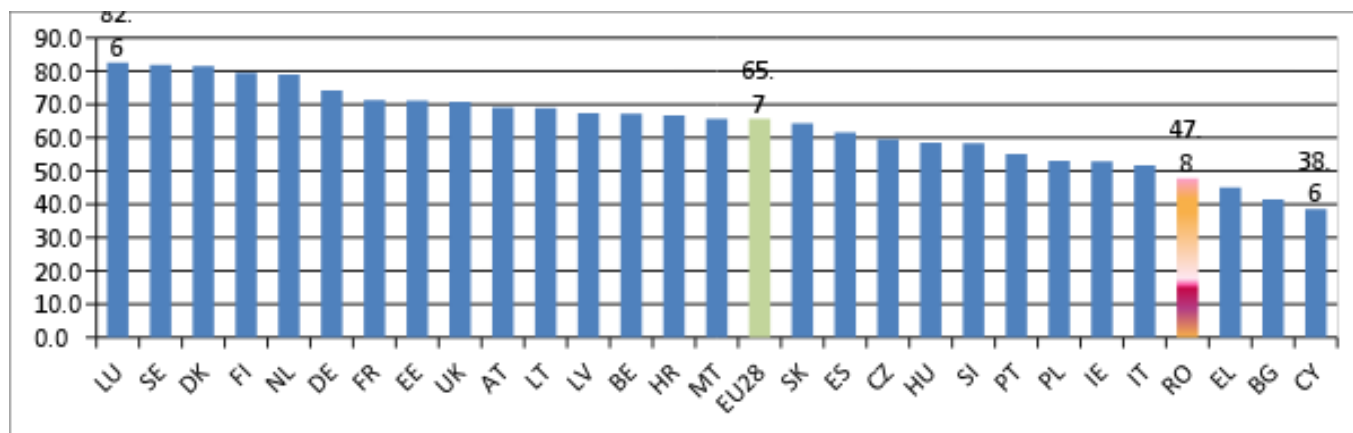
3.3. Digital skills in content - creation in the EU

Content - creation refers to “the ability to create and edit new content (from word processing to images and video); to integrate and re-elaborate previous knowledge and content; to produce creative expressions, media outputs and programming; to deal with and apply intellectual property rights and patents” (EC, 2006).

Table 3. Percentage of internet users with skills in content creation, above level, EU, 2015

Country	%	Country	%	Country	Rate
LU	82.6	LT	68.9	SI	58.3
SE	81.9	LV	67.3	PT	55.1
DK	81.5	BE	67.1	PL	53.1
FI	79.6	HR	66.7	IE	52.9
NL	79.0	MT	65.7	IT	51.7
DE	74.3	EU28	65.7	RO	47.8
FR	71.3	SK	64.3	EL	45.1
EE	71.1	ES	61.6	BG	41.5
UK	70.8	CZ	59.6	CY	38.6
AT	69.1	HU	58.5		

Figure 3. Percentage of internet users with skills in content creation, above level, EU, 2015



Source: the author, based on data from Digital Scoreboard 2016

It is worth to note that the top performers are Luxembourg (82.6%), Sweden (81.9%), Denmark (81.5%), Finland (79.6%), while Greece (45.1%), Bulgaria (41.5%), Cyprus (38.6%) are the weakest performers (Figure 3).

Romania is also ranked among the weakest (47.8%) but it is a country with chances of improvement.

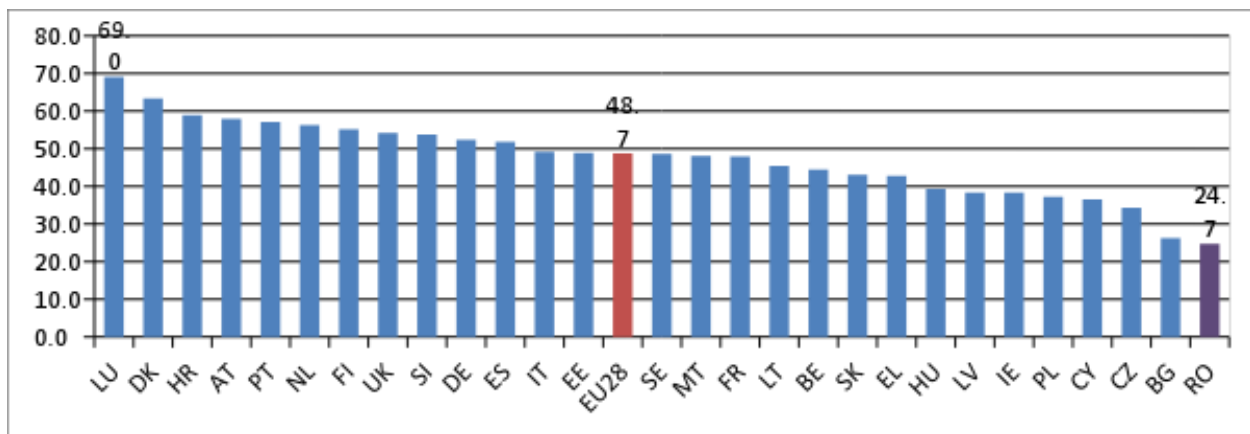
3.4 Digital skills in problem – solving in the EU

Problem – solving refers to “the ability to identify digital needs and resources, to make informed decisions on most appropriate digital tools according to the purpose or need, to solve conceptual problems through digital means, to creatively use technologies, to solve technical problems, to update own and other’s competence” (EC, 2006).

Table 4. Percentage of internet users with skills in problem solving, above level, EU, 2015

Country	%	Country	%	Country	%
LU	69.0	ES	51.9	EL	42.8
DK	63.3	IT	49.2	HU	39.4
HR	58.9	EE	48.9	LV	38.4
AT	58.0	EU28	48.7	IE	38.4
PT	57.1	SE	48.7	PL	37.2
NL	56.3	MT	48.1	CY	36.6
FI	55.2	FR	47.9	CZ	34.3
UK	54.2	LT	45.5	BG	26.3
SI	53.8	BE	44.4	RO	24.7
DE	52.4	SK	43.1		

Figure 4. Percentage of internet users with skills in problem solving, above level, EU, 2015



Source: the author, based on data from Digital Scoreboard 2016

According to Figure 4, the countries are ranked in a wide range from 69% (Luxembourg) to 24.7% (Romania).

We note that Romania is the last performer in this category. Why? A main reason refers to the whole education and training system. It is necessary a smart education and training system, based on critical thinking and problem-solving, on inspiring to be creative and innovative, on a reflective attitude.

