



UNIVERSITATEA  
BABEȘ-BOLYAI

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ADMINISTRAȚIE  
ȘI MANAGEMENT PUBLIC

# Transylvanian International Conference in Public Administration

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Cluj-Napoca, Romania, 2-4 November 2017

*Editors:*

Cristina M. **Hințea**

Bogdan A. **Moldovan**

Bianca V. **Radu**

Raluca M. **Suciu**







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## Foreword

Public Administration and Management Department (PAMD) at Babeş-Bolyai University, Romania has been since its establishment in the mid-1990s at the forefront of the movement to reinstate and redevelop higher education programs and research in public administration in Central and Eastern Europe (CEE). In most of the CEE countries, public administration education during the communist regimes was done by party schools and was clearly subordinated to political influences and political doctrine. After the collapse of the communist regime in Romania, PAMD, with the support of Western European and American partner universities, has been instrumental in the development of an interdisciplinary curriculum for public administration programs and for supporting empirical research as an important component of their mission. PAMD at Babes Bolyai University is currently recognized at both national and international level as a leading teaching, research, and training entity in public administration. Moreover, in the last decade it has undertaken an important role in the development in Cluj-Napoca of an international education hub for the entire CEE region and for other regions in transition. The mission of the hub is to collect best practices, expertise, and know-how and then to further disseminate it to other transition countries, with the added benefit of an adaptation process. Transition countries are not only provided with what works internationally but also with the expertise of a country which until recently was described itself as in transition.

As part of the education hub mission, DAMP organizes dissemination and networking events. One important tool for bringing together academics, researchers, and practitioners in public administration is the *Transylvanian International Conference in Public Administration*, held annually in Cluj-Napoca, Romania in the first days of November.

In 2017, the *Transylvanian International Conference in Public Administration* took place from 2 to 5 November. This event was envisioned to bring together academics, researchers and practitioners in the field of public administration from all over the world and to create the framework in which they can exchange ideas, disseminate best practices and develop networking opportunities for future teaching, research, and capacity building projects.

The overarching topic for 2017 was innovation and how innovation (understood in a broad manner) is currently used in governance to generate better service delivery, more inclusive citizen participation, more effective transfer and adaptation of best practices from international level, etc. The conference was designed as a venue for identifying how a better administration can help the community and the businesses to operate more effectively and to support the latter in their quest for contributing to the development of smart cities.

An impressive body of well renowned academics and practitioners took part in the conference. Their expertise in shaping policies and enhancing the quality of governance both in their home countries and worldwide is significant.

During the conference, the Department of Public Administration and Management also launched a set of strategic planning tools developed by a team of faculty members and researchers. They include: Survey on the quality of life, applied on a representative sample of citizens for the city of Cluj-Napoca; Analysis regarding the functioning of metropolitan areas, with a qualitative analysis for the Cluj-Napoca metropolitan area; Sectorial monitoring of the strategic plan for the city of Cluj-Napoca and recommendations for the updating of the strategic plan. The Department of Public Administration and Management has been instrumental in providing assistance to the city of Cluj-Napoca for the drafting of the current and immediate past strategic plans as well as for a number of other programs and policies regarding quality of life in Cluj-Napoca.

As part of this conference, two separate workshops, one for PhD students, and one for practitioners were organized. The main aim was to provide these two categories with opportunities to present their research and to interact with the members of the academic community. The workshops were run in a very interactive way, with presentations by the practitioners and PhDs being followed by ample debates.

The present book includes a selection of the papers presented in all sections of the conference. The intention of the conference organizers is to disseminate the materials discussed during the conference and to generate scientific debates beyond the three days event. Papers presented by the PhD students are included, as an opportunity given to young researchers to publish the results of their work, even if it is still work in progress.

Our hope is to be able to increase the visibility and reputation of international conferences organized by universities/departments. While we acknowledge that big and well known conferences such as EGPA and NISPAcee play an important role, smaller conferences are also crucial for not only their scientific value but also for providing venues for interaction between academia and practice, between practice and PhD students, and among a variety of scholars who call public admin-

istration their area of interest. The book is a natural extension of the conference and serves similar purposes.

We would like to thank all conference participants for attending *Transylvanian International Conference in Public Administration*, 2017 edition, and for their contribution to this book.

Local conference organizers  
Cluj-Napoca,  
June, 2018





# LOCAL GOVERNMENTS IN TURKEY IN THE CONTEXT OF SDGs AND INNOVATION

Fulya AKYILDIZ

**Abstract.** The global community has entered a new development process that covers the years 2015-2030 following the Millennium Development Goals (MDGs): Sustainable Development Goals (SDGs). At the UN Headquarters, at the Summit, which was organized with the participation of 191 world leaders on September 25-27, 2015, SDGs with 17 goals and 169 targets were accepted.

Global and local partnership and cooperation are important in meeting the objectives. At this point, the localization of the goals will make it easier for each country to reach the goals. In this process, local government has a significant duty and responsibility. All of these goals and especially "Goal 11: Making cities and human settlements safe and sustainable" are directly related to local governments. Therefore, local governments have to work harder for innovation and creativity than known methods. Sustainable development (SD) differs from traditional development models in innovation. Therefore, local governments have to develop strategies to contribute to their local and global targets with limited resources.

In this study, applications of local governments in Turkey based on innovation and contributing to SDGs are examined in the example of Istanbul Metropolitan Municipality (IMM).

**Keywords:** Sustainable Development, Innovation, SDGs, Turkey, Istanbul Metropolitan Municipality.

## Fulya AKYILDIZ

Associated Professor, PhD, Department  
of Public Administration, Faculty of Economics  
and Administrative Sciences,  
Uşak University, Uşak, Turkey  
Tel.: 0090-276-221-2121  
E-mail: fulya.akyildiz@usak.edu.tr

## 1. Introduction

SD is defined as a development approach that will provide the well-being that people will equally share today and in the future; and that the relations between society, economy and environment should be properly regulated. Compared with MDGs, the direct role of public administration is underlined in the achievement of SDGs (Bouckaert, Loretan and Troupin, 2016, p. 3). In particular, “Goal 16: establishing effective, accountable and embracing institutions at all levels, ensuring everyone’s access to justice” is directly related to public administration. Global and local partnership and cooperation are important in meeting the objectives. At this point, the localization of the goals will make it easier for each country to reach its goals. In this process, local government has a significant duty and responsibility. All of these goals and especially “Goal 11: Making cities and human settlements safe and sustainable” are directly related to local governments. Therefore, local governments can contribute to sustainable development as well as their existing duties at the local level. As Adelman (2000) notes, local governments can develop local communities in line with SD principles in physical, economic, social, cultural, political and environmental contexts, especially by mobilizing local dynamics.

In this process, local governments have to re-examine both the content and the method of services they offer citizens. Hence, local governments should strive for more innovation and creativity than known methods for accessing SDGs. In an environment where resources are limited, the government must adopt an innovative approach at all levels, including local governments, as a whole. Innovation is also an important means of achieving SD and promoting social well-being and quality of life. Innovation distinguishes SD from traditional development models. The final stage of this process is the construction of smart cities with SD and an innovative management approach.

In this study, innovation and creativity activities of local governments in Turkey are analyzed by being associated with SDGs in particular. The study examines the situation of metropolitan municipalities especially in the sample of Istanbul Metropolitan Municipality. Important steps were taken in Turkey in the post-2000 period to strengthen local governments. With Law No. 6360 enacted in 2012 (and in 2013), the number of metropolitan municipalities in Turkey has been increased from 16 to 30; and the jurisdiction of the metropolitan municipalities was determined as provincial administrative boundaries. Therefore, in 30 cities, which are now considered as metropolitan urban areas in Turkey, the metropolitan municipalities are responsible for serving the entire urban and rural area. Given the size and nature of services offered by the metropolitan municipalities, the social, economic and environmental consequences of their transformation into smart cities

will be substantial. The size of the population of the metropolitan municipalities and the potential competition that they have in driving local development and mobilizing resources for investment are very important.

The study reveals the potential of the metropolitan municipalities in Turkey in the case of IMM to create intelligent cities centering on SD. The reason for this is that Istanbul is the only city in the list of Turkey's most intelligent cities (number 77), which was published by Arcadis in the year 2016. Therefore, the successful practices of Istanbul are examined in the study.

The study will lead to successful implementation of the IMM and will be an example for other local governments. It is important to disseminate information about innovation and, more importantly, make it useful for local governments seeking effective solutions to development and governance problems; and this is a very serious issue for the UN (UN, 2006, p. iii). While there is no solution for "one-dimensional adaptation" in complex issues, sharing successful experiences offers opportunities for governance and innovation in public administration. Sharing information and disseminating information about innovations is encouraging and inspiring in a comprehensive development for governments.

## **2. Sustainable Development and SDGs**

The concept of SD has entered the world agenda since the 1970s, when awareness of the problems facing our world, both locally and globally, began to emerge. This concept emerged as a result of seeking to develop effective solution strategies to the problems created by the understanding and practices that ignore the environmental and social benefits in the long run, which are based on profitability and economic benefit only in the production-consumption process, starting with the Industrial Revolution and extending to the day. Below is a more detailed description of the SD and SDGs, the name of the development approach that marked the last quarter of the 20th century and the 21st century.

### **2.1. Sustainable Development**

SD, which began to enter the development literature from the 1970s onward, has evolved with declarations (Said, Ahmadun, Paim and Masud, 2003; Mckeown, 2002) as one of the main topics discussed in international conferences on environment and development, instead of philosophical and academic debates. In this context, the Stockholm Human Environment Conference, which was held in Stockholm in 1972 under the auspices of the UN, is described as the first step towards bringing the concept of sustainability to the international arena. However, according to the general consensus in the development literature, for the first time, our

Common Future, also known as the Brundtland Report, prepared in 1987 under the auspices of the UN Commission on the World Environment and Development, has conceptually bridged between environmental problems and development outcomes. In this Report, SD is defined as “the ability to meet the needs of today’s generation without compromising the ability of future generations to meet their needs” (Nurse, 2006). The report also emphasized that all countries in the world are part of an economic, political and social angle, and that SD can only be implemented if this holistic understanding is accepted by all countries.

While the concept entered the literature for the first time in the 1970s, interest in this concept increased in the 1990s. Among the reasons for the increase in interest are irregularities in the 1990s in Africa, in South America, in Asia and in Europe, increasing conflicts, war, human rights abuses, the right to life, and the world scale that destroyed all social and economic progress—countable. Without peace, no development and development model will be possible. Promoting peace also takes place within the SD. There is also an interest in the fight against global warming. In addition, the reduction of North / South inequalities and the fight against poverty have also been recognized as a precaution for SD. Among the objectives of the SD are also fighting against the marginalization of women and girls and increasing the number of literate women and girls. Indeed, adult literacy and school enrollment are important for SD (UNESCO, 2005, pp. 2-3).

In 1992, the UN Environment and Development Conference was held in Rio de Janeiro, due to the increased interest in the issue for the reasons mentioned above. At the World Summit in Rio de Janeiro, SD’s “environment” dimension has emerged as its main focus. Despite the fact that the removal of poverty is an important goal as a result of the Summit, the Rio Declaration and Agenda 21, the main documents of the World Summit, emphasized the importance of protecting the natural environment first. Following the first UN Conference on Human Settlements held in Vancouver in 1976 with the short name Habitat, the Habitat II Summit was held in Istanbul on 3-14 June 1996. The Habitat II Summit and the Istanbul Declaration, in which the results of the UN Conference on Environment and Development are integrated with the Habitat Agenda, are inspired by the UN Convention and focused on the development of sustainable human settlements in a world where adequate housing and urbanization are experienced. Following this Summit, the World Summit for SD was held in Johannesburg in 2002. At the Summit in Johannesburg, a more comprehensive SD paradigm was adopted with political participation at the level of heads of state and government. At the conclusion of the Summit, a Political Declaration was issued in which three main pillars of the SD were mentioned. These three pillars are identified as economic development, social development and protection of the environment (UN, 2002).

In the literature, it is emphasized that the economic, environmental and social dimensions of SD are predominant, and the interplay of these three dimensions is at the forefront (Bell, 2003; OECD, 2001) and the difficulty of reducing SD to a single definition is emphasized.

MDGs, which consist of eight goals, were adopted as a result of the Millennium Summit in 2000 (189 national representatives, including 147 heads of state and government) organized by the UN (UN, 2000). In the UN SD Summit held on 25-27 September 2015 after the MDGs covering the years 2000-2015, 191 states have adopted SDGs with 17 goals (and 169 targets) to be achieved in 2015-2030 (UN, 2015, p. 5).

The UN Housing and SD Conference, Habitat III, was held on 17-20 October 2016 in Ecuador's capital, Kito. Habitat III aims to respond to the new problems and needs of this period as it was carried out at a time when more than half of the world's population lived in cities. Like previous Habitat conferences, Habitat III adopted the UN SD framework and was based on the 2030 SD Agenda adopted in 2015. The "New Urban Agenda" adopted at the end of the Conference is complementary to SDG 11 titled "Container, Safe, Resilient and Sustainable Urban and Human Settlements" (UN, 2016).

## **2.2. SDGs**

SDGs aim to be an action plan for people, planet and prosperity, and at the same time to strengthen world peace in the sense of greater freedom. In this regard, SDGs are a template for SD in global scale (UN, 2015, p. 2). SDGs have been recognized and approved by the UN in 2015 as part of Agenda 2030, an agreement to develop global sustainability by 2030 (UN, 2015). SDGs, which entered into force on 1 January 2016, are based on the MDGs (2015-2030) set by the UN in 2000 and are taking them one step forward.<sup>1</sup> SDGs cover 17 goals covering all aspects of sustainability and are an ambitious step toward achievable targets for SD. By providing practical guidance for public and private organizations, SDGs have established a wide range of 169 targets, indicators and sustainability measures, not just 17 goals (UN, 2015).

SDGs entered into force in January 2016, and for the next 15 years the global community will strive to achieve these goals. For example, governments will integrate SDGs into their national development plans and policies. A partnership of governments, the private sector, civil society and citizens is essential for the reali-

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<sup>1</sup> Some SDGs were based on previous MDGs, while others included new ideas. A critical review suggests that various quality indicators (in terms of meeting certain criteria) are recommended to assess SD (Hák, Janousková and Moldan, 2016: 565).

zation of SDGs in order to leave a better planet for future generations. All countries and stakeholders will act in cooperation and implement this plan (UN, 2015).

SDGs have an inclusive agenda that provides clear guidance and targets for all countries to adopt in accordance with their priorities and the environmental challenges facing the world. SDGs with 17 goals are (UN, 2015, p. 12):

SDG1. To end all kinds of poverty;

SDG2. Finish the hunger;

SDG1. To end all kinds of poverty;

SDG2. Finish the hunger;

SDG3. Providing people with a healthy lifestyle and prosperity;

SDG4. Providing lifelong education for all;

SDG5. To ensure gender equality;

SDG6. To provide access to water and sanitation for all;

SDG7. To provide accessible and sustainable energy for all;

SDG8. To ensure sustainable and inclusive economic development;

SDG9. Build durable infrastructure and encourage new discoveries;

SDG10. To reduce inequalities within and between countries;

SDG11. To make cities and human settlements safe and sustainable;

SDG12. To ensure sustainable consumption and production;

SDG13. Urgent steps to combat climate change and its effects;

SDG14. To protect and use the oceans, seas and marine resources for SD;

SDG15. Protecting, restoring and ensuring sustainable use of terrestrial ecosystems;

SDG16. To promote peaceful and all-embracing societies for SD, to ensure everyone's access to justice, to build effective, accountable and embracing institutions at all levels; and

SDG17. To revitalize the global partnership for SD.

### **3. Innovation for Sustainable Development**

Innovation is defined as a new and original process (Walker, 2006, p. 313; Walker *et al.*, 2002) in terms of the unit in which new ideas, objects and practices are created, developed or rediscovered and adopted. Innovation is a broad concept that includes both the process of innovation and its outcomes (Salge, 2011). Researchers often call the development of a creative thinking that leads to organizational change an innovation process. An ideal innovation process requires strong motivation for individuals, groups and organizations to increase their knowledge of new information and related problems. The ideal process also requires conceptual open-mindedness and pragmatism at a certain level, a promising idea, a practical method to transform productive change (Gonzalez, Llopis and Gasco, 2013, p. 2026).

Innovation definitions such as “Innovation in Action” (Altschuler and Zegans, 1997) and “new ideas being worked on” (Mulgan and Albury, 2003) emphasize that innovation is not just a new idea but a new application. Therefore, the implementation or actual use of an idea must take place to transform a new idea into an innovation (Damanpour and Evan, 1984). This is the difference between invention and innovation (Bessant, 2003). According to Moore *et al.* (1997, p. 276), changes worthy of innovation should be generic enough and wide enough to significantly impact organization operations or character, which must be new to the organization.

### 3.1. Types of Innovation

The concept of innovation is complex and diverse. Innovation that seeks to provide better service to users encompasses both external and internal changes (Gonzalez, Llopis and Gasco, 2013, p. 2025; Walker, 2006, p. 313; Walker *et al.*, 2002) and suggests that institutions are vulnerable to internal weaknesses or external pressures (Salge, 2011).

Three types of innovation are described in the literature (Walker, 2006, pp. 313-314): product, process and ancillary / collaborator. The distinction between product and process innovation has been used in many studies. Ancillary or collaborative innovation is defined by Damanpour (1987) and is distinguished from process and product innovation due to its reliance on relationships with other organizations and actors.

Product innovation is defined as new products or services. They are developed to meet the needs of new users or markets. Product innovations occur in the business component and affect the technical system of an organization and include products (material) or services (intangible and mostly consumed during production) (Walker, 2006, p. 313; Kimberly and Evanisko, 1981). In the OECD (2005) classification, product innovation means the use of new materials, new intermediates, new functional parts, radical new technology and the application of basic new functions (Gonzalez, Llopis and Gasco, 2013, p. 2028).

Process innovations affect management and organization. Changes the relationship between organization members and affects rules, roles, procedures and affairs, and influences communication and exchange between organizational members and between environment and organizational members (Jafari, Rezaeenour, Mazdeh and Hooshmand, 2011, pp. 309-329). As a result, process innovations do not produce products or serve directly to users; indirectly affect the delivery of products and services (Walker, 2006, p. 314; Damanpour *et al.*, 1989).

Ancillary or collaborative innovations are “organization-environment boundary innovations” (Damanpour 1987, p. 678). Damanpour’s study incorporates such in-service programs and post-school supplementary education programs. What

distinguishes an ancillary / collaborative innovation from product and process innovation is that the success of innovation depends on factors outside the control of an organization. Ancillary / collaborative innovations are concerned with working beyond borders with other service providers, users, or other public institutions, and their successful implementation is therefore dependent on others. Ancillary innovations illustrate the overlapping nature of these concepts: a new service (product innovation) developed jointly with other actors, including users or other public, voluntary or private organizations; alternative governance arrangements (process innovations) may be enacted for a public entity that includes partner or user organizations that undertake joint decision-making.

### **3.2. SDGs and Innovation**

This part of the study examines the role of innovation in achieving SDGs that strike a balance between economy, society and the environment. According to Schumpeter (1950), the basic breakthroughs of technology are the core of the process and affect the entire economy. Thus, technology and innovation policy can be linked to the three main dimensions of SD, namely economic growth, social equality and environmental protection. According to the OECD (2010), innovation, which means both the creation of new products, processes and technologies, and the dissemination and implementation of it, can push the bounds out and help to achieve growth without harming natural resources (Anand and Kedia, 2015).

SDG9, titled “Industrialization, Innovation and Infrastructure” (UN, 2015, p. 17), contains targets directly related to innovation. According to this goal, infrastructure investment and innovation are critical drivers of economic growth and development. Since more than half of the world’s population live in urban areas, public transport and renewable energy have become more important than ever. Equally important is the growth of new industries and information and communication technologies. Technological progress is the key to finding lasting solutions to economic and environmental problems such as creating new jobs and improving energy efficiency. Supporting sustainable industries and investing in scientific research and innovation are important ways in which SD is possible.

### **4. Role of Local Governments in Sustainable Development**

The role and responsibilities of the local government in achieving the SD and accessing the SDGs are very important: poverty reduction; access to water and sanitation; health; education; economic growth; urban development and human settlements; and resistance to climate change.



When the MDGs were introduced in 2000, only national governments were initially involved. Local governments were involved as long as then. Unlike MDGs, SDGs are more inclusive because they include local government, civil society, the private sector and national, regional and international stakeholders (UNDP, 2014a, p. 5). As a matter of fact, a strong defense has been made that the local government should be a key implementing partner in achieving SDGs in the course of setting goals (Reddy, 2016, p. 1; Slack, 2014, p. 1). The main elements discussed so far are the localization of the new development framework, the assessment of the local effects of SDGs, and the prioritization and successful implementation of the local dimension (UNDP, 2014b, p. 3).

Localization by the UN means “the process of defining, implementing and monitoring strategies at the local level for achievable global, national and local sustainable targets and objectives” (UNDP, 2014b, p. 3). This process involves the use of different tools, mechanisms, strategies, platforms and innovations to ensure that the development agenda is effectively transformed into solid action and concrete results at local level to benefit communities (Reddy, 2016, p. 1).

SDG 11 is directly concerned with local governments. SDG 11 states: “Making cities and human settlements containable, safe, durable and sustainable”. The targets of SDG 11 are as follows (UN, 2015, pp. 18-19):

SDG 11.1. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums;

SDG 11.2. By 2030, provide Access to safe, affordable, accessible and sustainable transport systems for all, improving road, safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

SDG 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries;

SDG 11.4. Strengthen efforts to protect and safeguard the world’s cultural and natural heritage;

SDG 11.5. By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water related disasters, with a focus on protecting the poor and people in vulnerable situation;

SDG 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management; and

SDG 11.7. By 2030, provide universal Access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

In short, SDG11 is local in terms of design and ownership and is expected to be presented by local governments. There has been a rapid increase in the global population and it is estimated that by 2030 approximately 60% of people will live in cities (UNDP, 2014c, p. 3). Local governments are in the best position to ensure that the needs of local people are understood and fulfilled, as well as the majority of the basic services needed to meet the SDGs offered at the local level (Slack, 2014, p. 1).