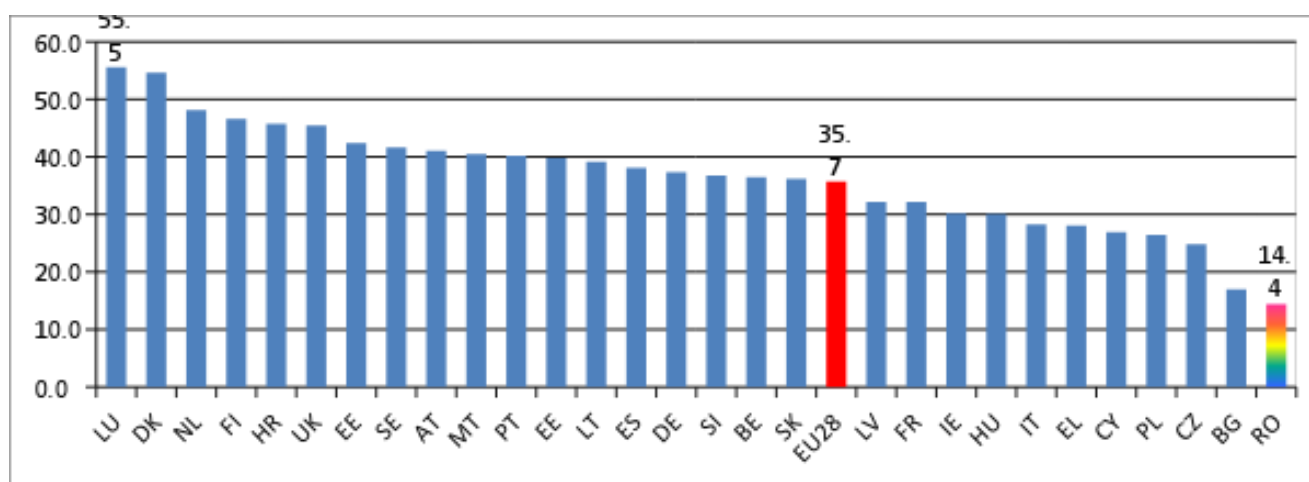
3.5 Digital skills indicator

Based on the data from Digital Scoreboard 2016, we analyse the digital skills indicator for the EU population.

Table 5. Digital Skills Indicator (internet users) with above basic level

Country	%	Country	%	Country	%
LU	55.5	EE	39.8	IE	30.2
DK	54.6	LT	39.2	HU	30.1
NL	48.1	ES	38.1	IT	28.3
FI	46.6	DE	37.3	EL	28.0
HR	45.8	SI	36.8	CY	26.9
UK	45.5	BE	36.4	PL	26.5
SE	41.6	SK	36.2	CZ	24.8
AT	41.0	EU28	35.7	BG	16.9
MT	40.5	LV	32.2	RO	14.4
PT	40.2	FR	32.2		

Figure 5. Digital Skills Indicator (internet users) with above basic level



Source: the author, based on data from Digital Scoreboard 2016

The results in Figure 5 show that there is a wide range between the best and lowest performing countries, from 55.5% to 14.4%. Unfortunately, Romania is the last ranked (14.4%) while the top performers are Luxembourg (55.5%) and the Nordic countries, respectively Denmark (54.6%), the Netherlands (48.1%) and Finland (46.6%).

Conclusions

The paper describes the competences needed in order to be proficient in the digital world.

The paper shows that the percentages of information and communication skills are higher than the percentages of content-creation and problem-solving skills in all the European Union countries.

The current analysis highlights the necessity for effective and relevant education and training policies, programmes, especially in the countries with low values.

It is also imperious to accomplish a comprehensive evaluation of future skills and labour market needs.

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FINANCING OF NON-GOVERNMENTAL ORGANISATIONS. CASE OF ROMANIA

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Abstract. *The world of Non-Governmental Organisations is evolving. Taking into consideration their diversified nature, the size of the actors, the issues dealt and the complexity of the problems they are trying to solve, NGOs can no longer be managed as in the past.*

This paper aims to identify and present the NGOs financing instruments and mechanisms in Romania. The research method is qualitative, including information collected from legislation, reports, documents and field literature in the area of non-governmental organisations.

Keywords: *non-governmental organization, funding, Romania*

JEL Classification: *L30, L31*

1. Introduction

Nonprofit non-governmental organisations need funds in view to ensure their operation and the fulfilment of their initial mission.

Funding represents the process by which the non-profit non-governmental organisation provides the resources needed to carry out its activities. It can also be seen as a way of showing philanthropy in support of the associative sector.

Self-financing is a fairly new concept, which involves financing the non-governmental non-profit sector through its own activities, which means provision of services. It increases the financial independence of the sector, but also presents certain risks related to the observance of the ethical requirements and ensuring the transparency of its activities. Sources of income come from members' contributions, renting space and equipment, fees from the sale of goods and services (Pacesila, 2016:89).

Co-financing is an eligibility condition imposed by external funders, according to which a project cannot be financed unless a certain percentage of its value is supported by the funded organization (Pacesila, 2016:89).

In order to raise funds, organizations are involved in fundraising activities, identifying different models and procedures for obtaining funding. Fundraising is the art of convincing others that the work of a non-profit non-governmental organisation is important to the community, to give them the opportunity to contribute to the development of the organization.

It is an original and creative process that identifies the supporters of the organization, the

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people who believe in its mission and who wish to participate in the fulfilment of its goals (Beudean, 2013:46).

Non-governmental organisations can create and administer two categories of funds: restricted funds (donations, grants etc.) used for donor's specific purposes and non-restrictive funds (donations, incomes from economic activities etc.), thus offering a high degree of flexibility in choosing programs or funding directions.

In Romania, the third sector is a sector under development, and the activities in this field are strongly influenced by the European Union's intervention (in terms of the obligations assumed by the respective states and existing funding mechanisms). The level of local philanthropy is lower. Governments are either trying to control or to completely neglect NGOs. Subsidies and grants represent the predominantly funds (FCSD, 2007:33).

In Romania, for example, the existing government institutions are concerned with preserving employment and income for public employees, and often feel threaten by the competition from non-governmental organizations providing social services.

The areas of activity that have concentrated the largest number of non-governmental organizations in the last 10 years are: social / charitable (22.5%), sports (18.2%), professional (12.2%), %, education (11,5%) and culture (11%) (Barna, 2014).

2. Funding mechanisms of nongovernmental organization in Romania

In the 1990's several laws were enacted in Romania which reflect the new approach of the State towards the third sector and towards the position of NGOs in the society (Radost, 2001).

The legal framework for funding the non-governmental sector is regulated by Law no. 32/1994 on sponsorship and Law no. 350/2005 on the regime of non-reimbursable grants from public funds allocated to non-profit activities of general interest. The legislation in force provides for the possibility of direct funding of NGOs by the state (Radost, 2001).

Romanian legislation on non-profit revenue is generally well structured and respects good practice in the field: main sources of income for the non-profit sector are exempted from tax. In addition, in Romania, as in several Central Eastern European countries, there is a provision allowing individual taxpayers to direct up to 2% of income tax to a non-profit entity. Contributions made in the form of sponsorship, also benefit from a favourable fiscal treatment through a fiscal credit within the limit of 0.3% of the turnover but not more than 20% of the tax owed (FCSD, 2012:33).