Along with being the three dimensions of SD (society, economy and environment), its nature is the environmental dimension. Nowadays, it is accepted that environmental problems are local and therefore environmental protection should be started locally. Environmental policies are based on four basic principles. These are (Dommen, 1993, pp. 1-4): The polluter pays principle, the principle of using pays, prudence principle, and subsidiary principle. Local governments are key to the implementation of these principles.

## **5. Localization of Sustainable Development in Turkey**

According to Article 127 of the 1982 Constitution, local administrations in Turkey consist of special provincial administrations, municipalities and village administrations. However, when the Municipal Law was insufficient to regulate the needs of metropolitan cities such as Istanbul, it was first added to Article 127 of the 1982 Constitution that special forms of governance could be introduced for large settlements; then, based on this provision, the metropolitan municipalities were gradually established in large settlements. The number of metropolitan municipalities with 16 of them has been increased to 30 with the Law no. 6360 enacted in 2012. Again with this Law, the principle that the authority area of the metropolises which had previously been applied only for Istanbul and İzmit (Kocaeli) was determined as the provincial property limit was accepted for the other 28 metropolitan municipalities. Therefore, the jurisdiction of the metropolitan municipalities is the urban and rural area at the province. Approximately 90% of the population in Turkey lives in these 30 metropolitan cities. In the provinces which are the metropolitan cities, special provincial administration, village and municipal municipalities are closed. Being a big city in Turkey depends on population conditions. According to this, the population with a population of over 750 thousand can be considered as a city by law.

Development Plans prepared by the Ministry of Development are an important tool for transferring global development goals to national and local scale. Turkey, which also accepted the SDGs after the MDGs, included these goals in the Tenth Development Plan (2014-2018). The Tenth Development Plan was developed with an approach that centralized the sustainability of development. The inclusive part

of the Development Plan, which is binding for the public sector and is the tool for the private sector, consists of four main headings. These are (Tenth Development Plan (2014-2018), 2013, pp. 2-3): Qualified human, strong society; innovative production, stable high growth; livable spaces, sustainable environment; and international co-operation for development. These four chapters summarizing the SDGs also shape public policies for the sustainability of development in Turkey. The Plan (2013, p. 136) is an important step in enhancing cooperation, coordination and data sharing among relevant institutions in the implementation, monitoring and evaluation of policies towards SDG and further enhancing the role of private sector, local governments and non-governmental organizations in order to further the understanding of SD.

Following the Protocol signed with UNDP in 2007, Project “Localization of UN Millennium Development Goals with Local Agenda 21 Governance Network in Turkey” was accepted. The project was put into effect by being published in the Official Gazette as a decision of the Council of Ministers. Today, we have not yet taken a direct step to localize SDGs in Turkey. On the other hand, there is experience with MDGs and, based on this experience and based on the Tenth Development Plan, local authorities, public institutions, NGOs and the private sector in Turkey have tried to gain access to SDGs.

## **6. SDGs and Istanbul Metropolitan Municipality**

### **6.1. Method**

As innovation and SD can emerge as part of the corporate strategy, this part of the study first analyzes the vision and strategic objectives of the IMM’s Strategic Plan (2015-2019) through SDG 11 and innovation. The SD dimensions (society, economy and environment) and innovation types (product/service, process and ancillary/collaborative) that they focus on are identified. Using Walker’s innovation model (2006), the most commonly used type of innovation is identified. Thus, it is determined whether the IMM has an institutional vision and strategic approach to SD and innovation.

Secondly, the contribution of innovation to SD at the local level is being sought. For this, the innovative activities of the IMM are analyzed in relation to the objectives of the SDG 11. At this stage, the annual report of the IMM is examined. In this way, the contribution of the implementations towards innovation and being a smart city to the SDGs is assessed and good practices are determined and presented as an example to other local administrations.

## 6.2. Limitations of Study

The main limitation of the study is the generalization point of the IMM example to Turkey. As a matter of fact, Istanbul is a world city with an economic infrastructure of 14.8 million inhabitants. As Gonzalez *et al.* (2013, p. 2013) have pointed out, there is a positive effect of size on innovation trend. In addition, the application of the provincial property boundary, which started with the Law No. 6360, to be accepted as the authority area of the metropolitan municipality was initiated in 2004 for Istanbul (and Kocaeli). Therefore, according to other major cities, it has a decade of experience. Thus, Istanbul has more potential for innovation and development compared to other major cities.

On the other hand, Istanbul is also a city with more problems for SD than other cities. It is a must for this city to use more creativity and innovation to meet the local needs of people in a large metropolis and to contribute to global development goals. Therefore, the generalization of Istanbul to all of Turkey is a limitation of work; but at the same time this city is the best practice that other cities can take as examples. Therefore, with this study, the applications of a metropolitan city that gives the best example of the use of innovation in Turkey as a tool to access the SDGs is presented as an example to other local governments.

## 6.3. Findings

According to the Address-based Population Registration System, Turkey has a population of 79.8 million and Istanbul is the most populous city with a population of 14.8 million (TUIK, 2016a). Istanbul is also the most important city in terms of economic, historical and socio-cultural aspects of Turkey. Istanbul, which consists of 39 districts, has a share of 30.5% in GDP (TUIK, 2016b). IMM provides services and invests in a total of 13,718 personnel in all of these 39 districts (IMM, 2017, p. 22). IMM carries out its duties, powers and responsibilities in line with the relevant legislation, mainly the Metropolitan Municipality Law 5216, the Municipal Law 5393 and the Public Financial Management and Control Law 5018.

In this part of the study, the IMM's activities involving innovation and creativity are analyzed by being associated with SDG 11, which is particularly relevant to urban governance. According to the 2016 Sustainable Cities Index (three dimensions: people, planet and profit and 32 indicators) published by Arcadis, Istanbul is the only city in the list of Turkey's smartest cities (77 ranks) in terms of sustainability. Therefore, Istanbul is a city that has successful practices in Turkey compared to other cities. These applications will be examined and presented as an example to other cities and especially the big cities.

**Table 1.** IMM Strategic Plan (2015-2019) and SDGs (SDG11)

**Vision:** Local government of the brand city that creates global value in the name of urbanism and civilization, facilitating life with sustainable and innovative solutions.

SDG11	IMM Strategic Targets (related to SD)
<b>Housing / Slums</b>	Converting Slums on Municipal Parsellies to Regular Living
<b>Transportation</b>	To Offer Human-Focused, Accessible, Sustainable, High-Quality, Economical, Fast, Secure, Comfortable Transportation Service
<b>Urban Planning</b>	Performing Infrastructure Studies to Enable Planning
<b>Cultural and Natural Heritage</b>	Contributing to The Formation of A Livable City by Giving Direction to Social Economic and Physical Development with A Respectful Understanding of The City's Natural History and Cultural Heritage
<b>Disasters</b>	Developing and Expanding the Capacity of Intervention and Improvement in Disaster and Emergency with Effective Risk Management
<b>Environment/Waste Management</b>	Contributing to Sustainable Environment Development
<b>Fragile Population Access to Public Areas</b>	To Enable and Disseminate Services by Contributing to Increasing the Quality of Life of Disadvantaged Groups

Source: Developed from IMM Strategic Plan (2015-2019).

Table 1 shows that the vision of the IMM is focused on sustainability and innovation, and that its targets corresponding to SDG11 focus on the more social dimension of SD.

Table 2 shows that the IMM focuses on SDG 11 and its innovation-driven activities in the area of “transportation” and is the product / service innovation of the common innovation category. The most common innovations are product / service innovations that focus on ICTs. Therefore, IMM uses innovation for urban sustainability of Istanbul. Projects are for the social dimension of SD. The environmental dimension, the essence of SD, is the second plan. This result is in line with Arcadis’ 2016 Sustainable Cities Index.

The second type of innovation that is widespread is ancillary/collaborative innovation. In particular, this type of innovation is utilized in activities carried out in the form of projects and linked to other actors. In this respect the results of the study are close to the results of the study done by Gonzalez *et al.* (2013, p. 2031). Gonzalez and *et al.* analyzed innovative activities in Spanish local governments. Accordingly, the most frequent innovations in local governments analyzed in Spain are collaborative innovations related to investments in ICTs, in particular promoting relations with citizens and the external environment.

Process innovation is used to manage corporate correspondence and archiving in an electronic environment (IMM Annual Report, 2017, p. 60): DAYSIS (Document Archive Management System) system or Real Estate Information System.

The strategic planning and performance-based budgeting system of the public sector in Turkey started with the enactment of the Public Financial and Management Law No. 5018. The first strategic plan of the IMM is the plan for 2007-2011

**Table 2. IMM Annual Report (2016): SDGs (SDG11) and Innovation**

SDG11: Sustainable City	IMM Strategic Targets			
	SD	Types of Innovation		
		Product/ Service	Process	Ancillary / Collaborator
<b>SDG11.1: Housing / Slum</b>	Urban transformation activities			
	Slum breeding and liquidation studies			
	New social housing production			
	Facade and floor rehabilitation works			
<b>SDG11.2: Transportation</b>	Planning and implementation studies for promoting the transportation of the rail system with the sustainable transportation strategy			
	Infrastructure projects such as road, intersection, parking			
	Establishment of intelligent transportation and signaling systems			
	Smart Taxi Project			
	Traffic Electronic Control Systems (TEDES)			
	IMM MobileTraffic			
	IMM Traffic Radio			
	Transportation Istanbulkart			
	Cameraphone Vehicle Tracking Systems			
	Public Transportation Assistants System			
	Internet and Information Access Support Services			
	Satellite internet connection			
	BELNET Village Project			
	Neighbourhood Information System			
	IMM Web Site			
	Fiber Optic Communication System			
	UPS / Uninterruptible Power Supplies			
	Cameras			
	Screens			
	Smart Bicycle Parks			
	Smart Bike Rental Systems			
	Park & Continue			
<b>SDG11.3: Urban Planning</b>	Planning activities			
	Urban Transformation Master Plan Studies			
	Address Information System Studies			
<b>SDG11.4: Cultural and Natural Heritage</b>	The City Information System			
	Historical Peninsula Management Plan Updating Studies			
	Project of Cultural Assets			

IMM Strategic Targets				
SDG11: Sustainable City	SD	Types of Innovation		
		Product/ Service	Process	Ancillary / Collaborator
<b>SDG11.5: Disasters</b>	Earthquake Master Plan			
	Fire Department e-Academy Trainings			
	Seismology Studies: Natural Gas Network Earth-quake Risk Reduction System			
	Disaster Risk Analysis Studies			
	Meteorological monitoring and information studies			
	Fire Department GeoERP Project			
<b>SDG11.6: Environment / Waste Management</b>	Green space management and environmental protection			
	Water and wastewater management			
	River reclamation works			
	Recycling / Gain			
	Composting Organic Wastes			
	Recycling of Petroleum Derived Wastes			
	Energy Generation from Waste Gas			
	Recycling Product and Fuel Production from Waste			
	Electronic Waste Recovery			
	Istanbul Local Electronic Waste Sustainable Management Project (SMILE)			
<b>SDG11.7: Fragile Population Access to Public Areas</b>	Environment and Energy Park project			
	Social Life Centers (for pensioners)			
	Children and Youth Assemblies (City Council)			
	Children's Club			
	153 Call Center			
	Accessible Pedestrian Tracks			
	Early Childhood Intervention Model for Children with Developmental Disabilities and ISECOM Project			

Source: Developed from IMM Annual Report (2016)

period. The preparation of the plan, the determination of the mission, vision and strategic objectives has been realized in a participatory manner (IMM Strategic Plan 2015-2019, 2015, p. 1). Therefore, the transition to the strategic planning period is a process innovation in itself, as it initiates the change in intra-institutional relations and the transfer of the budget to the priority targets.

The IMM also conducts index studies in smart cities, sustainable cities, competitiveness and innovation (IMM Annual Report, 2017, p. 43). In this context, a literature study was made in 2016 and a literature book containing the theory and applications was prepared. Within the context of "Sustainability Benchmarking Studies", cities with global specificity as a leader in environmental, economic, social and institutional management areas have been selected for benchmarking. Istanbul and these cities

are compared with 24 sub-domains and 76 indicators in the fields of environment, economy, society and institutional development. The information and analyzes obtained as a result of these benchmarking studies are intended to serve as a basis for IMM Sustainability Studies (IMM Annual Report, 2017, p. 44).

Another practice to be considered within the context of product / service innovation and dependent innovation is the voluntary participation of citizens in the delivery of municipal services. The IMM provides voluntary participation of citizens to voluntary firefighting, voluntary police services, as well as projects initiated for the handicapped and the elderly. Services and innovation in this context began with the voluntary participation regulations issued by the Ministry of Interior in 2005 and 2006.

As a result, IMM is open to technological improvements, innovation and change. It benefits from innovation especially in areas that improve the quality of urban life (urban transportation); however, in areas such as the environment and energy, the level of use of innovation is limited and insufficient.

## **7. Conclusion**

Local governments are among the most important actors of the development agenda. Local governments must respond to and adapt to local and global developments while fulfilling their multi-faceted tasks. The rhetoric of “Think globally, act locally” is important. This rhetoric developed after the UN Human Environment Conference (1972) and the Rio Summit. Today, one of the most important issues that local governments must respond to on a global scale from a local scale is SD, which has an environmental, economic and social content. After the MDGs, SD and SDGs are the most important headings that guide local governments and shape their visions.

SD can be seen as an integrated agenda for solving economic, social and environmental challenges. It is one of its qualities that all dimensions are interconnected and interwoven together (UNDP, 2012, p. 23). In parallel, 17 goals of the SDGs are linked to one another, and success in reaching each goal will affect success in reaching other goals. Therefore, successful implementations of local governments towards SDG 11 will also contribute to other goals. For example, dealing with the threat of climate change will contribute to protecting vulnerable natural resources, removing poverty from the scene, world peace, gender equality, and better health.

SD is a proposal for a solution to reduce environmental problems and improve the environment. Environment is the most important aspect of SD. As Güzel (2004, p. 1) points out, environmental problems are largely local problems. Therefore, local governments are in an important position to have access to SDGs.

In this study, the IMM’s Strategic Plan and Annual Report was analyzed. When the size and quality of the services offered by the IMM are assessed, the transfor-



mation of Istanbul into a smart city will have very significant social, economic and environmental consequences. The IMM has an important potential in providing local development, mobilizing resources for investment and ensuring competition. Therefore, the possibilities of smart city creation and innovation applications that center the IMM's SD will also contribute to the growth of the Istanbul and Turkey economies and economic development.

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# INFORMAL PAYMENTS IN ROMANIA: THE MEDICAL PERSONNEL POINT OF VIEW. A PRELIMINARY STUDY

## Abstract

**Background:** Romania has one of the highest levels of out-of-pocket payments found in central and Eastern Europe. There are many researches regarding the point of view of those offering money in exchange for medical services, but the papers seeking the reasons for the acceptance of such practices are still lacking. Our study is focused on determining which factors generate informal payments from the point of view of the medical personnel.

**Methods:** This is a preliminary questionnaire research conducted between September 2017 and January 2018, in four of the major university centers in Romania. The questionnaire was addressed to medical personnel working in the public health care system. The distribution of the questionnaires was done directly, through e-mail and social networks. For the preliminary study we used 140 completed forms. Data was analyzed using descriptive statistics, graphs and figures.

**Results:** 74.28% of those questioned pointed the level of revenues as the main determinant for the acceptance of informal payments. 75.9% answered that a raise in wages between 70-100% and over 100% might be enough to decrease the level of out-of-pocket payments. Along with the financial reason the communist heritage of accepting "gifts" and the perception that they represent a way of showing gratitude were both found to be important factors in generating and perpetuating these practices.

**Conclusion:** Underpayment of the medical personnel is a major factor generating the acceptance of informal payments, along with the custom of accepting "gifts" and the perception that they represent a manner of gratitude.

**Keywords:** informal payments, out-of-pocket payments, Romanian health care system, corruption.

Ovidiu ANTAL

Cătălin BABA

## Ovidiu ANTAL

PhD candidate, Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
E-mail: antal\_ovi@yahoo.com

## Cătălin BABA

Associate Professor, Department of Public Health, Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.505  
E-mail: baba@polito.ubbcluj.ro

## 1. Introduction

Out-of-pocket payments in the health care system are a common and well known practice in many European countries (Lewis, 2007; Gaal *et al.*, 2010; Stepurko *et al* 2013). They are among the most common practices of corruption in the health care system.

While they represent an important source of system financing, they also have a negative impact by influencing both the ease of access to health care services and also by decreasing the efficiency of these services. Furthermore, this practice is an impediment in implementing new reforms in the health system.

In the last few years numerous studies concerning the causes of out-of-pocket payments in the health care system have emerged, but a hierarchy of them was never made (Radin 2016; Zaslavskaya 2016; Stepurko *et al.*, 2017; Souliotes *et al.*, 2016; Riklikienė *et al.*, 2016; Arsenijević *et al.*, 2015; Stepurko *et al.*, 2015; Vian *et al.*, 2015). Several important causes can be responsible for this practice, varying from social-cultural habits and going towards more complex situations such as the underfunding of the health care system. More, their real amplitude is not really known, as research in this field proved to be difficult.

### 1.1. Drivers of Out-of-Pocket Payments or Informal Payments

One possible cause of corruption and informal payments can be the type of financing of the health care system. Transparency International supports the idea that abuses in the health care system which are directed towards self-gain are not characteristic to one state or to a health care system, but vary according to how public funds are being managed, or according to how payments in the system are made (Transparency International, 2012). Thereby corruption in the health care system can appear under different forms, according to the type of financing. So, a tax-financed Semashko model, the system implemented before 1989 in the former communist countries, associated with free or almost free of charge health care services, available to the entire population, is prone to a higher level of informal payments. A social insurance based health care system, available in almost all the European countries, including the former communist block (after 1990) is more prone to corruption through illegal expenses reports, fraud and fraudulent misuse of funds. The systems based on private health care insurances (USA, Switzerland and Nederland) show similar corruption risks as the social insurance systems.

A high level of informal payments is seen in the countries where the health care system is centralized, state controlled, where there is a low level of income in the health care personnel and where the mechanisms of control against corruption are absent or almost absent (Transparency International, 2012). In this category lie most of the eastern and central European Countries, including Romania.

Perhaps, of more importance than the health care system type of financing is the level of the financing. Thereby there is a relations between the level of financing and the level of corruption in the health care system with the existence of the highest informal payments level in the poorer countries (Musgrove, 2004). So, a high level of corruption is recorded in most of the former communist countries, with large variation regarding the way that this corruption is manifested (Stepurko, 2013).

Low wages, difficult working conditions and overburdened medical personal are all determinants of work environment discontent, and are possible causes for informal payments. If the patients' perspective over health care out-of-pocket payments was already studies in most of the European countries, research over the health care personnel perspective is lacking. Among the few studies published on the subject, a research emerged in China in 2001, showed that a low income level, the month-to-month income variation, the state's lack of interest towards the medical personnel are all determinants of informal payments acceptance (Bloom *et al.*, 2001).

In most of the eastern and central European countries the income in the health care system is low, below the one found in other sectors such as the industrial one (World Salaries, 2013).

One other cause of the informal payments phenomena can be the cultural heritage. In a research published in 2015 which focuses on the social-demographic and cultural conditions involved in the occurrence of the out-of-pocket payments in the health care system, three out of four responders declared that they felt uncomfortable leaving the doctor's office without manifesting their gratitude (Stepurko *et al.*, 2015). The communist heritage according to which the health care services were free, patients had a difficult access to medical services and the medical personnel was underpaid, can all be reasons for the persistence of informal payments (Stepurko *et al.*, 2013). Ignoring this phenomena after 1990, the long period of transition in the former communist countries led to the perpetuation of these practices.

One other reason for the high level of informal payments in the central and eastern European countries is the difficult access to health care services. In a research published in 2016 in Health System in Transition, the relation between insufficient health care personnel and late and insufficient health care services is underlined (Vladescu C *et al.* 2016). In Romania and some European countries the health care personnel deficit can be up to 30% for doctors and 40% for nurses (Vladescu C *et al.* 2016). In a study published in Russia in 2016, 14% of the responders declared that they offered out-of-pocket payments due to the fact they did not want to wait their turn to obtain the medical services (Zasimova, 2016).

In the past few years there was only a stagnation or, after some researchers, a slight decrease in the level of informal payments in the health care system. The fail-

ure of decreasing this phenomena more, is due to the state's incapacity of generating consistent anti-corruption policies. The polish experience shows that the level of out-of-pocket payments decreased after the state's campaign of information and education of the population (Golinowska S, 2010).

## **1.2. Romanian Health Care System and Informal Payments**

The Romanian public health care system is unreformed and generates a series of dysfunctionalities while functioning. It is a social insurance based health care system, similar to other European countries. It was adopted in 1997 (145/1997) and implemented in 1998. It is a modified version of the Bismarck model. At present, the health care system in Romania is regulated through 95/2006 law, regarding the reform in the health care system.

One important problem of the Romanian health care system is represented by the informal payments. Although studies dating from 2005 showed the existence and the level of informal payments in the public health care system, no coherent measures to diminish this phenomena were taken (World Bank's Report, 2005). In the same report it was stated that in the Romanian public health care system the level of informal payments was as high as 300 million euro each year (World Bank's Report, 2005).

Romania is one of the top countries when it comes to the level of informal payments, a fact stated by the studies carried out by European Health Consumer Index – EHCI in 2013 and 2015 (Bjornberg A, 2013, Bjornberg A, 2015). These reports are based on the Survey commissioned from Patient View by HCP, in which 35 European countries were included; in 2013 the study showed that Romania was situated in the last position, being outrun by countries like Lithuania, Bulgaria and Serbia (Bjornberg A, 2013). In 2015, the situation changed slightly: Romania was no longer in the last position and countries like Albania, Hungary and Bulgaria had higher levels of informal payments (Bjornberg A, 2015).

## **2. Methods**

### **2.1. Survey Instrument**

We developed a questionnaire to explore the medical personnel perception over the informal payments and the causes that generates and perpetuates this practice. The questions in the survey were centered on how medical personnel perceive the existence of out-of-pocket payments, which are the causes of the existence of this phenomena, how do they influence the patients' accessibility to health care services and which are the changes in the health care system which would potentially decrease the level of informal payments.