Regarding the financing mechanisms of NGOs from public funds, through direct contribution, Romania has opted at the national level, mainly for the granting of the following types: 1. Grants from public funds, either as grants from the national budget (legal basis: Law 350/2005 on the regime of non-reimbursable grants from public funds allocated to non-profit activities of general interest and other specific normative acts) or as grants from the European funds; 2. Subsidies from the state budget - at central level (legal basis: Law no. 34/1998 on social services); 3. Allocation of 2% of the tax by individuals; 4. Sponsorship.

During 2010-2015 there is an increase in total income of NGOs. Compared to the data for previous years, we can say that the non-government sector revenue has been steadily increasing since 2000. Total revenues of Romania NGOs in 2015 were about 11.2 billion, up from previous years (FCSD, 2016).

Table 1. The evolution of total incomes and expenses of NGOs during 2010-2015

	2010	2011	2012	2013	2014	2015
Total incomes	5.674.974	7.025.410	7.742.043	9.021.471	9.402.044	11.291.064
Total expenses	5.200.882	6.554.748	7.448.099	8.434.068	9.009.768	10.712.594

Source: FCSD, 2016

On average, in 2015 an organization earned a total income of 264,384 lei, up 22.55% over 2010, but 75% of the organizations earned revenues below 84,488 lei (FCSD, 2016:36).

The nongovernmental sector is also characterized by a relatively high concentration of revenues. In 2015, 7.9% of NGOs (3,381 organizations) accounted for 82% of the total revenue in the sector. Compared with previous year's data, we consider that this characteristic of the sector is almost identical: in 2008, 7.46% of the organizations accounted for 82.11% of the total revenues of the sector (FCSD, 2016:36).

In 2015, only 15% of NGOs have earned more than 200,000 lei, and 20% of the organizations have earned between 40,000 and 200,000 lei. The broad majority of organizations (65%) either did not earn any income or have received modest incomes lower than 40,000 lei, which shows that the sector is still in a situation of low and very small financial resources, which limits their ability to act. The sample of distribution is similar to that of previous years. The tendency remains, with only a slight improvement in the financial situation - in 2010, 65.70% of the organizations either did not have any income nor had incomes lower than 40,000 lei (FCSD, 2016:36).

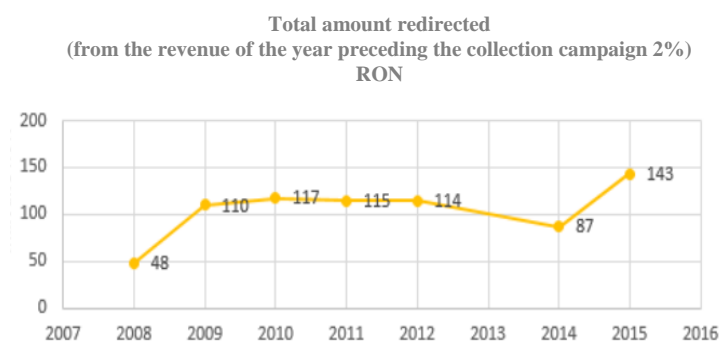
Non-reimbursable funding provided by specialized institutions (funding bodies or institutions, public authorities, foundations, international organizations etc.) is also exempt from income tax. Over the past five years, we witness a diversification of the non-profit organizations' revenue sources, the objective of the tax rate of 2% playing a major role. Since 2009, through the

2% mechanism, over 342 million lei have been mobilized, with an average of one and a half million taxpayers per year accounting for around 20% of individual taxpayers.

Every individual has the right to direct 2% of income tax to an association, foundation or non-governmental organization. Targeting this percentage can be done between January and May by completing a simple form by any employee (Form 230), but also by people who have income from other sources (Form 200). These forms have to be submitted to local financial administrations, and the income from these forms will be charged to the NGO's account only at the beginning of the next year.

The mechanism for redirecting 2% of income tax refers to the direct funding of non-governmental organizations by taxpayers, individuals who want to get involved in supporting social causes.

In Romania, the 1% mechanism subsequently transformed into 2% arose in 2003 due to the need to find new ways of financing the non-governmental sector. That amount is a part of the state budget that is transferred to the sector by the citizen.



Source: Ministry for Public Consultation and Civic Dialogue, 2016

The sources of funding for youth organizations are diverse and particularly relevant to the size of the organization. One of the main sources of youth organizations is the membership fee and the funding from the local and central authorities (County, Sports and Youth, Ministry of Youth and Sports). For large organizations working for young people, funding comes mainly from the European funded projects or sponsorships from companies as well as from organizing fundraising events. The creation of social economy structures represents another form of financing the activities (Funding Mechanisms for NGOs Romania, 2016).

The funding mechanisms of non-governmental organisations from Romania are as follows:

1. Members' Fees. In Romania there are organizations that, in order to recognize membership, require members a regular fee, either monthly or annually. This fee differs for each

NGO, but certainly it is a source of income. These are known as subscriptions (Funding Mechanisms for NGOs Romania, 2016).

Certain non-governmental organisations require a regular, monthly or yearly contribution, depending on the stability provided in the statute or the subsequent decisions taken by management. It is the most viable and democratic method of fundraising.

Membership fees mean recognizing their belonging to the organization and create lasting connections, based on mutual satisfaction. Although their amount differs from one organization to another, it is an important source of income (Pacesila, 2016:120).

In Romania the membership fee is a non-lucrative income, with a yearly donation of members to the organization.

In determining the contribution, the organisation must take into account the following (Pacesila, 2016:120):

- to establish clear and tangible benefits for each category of members;
- dividing members by category, depending on primary benefits, income, age, etc.
- requesting contributions from the organization;
- announcement of how contributions will be used (transparency is essential, especially as it is a category close to the donor);
- the amount of the contribution must correspond to the income earned by the members, but it also represents a small effort for the one who pays it.

2. Individual donations. Donation is the process by which a natural person (whether a member or not of the organization) or a legal person freely transmits the right to goods or amounts in favour of a NGO. Donations made by members are different from the contributions levied by the organization, and they are irreversible, and the NGO has full rights over them, most often recognized under a donation contract.

Donation is the legal act by which a person offers financial or material help to another person without waiting benefits in return. The recipient of the donation is not obliged to remind the company /person who supported it, but to use the money / goods donated for the declared purpose. Donation requires the existence of two parts (the one who donates and the beneficiary), but it gives birth only to one part, namely the donor (beneficiary) (Donations and Sponsorships Romania).

Donations to non-profit organisations come from individuals (individual donations) and private legal entities (companies, foundations), but also from the Government. They can be part of the corporate social responsibility strategy or can be an isolated charity. Donations can be made not only in cash but also in nature (web hosting, internet connection, mobile phones, green

space, services such as dedicated mobile telecommunication for charity, tickets or event guests, food).