We would like to emphasize that this questionnaire was addressed to medical personnel, not to patients or other healthcare providers.

The majority of the items was introduced in the questionnaire after a thorough literature review concerning the out-of-pocket payments in eastern and central European countries.

The final questionnaire was generated after a pilot study on 10 responders in a face-to-face interview. There were no major differences between the first and the final questionnaire.

The language in which the questions were addressed was Romanian.

## **2.2. Sample and Survey Administration**

Data collection was carried out between September 2017 and January 2018. The questionnaire was addressed to all medical personnel (doctors, nurses, therapists) working in the public health care system. We did exclude from the study auxiliary medical personnel and other health care providers.

The distribution of the questionnaires was done directly in the hands of the medical personnel, through e-mail and through social networks. For the preliminary study we used 140 completed forms. Out of the 100 questionnaires distributed personally, only 71 (71%) were completed, 8 (8%) were returned blank and 21 (21%) were incomplete. The questionnaire given directly was distributed in four out of six of the most important medical university centers: Bucharest, Cluj-Napoca, Iași and Craiova. We excluded them from the statistics. Sixty nine completed forms were obtained through both e-mail and social networks. The rate of survey completion could not be calculated for this category of forms.

The questionnaire was composed of 12 questions: the first three questions established the medical specialty of the responder, the age and the medical degree. The next two questions were about the impact that informal payments have over the ease of access and quality of the health care services. One question with multiple answers regarded the causes of the existence and perpetuation of out-of-pocket payments from the medical personnel point of view. The last five questions tried establish what should be done in order to decrease or stop this corruption practice.

## **2.3. Statistical Analysis**

Statistical analysis was performed using IBM SPSS Statistics version 23.0 Microsoft Excel 2013. Continuous variables were expressed as mean $\pm$ SD, while categorical variables were expressed as numbers or percentages.

### 3. Results and discussion

#### 3.1. Demographic Data

In total 140 questionnaire were submitted to statistical analysis. The age groups, the medical specialty and the medical degree of the participants are summarized in table 1.

**Table 1.** Age groups, medical degree, type of medical degree and the degree in the medical specialty

<b>Age groups: number of participants (%)</b>	
20-29 years old	42 (30.0%)
30-39 years old	51 (36.4%)
40-49 years old	39 (27.9%)
50-59 years old	7 (5.0%)
>60 years old	1 (0.7%)
<b>Medical degree: number o participants (percent %)</b>	
Doctors	107 (76.4%)
Nurses	33 (23.6%)
<b>Type of medical specialty: number of participants (%)</b>	
Surgical	64 (45.7%)
Medical	43 (30.7%)
Nurses	33 (23.6%)
<b>Degree in medical specialty: number of responders (%)</b>	
Attending MD	18 (12.9%)
Specialist MD	49 (35.0%)
Resident MD	38 (27.1%)
Nurses	35 (25.0%)

As we can see, most of the responders (66.4%) are under the age of 40, which could be explained by their higher interests in health care policies.

Almost 77 % of those who decided to complete the questionnaire were doctors. 45.7% were with surgical specialties (cardiovascular surgery, general surgery, gynecology and obstetrics, neurosurgery, ophthalmic surgery, oral and maxillofacial surgery, orthopedic surgery, otorhinolaryngology, pediatric surgery, plastic and maxillofacial surgery, urology, and vascular surgery; in this category we also included anesthesiology, a specialty related to surgery). 30.7% of the responders were with medical specialties (allergy and immunology, dermatology, pediatric, psychiatry, emergency medicine, family medicine, internal medicine, geriatrics, neurology, nuclear medicine, radiology, physical medicine and rehabilitation, palliative care, cardiology, gastroenterology). 23.6% of the responders were nurses of all specialties; even though their wages differ greatly from one specialty to another, we could not stratify them as the number of nurses responders was low.

As regarding their degree in the medical specialty most of the responders were specialist (35%), followed by residents (27.1%) and attending physicians (12.9%). This could be also explained by the fact that the residents and specialists were forming the age category under 40 years old, which was the largest among the responders.

### 3.2. Impact of Out-of-Pocket Payments on Health Care Services

When asked whether the offer and acceptance of informal payments lead to an easier access and better health care services, the answers provided were that out-of-pocket payments don't determine a change in attitude in this direction. Data are summarized in table 2.

**Table 2.** Impact of out-of-pocket payments on health care services

Does the acceptance of informal payments by the medical personnel fastens the access to health care services?	
Yes	42 (30.0%)
No	98 (70.0%)
Does the acceptance of informal payments by the medical personnel improves the quality of the health care services provided?	
Yes	21 (15%)
No	119 (85.0%)

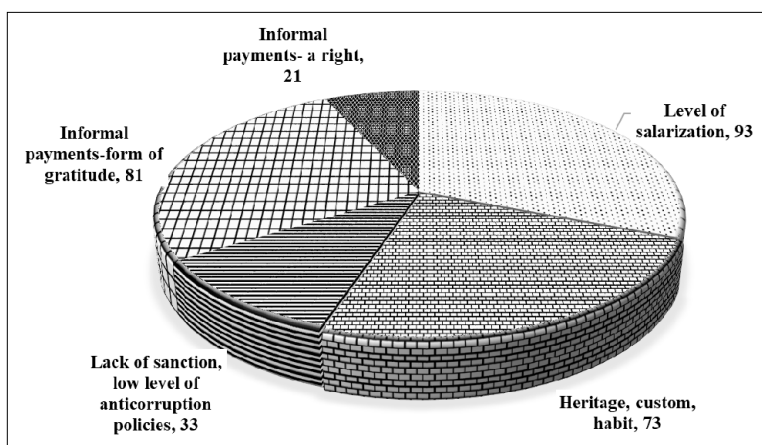
The results we obtained show that the medical personnel does not consider the acceptance of informal payments to be a determinant factor for a faster access or to better quality health care services. This comes in contrast with the perception of those offering out-of-pocket payments; in a study carried out in Russia, 14% of those who offered under the table payments declared that they acted so because they did not want to wait for their turn to obtain medical services (Zasimova L, 2016). So the perception of those offering and those accepting informal payments is different, regarding this matter.

### 3.3. Reasons for Under-the-Table Payments Acceptance

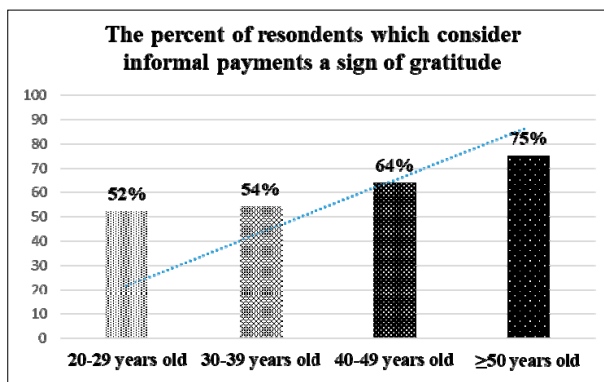
When asked "what are the main reasons for the acceptance of informal payments", most of the answers pointed the level of the wages. In the subgroups of doctors, 74.28% answered that this is one of the most important reasons. In the subgroups of nurses, the percentage was lower; only 42.85% of them find the level of wages determining for the acceptance of informal payments. The second reason for the perpetuation of this practice was found to be the perception that the out-of-pocket payments are a form of gratitude shown by the patient towards the medical personnel. The communist heritage, the custom of accepting this form of payment

was also found to be a major factor for this corruption practice. The percent of positive answers increased in parallel with age: in the subgroup of age 20-29 years old, we found the lowest percentage (52%) of positive answers, while in the medical personnel aged over 50 the percentage was 75%. This increase with age could be explained by the fact that those health care providers over 50 years old were educated and started working during the communist era. The results are summarized in figure 2.

Only a small percent of the responders (15%) decided that informal payments are a right, and that is the reason why they accept it. Neither the lack of sanction nor the insufficient anti-corruption policies were found to have a great impact on the existence and perpetuation of the out-of-pocket payments in the health care system. The distribution of the answers is summarized in figure 1.



**Figure 1.** Reasons for under-the-table payments acceptance



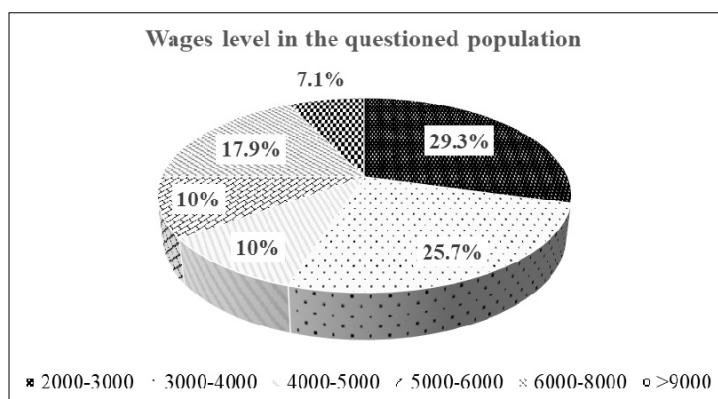
**Figure 2.** Age related answers regarding the out-of-pocket payments as a form of gratitude toward the medical personnel

When we compare the result we obtained in our study with the results of previous research conducted in other countries, regarding the causes of informal payments, we can observe that they are similar. In a study carried out in China, the results showed that a low income level, the month-to-month income variation, the state's lack of interest towards the medical personnel are all determinants of informal payments acceptance (Bloom *et al.*, 2001). These results may emphasize the importance of objective factors as reasons for informal payments, and may lower the role that we attribute to heritage and customs in accepting informal payments.

### 3.4. Measures to Be Taken in order to Decrease the Informal Payments

Six questions were addressed in order to determine what measures should be taken, from the point of view of the medical personnel, in order to decrease this phenomena.

When analyzing the level of wages in the questioned population, 55% of those questioned had wages between 2000-4000 lei/month (430-860 euro/month). If we compare these revenues with other sectors like the financial, information technology (IT), or even with the public sector, we find them below (Adelina Mihai, Ziarul Financiar, 2017). Nurses earn less than doctors; the results are shown in figure 3.



**Figure 3.** Level of revenues in the medical personnel questioned

The answers to the question: Could a raise in wages decrease the level of informal payments, the answers obtained were not conclusive; 53.6% of those questioned were sustaining the idea that a raise in revenues would decrease the level of informal payments, while 46.4% answered with “no” or “don’t know”, making an interpretation difficult.

When asked how much increase in revenues would determine a decrease in informal payments level, 75.9% of the responders decided that a raise of wages be-

tween 70-100% and over 100% might influence positively this phenomena. When comparing the percentage of those asking for a raise in revenues, with those answering that the raise would decrease the level of informal payments, we find a difference of around 25% (responders that did not know or did not think that an increase in revenues would decrease the out-of-pocket payments, but still wanted a raise in wages). We interpret this discrepancy in answers as medical personnel unhappy with their level of salary, but who don't know if they will stop the acceptance of informal payments after the increase in revenues. Multiple factor could be responsible for these answers, such as customs and habits or the perception that out of pocket payments are a proof of gratitude.

Nurses are seeking for less revenue increases than doctors, even though they earn less.

Our preliminary research shows a close relation between the level of revenues and the level of informal payments, results that are similar to those obtained in previous research on the same subject. In a paper published by Transparency International in 2012 it was emphasized that a high level of informal payments were seen in the countries where the health care system was centralized, state controlled, with a low level of income in the health care personnel and where the mechanisms of control against corruption were absent or almost absent (Transparency International, 2012).

At the questions whether intensifying anti-corruption policies or public information campaigns would decrease the level of informal payments, just above 50% of the responders answered "yes". The rest did not know, or did not think that these measures would decrease the out-of-pocket phenomena. These comes in a slight contradiction with the results obtained in Poland, where an intense public information campaign lead to a decrease in the level of informal payments (Golinowska, 2010).

At the last question, weather the medical personnel should have different revenues according to their level of competence, only 54.3% of the questioned population considered this measure a good one for improving the job satisfaction. The rest of those interviewed did not know, or did not think that this was a good measure.

#### **4. Conclusion**

Out-of-pocket payments in the Romanian health care system are still a well-known practice. Papers studying the perception of the medical personnel over this topic are still too few to allow the state to generate and implement reliable anticorruption policies.

Our research points out that the underpayment of the medical personnel is a major factor which generates the acceptance of informal payments. Along with

the financial determinant, goes the custom of accepting such “gifts” and the perception that these corruption practices are a way through which patients manifest their gratitude towards the health care system employees. It is not clear whether an increase in wages would decrease the level of informal payments, even though most of those questioned see as a necessity to raise the revenues substantially.

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# STEPS IN THE DEVELOPMENT OF CREATIVE INDUSTRIES IN CLUJ-NAPOCA. CASE STUDY TRANSYLVANIA INTERNATIONAL FILM FESTIVAL

Delia Cristina BALABAN  
Codruța BARB

**Abstract.** Cluj-Napoca has become one of the most dynamic cities in Romania in respect to the development of the cultural/ creative industries. Founded in 2002, Transylvania Film Festival (TIFF) was one of the first events that put the city on the European cultural map in the last decades. The present paper researched TIFF's role in the development of cultural industries in Cluj-Napoca. The method consists of content analysis of several public documents related to the research subject: *The strategy of development of the city of Cluj-Napoca 2014-2020*, *The portfolio of priority projects of the city of Cluj-Napoca for the time frame 2014-2023*, *TIFF anual reports*, etc. Additional ten in-depth-interviews with TIFF staff involved in the activity with international guests and also international guests that work in the film industry were conducted during the recent three editions of the film festival 2015, 2016 and 2017. The focus of the research is the relationship between the role of the festival for the development of the local creative communities and the internationalization strategies.

**Keywords:** culture, film festival, creative industries, city development.

**Delia Cristina BALABAN** (corresponding author)

Prof. Ph.D., Communication and Public Relations Department,  
Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Email: balaban@fspac.ro

**Codruța BARB**

Ph.D. candidate, Faculty of Political,  
Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Email: codruta.barb@gmail.com

## 1. The role of culture and creative industries in the nowadays society

A discussion about the role of the Transylvania International Film Festival (TIFF) in the cultural landscape of Cluj-Napoca should be integrated in a broader context: the contemporary development of the creative industries. Starting from the 1990 decision makers from around the world from Australia, to United Kingdom at Europe stressed that *creativity and independent thinking are increasingly crucial to global economy* (Moore, 2014, p. 739). A connection between innovation thought creative and media industries and digital technology can lead to economic grow. Creative industries nowadays are based not only on the creativity but also on the technological progress towards digitalization. According to *The strategy of development of the city of Cluj-Napoca 2014-2020*, this is a particular feature of the development of the city as an important center of cultural industry in the region.

Cultural industries are defined as *industries, which combine the creation, production and commercialization of creative content, which are intangible and cultural in nature* (Moore, 2014, p. 744). The definition vary from country to country and there are at least three different perspectives on creative industries: the first one focused on certain sectors that are part of creative industries such as literature, multimedia, cinematographic or music productions, design, architecture, visual art, advertising, video-games, crafts, theater, opera, concerts and cultural events, museums, art galleries and IT (O'Connor, 2001; Hesmondhalgh, 2002), the second approach based on the work of Richard Florida (2002, 2017) that speaks about an *urbanized knowledge capitalism opposed to knowledge based capitalism based on a creative class* and the third focused on the concept of creative city introduced by Charles Landry (2000).

The idea of the upraising of the creative class as the engine of a successful city development was emphasized by Florida in 2012 work: *The Rise of the creative class. And how it's transforming work, leisure, community and everyday life* was the key idea for Cluj creative milieu. The three Ts: technology, talent and tolerance that Florida previously considered to be the key for the success of the transformation of post-industrial cities nowadays were like a motto written for Cluj-Napoca. As 2017 Florida published *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class and What We Can Do About It*, members of the creative scene identified a potential problematic development for the future of Cluj-Napoca according at least to some of the five dimensions of the new urban crisis: 1) a deep and growing economic gap between a small number of super-star cities, the *winner takes it all* principle applied to urban development, 2) the *plutocratization* and *gentrification* phenomenon due to the dramatically growing housing prices that will end up in keeping the creative away from the center of the cities, 3) the grow of inequalities, segregation in metropolitan area and the fall of the middle class, 4) the poverty of the suburbs and 5) the crisis of the urbaniza-

tion without economic growth in the developing world. Florida comes also with solutions for the new urban crisis that he described: empowering communities, make local leaders to strengthen the economic power, develop cluster, concentrate talented people and nevertheless take care as a city develop housing solutions for them (Florida, 2017).

The economic value of creative industries is complex and not easy to be measured. Cultural industries are important for both private and public sector of the economy. They also have a social dimension (Wyszomirski, 2003). Hesmondhaugh (2002) stressed the importance of cultural industries beyond their economic dimension. The products developed by cultural industries play a role in the reality perception, are deep involved in the personal life of their users and are actively involved in the identity building process. Moneta (2000) emphasised that cultural industries are based on multi-media service, influenced systems of values, have a public agenda building function.

Cultural industries are important elements in the development strategies of several cities not only in the USA or Australia, but also in members of the European Union. The EU program *Creative Europe* and the *Media* program are just one of the instruments developed to support creative industries. The Romanian government is implementing those projects, thus the TIFF received financial support.

## 2. Film festivals

Film festivals have an important role not only for the film industry and its representatives, but also for the communities that host this type of events, for the local business. Festivals are platforms for meetings and discussions for people from different domains of the society that have in common preference for movies. Information exchanges, detecting new art tendencies, reviewing new movies, discussions about film staff, giving a receiving feedback for cinema projects are parts of the film festivals (Hing-Yuk Wong, 2011).

Marijke De Valck's *cultural theory of attention, spectacle and experience* focuses on the spectacle's role in maintaining the attention of the audiences on film productions at least during the film festivals when selected movies are introduced to juries and public for the first time. Film festivals began with the presentation of art cinema productions. Even if Hollywood was and still is the movie production center *par excellence*, film festivals took place for the first time in Europe in Venice (1932). Cannes Film Festival (1946) is an example of a successful cooperation between a typical European orientation towards art and the Hollywood glamour. Karlovy Vary (1946), Locarno (1946), Edinburgh (1946) and Berlin (1951) are among the long lasting events of this kind in Europe. Other continents followed Europe by introducing the festivals in Sydney (1954), San Francisco (1957), Mar del Plata (1959),

New York (1963), Toronto (1976), Montreal (1977), Sundance (1978). In the years 1980 new film festivals appeared (De Valck, 2007).

During the last decades of film festivals history a differentiation process took place thanks to the introduction of new cinema genre such as short movies, documentaries, experimental movies, *avant-garde*, unfinished project, etc. The International Federation of Film Producer Associations (FIAPF) was founded 1933, an organization that awards the status of film festival according to several criteria and that is in charge for a world wide film festival agenda. According to FIAPF there are three categories of film festivals: specialized on competition movies, specialized on movies outside the competition and specialized on short movies and documentaries. FIAPF has developed a short list of the so-called '*A class*' film festivals that are internationally recognized due to film selections that are presented and due to the quality of the organization and of the related events. The 12 festival of the A class list are located in: Cannes, Berlin, Venice, Mar Del Plato, Locarno, Shanghai, Moscow, Karlovy Vary, Montreal, San Sebastian, Tokyo and Cairo. There are still relevant film festivals that are not accredited but are still relevant for the international film industry and for the public. TIFF is currently considered to be a '*B class*' festival.

### 3. Transylvania Film Festival

The first edition of TIFF took place in Cluj-Napoca on 2002 and was accredited by FIAPF on 2011 as the only competition film festival in Romania. The organizer is the Association for the Promotion of the Romanian Movie, supported by the Media Program – Creative Europe. TIFF is a member of CENTEAST: The Alliance of Central and Eastern European Film Festivals. As the official website of the festival reveals, the origins of the festival go back to 2001 when Tudor Giurgiu and Mihai Chirilov, the two co-founders were working as journalists at the Venice Film Festival and had the idea of bringing to Cluj-Napoca this type of events. Starting with 2007 TIFF, Sibiu was added to Cluj-Napoca as TIFF location. TIFF grows each edition from an event presented in two cinemas in Cluj-Napoca in 2002 to 15 locations on 2017. Elements related to this development will be discussed later in this paper related to our research questions.

Scholars did not often analyze TIFF, Negrușă, Toader, Rus and Cosma published one of the few approaches in 2016 under the title: *Study of Perceptions of Cultural Events's Sustainability*. The results of the study presented TIFF as a sustainable event in local's perception, with high economic and socio-cultural benefits not only for the local community and with no negative impact on the environment. TIFF '*has the capacity to support education and cultural enrichment*', generates additional revenues for the local budget There is an economic impact on the local businesses,

by attracting investments, by contributing to the rise of new businesses, for example 2016 TIFF's budget was 1.5 mil. Euro, the number of direct employees were 190 and additional 400 volunteers were evolved. TIFF is perceived as the most representative cultural event of Cluj-Napoca with contribution on improving education and the local infrastructure. The hospitality sector profited from TIFF not only during the festival, but also on long term, Cluj-Napoca being considered a relevant destination for festivals and cultural events, named on *Lonely planet: the film capital of Romania* (Negrușă, Toader, Rus, and Cosma, 2016).

#### 4. Methodology

The present research focused on the following main research questions:

RQ1. What is the role of TIFF in the development of cultural/ creative industries in Cluj-Napoca?

RQ2. What is the relationship between internationalization and local impact in the case of TIFF?

The research methodology is based on a qualitative content analysis of several public documents related to the research subject: *The strategy of development of the city of Cluj-Napoca 2014-2020*, (original: *Strategia de Dezvoltare a Municipiului Cluj-Napoca 2014-2020*), *Strategically directions of the cinematographic sector of Cluj-Napoca 2014/2020*, (original: *Direcții strategice ale sectorului cinematografic al municipiului Cluj-Napoca 2014/2020*), *The portfolio of priority projects of the city of Cluj-Napoca for the time frame 2014-2023*, (original: *Portofoliu de proiecte prioritare al municipiului Cluj-Napoca, pentru perioada 2014-2023*), *TIFF annual reports* (available on TIFF official web site).

Additional 10 in-depth-interviews with TIFF staff involved in the activity with international guests and also international guests were conducted during the 2015, 2016 and 2017 TIFF editions. The people that were interviewed are:

- Sandra Spighel (coordinator departament guests, 2015 edition), Crăița Nanu (coordinator departament guests, 2016 edition),
- foreign guests that were involved in festivals in Europa.: Bostjan Virč (producer), Edvinas Pukšta (Vilnius Film Festival), Alessandro Gropplero (International Relations Representative Friuli Venice), Katarina Kracova (producer), Mira Staleva (European Film Academy), Nerina Kocjancik (European Film Festival), Cosima Finkbeiner (Beta Cinema Munich), Iain Smith (producer).

#### 5. Results and discussion

TIFF's first edition was not spectacular because of the low number of productions that were presented in the two cinemas. International producers were skep-

tical to send their productions to a new comer from a Romanian city. On TIFF's impact on the development of cultural events in Cluj-Napoca Mihai Chirilov, one of the founders of the festival said in a press interview for the magazine *Decât o revistă*: *'everything that hapend in Cluj on the field of visual arts, step by step on different fields started to be very important in the cultural sphere. And this things atracted more vizibility, an economic impact, the support of the authorities for cultural events and an open community for this type of events. There are concerts, music festivals, film festivals, alternative exhibitions and different types of salons'* (DoR, 2016). On his opinion the turning point regarding the perception of the local community and of the authorities towards TIFF took place back in 2007 when Sibiu was European Culture Capital and the festival took place also in this city. Chirilov was aware of TIFF's contribution to the development of the cultural scene in Cluj-Napoca and thus to the development of the cultural industries.

The document and the interviews that we analyzed pointed out few decisive moments on TIFF timeline. The first turning point was 2007, as Chirilov pointed above, followed by the accreditation by FIAPF, than the increasing attention of the municipality related to the elaboration of the *The strategy of development of the city of Cluj-Napoca 2014-2020*, by a group of experts the so called *Cluj Management and Planning Group* (GMPG). Cluj-Napoca applied for becoming European Culture Capital 2021, but unfortunately was not nominated. With the help of several local organizations, the municipality prepared the application. Both in the strategy and in the application the TIFF's role was emphasised. Cluj-Napoca's advantage was that it is the host city of the most important film festival in Romania. At the time the straegy was developed the festival was already an established event in the cultural scene beyond the Romanian borders. This is a relevant prove for the idea that the festival developed when streching the efforts in relationship with international events such as: 2007 Sibiu the European Culture Capital and the application Cluj-Napoca culture capital 2021.

Strategic planning is a relevant instrument for city development nowadays and an excellent tool that governments can (and should) use in order to deal efficiently with change (Hințea, Profiroiu and Țiclău, 2015). In *The strategy of development of the city of Cluj-Napoca 2014-2020*, there is a section dedicated to the development of the creative industries: *The innovative, creative and competitive city*. A working group with this title was enrolled for this. TIFF is a relevant element in this document. The city had at that time the potential to become a cluster of creative industries not only because of the qualified human resource (working for example in finance and IT), but also because of what TIFF represented. Thus, it was mentioned in the document: *'the Cluj community has a high development potential in developing cultural and creative industries. Cluj-Napoca has a specific cultural vitality and an important cultural diversity, a high cultural consumption and a positive dynamic in taking part in*

cultural events' (*Strategia de dezvoltare a municipiului Cluj-Napoca, 2014-2020*). Being aware of the importance of branding nowadays (Corbu, 2009), on 2013 TIFF the authors of the strategy already acknowledged that TIFF's brand has a positive impact on the Cluj-Napoca's image. TIFF has become a brand that should be used not only during the festival, but also during the whole year. Aspects of city branding (Popescu, 2017) were taken into consideration. In the paper *Strategically directions of the cinematographic sector of Cluj-Napoca 2014/2020*, image transfer actions such as founding Casa TIFF and EducaTIFF that are related to the intention to use the brand in a more efficient all year around way were highly encouraged. Due to the use of the name of the region Transylvania by the festival, there is a strong relationship between the two brands: the festival and the city that is the capital of Transylvania. TIFF is considered to be a useful instrument for the image of Cluj-Napoca a relevant instrument for the internationalization, both in the form of bringing foreigners to the city and to increase Romanian cinema's awareness abroad. The authors of the above-mentioned paper compared TIFF with other European film festivals and they come to the conclusion that TIFF is not in the position to reach the achievements of 'A class' festivals such as Cannes but can be compared to festivals from the region such as: Sofia, Sarajevo or Wroclaw.

Introducing festivals such as TIFF in the strategic planning of a major Romanian city such as Cluj-Napoca was an outstanding decision, because as Quinn (2010) remarked *'there is little in the literature to suggest that cities normatively engage in such processes. While there are, undoubtedly, some exceptions where the policy ambitions of individual arts festivals are closely interwoven into the broader policy frameworks operating in a city at large, in general, there is an urgent need to create new policy frameworks to chart an equitable path for the future development of urban arts festivals'* (Quinn, 2010, p. 266).

Even if Cluj-Napoca didn't won the nomination for European Culture Capital 2021, TIFF still remains an important and constant pole for the development of creative industries in Cluj-Napoca. TIFF grew each year and additional events took place during the festival. According to TIFF's official website, in the 2017 edition of the festival, the special events that completed the TIFF experience were:

**InfiniTIFF** (an event designed for the tech lovers, where they can observe and experience the newest technologies available, from Virtual Reality to interactive cinema), **EducaTIFF** (an educational program developed for the benefit of the younger TIFF audience, with the purpose of teaching school kids about the field of cinematography, through movies, workshops, presentations and open talks with various experts in the filmmaking industry), **Film Food** (a TIFF new event created for the people in the audience who love good food: 3 movies about the art of cooking, followed by a dinner cooked by 3 of the most appreciated Romanian chefs), **Weekend at the Castle** (the first weekend of the festival, dedicated to fam-

ily activities for the TIFF audience: 2 days at Bonțida Castle, near Cluj-Napoca, full of exhibits, workshops, concerts, children activities, culinary demonstrations, and open-air movie screenings), **Let's Go Digital** (a movie workshop designed for kids who have a passion for cinema with ages between 14 and 18 years old, where, under the supervision and teachings from movie experts, they are able to make their own short film, present it in front of a jury and be awarded for their work), **10 for Films** (an event designed to give a chance to young debuting actors to learn and improve their talent, in order to be casted in one of the future Romanian or international films or theatre projects), events under the **TIFF Industry** umbrella: **Transilvania Talent Lab** (an event dedicated to the industry professionals working in cinema halls in Romania, consisting of workshops focused on teaching the most useful management and marketing skills that can be used when trying to convince a wider audience to come to see good movies in cinema), **Transilvania Pitch Stop** (for Romanian and other international movie makers that have their first or second movie in different stages of development, this event offers them a chance to present their idea or movie to international film professionals and to get the funding they need in order to be able to complete their work), **The Pitch** (is an event made specifically for young filmmakers from the Transilvania province, where they can present their short movies in front of a jury, and the best short production will be awarded by Shorts TV – the International channel dedicated to short movies) and **Less Is More** (TIFF became a partner for this project sponsored by the Creative Europe Media Programme, project that aims to support the screenwriters and directors from Europe who are at their 1st, 2nd or 3rd movie realized with a limited budget) where, for 2 days during the festival, the people involved in this project get to present their ideas and take part in various masterclasses about the possibilities of making, distributing and promoting a movie, while having a limited budget (TIFF, 2018).

The following table that presents the evolution of the festival in terms of films, guests, etc., is based on official data from TIFF website:

**Table 1.** TIFF's movies and participants for the latest editions

	<b>Movies that were projected</b>	<b>Countries represented</b>	<b>People who attended the festival</b>	<b>Guests</b>
<b>2011</b>	220	45	60.248	1228
<b>2012</b>	241	46	67.000	1330
<b>2013</b>	190	53	62.000	1233
<b>2014</b>	217	55	63.000	Aprox. 1000
<b>2016</b>	248	64	100.000 (79.000 sold tickets)	1100
<b>2017</b>	225	53	130.000 (90.000 sold tickets)	1200



TIFF's relationship to media and advertising was always challenging in a positive sense. The advertising campaigns that were created for every edition mostly by companies from Cluj-Napoca were emblematic through their tone of voice. The accent was always on awareness with a touch of intelligent humor. Besides advertising, public relations services from Cluj-Napoca were involved and by doing this they got the experience of working in an international environment of this scale. TIFF had always-relevant national and regional media coverage, a shift in the direction of social media took place in the last years and the organizers knew how to involve the bloggers' scene. Innovating ideas were put to work such as implementing a TIFF application, that had 2017, according to the TIFF official report with about 12.000 active users a grow of 180% compared to previous year.

One of the most important strategic actions of TIFF was the internationalization; nevertheless the festival is called international starting with the early stage. Inviting international accreditation, international guests and journalists was part of this from the beginning. Each year TIFF has a special guest from abroad that received a prize for the entire activity. The list include outstanding personalities of the movie industry from both Europe and the USA: Vanessa Redgrave, Franco Nero, Catherine Deneuve; Armand Assante, Sophia Loren, Claudia Cardinale, Wim Wenders, Jacqueline Bisset, Geraldine Chaplin, Alain Delon, are only some of the names.

Branding is important for business nowadays, film festival make no exception: *'The brand of the festival – it's tough making a film festival, there has to be a particular kind of or type of interest, you know, and I think that helps the festival to become in some way, a bit unique. So you need to have a unique selling point. And that is one of the problems now – there is too much content now, there's so much stuff and another stuff isn't going to do anything, you have to somehow make yourself distinctive and stick to that'* (Iain Smith). Branding is not only related to visual appearances but to its total impression. TIFF is considered by the guests and by the staff to have a emerging international identity: *'I think that TIFF will grow and will have a strong position among the most important film festivals in Europe. TIFF is still a young festival after 16 years of existence. I saw its development: Caravana TIFF, this is an excellent initiative, similar initiatives are also in other European countries'* (Sandra Spiegel). The international accreditation is a relevant element for international identity. Mira Saleva brings TIFF relevant attributes for the foreign guests to the point: *'audience friendly and full with events.'* An informal, friendly atmosphere, even if there is a red carpet, this is the spirit of TIFF: *'for atmosphere, for friendliness, I came here immediately after Cannes and for me it's two different festivals, completely different film festivals, here you can relax'* (Edvinas Puksa). Romanian films are associated with TIFF and due to the recent success of some Romanian productions that were awarded In Cannes and Berlin, the reputation of the festival grew: *'If I would need to prioritize, I would put Cluj above Sarajevo. But Cluj*

attracts because of the Romanian films. Sarajevo cannot offer so many Bosnian films, and many other films are seen somewhere else' (Edvinas Puksta).

The organizers goals to push TIFF in the 'A class' list are legitimate, but there are advantages to be part of the 'B class' list: *'So these are the differences – B festivals are probably not so important for the business... So A festivals, even if you would pay for everything from your own pocket, even if you would be treated there like just one of the crowd, it's still important to be there; B festivals are the nicest for filmmakers, all is nice, because you get paid all these basic stuff like flights, airport transfer, hotel, you live like a guest, usually these B festivals are, well, not usually, all of them are like really professional, they are not A but still, they put in more effort for some things, and from the filmmakers experience, I can just talk for me, but it's, all this a better experience'* (Edvinas Puksta). Other guests are even more radical in differentiating the advantages of being a 'B class' festival: *' don't think what Cluj needs is A class festival. I know better festivals, for instance, better than the A class. Without class, but everyone wants to show their films there... As it's a place made especially for the producers, sales agents, directors; most important is the audience and international guests, programmers, local audience'* (Bostjan Virc). Having TIFF in the 'B class' list can be an advantage also for the local creative industries by building a platform for dialogue, creativity and innovation.

## 6. Conclusions and the limits of the research

TIFF has proved to play an important role in the development of the creative industries in Cluj-Napoca. Back in 2002 the location Cluj-Napoca, as an important university and culture city had the potential to become what is nowadays. Festivals are the type of events that developed the most in the last 20 years worldwide (Pejovic, 2009) and TIFF followed this trend over the 16 editions. The tendency towards internationalization consisting in international accreditations, inviting relevant international guest, etc. had an impact also on local communities. The differentiating attribute of a 'B class' festival like TIFF, the friendly atmosphere, the diversification of events and the promotion of the Romanian movies contribute to the development of creative industries in the city. TIFF was the first relevant festival in Cluj-Napoca and it is still the most important film festival in Romania. It was an excellent preparation in terms of audiences for festivals like *Untold*, which developed the perception of Cluj-Napoca as *the city in Romania*, the place to be for young people. Iain Smith emphasized in his interview that in the future due to the digitalization, more festivals will appear and this is why TIFF's strategy of diversification is relevant for the future. Project such as *Caravana TIFF*, the fact that TIFF is active in several locations in and out of Cluj-Napoca have positive consequences over the creative industries. This can be a local, a small-scale answer to Florida new urban crisis theory that was developed by analyzing world's largest cities. The role of the municipality of

Cluj-Napoca in supporting the festival and integrating it in city's strategic planning is a positive one, as it is an excellent example how strategic planning can play a role in developing creative communities and contribute to the development of related businesses in Florida's words *urbanized knowledge capitalism*.

TIFF's role in the development of the creative industries is complex, the authors are aware that not all the aspects were covered above. The limits of the present study are related to the use of qualitative methods that can't allow generalizations; still there were some tendencies revealed by this analysis that can provide an interesting starting point for future research.

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# CLUJ-NAPOCA SMART CITY: MORE THAN JUST TECHNOLOGY

Emil BOC

## Emil BOC

Associate professor, Department of Political Science, Faculty of Political, Administrative and Communication Sciences, Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.505  
E-mail: boc@fspac.ro

**Abstract.** Today, the urbanization process is taking place at a rapid pace around the world, generating major economic, social, and environmental challenges. Cities can take advantage of this digital transformation, as technology and data analysis offer solutions to the day-to-day problems of life. 'Smart cities' use technology but they remember that it is only a tool, the participation of citizens, 'smart citizens' being required. To ensure that solutions are sustainable, they must be generated in ways that involve all interested parties and the co-operation between all social partners.

Cluj-Napoca aims at keeping the balance between the technological component and the participation of its citizens in the creation of a 'smart city'. The 'smart city' actions and projects initiated by the municipality can be sorted into five major categories, respectively: 'Transportation and Urban Mobility', 'Energy and the Environment', 'Citizen – City Hall Relationship', 'Citizen Safety', and 'Internet Access'. At the same time, the municipality is conducting complex participatory budget exercises to allow citizens and the representatives of organized civil society to participate in the identification, examination, analysis and decision-making regarding the priorities of the city.

**Keywords:** smart city, digital transformation, participatory governance, Cluj-Napoca.

## 1. Introduction

More than half of the world's population lives in urban areas. In 2007, the urban population exceeded the rural population, and the urbanization process continues at a steady pace. By 2050, 66% of the global population will live in cities, double the population of the mid-20<sup>th</sup> century, and in 80% of the countries of the globe the majority of the population will live in cities (UN DSA, 2017, p. 7). Considering the fact that the global population estimate for 2050 is between 9.4 and 10.2 billion with a 0.95 probability, (UN DSA, 2017, p. 3), it is very likely that at least 6.2 billion people will live in urban areas. As Parag Khanna used to say, 'in a megacity world, countries can be suburbs of cities' (*apud* Neckermann, 2017, p. 12).

Cities are places where the economy of the 21<sup>st</sup> century flourishes, they are centers of creation and innovation, they are places where cultures meet and discuss and they are vectors of development and have the potential of being principal actors of cooperation between states. Considering the estimations regarding the growth of the urban population, from today until 2050, every day, around the globe, over 160,000 people are heading towards urban areas hoping to find new opportunities, hoping for a better life. But the urbanization process is not without problems or major risks. United Nations reports show that over 800 billion people live in cities with poor conditions, and their number continues to increase. Although cities cover only 2% of the globe's surface, they are responsible for 60-80% of energy consumption and 75% of carbon emissions (United Nations, 2015, p. 6).

The large scale urbanization of today is not taking place only in developed countries, but globally, generating major challenges regarding social and environment protection inequalities, which, if not resolved, make sustainable development impossible. Employment, living conditions, access to education and public health are not always as we would like them to be. The way in which urban infrastructure is being built and managed is essential for economic and social development. A lack of a proper infrastructure may cause entire areas to decay and become unmanageable, places where crime flourishes, and where there are no public services (Khanna, 2016, p. 195). On the other hand, where sustainable solutions are found for social and environmental problems, based on technological innovation and creativity, as well as on participatory governance, cities become centers of opportunity.

Urbanization takes place on the background of another tendency that manifests itself globally, the emergence and development of a sustainable digital economy. The new economic paradigm implies the use of new technologies for communication and transportation, production and distribution, the use of renewable energy, interaction between smart devices, and direct collaboration between people included in an extensive network at a global level (Rifkin, 2016, pp. 13-15).

Cities have the possibility to get the most out of the digital transformation, just as they did of the elements of industrial revolutions in previous centuries. Technol-

ogy and data analysis can provide solutions to problems that manifest themselves acutely in cities and are connected to sustainable economic development, public transportation, infrastructure maintenance, utility networks, public safety, energy efficiency and environmental protection, sanitation, and public health (Holdren *et al.*, 2016, p. 8). Nevertheless, these solutions to the actual needs of the community, like participation in the fluctuations of a sustainable digital economy, do not come automatically, there need be public policies that identify and eliminate obstacles and ensure the necessary liberties, without giving up solidarity.

In a joint declaration published in *Financial Times* on June 26<sup>th</sup>, 2016, the mayors of Paris and London, Anne Hidalgo and Sadiq Khan, stated that ‘if the 19<sup>th</sup> century was defined by empires and the 20<sup>th</sup> century by nation-states, the 21<sup>st</sup> century belongs to cities’ (Neckermann, 2017, p. 16).

In academic debates, as well as in political debates and the public speeches of authorities regarding digital transformations and the relationship between these transformations and cities, the term “smart city” often comes up. This term has multiple definitions (Cocchia, 2014, p. 13), but the main elements that are usually emphasized refer to the maximization of the quality of life by using technology, the minimization of resources used, and new forms of participation (Franz, 2012, p. 29).

According to the definition by Massachusetts Institute of Technology, a ‘smart city’ is a ‘system of systems... [with] digital nervous systems, intelligent responsiveness, and optimization at every level of system integration’. And according to PricewaterhouseCoopers ‘A smart city needs to provide a set of integrated services that would address the needs of its citizens, businesses, and visitors’ (Neckermann, 2017, p. 7).

The two main elements on which ‘smart city’ visions are built upon have to do with the citizens and their active role, as well as with information technology and communications (Dameri, 2017, p. 7). But, in practice, many ‘smart city’ projects are not centered on the citizens, but are rather centered on technology (Baccarne, Mechant and Schuurman, 2014, pp. 178-179). It is true that technology can make cities more efficient and accessible; yet creating tomorrow’s ‘smart city’ is about much more than just technology (Galal, Anderson and Khedro, 2014, *pass*).

Two Finish researchers (a philosopher – Antti Hautamäki – and an expert in interdisciplinary innovation research – Kaisa Oksanen) have drawn attention to what they call ‘sustainable innovation’. Hautamäki and Oksanen (2015, pp. 87-102) suggest tackling complex problems – like those cities face today – by using the term ‘sustainable innovation’ (*apud* Boc, 2017, p. 6). Sustainable innovation proposes solutions generated in ways which include all interested parties and cooperation among all partners, and considers that a social perspective is necessarily associated with an economic perspective and is tied to ensuring quality of life (Hautamäki and Oksanen, 2015, pp. 91-94).

In this context, I will hereafter specify the basic elements of the development pattern adopted by the city of Cluj-Napoca, particularly the way in which balance is kept between the technological aspect and the participation of the citizens in creating a “Smart City.” The actions and the projects initiated by the municipality to that end will also be presented.

## **2. Cluj-Napoca – A Development Model Based on the Quality of Life**

According to a study made by World Bank experts, if Romanians had the chance to move to any city in the country, 15.32% would move to Cluj-Napoca, making it the most attractive city in Romania from this perspective. Those surveyed answered that they would move to Cluj-Napoca because of the quality of life, the medical services in the city, for university-level education, employment, the dynamic cultural and artistic environment, and the active economic environment. Cluj-Napoca is followed by Bucharest, with 14.46% and by Timișoara, with 11.88% (Cristea *et al.*, 2017, pp. 113-114).

Also, according to this study, Cluj-Napoca is the most attractive secondary city in Romania according to the Index of Magnetism which considers the revenue of companies per citizen, the average wage, the number of students, and investments per capita (Cristea *et al.*, 2017, pp. 108-109).

Cluj-Napoca is a strong academic center and has attracted human capital from the entire region, becoming a dynamic economic hub, with rapid transition towards the services sector with high added value, and having the highest score on the Hachman index (local economic diversity index) from all growth poles – 0.47 (Cristea *et al.*, 2017, p. 83). The economic engines of Cluj-Napoca are: IT&C (more than 15,000 people work in the local IT sector and there are 1,300 IT businesses in the city), energy industry, business support services (the most important Romanian Bank has its headquarters in Cluj-Napoca), specialized medical services, and cultural and creative industries. Among the investors present here are: NTT Data, Bosch, Siemens, Emerson, Bombardier, De’Longhi, Genpact, Steelcase, Office Depot, and the balance between local and foreign investments is kept.

In terms used by Richard Florida (2002 and 2005, *pass*), we can say that Cluj-Napoca is a city that has the 3Ts of economic development: technology, talent, and tolerance.

Cluj-Napoca has a number of complementary attributes which work together to make the city attractive.

Cluj-Napoca is a university town, with 10 universities, 15 research institutes and approximately 80,000 students (the youth representing more than a quarter of the city’s population).

Cluj-Napoca is a city of innovation, where the IT sector is trying to overcome the outsourcing phase, where there are 2 IT clusters, one energy industries cluster,



and one creative industries cluster. The creative industries such as film, design, media and music, have had a few rising star projects in recent years.