Donations to non-governmental organisations are divided in two categories (Vlasceanu, 2010):

A) *Restrictive donations* for a particular project or program, without the possibility of being transferred;

B) *Non-restrictive donations* offered to the organization to carry out its work. They do not have a precise destination and are awarded on the basis of trust in the image of the organisation and in the quality of the services rendered previously.

3. Supports in money / goods / services from companies (Sponsorships). Sponsorship is the legal act whereby two people agree to transfer ownership of goods or financial means to support non-lucrative activities carried out by one party, the sponsor's beneficiary. It assumes the existence of two parts (sponsor and beneficiary) and generates obligations for both (Donations and Sponsorships Romania).

The organisation requesting sponsorship uses the funds obtained either to solve their own needs or other beneficiaries (renovation or modernization of schools, churches, theatres, museums, assistance to people in difficulty, special situations such as earthquakes, floods, collective accidents).

Regarding sponsorships from private companies, as a rule, they are given to NGOs for the following reasons (Pacesila, 2016:118):

- Attracting community goodwill. Companies want to be interested in supporting the community by providing funding in the area in which they have their headquarters or work.
- Supporting organizations with which they have a solid relationship. Companies value employees involved in governmental organisations (as members, voluntary) to which they provide financial support. In most cases, they are multinational companies, and Romania does not lack such companies.
- Satisfaction of their own interest. In many cases, companies sponsor organisations that promote the importance of a product or service to them.
- Supporting a social cause that serves a particular target group (children from placement centers, people with disabilities) or refers to a serious health problem.

An important source of income is, of course, the source of sponsorship by various companies to the NGO. The purpose of these sponsorships is to support their work through financial support (money sponsorship), but also by offering goods or products that can help NGOs in their activities. Another way to sponsor a NGO is through services (training, consultancy etc.).

These sponsorships are made on the basis of a contract, and legal sponsors benefit, according to the law on sponsorship, from the tax deduction due to the corresponding amounts, provided that the following conditions are met cumulatively:

- a. they are within 3 per thousand of the turnover;
- b. do not exceed more than 20% of the income tax due.

Most sponsoring companies do this as they consider them as Corporate Social Responsibility (CSR).

4. EU Grants. The EU provides funding for a broad range of projects and programmes covering areas such as: regional & urban development; employment & social inclusion; agriculture & rural development; maritime & fisheries policies; research & innovation; humanitarian aid (European Union Fund).

Funding is managed according to strict rules to ensure there is tight control over how funds are used and that the money is spent in a transparent, accountable manner.

As a group, the 28 EU Commissioners have the ultimate political responsibility for ensuring that EU funds are spent properly. But as most of the funding is managed within the beneficiary countries, responsibility for conducting checks and annual audits lies with national governments.

Over 76% of the EU budget is managed in partnership with national and regional authorities through a system of "shared management", largely through 5 big funds - the Structural & Investment Funds. Collectively, they help to implement the Europe 2020 strategy: 1. European Regional Development Fund (ERDF) – regional and urban development; 2. European Social Fund (ESF) – social inclusion and good governance; 3. Cohesion Fund (CF) – economic convergence by less-developed regions; 4. European Agricultural Fund for Rural Development (EAFRD); 5. European Maritime and Fisheries Fund (EMFF).

Other funds are managed directly by the EU. These are provided in the form of:

Grants for *specific projects in relation to the EU policies*, usually following a public announcement known as a 'call for proposals'. Part of the funding comes from the EU, part from other sources.

Contracts issued by EU institutions *to buy services, goods or works* they need for their operations – like studies, training, conference organisation, IT equipment. Contracts are awarded through *calls for tender* (European Union Fund).

Grants or so-called projects funded by non-reimbursable funds, which are a way of supporting the activities of an NGO. In recent years European funds have been accessed by more and more Romanian organizations.

The process of accessing a grant is lengthy when it comes to the EU, due to the procedures that need to be accomplished (documenting, completing forms, establishing partnerships etc.), but if this step is passed, it is then hard to start the implementation. The following step is the evaluation of the projects, which must be carried out with the greatest attention and in accordance with the requirements of the funders in order not to risk losing the financing offered (Funding Mechanisms for NGOs Romania).

The advantage of such a source of income is that it is a great help in making projects that cannot be supported financially because of very large budgets.

One disadvantage, however, is that, in most cases, NGOs still should contribute with 20% of the total budget of the project. Another disadvantage is accessing funds in two stages: before the project and after the evaluation. As a result of the assessment, the second instalment of money may no longer correspond to the requested instalment due to non-compliance with the project requirements.

5. Grants from Romanian public authorities (state budget/local budgets). As far as grants from public authorities are concerned, things are not very different from the EU ones, but they are much easier to access, which definitely is an asset.

Public authorities launch the call once a year (from April to May) and projects can be submitted for about a month, a fairly short period of time, being a disadvantage for NGOs which do not have the opportunity to access such grants. Another disadvantage is the budgets of the authorities, which are noticeably lower than those provided by the EU.

The funding sources from the Romanian public authorities have a relatively small share, both as frequency of occurrence and as value. Data show that in 2015, 27% of all organisations have obtained subsidies based on the Law 34/1998, 25% organisations have received grants from Romanian public authorities from their own financial sources (from the state budget or from the local budget), and 16% managed to obtain revenues from service contracts with public authorities (FCSD, 2016:129).

Taking into account only the accredited NGO providers, the main public sources of funding come from local public authorities (41% of all accredited providers who have accessed public sources of financing in 2015, have obtained income from this source), county councils (29%), and central authorities (27%); These types of funding mainly take the form of subsidies and to a lesser extent that of public service contracts or grants (for example, only 5% and 7% of all accredited suppliers have managed to contract services from local public authorities and respective County authorities in 2015) (FCSD, 2016:129).

Very few social organizations (19%) indicate the resources from the central or local budgets at the level of 2015, only 6% of the total social organizations and 9% if we consider only

the NGO accredited social services providers. Public service contracts are the main source of funding for only a very limited segment of organizations, 4% of all social organizations (FCSD, 2016:129).

6. Grants from foreign government institutions (other than the EU). This category includes various foreign government institutions that invest in social development, education, environment, etc. An example of such an institution is embassies, which most often promote and engage in projects that address cultural diversity and education.

7. Subsidies. Based on the Law no. 34/1998 regarding the granting of subsidies to Romanian legal associations and foundations that set up and administer social assistance units, any organization that operates in this field can benefit from subsidies that can represent considerable sources of income (Law no. 34/1998).

8. Romanian private funds. Grant funding from private sources represents voluntary contributions made by foundations, associations and/or corporations on the basis of contracts, agreements: the grantor provides the funds and the beneficiary organization undertakes to implement the project, to provide community-specific services, to help people in difficulty and so on. This funding method is not intended to generate profit, is consistent with the purpose of the organization and is awarded on the basis of a competition and an evaluation process of the proposal submitted by that organization.

The non-governmental organisation must be aware that the foundation, association or donor corporation, as the owner of that fund, is the one who decides how money should be used, the purpose, timing of applications, and the selection criteria for the funding applications submitted.

More and more private foundations emerge in Romania in view to support different categories of people or target groups. This type of aid can be agreed in the form of individual scholarships, but also in the form of grants to NGOs (Funding Mechanisms for NGOs Romania).

9. Economic activities (services, goods etc.). An increasingly common concept in the NGO environment called social enterprise is what some people call a component of an organization's financial strategy. In other words, it is a source of income, which comes from any activity undertaken by the NGO, which supports the mission of the organization.

According to the most recent information published on the website of the Ministry of Labour and Social Justice, at the end of 2016 there were 2947 accredited public and private providers and 2550 licensed services, of which approximately 40% were private NGO providers, associations and foundations (1168 organizations, 13% of the total social NGO) operating 45% of the total licensed services (1154 services) (FCSD, 2016:124).

3. Conclusions

The organizations and social causes grow more than the number and size of donors, meaning more competition for all. The competition to raise funds is growing, new causes have been incorporated, such as research or a great diversity of social needs.

In Romania, the low involvement of public authorities in partnership with NGOs regarding the financial support, affects the capacity of non-governmental organisations to develop services and carry out long-term activities that cannot be fully supported by project-based funding or fundraising. Insufficient support from the authorities can be explained by the existence of a legislative system that registers deficiencies.

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IT'S NOT ABOUT THE MONEY: HOW EXTERNAL FUNDS HAVE SHAPED NON-GOVERNMENTAL ORGANIZATIONS

Andrada NIMU¹

Abstract. *External funds have long been an important supporter for the civil society sector in Central and Eastern European (CEE) countries, from the transformation period (post-1989), to the EU accession (pre-2007), the economic crisis (2009) and post-recession (2009-onwards). In this article, I outline the 'project-based' approach and its effects on non-governmental organizations (NGOs). I highlight issues of professionalization, formalization, dependency on donors, as well as subtler mechanisms of enforcing a 'project-based' language, a mode of responding to social issues and a way of legitimization inside the sector. The article is based on a qualitative analysis developed through in-depth interviews with fifteen activists from Romania, as well as on desk research analysis of main documents of these NGOs. Findings indicate that external funds have a complex influence in shaping and creating a culture inside organizations that further affects the processes and ways of work inside organizations. This angle of research is thus focused on the 'darker side' of project implementation, and less on its 'brighter side' – the ability to help communities, continuity of activities or salaries for the employees.*

Key words: *external funds, non-governmental organizations, project approaches, organizational culture*

JEL Classification: *L31*

1. Introduction

Different external funders have different requirements, procedures and ways of work, as well as various powers over organizations. The concept of “contract-culture” is one facet that has been addressed by authors (Farrington and Bebbington 1993; Edwards and Hulme 1996; Banks, Edwards and Hulme, 2015) in studying the impact of funding on the civil society sector, mainly on NGOs. As the name suggests, this type of culture is based on the fact that NGOs are transforming into contractors in delivering services or activities. This is of crucial importance since it could affect the relationship that NGOs have with funders and local communities:

“The legitimacy of the NGO is no longer based upon values and voluntarism but on its contract to a legitimate agency. The claim for legitimacy comes closer to that of a private sector operator - being able to provide the service at the best price” (Edwards and Hulme 1996: 967).

In this article I will focus on the “contract-culture” observed in 15 NGOs from Romania. The “contract-culture” studied translates into a “project-based approach” through project implementation supported by external funds (European Social Funds, Norwegian funds through

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the European Economic Area; and Swiss – through the Swiss Romanian Cooperation Programme). The ‘project based approach’ is seen as a process subordinated to broader trends of rationalization, quantification and efficiency.

The carried research for this article is not representative for the whole population of NGOs in Romania, nor it claims to be. Rather, I try to outline some of the main features of this approach and offer a reference point for future research. Two crucial aspects have been found inside the studied organizations, in different degrees: a form of resistance and a form of conformity. These aspects will be developed in the next pages, each with its own particularities.

The desk research and the in-depth interviews have been carried in 2015. Following the literature-review on the topic of the civil society in Romania, external funds’ impact on organizations, contract-culture and other related issues connected to the subject, I have developed an interview grid with four central topics of interest: funding experience, relation with funders, relation with communities and organizational culture. Next, I have chosen the organizations out of the national NGO database from the Ministry of Justice¹, Centras² and the Association for Community Relations³. Due to principles related to research ethics, the organizations identities will be kept anonymous in this article. In parallel with the qualitative research, I have made a desk research covering the same topics, by analyzing the NGO’s public documents and websites. The findings were then cross-analyzed with the interview transcripts.

The article is structured as following: the first part deals with understanding the ‘project-based’ approach and how NGO representatives and activists develop resistance mechanisms. The second part presents the effects of the project implementation. Conclusions are then drawn so to offer an overview on the phenomenon.

2. Resisting the ‘project-based approach’

In this section, I highlight several resistance mechanisms employed by NGO representatives and activists in their struggle to keep the organizational autonomy and goals when implementing external funded projects. Some of these mechanisms relate to learning the rules so to look like they are conforming with funders’ demands (ceremonial conformity), making compromises and negotiations inside organizations, or using decoupling strategies (such as using the ‘project-based’ language).

Scott (2008) presents mechanisms such as symbol-processing, sense-making or interpretation as key in understanding why sometimes institutionalization doesn’t take place as it

¹<http://www.just.ro/registrul-national-ong/>

²<http://cros.ro/baza-de-date-ongs-uri/>

³<http://doilasuta.ro/content/index.php/baza-de-date/lista-organizatiilor-inscrise>

should. In this part, I present some of the mechanisms that organizations make as strategies for their survival (Fiss and Zajac 2006: 1173) and for decoupling, defying and manipulating institutional practices that come from project implementation and funders.

Two NGO representatives stressed out that learning the rules, procedures and other imposed aspects connected to externally funded projects, or taking part in some monitoring committees represent some of the ways in which they learn how to adapt, but at the same time maintain their priorities on track, as a form of decoupling:

I would like to get to the point of better understanding of the financial rules of the structural funds, so to implement without problems a project with a big budget, which would allow us to do what we want. (r0-6)

That is why I am part of the monitoring committee of the new rural development plan and (...) I entered many volunteer commissions that help me observe the European politics and the national one, and learn more about these things. (r1-6)

Such strategies of getting acquainted with the funders' perspectives and ways of working are ways that allow organizations to persuade their activities and at the same time comply with the overall environment.