To support the development of cultural and creative industries, the municipality launched a project financed by European funds to build a Creative Industries Center, which will provide venues for individuals and SMEs. This center will also be a place where creative individuals and companies will have access to various facilities as well as financial and legal services. The goal is to increase the competitiveness of the hosted companies through the exchange of information, to facilitate business partnerships, and to save money by the shared use of facilities and equipment. In 2016 the municipality, along with the universities in Cluj and dozens of companies from Cluj working in the Cultural and Creative Industries fields, was among the initiators of the 'Transylvania' Creative Industries Cluster, the first cluster of this type in Romania.

The Creative Industries Center and the Business Support Center are the core of a long-term development project in an area north of the city, where the municipality has 202 hectares of land. Known as 'Cluj Innovation City', it plans to be first of all an ecosystem of collaboration between institutions of research and development, authorities, private companies and contractors and the academic environment. This collaboration will grow in the context of infrastructure specific to the project partners: labs, business incubators, education facilities, technological transfer centers, business centers, etc., a project for the next 20 years that will bring together experts in various fields for an interdisciplinary approach to innovation.

In 2017, Cluj-Napoca was the city chosen by the European Commission to organize the annual Conference for Innovation – Open Innovation 2.0. The city also hosted for the first time a series of interconnected events: a dialogue for innovation, a dialogue with the citizens, the European Awards for Innovation Gala 'Luminary Award', and Innovation Expo – a presentation of innovative projects and products. The event was organized by the Directorate General of the European Commission, DG Connect, The Open Innovation Strategy and Policy Group (OISPG), partnered with The Committee of Regions, Cluj-Napoca City Hall, The Innovation and Value Initiative (IVI), ARIES Transylvania, iTech Transylvania Cluster, the Clusters Consortium from Transylvania, Mastercard and the Dublin City Hall. Founded four years ago, the Open Innovation 2.0 Conference (OI2) is a high-level European event that reunites experts in innovation, public policies creators, representatives of the academic environment, practitioners and people involved in different aspects of innovation and entrepreneurship. In the plenum of the event, they discussed examples of national development policies and examples of creating ecosystems in the context of digital transformation. The Open Innovation 2.0 Conference in Cluj-Napoca reached a participation record, with over 70 speakers and participants from 20 countries: Finland, France, Spain, Luxemburg, Poland,

Belgium, Hungary, Italy, Ireland, Sweden, Great Britain, Japan, Bulgaria, Holland, Austria, Turkey, Israel, South Korea, Slovakia and Romania.

Cluj is a multicultural city, with national institutions of arts and entertainment: the 'Lucian Blaga' National Theatre, the Romanian National Opera, the Hungarian State Theatre and the Hungarian Opera. Cluj is considered one of the twelve cities where the artistic avant-garde of the 21<sup>st</sup> century is redefined (Byrd and Sheir, 2013).

Cluj-Napoca has reasons to consider itself a "Sports City", having the most modern sports infrastructure in Romania (stadium, multipurpose hall, sports and leisure base); in 2017, it hosted competitions that hadn't been hosted in Romania for the last 30 years: the European Gymnastics Championships and Eurobasket.

Not lastly, Cluj-Napoca is a city that pays special attention to public participation, generating the highest level of public debate in Romania for any project having an impact on the life of the community. Here, participatory budget exercises and online instruments projects have been developed to offer citizens the possibility to express themselves concerning their problems and priorities.

According to *The Development Strategy of Cluj-Napoca municipality* for 2014-2020, the city's development is defined by the 'quality of life of its citizens', aiming 'to reach a balance between economic growth and social cohesion, to be a more energy-efficient city, a more accessible city, with better urban mobility, an inclusive and safe city, with an efficient and transparent local administration that responds to problems in real time, the citizen being a partner. In short, we are talking about a sustainable development of the community in the context of a participatory exercise system' (Boc, 2017, p. 7).

The existing participatory exercise in Cluj-Napoca can be compared to the one in Lisbon – Quintuple Helix (Medina, 2016, p. 135). To the public administration, universities and the private sector, who would be the actors of a classic triple helix model, are added the ONGs (organized civil society) and the citizens. In substance, the municipality acknowledges the capacity of social actors to define and find solutions to public problems and suggests a social contract based on the participation of the citizens in decision making considering that the citizens must have a say in the decisions that affect their lives.

One of the instruments of exercise is the Advisory Board for Entrepreneurship and Innovation in IT, built by the two IT clusters associated with the City Hall, who manages the update of the e-exercise and IT from the development strategy of the city. Also, through this advisory council, within the City Hall there will be a volunteering program for innovation and IT for those working in the industry and want to get involved in creating applications for the citizens.

### 3. Cluj-Napoca in the Digital Transformation Era

The actions and the projects initiated by the municipality in the presented context can be sorted into five major categories, respectively: 'Transportation and Urban Mobility', 'Energy and the Environment', 'Citizen – City Hall Relationship', 'Citizen Safety', and 'Internet Access' (Boc, 2017, pp. 7-10). I will enumerate herein after a part of these actions and projects, specifying that I did not intend to render an exhaustive list nor a detailed presentation, but a succinct presentation of the most important ones.

It is worth remembering the fact that in 2017 Cluj-Napoca's City Hall won the Digitization Excellency Award within the Association of Municipalities in the Romania Gala.

Regarding the '**Transportation and Urban Mobility**' segment, the most important actions and projects initiated by the municipality are the following:

- The prioritization of public transportation through special lanes (ongoing process).
- Interconnected and smart traffic lights (the existing system is going to be expanded).
- Traffic monitoring system – the existing system is going to be expanded and modernized, targeting the achievement of an assembly capable of furnishing predictions regarding traffic in real time. To achieve efficient traffic management, it is necessary to collect public transportation information through video cameras, sensors and GPS systems. In context, it is desired to also collect information from traffic participants through mobile devices.
- Modernizing public transportation stations and the ticketing system. The ticketing system provides flexibility in using public transportation means (both tickets/journey and tickets/time frame). Through a European project, 87 public transportation stations have been modernized, in 61 of these stations automatic machines that issue travel cards 24/7 were installed.
- Digital displays in the public transportation stations – electronic boards indicating the estimated arrival time of the public transportation means in the stations.
- Paying for bus tickets using mobile devices. One can pay for tickets using the phone application mobilPay Wallet, available both for Android and iOS and by text message.
- Increasing the urban mobility through the bike sharing system. There are 43 renting points in Cluj-Napoca and 7 other in the metropolitan area. The 470 bicycles can be used for free for an hour. Besides improving urban mobility, by encouraging and developing bicycle infrastructure a mobility that implies minimum physical effort is promoted, suitable for all ages, with important implications both medium and long term in maintaining or improving the

health of the population. The existing system is going to be extended through a project financed with European funds, which aims to increase the number of points and bicycles as well as an extension of the tracks system.

- Developing applications for mobile devices. There are already in operation applications to pay for parking by SMS and for visualizing the number of free parking places in parking lots and reserved parking spaces (Cluj Parking app), even offering predictions regarding the time left until the parking places will be available. The development of the application regarding the available parking spaces will continue with the installation of sensors in the central area of the city.
- Purchasing electric buses. Cluj-Napoca is the first city in Romania to introduce electric buses into the public transportation system, as the 'Durable Urban Mobility Plan' indicates.
- Support for expanding the use of electric cars – the municipality is building charging stations for electric cars, the firsts of which will be located in the central area.

Urban mobility development represents one of the short, medium and long-term priorities of the city. Over 100 million euros will be invested in the next 5 years in urban mobility development, including funding from the local budget and European funds. The aspects considered are the modernization of the car park intended for public transportation (30 electric buses, 50 buses, 10 tramways and 30 trolleybuses; it is worth noting the emphasis put on electric public transportation), smart traffic management, new pedestrian areas, the development of the bicycle infrastructure, the extension of dedicated lanes for public transportation.

Regarding the 'Energy and the Environment' segment, the most important actions and projects initiated by the municipality are the following:

- The rehabilitation of apartment buildings and schools. Therefore, 41 blocks with 1,514 apartments were rehabilitated in the previous programmatic period, and 50 blocks with 1,800 apartments are being prepared in the current funding program. Three major schools were rehabilitated through a European program and the rehabilitation of another two schools is ongoing through a project financed within the Swiss-Romanian Cooperation Program. Also, the new day-care centers built by the municipality will be 'green buildings', are going to have a high energy efficiency, use renewable energy for heating and lighting (partially) and will use ecological materials.
- The Independent Heating Plant is running a program for the modernization of energy plants and thermal power stations, as well as for the replacement of the thermal networks.
- Promoting renewable energies. The municipality in partnership with the TREC Cluster – Transylvania Energy Cluster is working on a European project tar-

getting a laboratory / testing center for innovative solutions in the energy field (generation, storage and distribution), on an approximately 3.2 hectares of land (in the Lomb area). Among the project's goals is the installation of two free charging points for electric buses and vehicles.

- Air quality monitoring – 10 city buses are equipped with sensors to monitor the air quality and the data can be tracked in real time on the [www.uradmonitor.ro](http://www.uradmonitor.ro) platform. For the future, the municipality is considering developing a monitoring system for the entire system.
- Efficient lighting in public spaces and buildings – intelligent street lighting control (for 1500 lighting fittings), monitoring and management of street lighting turn on points, intelligent lighting system using LED technology in Central Park and on several city arteries modernized with European funds. Projects have been launched for the modernization and extension of the public lighting network on 22 streets and the modernization of the lighting system in two City Hall buildings using LED technologies.
- Incentives for green buildings. Energy-efficient buildings benefit from tax cuts, a measure that was awarded by the Romania Green Building Council in 2013.
- The development of ecologic public transportation (11 electric buses and 3 charging stations in 2018, 19 electric buses in 2019, to which will be added 10 tramways and 30 trolleybuses in the next 5 years) and the encouragement of the use of electric vehicles by building charging stations.
- Protecting and extending green areas. In this regard, the municipality is considering developing 'Cluj Forest' (20 ha of green space in the metropolitan area with sports facilities, intelligent lighting using LED technologies, and wifi).
- Energy management – currently there is an ongoing program to increase energy efficiency in the buildings according to nZEB (nearly Zero-Energy Buildings) standards and an energetic evaluation program for all the public buildings that will represent the basis for setting priorities for investments. An application for energy consumption in public buildings was made (schools, kindergartens, etc. with a total of 295 buildings monitored). The application was made in collaboration with the Technical University and the Regional Center for Energy Efficiency. Thus, a database on the consumption in public buildings, which underlines the energy efficiency improvement actions, is generated. In the future, with the organization of a joint procurement procedure for all public buildings, the municipality will obtain a more favorable price.

As per the '**Citizens – City Hall' relationship** segment, the most important actions and projects initiated by the municipality are the following:

- Scheduling marriages online at [www.primariaclužnapoca.ro](http://www.primariaclužnapoca.ro).
- Collecting local taxes and fees online at [www.primariaclužnapoca.ro](http://www.primariaclužnapoca.ro) (with authentication).

- Collecting local taxes and fees online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro) without authentication, through QR code.
- Collecting local taxes and fees with authentication at [www.ghiseul.ro](http://www.ghiseul.ro).
- The online release and cashing of free pass authorizations at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the identity card fee online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the temporary identity card fee online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the residence visa fee online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the fee for changing the name online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the administrative divorce fee online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the civil status claims fee online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the fee for supplying population records online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting tickets without authentication online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting tickets without authentication online at [www.ghiseul.ro](http://www.ghiseul.ro).
- Collecting fees from enforcement tickets online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting urban planning fees online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro) (the release of urban documents in electronic format is a premiere in Romania; the first urban certificate in electronic format was requested on the 11<sup>th</sup> of April and was issued on the 12<sup>th</sup> of April 2017).
- Collecting the fees for the extension of urban certificates or building permits online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the fee for the release of the operating permit online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Collecting the fee for public catering activities online at [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro).
- Online issue of urban certificates at [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (The Electronic Unique Contact Point – eUCP).
- Online issue of the extension of urban certificates at [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue of the extension of building certificate at [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- The online communication about the beginning of construction works at [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue the notice for branches, joints, urban networks, roads for obtaining the building permit through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue of the Civil Building Notice in order to obtain the Building Permit through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue of the street trading subscription, on the land for the urban furniture destined to display fruit and vegetables placed on the public or private domain of the city of Cluj-Napoca through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).

- Online issue of the notice of principle on the location of urban furniture intended for the display of fruit and vegetables, on land own by private individuals or legal entities, unrestricted and with public access through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Notification of liquidation sales through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Notification of sold sales through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue of principle notices on different buildings through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Online issue of principle notice by the Green space service for urban documentation through [www.edirect.e-guvernare.ro](http://www.edirect.e-guvernare.ro) (eUCP).
- Random assignment of urban planning documentation.
- Online scheduling of sports fields at the Gheorgheni base on the Calendis platform.
- QR codes on city landmarks – when accessing these codes using a mobile device, the landmark is described in the language in which it is set (texts are available in five languages).
- MyCluj – reported platform integrated with the City Hall’s internal document management system (application launched in March 2017 already has over 8,000 users).
- Online participatory budgeting – through [www.bugetareparticipativa.ro](http://www.bugetareparticipativa.ro) (details regarding online participatory budgeting will be presented in the next chapter).
- The transformation of the City Hall’s website, [www.primariaclujnapoca.ro](http://www.primariaclujnapoca.ro), in a platform of interaction with the citizens is now in an early stage, but it is a project that will become a priority in 2018.

Three other projects that are going to be developed refer to online payment of fees for parking with subscription; diversification of payment methods of public parking and an App for tourism (including guided tours of the city).

The municipality also made accessible an ‘open data’ segment at <http://data-e-primariaclujnapoca.ro>. It contains: the operating hours of the companies within the municipality; the street breaking licenses, the list of streets where there are hourly paid parking spaces; the list of day-care centers and the list of schools and their addresses; the monuments within the city; the street nomenclature and a link to the webcam in Avram Iancu Square.

As per the ‘**Internet Access**’ segment, the municipality developed its own network of free wireless points for Internet access in the central area, Central Park and the main areas in the neighborhoods and set up a partnership with Orange Romania for free Wi-Fi on buses and tramways. More than 53,000 users have already connected through the 24 access points in the city’s network, with a minimum of 200,000 connections estimated for 2017. At each of the hotspots, up to 250 users can log in at the same time.

As per the ‘**Citizen’s Safety**’ segment, the municipality envisions three main directions: implementing a system of sensors to monitor pollution, including noise; expanding the video monitoring system for public safety and traffic; multi-source data analysis for actions to reduce road accidents.

#### **4. Online Participatory Budgeting in Cluj-Napoca**

##### **4.1. The context and development of participatory budgeting in Cluj-Napoca**

In 2017, Cluj-Napoca City Hall ran the first participatory budgeting in Romania, pursuing the direct involvement of the citizens who live, work or study in Cluj-Napoca and who are at least 18 years old in the decision[making concerning the projects of the city.

However, it is important to note that the implementation of this process of online participatory budgeting comes in a context in which public participation is one of the central elements of the city’s exercise system. The first concerns about a participatory approach to a city’s administration happened in Cluj-Napoca in 2000, in academic and civil society. Since then, both the administration and the community in Cluj have grown and matured.

In 2012, a group of civic organizations requested through a petition a participatory approach to the administration of the city. Following this petition, in December 2012, the municipality invited the signers to participate in a workgroup where other experts from the Universities in Cluj and representatives of other ONGs joined, hence starting the pilot project of participatory budgeting in Manastur neighborhood, an open, inclusive and transparent process where the members of the community were called to get involved in the decision making regarding the priorities in spending the local budget.

At the request of the Cluj-Napoca City Hall, the World Bank organized between the 10<sup>th</sup> and the 13<sup>th</sup> of June 2013 a conference on participatory budgeting with international guests, the first of its kind in Romania. Experts who participated in participatory budgeting projects in South America, North America and Europe were invited: Lewis Michaelson (vice-president IAP2 – the International Association for Public Participation), Owen Brugh (project manager in the Chicago City Hall), Taron Nunez (former project manager at Porto Alegre), Michelangelo Secchi (project manager at Arezzo), Giovanni Allegretti (University of Coimbra), and Marcel Heroiu (World Bank). The purpose of this conference was to provide expertise on conducting the pilot process started in Cluj-Napoca. Representatives of the public administration, the academic and civil society participated. At the conference, the experts who were present suggested that in the coming participatory budgeting projects of the city to include specific goals for the European Capital of Youth 2015 (title that our city had already won), respectively European Cultural Capital (at that time, Cluj-Napoca being a candidate city).



Following the pilot project conducted in Manastur neighborhood, the solutions to the citizens' problems were put into practice APPLIED as a priority: the rehabilitation of the Dacia cinema (inaugurated on 19 May 2016), the modernization of the Mehedinti street and adjacent alleys, the modernization of the Peana street, the rebuilding of the "Spring" park and dozens of small projects to solve the neighborhood problems. Important to remember that the participating budgeting in Manastur was awarded the special mention of the jury at The International Observatory on Participatory Democracy Awards, Madrid, 2015.

During 2015, the PONT Group – in partnership with SHARE Cluj-Napoca Federation and the Cluj-Napoca City Hall and State Council – ran the project named 'Participatory Budgeting for Youth in Cluj-Napoca 2015, the European Capital of Youth' (COM'ON Cluj-Napoca 2015). The project was initiated by Pont Group and benefited from the financial support of the European Economic Area Mechanism 2009-2014 through the NGO Fund, the Implication and co-funding component of the Local Council. The project's goal was to support the participation of youth to a deliberation and decision process concerning the way in which an amount of money coming from the public budget is going to be spent. Through this project, informal youth groups had the chance to submit applications to be funded with maximum 4,500 lei, the maximum budget of an initiative could be 9,000 lei (maximum 4,500 lei would be own contribution). There was an open participation to any initiative group of minimum 3 young people, age between 14 and 35, without restrictions regarding domicile, background/experience, sex, ethnicity, etc. An initiative group was able to propose maximum 5 initiatives. The classification of the best initiatives was made through an online voting mechanism, the young people being also the initiators of the projects and the ones who decided the order of the priorities.

A total of 248 initiative groups submitted projects, the participants to these groups being in average 25. Among 451 proposed initiatives, 102 were accomplished and financed. 18,782 people expressed their vote.

The Pont Group – in partnership with the Association for Community Relationships, Erste Foundation and the Commercial Bank of Romania and with funding from the local budget – also ran the COM'ON Cluj-Napoca 2016 project. The activities suggested for 2016 had to be in line with the five priorities of the Cluj-Napoca candidacy for the title of European Capital of Culture 2021. The candidacy project suggested a pattern of change made of five steps, W.E.A.S.T., each letter being the acronym of an action by which the actors of change (the citizens) can contribute to the transformation of the community, respectively Wonder, Explore, Activate, Share and Trust.

In 2016, 65 initiatives were financed from the local budget. These were suggested by groups of young people with limited opportunities (for these initiatives, a special section was created, following the proposal of the city's City Hall; after the results of COM'ON Cluj-Napoca 2015 were analyzed, it was noted that, although

there were proposals that came from young people from disadvantaged communities, they raised few votes).

Based on the experience gained, the Pont Group is coordinating the participatory budgeting project for youth named COM'ON Europe, which is taking place in the period July 2017 - June 2019. The project is funded by the Erasmus+ Programme under Key Action 2, Strategic Partnerships for Youth. The partners of the European project come from the following cities: Braga and Cascais (Portugal), Cluj-Napoca (Romania), Maribor (Slovenia), Thessaloniki (Greece), Torino (Italy), and Varna (Bulgaria).

#### **4.2. Online participatory budgeting 2017 – goal and administrative elements**

In substance, the goal of this online participatory exercise process in 2017 was to strengthen the local community and increase awareness among citizens regarding the advantages of the individual involvement in the development of the community.

The online participatory budgeting held in Cluj-Napoca in 2017 consisted of the following steps:

- I. The registration of the participants: registration was made on the online platform [www.bugetareparticipativa.ro](http://www.bugetareparticipativa.ro), adapted for mobile devices as well. The platform [www.bugetareparticipativa.ro](http://www.bugetareparticipativa.ro) was made for the community in Cluj by Evozon through the cluster iTech by ARIES Transilvania.
- II. The submission of project proposals: every citizen was able to draw one or more project proposals (one for each field) on the online platform. The maximum value of the estimated budget for each project was 150,000 euro (VAT included).

The projects were submitted between July 17<sup>th</sup> and August 20<sup>th</sup> in the following fields: 1. Alleys, sidewalks and pedestrian areas; 2. Mobility, accessibility and traffic safety; 3. Green spaces and playgrounds; 4. Public spaces (urban furniture, public illumination, etc.); 5. Educational and cultural infrastructure; 6. Digital city.

- III. The analysis of the projects by the municipality: the project proposals were submitted to a technical and legal analysis made by the respective departments in the City Hall. All the eligible projects were then subject to the citizens' vote.
- IV. The citizen's vote. The vote was held online, on the participatory budgeting platform, in two distinct phases:
  - a. The first phase (2-22 October), each citizen signed on the participatory budgeting platform could choose 6 projects (one for each of the 6 established fields). In this phase, 30 projects were selected. 21,142 accounts were created and 29,138 votes were registered.

- b. The second phase (30 October - 19 November), each citizen could choose only one project out of the 30 established during the first phase (this is an ongoing phase).

At the end of the second phase, 15 projects will be selected. The first project from each field ranked according to the number of votes will automatically be selected and the rest of the projects will be selected in the order of the number of votes, regardless of the field they belong to. The projects that will get the highest number of votes are going to be implemented by the City Hall beginning with the year 2018.

A total number of 338 de proposals were submitted during the online participatory budgeting project. From these, following the technical and legal analysis, 126 projects were declared eligible and submitted to the citizens' vote.

It should be noted that, although it was conceived to take place online, the process also considered the needs of the people who don't have access to the Internet or who don't know how to use technology or mobile devices, ensuring the access of all the citizens. These people were able to submit project proposals and vote with the help of the City Hall's employees and volunteers.

It can be appreciated that, by running the online participatory budgeting project, the degree of sustainability of public policies and investments at the local community level increased, the communication barriers between the citizens and the representatives of the local public administration were reduced; the promotion of a participatory culture at the citizens' level, but also at the local public administration level was set.