As highlighted by Ebrahim (2005: 99) some NGOs attract and hire professionals not only as a response from funder pressures, but also as instruments of resistance. Gaining legitimacy of the organization, making professionals act as “spokespersons in defense of their organization”, and being less prone to criticism and smoothening communication – are some key aspects of this approach. Moreover, generating information such as reports or data for symbolic purposes (Ebrahim 2005: 102; Ebrahim2003) and strategic use of some people in specific areas of communication and management to achieve legitimacy are seen as compliance mechanisms from the outside, but in fact represent rather subtle forms of resistance. This method can be called ‘fake conformation’, which entails that NGO representatives purposely meet the terms of the funders, but at the same time manage their own activities in parallel:

So sometimes we are implementing projects even in the cases where we know that they won't have all the indicators that the funders require. And of course sometimes we have some problems, but we are so sure that it's OK, that we are trying to convince the other side of it that it is also OK. (r0-9).

Thus, NGO representatives comply with the requests of the funders only to attain some financial resources that external funded projects entail. While applying for a project that has numerous indicators or that requires quick changes inside a community, compromises are to be made. Some manipulating strategies that allow organizations to survive and do some activities in

their own rhythm are put in place. Funding is seen as a *possibility to continue the work started in the previous project* (r1-3).

Moreover, project-based schemes of funding are in some cases seen in contradiction to what NGO representatives perceive their work and activities to be. For example, one respondent said that (...) *we're talking again about projects? It's projects all day and all night, and now you're asking so many questions about them, don't you want me to tell you what we really do here?* (r0-5).

In this sense, when contradictions arise from what activist are doing and what funder requests, strategies to keep the balance between inside and outside environment take place. I argue that this aspect is extremely important not only to the subject of how NGOs respond to particular pressures from external funders, but also from a theoretical stance. Processes implemented by organizations related to how changes in internal and external constituents are enacted could offer new insights to the institutionalist theory.

In this manner, sociological institutionalists acknowledge that strategic change involves not only mechanisms of legitimization or responses to coercive pressures, but also symbolic struggles over the direction and identity of the actors upon these pressures. Therefore, attention should be paid to symbolic process that “aim to create and legitimate the meaning of strategic change (Dutton and Duncan 1987, Gioia et al. 1994, Zajac and Westphal 1995 in Fiss and Zajac 2006: 1174).

Some authors that have studied symbolic management (Edelman, 1990, 1992; Westphal and Zajac, 1994, 1998, 2001 in Fiss and Zajac 2006) inside organizations stress the importance of decoupling in organizational settings. Symbolic adoption or adoption by name is a “mechanism by which organizational legitimacy is enhanced while internal power relations are left largely unchanged” (Fiss and Zajac, 2006). Also, Westphal and Zajac (1994) concluded that public announcement of adoption inside firms was frequently decoupled from actual implementation, while other firms translate and adapt the main pressures and norms to their local context.

Other scholars (Wallace, Bornstein, and Chapman 2006: 165) found out that there is a gap in the formal structures, routines and practices inside organization and there is a “disjuncture between the paper-based plans, objectives, activities and indicators and the day-to-day realities”. Therefore, when inconsistencies occur, “ceremonial conformity allows organizations to reap the social benefits of adoption without compromising managerial freedom, autonomy, or entailing serious or substantive adjustment” (Jamali 2010: 634), as we have seen with the tactics of ‘fake-conformity’.

Moreover, decoupling strategies are also materialized in writing grant proposals. This means that when applying for a call for project, organization representatives deliberately use

certain buzzwords from the guidelines and write them in such a manner that would enhance their success. This type of strategy is very common when writing such proposals and it is seen as a step for survival and gaining access to resources, as well as for decoupling. When preparing for a call for proposals activists adopt the same mechanism: taking some words or phrases from the project guidelines and justifying some activities in this manner. Thus, by using the same language activists make sure that they are understood and that their activities are seen legitimate to funders. As r-01 representative argues:

(...) the way in which the applications are constructed, they strait-lace you to use some terms, you have to correlate between indicators and so on and you just have to use expressions from the guide, I know for sure, the EU funding projects are written like this, you take the expression from the guide and you write it down...the evaluations are made in a similar fashion, as far as I know. (...) And now, with the Norwegian funds, it is the same logic as it is with the EU funds...when we write projects, we are very attentive to write words and expressions from the guide...so to be good (laughing) and therefore you sometimes want to write differently, or to put some ideas differently, but you don't.

Project-language is another facet of funding and entails a rather subversive manner of how the 'project-based' approach functions, as well as how activists find mechanisms to resist it.

According to r0-4 representative, project-based language *doesn't affect us beyond the paperwork, but on paperwork, you must use it, if you want the reporting to go smooth, if you want you project to be approved or to get the funds, sure, you use it.*

Project-based language is not something that is clearly defined by funders, NGO representatives or scholars that study externally funded projects, but rather is refers to, with a certain degree of precision, words or phrases that are written in official guides, national or European policies or directives, such as: *good governance, gender equality, hate speech, advocacy, needs evaluation, co-finance, eligibility, vulnerable groups, dependency, innovative services, bullying, coaching, strategic planning, target groups, sustainability*, to name a few (FDSC, Applicant's Guide, 2014).

It is also important to note that the language that I used in the questions and throughout the interviews were with words that are generally used in projects and applications, such as the ones mentioned above. This way I could tackle the 'universalistic' language of projects, but also see if the respondents understand them or question. A superficial observation can be tackled, in the sense that, while reading the transcripts of the interviews I realized that the NGOs that had few access to funding or that did not implement as a main applicant, did not use the same words that I addressed in the interview guide.

Thus, symbol-processing, sense-making and interpretation systems, played by a various number of interests, motivations, and incentives represent key aspects of consideration when analyzing how institutional pressures affect organizations (Goodrick and Salancik, 1996; Scott, 2008; Jamali 2010: 635). Such strategies vary from ‘dressing up’, to ‘sneaking in’, writing proposals in order to pass the requirements or approaches that cannot be named due to possible ethical stances:

Each time we wanted to do something, we have found a solution. Some activities we have made voluntarily, outside projects. Others...well, I can't say how (laughing). (r1-2)

In this sense, an organizations' identity is dynamic and is not chiseled in stone, rather is constantly emerging from negotiation, both by insider perceptions and outsider impressions (Gioia, Schultz, & Corley, 2000 in Fiss and Zajac 2006: 1188).

According to Fiss and Zajac (2006: 1188) - when organizations “talk the talk” but not “walk the walk” – this happens not only due to enforcement of certain rules, procedures or norms, but also because people working inside organizations are impacted by such things and will experience an identity transformation as well. This aspect is essential when addressing the issue of funding and how it impacts organizations. Both identity transformation and agency play a crucial role inside the studied NGOs, even if sometimes it would seem that these organizations are absorbed and co-opted by the funding schemes.

The idea of framing (Daft and Weick, 1984; Pondy and Huff, 1988; Reger et al., 1994 in Fiss and Zajac 2006) also refers to the cognitive process by which managers enact the organizational environment. For example, in the resource dependence theory (Pfeffer and Salancik, 1978; Salancik, 1979), framing is considered to be dependent on the power and interest of different actors, because the greater the dependence of some organizations over others, the greater the acquiescence to the demands of those organizations, while the less dependence on some organizations over the others could decrease the likelihood of compromise or avoidance behavior (Oliver, 1991; Fiss and Zajac 2006: 1177).

Both resource dependence theorists and institutionalists argue that in order to understand an organization, or a group of organizations, the environment in which they operate is essential to be analyzed. The environment encompasses both the field and sector of the organization, but also other actors that interact with these organizations. Resource dependence theorists argue that when there are asymmetrical relations inside an environment, then they occur due to the asymmetrical distribution of resources, information and thus increasing dependency (Pfeffer and Salancik 1978: 51). When dealing with dependence, it must be regarded as the importance of a given resource to the organization and the extent to which the resource is controlled by a relatively small number of organizations, being “a measure of the extent that another

organization is perceived to be important and is taken into consideration during decision making” (Pfeffer and Salancik 1978: 52).

In this sense, sociological institutionalism underlines that sometimes non-rational behaviors occur inside environments and fields and are driven not by cognitive and cultural aspects. Habits, conventions or social obligations (Oliver 1991) are seen as such mechanisms that don't necessarily encounter rationality, as seen in the previous chapter and underlined in this one. Thus, many times NGOs find themselves between conformity and resistance, passivity and agency, internalization and manipulation (also Oliver 1991) and in a constant state of 'negotiation' as highlighted above by one of the interviewers.

Negotiation also entails compromises, as seen in the previous chapter where strategies of adoption and minimizing conflict have been described. Further, compromising is also described as:

(...) we put less money on revenues, and to balance a bit, we don't write to attain big indicators, to catch the funder's eyes. (r0-1)

The situation above describes a manner through which compromises have made. Sometimes an organization applies for a call of proposals by writing a project not necessarily in accordance with what the organization has planned, but rather in a narrower version, so to be able to get the funding but also make sure that it can implement the project with not so many risks.

But how can one trace the line of compromise, without being compromised? The next part tries to answer this question, by analyzing how the 'project based' approach pushes NGOs to a certain degree of conformity.

3. Embracing the 'project-based' approach

In this section, I identify four negative aspects that the 'project-based' approach has on the NGO sector: a shift of time related to activities and reprioritization; a certain degree of professionalization and standardization; and a tendency of inflexibility towards the communities.

Time-consuming activities related to paperwork and standard procedures are some of the effects that the 'project based approach' could have on NGOs. The shift in the mission, roles or activities of NGOs in becoming more professional and project-based is underlined below. Regardless of the critical attitude, mechanisms of resistance and decoupling, 'contract-culture' is a visible phenomenon in this sector, due to pressures from funders.

The limited time and space for reflection and innovation is one of the effects by interviewers below:

They remove the innovation space, to bring a new issue, to put things differently, in which when you talk about feminism, or constructing some inequalities of some social structures from thousands of years, it's hard to de-construct when they impose a model. It's hard to come with an alternative approach, when these applications are so rigid. (r0-1)

Therefore, much time and resources are lost due to respecting the financial lines, although your intention is to change something, to deconstruct prejudices, to offer some useful information to the beneficiaries, or courses.(r0-6)

Time-consuming activities in regard to preparing documentation and administrative work is seen as an important element that could weaken the power of NGOs. Implementation of such projects affect organizations in a manner in which a certain shift is created from actually participating in the core activities of the organization, to activities that are prone on administrative work, documentation. This could limit the politicizing and critical aspects of some NGOs or could change relations outside organizations. These aspects can narrow the agency of NGOs in manners described by Edwards and Hulme (1996) and Banks and Hulme(2014). Other aspects that have been encountered by NGOs in implementing externally funded projects can be described in aspects that increase standardization and professionalization.

This type of shift has been previously demonstrated by other studies in Romania and elsewhere (Grunberg 2000; Jacobsson and Saxonberg 2013 to name a few). The same mechanisms have been encountered in two NGOs in which standardization and professionalization had impacted the organizations in moving from creativity or innovation (T1) to a rather professional manner (T2). Being ‘contractors’, NGOs are not regarded as partners and have partnering relations, rather transformation is made through “co-optation or even emasculation”, in the idea that certain standards and procedures change from a more flexible and innovative manner to a standardized and professional one. This issue is thus extremely essential, due to asymmetrical power relations.

Table1. From flexibility to standardization

case	T1 (creativity, innovation, flexibility)	T2 (professionalization, standardization)
r0-6	<i>It was previously settled on the existing opportunities, what we wanted to do inside the organization, it did not have a logical or planned orientation, it developed with the people (...) We came here for a cause. A feminist organization! So great! We didn't know it existed! Let's get in, see what happens, take it to the streets. I came with a cause. The people who are in the Board have a cause as well.</i>	<i>When I was a volunteer here I did not acknowledge everything that was happening, the rear mechanism – bureaucratic and financial; once I got in the Board of Directors I started to understand and from this position, as a president – I better understand it. The financial rules differ very much between various types of financing, some are a bit bureaucratic and put great accent on documents – such as EU structural funds; others are intermediary – they put accent on documents, but are primarily interested in the substance - such as the Norwegian funds , yet they are turning into the EU bureaucracy and some frustration is created inside the NGOs.</i>
r0-4	<i>(...) so it's not so professional... but it was like this, a few years ago it was like an additional activity for us, more like the place where we can fulfill our dreams, our passions and so it was like this, sometimes we had money, sometimes we hadn't.</i>	<i>(...) somebody asked me about it a few days ago and I answered that we getting feel so much that we are not experts in this area, but I think that now we are becoming experts(...)and I work in morning and I have meetings , sometimes I work in the evening, sometimes I work until midnight and we also work on week-ends, we have a lot of workshops in week-ends (laughing)</i>

(Source: author's transcripts)

The first NGO representative points out how the organization has become more prone to professional activities that generated frustration and internal conflict because: *we didn't come to this organization as technicians, NGO technocrats, we did not finish a MA to understand how an organization is established, how it develops, which are the phases, what do you need, we don't have studies in organizational management, it was more a day-to-day experience.*

The other NGOs further enhanced this idea, that with such projects the workload increases along with the technicalities. It is what Edwards (2008: 48) considered that the control oriented trait of the relationship with donors is „reducing the autonomy and flexibility of civil society groups” due to the concentration on reports writing and controls, as prescribed by the donors.

Therefore, complying to funding also means adopting certain procedures and habits inside the organization that many times are in conflict with the initially established ones. While

some institutionalists argue that conformity in outcomes could not necessarily transpose in conformity of processes, I argue that when implementing externally funded projects NGOs suffer a shift from core activities to project based activities. Such are administrative work (r1-2, r0-9); bureaucracy - *the time that you spend on documents is almost half and maybe more than the time you spend on working with real people* (r1-0) and a shift of priorities.