## 5. Conclusions

A 'smart city' project cannot be summed up to technological components, but always includes a social dimension, a cultural and even a political dimension (Lombardi and Vanolo, 2015, p. 158). In a sustainable approach to the idea of 'smart city', we need to consider not just the attributes connected to 'smart mobility', 'smart environment', 'smart living', 'smart economy', but also those connected to 'smart citizens' and 'smart exercise'.

The economic development needs sustainability and to increase the quality of life and the adopted solutions need the support of all the social partners, for they each have to be prepared to assume their role (Banister, 2005, pp. 231-232).

The vision suggested by the municipality concerning the 'Cluj-Napoca smart city' pattern relies on two pillars: the use of new technology to find innovative solutions for multiple problems that appear in an urban congestion, namely the development of a public participation culture, the encouragement of the citizens and the representatives of organized civil society to participate to the identification, debate and decision making regarding the priorities of the community. The

participatory budgeting processes held in the city have evolved in a mutual learning environment for the local administration as well as for the citizens.

Currently, in Cluj-Napoca, there are 47 digital procedures and applications in the public administration field. Some of these were implemented for the first time in Romania, for example the issue of urban planning documentation in electronic format (urban certificates, the extension of building and other permits) or the on-line participatory budgeting process.

The municipality made a goal to have a sustainable development of the community in the context of a participatory exercise.

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# THE REGIONAL DEVELOPMENT POLICY – A VITAL INSTRUMENT SUPPORTING SUSTAINABLE DEVELOPMENT IN ROMANIA AND THROUGHOUT THE EUROPEAN UNION

Daniel BUDA

## Daniel BUDA

Lecturer, Department of Public Administration and Management,  
Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: daniel.buda@fspac.ro

**Abstract.** Looking closely at a statement issued by Marrku Markkula – former President of the European Committee of Regions 2015-2017 – according to which ‘Only through investments can the EU prove it is changing citizens’ lives’, we come to realize the effectiveness and the need to continue the process of financing projects implemented by local administrations, as well as those implemented by the national government using European funds. Simultaneously, the private sector is by far a category of privileged beneficiaries, since investments in road infrastructure, railway infrastructure, medical and educational infrastructure, not to mention broadband Internet connection, represent an essential contribution to supporting SMEs activity.

The Regional Operational Program – ROP, as the instrument for implementing the regional development policy – fosters increased effectiveness of regional investments by attracting mutual interests, regardless they come from rural-urban level, urban-rural or cross-county. In spite of its indisputable importance, the visibility of European investments using ROP, remains an issue which has still not been efficiently addressed up to present. More specifically, it is important that the European citizen, the final beneficiary, becomes aware that without the European financial instruments, their lives would not have improved to this extent.

**Keywords:** regional development policy, European funds, efficiency, ROP, visibility, public administration.

## 1. Introduction

Ever since the early days of the European Community, considerable territorial and demographic differences were noted among regions of the member states. Such disparities still exist today within the European Union, within each member state and within the regions of member states, thus representing serious barriers preventing a sustainable development inside the Union. The challenges emerged from such territorial, demographic, economic and social disparities have conducted to the necessity of drafting the concept we now have as 'regional development policy', considered to be 'one of the most important and complex policies of the European Union'<sup>1</sup>.

The Treaty of Rome from 1957 is the first to mention the regional development policy and also introduces solidarity mechanisms, represented by two structural funds, namely The European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF). Further along, in 1975, the Community introduces the European Regional Development Fund (ERDF).

The legal terminology for the regional development policy was established during the approval of the Single European Act in 1986. In order to prepare the Community adjust to the impact of Greece (1981), Spain and Portugal (1986) adherence, starting with 1988 'the structural funds are integrated in a global cohesion policy'<sup>2</sup>.

Once the Treaty of Maastricht entered into force in 1993, the Cohesion Fund is launched. During 1994-1999 the resources assigned for regional funds already amounted a third from the EU's budget.

Following the adherence of the 10 states in 2004<sup>3</sup>, the assigned budget for regional funds amounted to 213 billion euros for EU member states (the first 15), while 22 billion euros were assigned for the ten new members states<sup>4</sup>. For 2007-2013 timeframe, the assigned budget reached 347 billion euros and for the current

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1 Excerpt from the paper published for the PHARE project RO 0006.18.02 – 'Training public servants from the local administration in European affairs and project cycle management', implemented in 2003 by the Romanian European Institute together with Human Dynamics, p. 4. The paper is included in the Micro-monography series – European Policies, updated version: [http://beta.ier.ro/documente/formare/Politica\\_regionala.pdf](http://beta.ier.ro/documente/formare/Politica_regionala.pdf).

2 Excerpt from the study 'Towards understanding European Union's Policies: Regional Policy', European Commission, General Directorate for Communication, Informing of citizens 1049 Brussels, Belgium, Luxembourg: European Union's Bureau for Publications 2014, p. 4. Further details at: [http://ec.europa.eu/regional\\_policy/ro/policy/what/history/](http://ec.europa.eu/regional_policy/ro/policy/what/history/).

3 We are referring to Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Check Republic, Slovakia, Slovenia and Hungary.

4 Information from the study 'Towards understanding European Union's Policies: Regional Policy', European Commission, General Directorate for Communication, Informing of citizens 1049 Brussels, Belgium, Luxembourg: European Union's Bureau for Publications 2014, p. 4.

timeframe (2014-2020), the assigned budget is 351, 8 billion euros, with a particular focus on the following four areas: 'research and innovation, information and communication technology, increasing competitiveness for small and medium sized enterprises, transition towards a low carbon economy'<sup>5</sup>.

Without attempting an exhaustive definition, we believe that the *regional development policy* represents the package of planned measures promoted by various relevant entities of the local or central public administration, either on their own or in public/ private partnerships, in order to achieve the target of a sustainable and dynamic economic growth by means of assessing and actively promoting local and regional resources with the final goal of improving living conditions and living standards<sup>6</sup>.

Emerging from European Union's concept of solidarity, 'the regional policy mainly relies on financial solidarity, that is, redistributing a certain amount of the common budget gathered from member states' contribution to those regions and social groups which are less prosperous'<sup>7</sup>, thus envisaging, as we have mentioned previously, reducing existing differences among Europe's regions, both economically and socially. Consequently, the policy for regional development is conceived around the following objectives: economic growth; supporting enterprises, in particular SMEs; urban and rural development; modernizing infrastructure and transportation; attracting investors; improving access to information and communication technology and providing assistance for their use, enhancing environment protection, health, education, culture<sup>8</sup>.

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5 Excerpt from: [https://europa.eu/european-union/topics/regional-policy\\_ro](https://europa.eu/european-union/topics/regional-policy_ro).

6 Similar aspects are presented on the webpage of the Romanian Ministry for Regional Development and Public Administration under the section 'Dezvoltare regional – Regional development', subsection 'Prezentare generală – General presentation' – <http://www.mdrap.ro/dezvoltare-regionala/politica-de-dezvoltare-regionala>.

7 Excerpt from the paper published for the PHARE project RO 0006.18.02 – 'Training public servants from the local administration in European affairs and project cycle management', implemented in 2003 by the Romanian European Institute together with Human Dynamics, p. 4. The paper is included in the Micro-monography series – European Policies, updated version: [http://beta.ier.ro/documente/formare/Politica\\_regionala.pdf](http://beta.ier.ro/documente/formare/Politica_regionala.pdf).

8 Similar aspects are presented in the paper published for the PHARE project RO 0006.18.02 – 'Training public servants from the local administration in European affairs and project cycle management', implemented in 2003 by the Romanian European Institute together with Human Dynamics, p. 4. The paper is included in the Micro-monography series – European Policies, updated version: [http://beta.ier.ro/documente/formare/Politica\\_regionala.pdf](http://beta.ier.ro/documente/formare/Politica_regionala.pdf) and on the webpage of the Romanian Ministry for Regional Development and Public Administration under the section 'Dezvoltare regională', subsection 'Prezentare generală' – <http://www.mdrap.ro/dezvoltare-regionala/politica-de-dezvoltare-regionala>.



## 2. Regional development policy in Romania

Ever since the EU pre-adhesion phase, Romania has shown an increased interest for all the elements entailed by the regional development policy. Thus, in 1997 a plan containing the objectives for regional development was prepared with the financing aid from the PHARE program.

Legal foundations for the regional development policy were established in 1998 when Law no. 151/1998 concerning regional development entered into force, who's Article 1 establishes 'the institutional framework, the objectives, responsibilities and specific regional development policy instruments applicable for Romania'<sup>9</sup>.

Four years after, in 2002, the 21<sup>st</sup> negotiation chapter concerning regional policy<sup>10</sup> was initiated, which stated the objectives that Romania had to meet in order to adhere to the European Union. As a result, Romania had to prepare a legal framework aligned with EU regulations, to prove its capacities for programming, administrating and providing financial and budgetary management, alongside with providing warranties for safeguarding the principles of decentralized decision-making, partnership, as well as planning and co-financing<sup>11</sup>.

In compliance with community criteria, Romania was divided in eight development regions. They were initially established according to the above mentioned law which gave under article 4 the possibility for County Councils and Bucharest General Council to establish together with relevant Local Councils that the area comprising particular counties or Bucharest area should form development regions.

Later on, Law no. 151/1998 was repealed by Law no. 315/2004 regarding regional development in Romania, which is currently into force. This law brings clearer regulation and states all the development regions established in Romania. Therefore, the following regions came into being: North-East Region of Development – brings together the counties of Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui, South-East Region of Development – brings together the counties of Brăila, Buzău, Constanța, Galați, Vrancea and Tulcea, South-Muntenia Region of Development – brings together the counties of Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița,

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9 Excerpt from Article, 1 Law no. 151/1998 regarding regional development, repealed.

10 For further information, please see [http://www.adrnorddest.ro/user/file/romania%20eu%20members/1\\_%20Scurt%20istoric%20al%20negocierilor%20UE%20-%20Romania.pdf](http://www.adrnorddest.ro/user/file/romania%20eu%20members/1_%20Scurt%20istoric%20al%20negocierilor%20UE%20-%20Romania.pdf)

11 For further details regarding particularities of regional policy during Romania's pre-adhesion stage, please see the paper published during the project PHARE RO 0006.18.02 – 'Training public servants from the local administration in European affairs and project cycle management', implemented in 2003 by the Romanian European Institute together with Human Dynamics, pp. 43-44. The paper is included in the Micro-monography series – European Policies, updated version: [http://beta.ier.ro/documente/formare/Politica\\_regionala.pdf](http://beta.ier.ro/documente/formare/Politica_regionala.pdf).

Prahova and Teleorman, South-West Oltenia Region of Development – brings together the counties of Dolj, Gorj, Mehedinți, Olt and Vâlcea, West Region of Development – brings together the counties of Arad, Caraș-Severin, Hunedoara and Timiș, North-West Region of Development – brings together the counties of Bihor, Bistrița-Năsăud, Cluj, Sălaj, Satu Mare and Maramureș, Central Region of Development – brings together the counties of Alba, Brașov, Covasna, Harghita, Mureș and Sibiu as well as Bucharest-Ilfov Region of Development – brings together the city of Bucharest and Ilfov county.

It is important to note that the development regions are not to be considered territorial-administrative entities, nor do they have legal personality, thus representing the framework for preparing, implementing and assessing regional development policies, as well as registering specific statistic data according to EU Eurostat regulations corresponding to the second level of territorial classification NUTS 2<sup>12</sup> of the European Union.

The eight development regions previously mentioned are directly linked to the Regional Operational Program (ROP) financed by the European Regional Development Fund (ERDF)<sup>13</sup>. Since it represents a practical instrument to implement EU's cohesion policy, the Regional Operational Program aims to reach the objective of continuous economic and social progress evenly distributed among all Romanian regions by means of social and economic development of all regions, improving access for urban centers to surrounding areas, growing regional competitiveness in terms of business locations, enhancing tourism, supporting the business sector, etc.<sup>14</sup>

Romania's post EU adhesion programming period (2007-2013) brought ROP an assigned budget of approx. €4.4 billion<sup>15</sup>. According to the data available online, at the end of 2016 ROP 2007-2013's absorption rate reached 85.04% of the amount

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12 Regulation (EC) No. 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS)

13 According to the existing information on the webpage of the Romanian Ministry for Regional Development and Public Administration, *ERDF supports EU regions with a GDP per capita less than 75% of the EU average* – <http://www.mdrap.ro/dezvoltare-regionala/-2257/programul-operational-regional-2007-2013>

14 For further details, please check 'Proiecte de succes în Transilvania de Nord (Successful projects in Northern Transylvania)', Regio 2007-2013, brochure edited and published by the North-West Regional Development Agency, p. 2.

15 According to the existing information on the webpage of the Romanian Ministry for Regional Development and Public Administration, 'EU financing represents approximately 84% of ROP budget. The remaining amount is provided by national funds, public cofinancing (14%) and private cofinancing (2%)' – <http://www.mdrap.ro/dezvoltare-regionala/-2257/programul-operational-regional-2007-2013>.

assigned by the ERDF, representing the equivalent of €3,373 billion reimbursed by the EC<sup>16</sup>.

The beginning of the year 2017 placed Romania's North-West region as the champion of EU funds absorption for ROP 2007-2013 as it results from the conclusions included in the assessment of the Regional Operational Program<sup>17</sup>.

For the current programming period (2014-2020) the Regional Operational Program aims to 'increase economic competitiveness and improve living standards for local and regional communities by supporting the business sector, infrastructure and services, with the purpose of achieving sustainable development for all regions, so that they could efficiently manage their resources, grow their potential for innovation and implement technological progress'<sup>18</sup>.

With an estimated budget of €8.25 billion<sup>19</sup>, eligible entities can apply for financing available under POR 2014-2020 distributed among 12 Priority Axes: Priority Axis 1 'Promoting technological transfer', Priority Axis 2 'Enhancing competitiveness for small and medium sized enterprises', Priority Axis 3 'Supporting transition towards a low carbon economy', Priority Axis 4 'Supporting sustainable urban development', Priority Axis 5 'Improving the urban environment and conservation, protection and sustainable use of cultural heritage', Priority Axis 6 'Improving road infrastructure of regional importance', Priority Axis 7 'Diversifying local economies through a sustainable development of tourism', Priority Axis 8 'Development of health and social infrastructure', Priority Axis 9 'Supporting economic and social regeneration of deprived urban communities', Priority Axis 10 'Improving educational infrastructure', Priority Axis 11 'Geographical expansion of the system of cadaster and property registration in the Land Registry' and Priority Axis 12 assigned for 'Technical Assistance'<sup>20</sup>.

Unlike the previous programming period of 2007-2013, the Regional Operational Program now contains twice as many priority axes, as well as a 70% increase in

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16 The data is to be found at: <http://www.finantare.ro/por-2007-2013-rata-de-absorbtie-a-ajuns-la-8504-din-alocarea-fedr.html>

17 For further information check <http://www.finantare.ro/por-2007-2013-regiunea-nord-vest-prima-la-absorbtia-de-fonduri-europene.html>, according to which North-West Region contracted over 90% of the €46 million assigned by the EU for Romania.

18 For further information check <http://www.fonduri-ue.ro/por-2014>.

19 According to the existing information on the webpage of the Romanian Ministry for Regional Development and Public Administration, €8.25 billion are assigned for Romania, put out of which €6.7 billion represent EU support granted through the European Regional Development Fund (ERDF) and €1.5 billion represent national contribution <http://www.mdrap.ro/comunicare/presa/comunicate/por-2014-2020-in-valoare-de-825-miliarde-euro-adoptat-de-comisia-europeana>. Also check <http://www.inforegio.ro/ro/por-2014-2020.html>.

20 Project beneficiaries under these Priority Axes can be researched at <http://www.inforegio.ro/ro/por-2014-2020.html>.

budget compared to 2007-2013. Moreover, ROP 2014-2020 entails new investment strategies, and 'targets and indicators which are defined and monitored more specifically'<sup>21</sup>.

Despite the fact that the European Union provides important financing options, unfortunately Romania encounters great difficulties regarding the process of absorption and implementing expenditure strategies of EU funds.

The problems known to have slowed down the process of EU funds absorption during 2007-2013, which unfortunately still persist for the programming period of 2014-2020, appear to be the following: public administration incapacity and inefficiency, lack of trained personnel, lack of a proper legal framework for the public-private partnership, excessive bureaucracy and lengthy project evaluation procedure, lack of a local or regional strategy for EU funds absorption, and also excessive fund politicization. Besides such dysfunctionalities representative for the current political economic context, we must refer to insecurities stemming from instability of main currencies and the global economy overall, as well as little predictability in terms of fiscal and financial regulations. Envisaging this context, investment projects tend to be postponed, since realistic forecasts can be specifically analyzed only on the short term, while medium and long term projections can only be drafted in general guidelines. As a result, main eligible beneficiaries of the regional policy grow a reserved attitude towards new development projects.

Furthermore, according to the Report on increasing partnership engagement and visibility during the process of managing European structural and investment funds issued by European Parliament Commission for Regional Development<sup>22</sup>, the expansion of euro-skepticism and anti-European and populist propaganda may cause distorted perceptions upon EU's policies and fading the trust and interest shown by EU citizens towards the European project – unfortunately such tendencies are also encountered in Romania. As such, we believe it to be firstly mandatory to start an informing and awareness raising campaign (together with mass media) addressed to citizens and final beneficiaries regarding potential local projects eligible for financing under EU's regional development policy, together with specific results already achieved by financing projects which proved to be successful<sup>23</sup>.

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21 For further information check <http://www.inforegio.ro/ro/por-2014-2020.html>.

22 Report regarding increasing partner engagement and visibility while managing European structural and investment funds, The Commission for Regional Development, Rapporteur Daniel Buda, available at: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bREPORT%2bA8-2017-0201%2b0%2bDOC%2bXML%2bV0%2f%2fRO&language=RO>.

23 Such an action is immediately necessary since public awareness and general perception regarding the efficiency of EU regional policy have decreased over the years; according to Eu-

Secondly, strengthening partnership and efficient communication between relevant Romanian authorities acting at regional level is essential since it might lead to preparing mutual national or regional strategies to better attract funds and thus improving transparency and regaining Romanian citizen's interest and trust in the European project.

Thirdly, special importance should be awarded to the principle of partnership, according to which public authorities should foster a more intense engagement of all interested parties during negotiation and implementing stages of the partnership agreement and operational programs.

Finally, but not least, we stress the necessity of reducing overlapping regulations existing at local, regional and national extents and we support simplifying and clarifying the national regulation framework connected to European funds, including combating excessive bureaucracy. Having stated only some of the measures we consider relevant for increasing EU funds absorption in Romania, we shall continue with a brief analysis of the elements that define EU regional development funds absorption in the North-West development region, while closely analyzing the differences among the counties inside this region.

### **3. North-West Development Region**

North-West Region of Development is one of Romania's most developed regions, with a surface of 34,159 km<sup>2</sup>, representing 14.32% of Romania's total surface and a population of 2,730,132 inhabitants, representing 13% of the country's total population. This region is coordinated by the North-West Region Development Agency guided by the principles of sustainable development while respecting traditions and historical, cultural and natural heritage taking into consideration at the same time promotion of ethnical, cultural and religious diversity<sup>24</sup>.

This region received through ROP 2007-2013 the amount of €552.19 mil. (€ 461.80M from ERDF and €90.39M national contribution). More specifically, for the North-West Development Region, ROP 2007-2013 represented the submission of 1,367 financing applications, 713 financing agreements signed, out of which 653 are presently ongoing. This number of signed financing agreements led to a contracting rate of 129.06% (the contracted sums have already surpassed the amount assigned for the region by 30%) and an absorption rate of 90.03% from ERDF<sup>25</sup>.

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robarometer 423 of September 2015, merely over a third of the EU citizens (34 %) confirm that they have heard of EU cofinanced projects that improve living conditions in their region.

24 'All the facts you should know about Northern Transylvania', brochure edited and published by the North-West Regional Development Agency

25 Data provided by, 'Catalogul REGIO 2007-2013 – proiectele implementate în Transilvania de Nord', edited and published by the North-West Regional Development Agency

COUNTY	FINANCING AGREEMENTS	TOTAL AMOUNT	NON-REFUNDABLE AMOUNT REQUESTED	ELIGIBLE AMOUNT
Cluj	180	1,340,064,861.39	908,131,039.99	1,082,979,849.94
Bihor	149	857,870,113.18	546,591,795.09	675,710,452.22
Salaj	82	526,197,970.76	407,411,958.70	432,738,416.73
Bistrita-Nasaud	58	503,290,549.04	356,549,533.26	399,801,244.52
Maramures	91	491,201,792.43	375,948,731.96	389,600,321.06
Satu Mare	89	389,389,001.48	278,670,819.27	305,737,033.15
Financing agreements concluded at regional level	3	71,576,916.78	60,425,088.53	61,658,253.60
Financing agreement concluded by Bihor County and Satu Mare	1	83,890,745.99	66,327,826.06	67,681,455.16
<b>TOTAL</b>	<b>653</b>	<b>4,263,481,951.05</b>	<b>3,000,056,792.86</b>	<b>3,415,907,026.38</b>

*Source:* Data processed following the information received from North-West RDA

Another way to analyze the assigned grants for the North-West Region is through specific results as follows: thermic rehabilitation of 5,622 apartments following project implementation in Cluj-Napoca, Baia Mare, Satu Mare, Zalău, Oradea, Bistrița; 36 implemented projects in 5 cities for the purpose of improving urban infrastructure and services, including urban transportation; streets rehabilitation in 16 municipalities by implementing projects according to IPUD (Integrated Plan for Urban Development); 11 cities benefited from rehabilitation and expansion of green spaces together with park modernization; 6 cities benefit from video monitoring systems, while two of them benefit additionally from an integrated system to increase citizen safety and a traffic management system; 327.111 km county roads have been rehabilitated/ modernized (outside TEN – T); 39.030 km city streets have been rehabilitated/ modernized; 2,816 people/ day benefit from health services in 14 out-patient care that have been rehabilitated and equipped; over 3,500 people benefit from social services provided in 30 rehabilitated, modernized and equipped social centers; over 21,800 pupils benefit from better educational conditions in 63 rehabilitated, modernized and equipped schools and 2,607 students benefit from infrastructure in 2 rehabilitated university campuses; 13 new business structures which have created over 2,730 jobs; 3 projects implemented by Inter-community Development Association Northern Transylvania to purchase equipped meant to shorten intervention reaction in emergency situations; 361 micro enterprises benefited from non-refundable financing for business development, thus resulting in approx. 1,600 jobs; 9 touristic project for new entertainment and relaxing facilities which led to an increase in available accommodation and implicitly to an increase in number of nights spent in the region; 40 historical and cultural heritage items, as follows: 28 churches, 7 museums and historical buildings, 2 castles, 2 Roman archeological sites and a citadel.