Other NGO representatives highlighted this confrontational aspect between the organizational culture and the funders' demands. This occurs due to the time and energy that is put into some types of activities, over others, as previously highlighted. As Meyer and Rowan (1977) suggested, such practices make organizations more similar and enhance rationalized myths, but in the cases highlighted above, they are not taken for granted, rather they are contested or used so to enhance survival.

Moreover, shifts of time also interfere with some other limiting aspects of externally funded projects, such as connections with the local community or participants inside the NGOs. As some interviewers underlined, *it is harder to transfer or to do so a bigger part of the budget to get effectively at the beneficiaries* (r0-6), or the standards that are imposed through indicators are unrealistic in regard to the beneficiaries.

Some of the effects of the 'project based approach' are the lack of a sense of purpose, (r1-6): *It's true that there have been several very tough years due to the funding we had, we didn't even manage to believe in what we were doing and looked at those papers and the mountain of documents and the product documents and realized that we made a mistake because we accepted to enter that thing*; or several limitation of possible activities inside the NGO (r0-4) *of course you access some funds, but it's really hard to make protests, or vindictive actions, to take it to the streets, to take women's rights to the street...it's hard to do these things on projects, on funds*;

Such issues occur due to standardization. This translates not only in regard to results or indicators that are tackled in a project's life, but also into procedures inside the organizations, in regard to their mission, roles and inside the community, as well as other taken-for granted activities that NGOs perform. Standardization is understood as the time-frame developed for results and indicators that these projects imply, but also in regard to what types of effects standardization has inside the organization (norms, routines, activities). Thus:

"In business, scaling-up tends to be direct (more consumers and larger markets), whereas in civil society scale tends to come through indirect strategies that change policies, regulations, values and institutions—for example, the rules within which individual producers operate in order to generate a bigger, systemic impact. Business wants "smooth distribution, quick certain payment, and really high volumes" in order to maximize

returns, whereas civil society might focus on small numbers of people and their concerns, which are rarely if ever smooth”. (Edwards 2008: 65).

Standardization of planning, reporting and accountability practices (Mawdsley, Townsend, Porter and Oakley 2002; Wallace, Bornstein, and Chapman 2006) is a strong predictor towards uniformity and similarities inside organizations because it can shift the focus of NGOs from the more meaningful work, or activities that are not ‘framed’ in a project’s life, to an administrative work, with planned budgets, clear indicators and the constant search and applying for funding (Henderson 2002; Jellinek 2003; Markowitz and Tice 2002; Mawdsley et al. 2002; Perera 1997; *in* Rauh 2010: 30; Wallace Bornstein, and Chapman 2006).

Thus, the shifting energy and attention from more important activities to those who are just administrative are weakening the power of NGOs, as well as eroding the relations with the community. An NGO representative (r1-3) highlights the fact that instability of the services the organization offers to the victims of domestic violence further affects them, by not being sure, due to financial and administrative barriers that they could be able to offer the same services at the same quality. This affects *not only our organizations but also those who receive services from them and this is very often, in my opinion - double victimization of women, of victims, who suffered from their perpetrators, but also from the system who is not responsive to their needs.*

Therefore, the effects of funding on NGOs are not only on singular organizations, but rather they also transpose to the communities in which NGOs operate and thus have indirect effects on the participants.

The time-consuming activities, portrayed above, take away a lot of energy and attention (Mawdsley, Townsend, Porter and Oakley, 2002; Wallace, Bornstein, and Chapman 2006; Win, 2004), sometimes due to coercive pressures, sometimes because it becomes ‘the norm’ of working in project-based NGOs, where *the majority of the colleagues I discuss with, that are inside NGOs, they usually have, at this moment, the same routine* (r1-4). The log-frame rational management tool in which project “goals plans, timetables, required inputs and expected outcomes and quantitative indicators are summarized and linked together by a series of causal arrows” has been in place since the 1990s, adjusted and developed by different funders and represents the ‘routine’ of writing and implementing a project by almost all funders and NGOs in the United States and Europe (Wallace, Bornstein, and Chapman 2006).

Moreover, the situation gets complicated for NGOs that are developing projects with different funders, and have to respond to different coercive pressures. Thus, NGOs are becoming flexible, but to funders and not to the local circumstances and people, as r0-1 representative highlights: *it’s an approach in which you get to work under some rules and regulations in which it is hard for the NGO field to adapt/fit, precisely because it’s a space in which various needs are*

addressed and therefore you meet all these constraints regarding financing and all the bureaucracy, you can block at some point.

All in all, the ‘project based’ effects also tend to erode creativity inside NGOs and their flexibilities to address various social needs. In order to make the project function, NGOs adopt practices that have opposite results and reduce efficiency (Meyer and Rowan 1977), but legally and administratively they seem in order. This example of following the practices that are supported by normative authorities or institutions (Scott 2008) makes organizations survive, and not necessarily help the performance or the results of the projects.

Conclusions

In this article I have outlined how the ‘project-based’ approach stemming from implementing external funded projects affects NGOs in Romania; by highlighting the dynamics of this phenomenon. By addressing both resisting and embracing mechanisms, I have emphasized the institutional pressures that impact 15 NGOs, at the same time paying attention to how NGO activists and representatives respond to such pressures.

These different types of mechanisms that manifest inside organizations that implement externally funded projects are to be regarded as fluid and interconnected. NGOs have developed various responses and strategies both to comply with the overall requirements from funders, but also to manipulate some of these constraints.

It is important to highlight the fact that one organization can enhance both of these types of cultures, on behalf of the pressures from funders, or from inside the organization. Sometimes organizations resist pressures to improve or change the ways of work, if activists have doubts about the impact and the quality of processes. This aspect has been grasped in the section in which NGO representatives have been criticizing the standardized working procedures brought by external funded projects.

Therefore, “the choice between acquiescence and more resistant strategies will depend on the degree to which the organization agrees with and values the intentions or objectives that institutional constituents are attempting to achieve in pressuring the organization to be more socially or economically accountable” (Oliver 1991: 162). In this sense, I argued that NGO representative manage to keep the organization autonomy and identity alive, by turning to decoupling strategies. When internal goals of organizations are compatible with the external pressures, the need to turn to such strategies is minimized.

Nevertheless, the ‘project-based’ approach has also positive effects. Introducing new concepts and issues, testing pilot projects, learning by doing, getting organized, new tools for

measurement, changes inside communities or openness to sensitive issues are considered positive aspects by NGO representatives especially when their activities overlapped with the goals of funders. However, conformity to funders' pressures is always regarded as a bargaining and negotiation procedure by NGO representatives. Thus, whenever such aspects are encountered, organizations tend to adopt ceremonial or symbolic conformity practices, so to preserve a certain degree of autonomy.

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