A relevant successful project for Cluj county is 'Modernization of the tram route Mănăştur-Station square Cluj-Napoca', which tackled integrated specific tram transportation issues in specific area, therefore promoting a sustainable development of public transportation in Cluj Metropolitan Area relying on the inter-modal principle. The financing contract amounted to 65,157,707.13 lei out of which 38,016,005.15 lei ERDF contribution, with approx. 191,647 citizens as direct beneficiaries, 20 companies and at least 42 public institutions. Another representative project is developing the Industrial Park Tetarom I which involved building, expanding and modernizing the existing infrastructure by investing 25,200,330.93 lei from ERDF, amounting to a total project budget of 69,136,932.99 lei. Its Beneficiaries are various, ranging from local and foreign investors, SMEs wishing to perform their activity in a more suitable space, Cluj County Council, to the overall local community.

Bihor county, the second county with the most signed and implemented financing agreements during 2007-2013, stands out with the following two projects: 'Creating a business infrastructure in the city of Oradea and providing public utilities for Eurobusiness Oradea industrial park' which received 78,960,538.68 lei, out of which 26,540,110.7 lei ERDF contribution, and 'Oradea business center' financed with 88,150,632.66 lei, out of which 41,789,780.72 lei ERFD contribution. These two projects have opened the opportunity to host over 90 companies and to create over 3000 new jobs.

The projects listed above are merely examples selected from all the numerous projects implemented at county level inside the North-West Region, with a positive impact on local communities, businesses and public administrations.

Considering the official information and data presented, we can state that the North-West Region reached the highest rate of European funds absorption in Romania for ROP 2007-2013 (90.03%). For instance, according to data available for the end of 2016, the Central Region registered an absorption rate of 82.51%, South-East Region reached 75% and West Region registered a 76.86% absorption rate. Data updated at the beginning of 2017 shows an absorption rate of 87% in the North-East Region, while in Bucharest-Ilfov and South-West Oltenia it barely reached 70%.

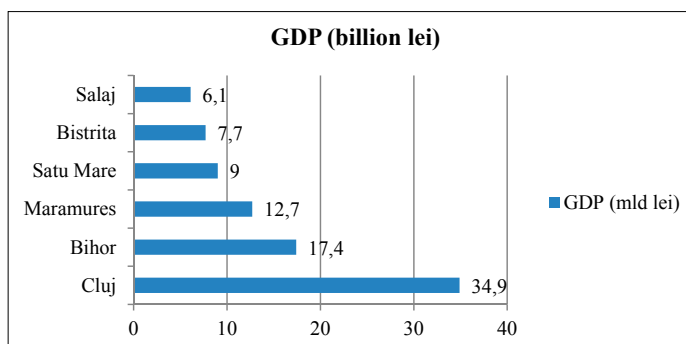
Analyzing the factors that had a positive impact on the absorption of European funds in the North-West Development Region, one must mention its geographical position (located at the border of Hungary, thus facilitating the access towards Western Europe and attracting foreign investments from Germany, Austria, Italy, etc.). Another positive element is the trust between public and private actors engaged in this process which permitted the growth of constructive partnerships. Similarly, private beneficiaries considerably contributed to this increased absorption rate and consequently, to the overall regional development.

Equally important, North-West Region enjoys a rich cultural heritage with considerable touristic potential, as well as vital natural resources which eased the process of preparing projects for modernization and promotion of cultural and historical sites, as well as developing new venues for relaxation and entertainment, which, naturally, led to the creation of new jobs. For ROP 2014-2020 the North-West Region is assigned €858.74M, out of which €716M from ERDF and 142.74M representing national contribution. Up to the present days, 93 financing agreements have been signed. Their distribution per counties is visible in the table below.

COUNTY	FINANCING AGREEMENTS	TOTAL AMOUNT	NON-REFUNDABLE AMOUNT REQUESTED	ELIGIBLE AMOUNT
Cluj	31	518,880,619.02	495,557,300.96	508,800,093.44
Bistrita-Nasaud	17	348,630,607.31	295,284,805.23	322,633,090.36
Maramures	15	284,905,867.23	264,823,811.13	274,791,357.02
Salaj	11	248,805,009.17	237,525,003.40	246,729,780.47
Bihor	12	231,081,181.06	218,765,209.08	223,739,486.86
Satu Mare	7	139,734,330.32	134,470,470.63	139,257,742.26
<b>TOTAL</b>	<b>93</b>	<b>1,772,037,614.11</b>	<b>1,646,426,600.43</b>	<b>1,715,951,550.41</b>

Source: Data processed following the information received from North-West RDA

The first position is taken by Cluj county, similarly with the programming period of 2007-2013. This is connected with certain economic indicators that confirm the leader position for Cluj county in the North-West Development Region. Therefore, should we analyze the GDP for 2016 in the North-West region which reached 87.8 billion lei, Cluj county, the third largest county of the eight regions, reached 40% of the GDP produced by the entire region, then followed by the other counties, as shown in the graphic below.

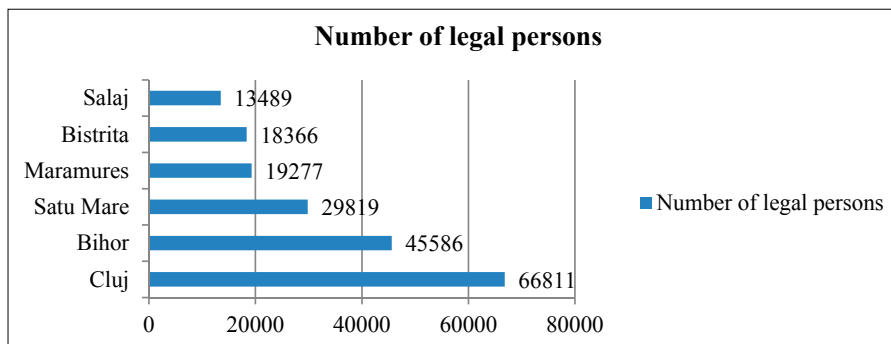


Source: National Trade Register Office

Considering the number of businesses registered (freelancers and companies) in North-West Region counties up to 31<sup>st</sup> of July 2017, the positions are as follows:



Cluj county – 66,811 businesses, Bihor county – 45,586 businesses, Bistrița-Năsăud county – 19,277 businesses, Maramureș county – 29,819 businesses, Satu Mare county – 18,366 businesses and Sălaj county– 13,849 businesses.



Source: National Trade Register Office

Nearly two thirds of all businesses in the North-West region are located in Cluj and Bihor counties, which represent an element of great impact in European funds absorption, since these two counties are placed on top of the list of signed financing agreements according to the available data for ROP 2007-2013. However, analyzing the funds available for ROP 2014-2020, Bihor county has only 12 signed financing agreements, placing it on the lower rankings, yet it remains to be seen whether it will regain its position by the end of this financing period. This is very likely to occur, bearing in mind that during the last years Bihor county enjoyed a remarkable development by attracting investors from all fields, ranging from food industry to footwear and electronic components for equipment.

Unfortunately, similar with 2007-2013 programming period, Satu Mare county is placed last regarding European funds absorption, with an economy that mostly relies on industry and agriculture dedicated to food industry, textile industry, machine industry and furniture. Additionally, dysfunctionalities have been observed regarding the engagement of public authorities. It was only in August 2017 that they succeeded to approve the Urban Mobility Plan and the Urban Strategy for Urban Development which represents the cornerstone for accessing European funds.

#### 4. Conclusions

Even though the North-West Region succeeded in reaching a high absorption rate of European funds during 2007-2013, we believe that such endeavors are to be continued. Not only should the North-West Region and the other Romanian development regions prioritize attracting as many European funds as possible, but also the entire national administrative system should encourage and shape the legal

framework in a logical and friendly manner to facilitate accessing EU funds. Contrary, Romania risks the loss of European funds for the following financial years. We must stress that regardless of the efforts made by private beneficiaries, they shall continue to be slowed down by the inexplicable cumbersome and obsolete institutional system. A potential solution lies in simplifying the existing legislation. We find it unacceptable that there are extra conditions at national scale despite those already requested at European scale that lead to a hindrance in accessing European funds in addition to nearly 8-month duration for a project evaluation.

It is likewise important that investments enabled by European funds are to be regarded as triggering factors with multiplying effects attracting private investments, in addition to raising living standards and creating new jobs. To exemplify such statement, we invite you to analyze the successful modernization of Turda Salt Mine as part of the project 'Increasing touristic attractiveness of the potential spa area of Durgău salt lakes – Salted Valley and Turda Salt Mine' which amounted to €5,807,120M, out of which €92,914 came from Cluj County Council, €950,000 from Turda Local Council while the difference represented a non-refundable financing from PHARE program. Around Turda Salt Mine various other private plans and projects came into being which refer to building three hotels, entertainment venues, golf courses, spa centers, entertainment parks and an electrical power plant. Therefore, investments using European funds stand for efficiently attracting private investments in the future. At the same time, we must also encourage an efficient development for rural areas as well. Such a plan is impossible without providing connectivity with urban areas. Regrettably, due to complex administrative procedures, combining urban and rural funds is a less encountered solution. Such an approach should be considered for the future, as large urban areas can provide limited resources compared to their community's needs, which results in migration towards immediate rural areas, which at the same time are confronting with their population's migration towards urban areas, mainly owing to better living standards. As a result, a match making of interests needs to occur between those who migrate from urban areas to rural areas and vice-versa. In this context it is important to implement the concept of urbanizing rural areas by means of providing essential facilities: medical care, education and broadband Internet connection.

Additionally, regional development policy funds and common agricultural policy funds should interact for combating the phenomenon of population aging in rural areas, which has accelerated in various EU countries, including Romania.

Last, but not least, it is of utmost importance to implement an efficient communication strategy, both at national and at EU level, meant to provide high visibility for the regional development policy and to actively disseminate results, impact and long term benefits depending on the various stages of the projects. Such actions are required since public awareness and the general perception regarding

the efficiency of EU's regional policy has dropped over the years; according to the Eurobarometer of 2015, merely 34% EU citizens claim that they have heard about EU co-financed projects responsible for their improved living standards. As such, local, regional and managing authorities are bound to provide constant institutional communication alongside an efficient communication with beneficiaries, since they represent the most effective communication channel by providing live information, thus bringing Europe closer to them. As such, we strongly recommend that local, regional and managing authorities intensify institutional communication and dissemination of results and best practices. Nonetheless, further efforts should be planned and implemented to better raise awareness among private potential beneficiaries and overall citizens regarding EU efforts and opportunities.

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# HEALTH LITERACY IN CENTRAL AND EASTERN EUROPE

Mădălina Adina COMAN  
Diana Lenuța HRAB

## Abstract

**Aim:** Health literacy represents a challenging public health concern which should not be oversight, being a highly important social determinant of health, and requiring the implication of multiple important actors from the research field, institutions, and policy makers. The aim of this study is to offer a literature review on studies focused on health literacy from Central and Eastern Europe.

**Methodology:** A search through PubMed database of full-text articles published before December 2017 that included topics related to health literacy in Central and Eastern Europe was conducted.

**Results:** A number of 31 articles were identified and analyzed. Most of the publications were focused on assessing the level of health literacy (17 articles), followed by articles focused of improving health literacy through physician-patient interaction (6 articles). A number of 5 articles focused on methods aimed to improve health literacy, and 3 articles focused on validation of health literacy assessment instruments.

**Conclusion:** This article contributes to the existent scientific knowledge by showing that not many papers on health literacy are published in Central and Eastern Europe and their goal is to assess health literacy levels among populations and not to develop interventions, programs, and policies meant to improve health literacy.

**Keywords:** health literacy; Central and Eastern Europe; literature review; health; health promotion.

## Mădălina Adina COMAN

PhD candidate, Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
E-mail: madalina.coman@publichealth.ro

## Diana Lenuța HRAB

BA candidate, Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania

## Introduction

The concept of health literacy is nowadays viewed as being a highly important social determinant of health, requiring the implication of multiple important actors from the research field, institutions, and policy makers (Heijmans *et al.*, 2015).

According to the World Health Organization, health literacy is defined as "the cognitive and social skills which determine the motivation and ability of individuals to gain access to, understand and use information in ways which promote and maintain good health" (WHO). The concept of functional literacy can be explained as the capacity of one person to read basic texts and to write statements that are simple in terms of vocabulary and topics (such as things related to day by day life). It is considered to be extremely important, due to the fact that people who are literate in a community have the ability to be more involved in an active manner in the society, both from an economic and social point of view. They are also able to have a high level of control when it comes to day by day health events (Nutbeam, 2008).

Health literacy represents a challenging public health concern which should not be oversight. Moreover, it is one of the most demanding problems which affect the healthcare system (McCray, 2005). The general percentage of people that can be viewed as being health literate depends to a high degree on the country explored, but it oscillates between 30 and 60% (Quaglio *et al.*, 2016). When it comes to comparing health literacy levels between rural and urban areas, rural communities have lower levels of health literacy, regardless of income category. Some general ideas about people living in rural areas would be that they have lower levels of education than their urban counterparts, their income is lower compared to people living in urban areas, they have poorer health insurance, they access the healthcare services more often, and the community is significantly older (Zahnd *et al.*, 2009).

As research shows, there is a strong connection between low health literacy skills and health status. In developed countries, the rates for low literacy skills are common, ranging from 7% to 47% which can be considered a surprising aspect, while in developing countries the rates are even higher (Nutbeam, 2008). As expected, low levels of literacy in a community correlate with poor health outcomes among individuals, both directly and indirectly. Poor literacy levels are associated with low usage of health information and health services, both in the developed and developing countries (Nutbeam, 2008). Moreover, people with low literacy levels are not well informed regarding methods in which they can improve their general health and they are less likely to use, when needed, facilities that can save their life (Kickbusch, 2008). People living with low levels of literacy do not appear to have the capacity to understand the disease process, they do not remember and assimilate medical prescriptions, suggestions or instructions, and they also have certain personal health hypothesis that obstruct the medical care (McCray, 2005).

In general, limited health literacy is also presented to be connected with higher healthcare costs, greater use of health care services, high rates of hospitalization, and lower use of screenings and other procedures. Studies show that a low level of health literacy leads not only to more emergency room visits, more hospitalizations, increased risk of death (Schillinger *et al.*, 2002), but also to poorer health status and less preventive care attention (Kindig *et al.*, 2004).

Improving health literacy helps manage health conditions and diseases. When people obtain skills that help them find, comprehend, evaluate, and use available health information, they make educated choices, reduce health risks, and improve their quality of life. (Zarcadoolas *et al.* 2003). Moreover, studies show that health literacy is a stronger predictor of health than income, age, race, or employment status (Weiss, 2007).

The majority of health literacy literature is published in USA. From Europe, countries with the highest number of publications related to health literacy are the Netherlands, Sweden, Germany, Italy, and France with little publications from countries from Central and Eastern Europe (Kondilis *et al.*, 2008).

Taking all this into consideration, the aim of this study is to offer a literature review on studies focused on health literacy from Central and Eastern Europe.

## **Methodology**

A search through PubMed database of full-text articles published before December 2017 that included topics related to health literacy in Central and Eastern Europe was conducted. The following words and their combinations were used as search terms: health literacy, Central Europe, Eastern Europe, Central and Eastern Europe. Studies related to health literacy and countries from Central and Eastern Europe were included in this study, regardless of their methodological quality.

## **Results**

The search strategy „health literacy AND Central Europe“, resulted in a number of 32 articles out of which 6 had relevant information regarding health literacy in specified countries. Authors, name of the articles and main topics are found in Table 1.

The search strategy „health literacy AND Eastern Europe“, resulted in a number of 70 articles out of which 25 had relevant information regarding health literacy in specified countries. There were also 8 articles written in national languages that were not taken into consideration due to language barriers, as follows: 2 in Hungarian, 3 in Polish, 2 in Czech, and 1 in Lithuanian. Authors, name of the articles and main topic are found in Table 2.

Table 1

Author, Year	Title	Topic
Martynenko, O., Kelly, D. and Say, V., 2014 (Martynenko, 2014)	EATG training academy STEP-UP: skills training to empower patients.	Training of activists from Central and Eastern Europe on treatment literacy, advocacy and advocacy topics for HIV prevention
Toçi, E., Burazeri, G., Sørensen, K., Kamberi, H. and Brand, H., 2014 (Toçi <i>et al.</i> , 2014)	Concurrent validation of two key health literacy instruments in a South Eastern European population.	Validation of health literacy instruments in Albania
Babinska, I., Veselska, Z.D., Bobakova, D., Pella, D., Panico, S., Reijneveld, S.A., Jarcuska, P., Jarcuska, P., Zezula, I. and Geckova, A.M., 2013 (Babinska <i>et al.</i> , 2013)	Is the cardiovascular risk profile of people living in Roma settlements worse in comparison with the majority population in Slovakia?	Management of chronic diseases among different populations from Slovakia and the importance of health literacy
Janevic, T., Petrovic, O., Bjelic, I. and Kubera, A., 2010 (Janevic <i>et al.</i> , 2010)	Risk factors for childhood malnutrition in Roma settlements in Serbia	Measurement of risk factors for malnutrition for Roma children from Serbia
Petrak, J., Markulin, H. and Matić, T., 2008 (Petrak <i>et al.</i> , 2008)	Information literacy in continuing professional development of medical practitioners: a Croatian example	Development of information literacy which is connected with health literacy for Croatian medical practitioners
Novo, A. and Masic, I., 2007 (Novo, Masic, 2007)	Ensuring patient safety	Guidelines for ensuring patients safety

Table 2

Author, Year	Title	Topic
Kolarcik, P., Cepova, E., Geckova, A.M., Elsworth, G.R., Batterham, R.W. and Osborne, R.H., 2017 (Kolarcik, 2017)	Structural properties and psychometric improvements of the Health Literacy Questionnaire in a Slovak population	Assessment of psychometric properties of HLQ instrument among Slovak population
Hölzel, L.P., Ries, Z., Kriston, L., Dirmaler, J., Zill, J.M., Rummel-Kluge, C., Niebling, W., Bermejo, I. and Härter, M., 2016 (Holzel <i>et al.</i> , 2016)	Effects of culture-sensitive adaptation of patient information material on usefulness in migrants: a multicenter, blinded randomized controlled trial	Assessment of materials that are cultural sensitive for Polish patients accessing health care services
Šedová, L., Doskočil, O., Brabcova, I., Hajduchová, H. and Bartlova, S., 2016 (Šedová <i>et al.</i> , 2016)	Selected aspects of health literacy among seniors	Assessment of health literacy among older population from Czech Republic
Šulistová, R., Štásková, V., Kaas, J., Kimmer, D., Treslova, M., Olšarová, V. and Filáusová, D., 2016 (Šulistová <i>et al.</i> , 2016)	Participation of adult patients in healthcare	Assessment of participation in the decision making concerning the healthcare provided of adults from the Czech Republic



Brangan, S., 2015 (Brangan, 2015)	Development of SMOG-Cro readability formula for healthcare communication and patient education	Development of a readability formula for improving health literacy for Croatian population
Gazibara, T., Kurtagic, I., Kisić-Tepavčević, D., Nurković, S., Kovacević, N., Gazibara, T. and Pekmezović, T., 2015 (Gazibara <i>et al.</i> , 2015)	Computer and online health information literacy among Belgrade citizens aged 66–89 years	Assessment of online health literacy among older populations from Serbia
Mavri, A., Fernandez, N.O., Kramarić, A. and Kosmelj, K., 2015 (Mavri <i>et al.</i> , 2015)	New educational approach for patients on warfarin improves knowledge and therapy control	Assessment of a booklet with information on anticoagulant treatment for Slovenian patients
Toçi, E., Burazeri, G., Myftiu, S., Sørensen, K. and Brand, H., 2015 (Toçi <i>et al.</i> , 2015)	Health literacy in a population-based sample of adult men and women in a South Eastern European country	Assessment of health literacy in Albanian population
Toçi, E., Burazeri, G., Kamberi, H., Jerliu, N., Sørensen, K. and Brand, H., 2014 (Toçi <i>et al.</i> , 2014)	Socio-economic correlates of functional health literacy among patients of primary health care in Kosovo	Assessment of correlates of functional health literacy for primary care patients from Kosovo
Toçi, E., Burazeri, G., Jerliu, N., Sørensen, K., Ramadani, N., Hyša, B. and Brand, H., 2014 (Toçi, 2014)	Health literacy, self-perceived health and self-reported chronic morbidity among older people in Kosovo	Assessment of health literacy among population from Kosovo
Smedberg, J., Lupattelli, A., Mårdby, A.C. and Nordeng, H., 2014 (Smedberg <i>et al.</i> , 2014)	Characteristics of women who continue smoking during pregnancy: a cross-sectional study of pregnant women and new mothers in 15 European countries	Assessment of characteristics of smoking during pregnancy in Croatia, Poland, Serbia, and Slovenia
Jarcuska, P., Bobakova, D., Uhrin, J., Bobak, L., Babinska, I., Kolarčík, P., Veselská, Z. and Geckova, A.M., 2013 (Jarcuska <i>et al.</i> , 2013)	Are barriers in accessing health services in the Roma population associated with worse health status among Roma?	Assessment of barriers in accessing health services among Roma population from Slovakia
Pop, O.M., Brînzaniuc, A., Şifilincan, E.O., Baba, C.O. and Cherecheş, R.M., 2013 (Pop <i>et al.</i> , 2013)	Assessing health literacy in rural settings: a pilot study in rural areas of Cluj County, Romania	Assessment of health literacy in rural communities from Romania
Kamberi, H., Hyša, B., Toçi, E., Jerliu, N., Qirjako, G. and Burazeri, G., 2013 (Kamberi <i>et al.</i> , 2013)	Functional health literacy among primary health care users in transitional Kosovo	Assessment of functional health literacy for primary care users from Kosovo
Jović-Vraneš, A., Bjegović-Mikanović, V., Marinković, J. and Vuković, D., 2013 (Jović <i>et al.</i> , 2013)	Evaluation of a health literacy screening tool in primary care patients: evidence from Serbia	Validation of S-TOFHLA in Serbian population
Vučemilo, L., Čurković, M., Milošević, M., Mustajbegović, J. and Borovečki, A., 2013 (Vučemilo <i>et al.</i> , 2013)	Are physician-patient communication practices slowly changing in Croatia?—a cross-sectional questionnaire study	Assessment of physician-patient communication methods in Croatia
Jović-Vranes, A. and Bjegović-Mikanović, V., 2012 (Jović-Vranes <i>et al.</i> , 2012)	Which women patients have better health literacy in Serbia?	Assessment of health literacy among women from Serbia

Author, Year	Title	Topic
Hijová, E., Gecková, A.M., Babinška, I.H. and Team, H., 2014 (Hijova <i>et al.</i> , 2014)	Do eating habits of the population living in Roma settlements differ from those of the majority population in Slovakia	Assessment of eating habits among Slovakian Roma population
Seljan, S., Baretić, M. and Kučič, V., 2014 (Seljan <i>et al.</i> , 2014)	Information Retrieval and Terminology Extraction in Online Resources for Patients with Diabetes	Development of information retrieval and terminology extraction for patients that suffer from diabetes from Croatia
Holló, G., Köthy, P., Garas, A., Géczy, A. and Vargha, P., 2012 (Hollo <i>et al.</i> , 2012)	Nonpopulation-based glaucoma screening exercise in an osteoporosis patient organization: can elderly persons with advanced health awareness identify their risk for glaucoma?	Assessment of training on health information about glaucoma screening among Hungarian population
Skorupka, W., Zurek, K., Kokot, T., Nowakowska-Zajdel, E., Fatyga, E., Niedworok, E. and Muc-Wierzgon, M., 2012 (Skorupka <i>et al.</i> , 2012)	Assessment of oral hygiene in adults	Assessment of oral hygiene in adults from Poland
Jovic-Vranes, A., Bjegovic-Mikanovic, V., Marinkovic, J. and Kocev, N., 2011 (Jovic-Vranes, 2012)	Health literacy in a population of primary health-care patients in Belgrade, Serbia	Assessment of health literacy in primary care patients from Serbia
Jovic-Vranes, A., Bjegovic-Mikanovic, V. and Marinkovic, J., 2009 (Jovic-Vranes <i>et al.</i> , 2009)	Functional health literacy among primary health-care patients: data from the Belgrade pilot study	Assessment of functional health literacy among primary health care Serbians
Voracek, M., Loibl, L.M., Swami, V., Vintilă, M., Kötives, K., Sinniah, D., Pillai, S.K., Ponnusamy, S., Sonneck, G., Furnham, A. and Lester, D., 2008 (Voracek <i>et al.</i> , 2008)	The Beliefs in the Inheritance of Risk Factors for Suicide Scale (BIRFSS): Cross-Cultural Validation in Estonia, Malaysia, Romania, the United Kingdom, and the United States	Assessment of suicide behavior among students from Estonia and Romania
Sedlář, D., Potomkováb, J., Řehořová, J., Sečkář, P. and Sukopová, V., 2003.	Computer literacy enhancement in the teaching hospital Olomouc. Part I: project management techniques, short communication	Development of techniques to improve information literacy in a hospital from the Czech Republic

The search strategy „health literacy AND Central and Eastern Europe” resulted in only one article which was already identified in the previous two search strategies.

### **Conclusions, limitations and future directions for study**

The majority of the literature on health literacy from Central and Eastern Europe was published in Serbia (7 articles), Croatia (5 articles), Slovakia (4 articles), Czech Republic (3 articles), and Kosovo (3 articles). Most of the publications are focused on assessing the level of health literacy among different populations and age groups (17 articles), followed by articles focused on improving health literacy through physician-patient interaction (6 articles). A number of 5 articles focused on methods and programs aimed to improve health literacy and 3 articles focused on validation of different health literacy assessment instruments. Their main findings are in line with findings from the international literature, stating that health literacy is a strong predictor for health and that is associated with other socio-economic factors for different genders, ages and ethnicities (Nutbeam, 2008; Weiss, 2007; Kindig *et al.*, 2004). Most of the studies agree that many determinants influence people in their decisions about medication, lifestyle and other aspects of their disease. Thus, tailoring interventions to focus on cultural sensitive instruments will facilitate increasing people’s health literacy level. Moreover, more research done in this area will aid practitioners to ascertain which type of instruments work best in various populations and cultures. Researchers interested in this area can use qualitative methods, such as interviews and focus groups, to assess the knowledge and needs of the studied population. Such methods will contribute not only in developing instruments and interventions useful for the population, but also in testing those instruments in the studied population. An increased level of health literacy will help people in their decisions about managing their conditions and tailoring instruments and interventions will help practitioners to better design their studies. Lay advisers will also benefit from these guidelines and trainings by learning better communication methods, methods that will ultimately help their patients to understand and manage their conditions. If practitioners consider health determinants before developing interventions and interacting with their patients, then improvements in people’s levels of health literacy can be observed.

This article contributes to the existent scientific knowledge by showing that not many scientific papers on health literacy are published in Central and Eastern Europe, only several countries having a notable contribution in the domain. Even from the published articles, the majority of them focus on assessing health literacy levels, and not on developing interventions, programs, and policies meant to improve health literacy at a population level. This aspect shows that there is still need

for data on health literacy levels among Central and Eastern European countries, and future studies need to be conducted in order to develop policies, interventions, and programs in the domain.

This study has several limitations. One of them would be the fact that PubMed was the only database used for searching the articles and some of the publications that are not indexed in this database might have been lost. Another limitation would be the fact that only Central and Eastern Europe were used as search words which might have excluded some articles from Central and Eastern European countries that did not use this formulation. For future studies of this kind, more search databases can be used, and all the names of the countries from Central and Eastern Europe should be used in the search word strategy.

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# THE SOURCES OF DISTORTION OF LOCAL PUBLIC INTEREST

Valentina CORNEA

## Valentina CORNEA

Lecturer, PhD, Department of Administrative Sciences and  
Regional Studies, Faculty of Legal, Social and Political Science  
„Dunarea de Jos” University of Galați, Romania  
Tel: 0040-236.493.370  
E-mail: valentina.cornea@ugal.ro

**Abstract.** The public interest is a syntagm frequently used to account for the projects and actions of local government authorities. The current study analyses the way local elected officials relate to the content and the meaning of this concept. The quality of the social dialogue, the duality of the public life, the referential models of public policies are some sources of the gap between the administrative agenda and the citizens' agenda.

Accepting public interest as a guiding rule in designing public sectors activities for community welfare involves adjusting both the ambitions of the politicians and the social and economic pressures. The representation of the public interest requires temporary compromise and transparent decisions, based on evidence, innovation and creativity.

**Keywords:** public interest, representation, decisions.



## 1. Rhetoric of the public interest

In spite of the absence of a clear definition, labeled as ‘a childish myth’, ‘a fable’ (Bozeman, 2007, p. 84), or a ‘ghost’ (Lucy, 1988, p. 148), ambiguous and abstract, the public interest is still a fundamental concept for a democratic system and a good administration. The existence of public administration as a formal structure is motivated by the serving of the public interest. The political decision makers have the mission to choose the best alternatives in order to ensure the well-being. Most attempts to describe what is meant by ‘public interest’ refer to ‘community’, ‘common welfare’, ‘general welfare’, ‘society’, ‘public’ or ‘nation’. Nevertheless, the question of what means ‘public’ in ‘public interest’ was largely left unexplained (Wheeler, 2016a, p. 6). The few attempts to measure the public interest were also unsuccessful. Bozeman sees that the idea of the philosopher Brian Barry to take a large number of examples of real situations – from cases, newspapers, books, speeches and conversations to see what can be done from them, considered as ‘the only satisfactory way to address the public interest’ was not taken over by the researchers (Bozeman, 2007, p. 84). The concept is criticized for the artificiality of the ideas and because it has ‘fundamentally undemocratic’ implications for the individuals. It is anti-liberal because the individual preferences can be subject to the preferences of an erroneously built majority. The answers to the questions about the essence and the measure of the public interest have been found in theories that put the individual interests within a larger collectivity and emphasize the normative value of the public interest (Anthony, 2013, p. 127). Bozeman considers this to be an unfounded criticism. In the public interest theory, problems are real (for example, schools that are not working), but ideals (for example, quality education) are unstable, therefore, the public interest, considered as public value, should have multiple meanings (Bozeman, 2007, p. 101)

The ambiguity and the abstract characteristic of the word have deep implications in the decision-making processes that can serve the interests of the members of a community. Considering these features of the notion of ‘public interest’, the existence of differences between the citizen’s agenda and the agenda of the local public authorities is inevitable. Moreover, for an ambiguously formulated common welfare, either there will be an equally ambiguous path or strategy to provide it, either an artificial ‘extension’ of the real direction, but especially a waste of effort, initiative and opportunities (Şandor, 1999, p. 9). Chris Wheeler, (Deputy Ombudsman, Sydney, Australia), with more than 30 years of experience in management and public administration, believes that there are at least three major obstacles for public servants that act on the public interest:

- first of all, although it is one of the most used words in the vocabulary of the public administration, it is probably the least defined and the least understood

- few public servants would have a clear idea of what the term actually means and what ramifications are in practice;
- secondly, the identification or the assessment of the adequate public interest for any special case is not often an easy task;
- Third, while some have stated that it is quite easy to do what they need when they have already identified what is adequate, in practice, people often do not have the will or the courage to do what is necessary (Wheeler, 2013, p. 34).

The ambiguity of the public interest is not an adequate justification for abandoning it: the public interest is a normative standard and raises the whole range of issues related to standards in general (Bozeman, 2007, p. 89). It is necessary to mention that the lack of a definition is not due to any omission but to the fluidity of the social interest networks (Iorga, 2006, p. 6). In the real social life there are many situations when a group can win only if the other one loses. In such a situation, whatever the decision may be, some interests seem favored and some others disadvantaged. For example, both the promotion and the restriction of tourism in the Danube Delta express desiderata of the public interest. The definition of the public interest in the Law no. 7/2004 concerning the Code of conduct for public servants, according to which public interest means ‘the totality of the rights, liberties and legitimate interests of the citizens, recognized by the Constitution, the internal legislation and the international treaties to which Romania is a party, guaranteed and respected by the public institutions and authorities’ can serve as an argument for both situations. Neither the definition by which the public interest is considered a ‘system of defining values a for a better life, such as the chances of self-development, the participation in social decisions, the equal chances or justice and social equity’ (Zamfir and Stanescu, 2007, p. 342) does not provide sufficient help to support a policy of promoting or restricting tourism. There are voices stating that the design of a system of values is almost impossible (Piccorelli, 2014, p. 12), proposing an aesthetic judgement of the decision as an alternative.

Considering the complexity and the pluralism of the contemporary society, it would not seem unusual to affirm, as some territorial planning theorists have said, that ‘public interest does not exist’. Rather, there is a number of different and competing interests. The interests of different persons and groups are nowadays too manifold to have similar points in common. The statement ‘the public interest does not exist’ has been interpreted in at least three ways: 1. The public interest does not exist as a fact; 2. The public interest does not exist as an extra-individual (holistic) value; 3. The public interest does not exist as an overriding value, always imperative.

Moroni (2004, p. 152) considers that there are no convincing reasons to give up the concept of public interest, on the contrary, that there are ways to re-con-

struct this concept that can prove relevant even in modern societies characterized by complexity and pluralism.

In Romania, the concerns about public interest research are modest. A study – ‘The public interest: A current subject or outdated rhetoric?’ – conducted under the coordination of the Institute for Public Policies analyses two actual problems (case studies): a) the membership of the Romanian high officials to a series of structures such as board of directors and the shareholders’ general assembly, to state owned or private companies, privatization committees, etc., by way of exception to the rule of incompatibilities appointed in the Anti-Corruption Law; b) the offering of company housing and/or corporate housing to Romanian high officials in central areas of the capital (Iorga, 2006). The study reflects major shortcomings in the interpretation of public interest.

Even if no consensus on the definition has been reached, the authors of the study argue that the pursuit of the public interest implies some necessary, though not sufficient, conditions: (1) the correct use of public resources; (2) the harmonization of personal interests and values with the public interests pursued at the workplace; (3) professionalism in the pursuit of the public interests and in the use of public resources, which includes many conditions, such as: the effort to understand the problems faced and to find legitimate solutions; compliance with moral norms and laws, with possible exceptions solely justified on moral grounds (in the case of rules or laws considered incorrect); the identification and the correction of past mistakes (Iorga, 2006, p. 69).

‘The encyclopedia of social development’ (Zamfir and Stănescu, 2007) inserts some theoretical and practical explanations regarding the definition of the public interest, even in the development programs, which become criteria for evaluating public policies from the perspective of the public interest, etc.

‘The Public Interest’ is a relatively recent work (2014) in which the author Madalina Tomescu draws attention to what really means the public interest, the way it is formed and what is the relation between the achievement of the public interest and the right to a good governance of the citizens. In this paper we discuss about the local public interest, without opposing it to the national or general public interest. Professor Paul Negulescu said that in each country there are two categories of interest: some that have a completely general character regarding all the citizens, the whole community, and some other interests that are special to a certain city (Manda, 1999, p. 40). In order to put together these categories of interest, the state has created legal regulations or special institutions, each of them providing a solution more or less appropriate to actual situations.

The working hypothesis taken into account in this analysis is that in Romania, the formulation and/or distortion of the public interest represents the cumulative effect of the activity of local decision-makers, of the scarce, often oscillating and contradictory intervention of the citizens and of the interest groups.

## **2. Methodology**

The definition taken into account for the local public interest is 'the amount of decisions that can serve the interests of the community members'. Because defining the public interest is not only a deliberative process but also a negotiating process, we will analyze the way the public interest is 'calculated' and 'approximated'. The documented aspects in terms of sources of formation or/and distortion of the public interest are the analysis of the level of representation of the local public interest, the limitations of representation and of main forms of participation that allow deliberation/negotiation of the local public interest.

## **3. Theoretical considerations regarding the public interest: formulation and representation**

The concept of the public interest arises from two major lines of liberal philosophical and historical thought, utilitarianism and contractarianism (Córdoba, 2010, p. 382). Subsequently, other theories assume new dimensions. Habermas introduces the theory of communicative action. As a matter of fact, it is built either by examining the results (consensualism), as in the case of utilitarianism and contractarianism, either by examining the procedure, as in the theory of communicative action. The theories have in common the fact that they consider the public interest as a means of creating a fairer society and legitimize the political and administrative decision. The utilitarianism proposes that the public interest should be the increase of social welfare. However, the utilitarian approach does not refer to the way the increased social welfare is shared between individuals and social groups. The utilitarianism uses an unifying principle and the issue of fairness is seen only as a matter of maximizing the collective utility. Such an aggregation can still hide the high and unacceptable inequalities that, ethically, should be banned. The communicative action replaces the instrumental reason with communicative reason. Through rational communication it is possible to reach understanding and agreement. The public interest emerges from the best argumentation, accepted by everyone. These theoretical concepts lead to the idea that public interest is an ethical, non-subjective concept that serves the entire community. This involves the fact that it contains regulatory elements that determine the social conditions that allow people to develop their own life projects (Córdoba, 2010, p. 382).

The right of representation of the public interest belongs to the democratic institutions. Although the representation is suspected of introducing a systematic distortion between the expectations of some people and the decisions of others and is closer to a political bargain than to an ideal of rational legitimation (Dicționar, 2002, p. 204), it has deep sociological meanings that justify its necessity. The action for a common purpose, for the local decisions and for administrative measures

requires the invitation of the members of the local territorial community. Actually, this is impossible, for at least two points of view: physically and as an union in minds and in feeling. It is difficult to summon all citizens from the first to the last member. Moreover, there are problems 'that would be too difficult to solve for an entire community' (Simmel, 2000, p. 404). Individually, the citizens are often not able to collect, process and articulate information about the public interests. They often don't have the necessary resources, the expertise and the political networks and therefore, they rely on the intermediary actors for this (De Bruycker, 2016, p. 7). In this case, the choice of the most capable persons in the community, that promise to accomplish what the entire community has to do, has the advantage of a wider mobility, of the possibility to gather faster, to take more precise decisions. The qualitative advantage, meaning the performance of the representatives that overruns the direct action of the community, is exclusively based on the quantitative minus of the representatives. Then, in a large group, the counter-trends are inevitable. Each of them has, *a priori*, the same importance and lack the decision power. The suitable expression of this situation is created when even the majority does not decide, when any decision-maker obstructs the decision or at least is not personally bound to it. The formation of social bodies opposes to this danger. A commission, a delegation, etc. will have greater competence than all the others; therefore, those divergences and oppositions that arise from the simple incompetence will be reduced from the beginning. And, finally, the general action of the total group will always be intellectually at a relatively low level, which is why the representation of a common interest is delegated to the most proficient and worthy people in the group (Simmel, 2000, p. 400).

The quality of the representation of the public interest can be analyzed on the basis of the concept of demographic representativity and the concept of politic representativity. The concept of demographic representativity assumes that the ability of an observer to actively represent the interests of some other person is even greater as the observer is more similar to him in terms of social position. According to this principle, it is essential that the different social categories be represented by their members in the decision-maker bodies and not by persons outside them. Thus, this theory implies that the interests of women will generally be better represented by women than by men, the interests of ethnic minorities by the members of those minorities, etc.

The concept of politic representativity stresses not the similarity of social characteristics, but the sharing of common beliefs about the world and the communication and mutual knowledge. Thus, the key for efficient representation of interests is to identify some persons with similar values (who may or may not be members of the same social and demographic categories) and who have the competence allowing them to know and convey the life situation of those they represent as well

as the political skill necessary to negotiate their interests in the political environment (Zamfir, Stănescu, 2003, p. 346).

The conditions for the appropriate representation of interests have been analyzed by theories such as 'The iron law of oligarchy', developed by Michels, that states that any leader tends to depart from the concerns and interests of those he represents due to his functional specialization as a political man (Vlăsceanu, 1993, p. 124). His competence makes him indispensable for the effective organization of collectivity, but at the same time it changes his way of thinking so that he becomes increasingly different from those who have chosen him.

#### **4. The inconsistency of deliberation and of negotiation of the public interest**

The local public interest is defined and/or established through deliberation and negotiation processes, in which the more powerful social actors contribute more to defining the directions of action. The consistency of deliberation and of negotiation of the public interest is determined by two factors: the participation of the public and the decision-makers' degree of expertise and values.

A broad concept, identified in the theory of collective action and of share capital, the participation has an important role in the production of public or collective goods, whether they are defined in terms of democracy or of welfare increase (Săveanu, 2014, p. 11). Most studies start from the premise that the participation is a good thing and go directly to the explanation of the factors that determine different forms through which citizens get involved in the life of their community. Contextuality is the preferred theory to account for the effects of participation. Under favorable conditions, the effects of the participation are primarily related to social inclusion, development, efficient government, solving collective dilemmas, producing collective goods (Săveanu, 2014, p. 8). Therefore, a favorable context for participation will lead to the desired effects, and the multiplication of the same participation mechanism may not come to the same result in another context. From another perspective, it is denied the idea that a political process can effectively express the popular will and the decision-makers look for their own ways to determine the public interest. The public servants and the local officials have their own representation of what is the people's interest and put this variable in a formula that negotiate a 'public interest' in relation with some other individual interests. In other words, even if they accept that the popular will has to lead to the administrative action, the decision-makers trust none but their introspection as a means to identify the desire of the public. A public librarian who decides which books will be purchased for the library collection, a social worker who recommends a home for children, a rental manager who decides to suspend the rent – all of them pass a judgement within the limits of administrative and legal regulations which

are often vague and have a general character. As far as these people identify with certain social values, they will extract from these values a concept concerning the public interest that they will be able to apply when taking their decisions (Simon, 2003, p. 706). The receptivity to the public interest means receptivity to its own values and attitude to social issues. On the other hand, this receptivity provides an important channel through which general values adopted in society (or those sections from where the administrators come from) are introduced in the administrative decision (Simon, 2003, p. 707). In Romania, there are enough mechanisms that allow the citizens' participation to the local public life. Suffice it to recall Law no. 3/2000 on the organization and conduct of the referendum, the Law no. 52/2003 regarding the decisional transparency in the public administration, the Law on Local Government, no. 215/2001 republished and the applicable laws – in the field of environment, urban planning, etc. In the name of these laws, the local public authorities have the obligation to organize the access of the citizens interested in the decision-making processes, in order to increase coherence of the administrative action. Thus, by participating in the meeting of the deliberative bodies of the local collectivities, through local popular initiative or referendum, the citizens are “negotiators” of the local interest.

Despite the existence of a legal framework that regulates the participation, the Reports of the European Commission indicate a poor capacity to develop bottom-up policies and the lack of an active civil society at the regional level (Stănescu, 2015, p. 249). The way in which the Romanian public institutions manage the public involvement in the decision-making process is considered at least faulty. The administration is open, at least at the declarative level, but does not have enough resources and cannot organize the process. It does not know who to call for negotiations and what to do with the input (CeRe, 2007, p. 28).

This happens when there are guidelines regarding the organization of public debates. They explicitly require to the public servants to record, to publish and to archive the following information on the site of the institution: records of public debate, the received written recommendations, improved versions of the draft legislative act at various stages of elaboration, endorsement reports and the final version of the legislative act.

The consultations organized by the public authorities do not seem to be outcome-oriented, but rather to apply the procedures, to comply with some European models, or for fears of protest from non-governmental organizations – these are motivations not accompanied by a real interest in consulting the public in decision-making processes. Besides the difference in language, there is also a difference of expectations as both actors expect the ‘other’ to be more interested and more proactive and to put more resources into the process. The examples of public consultation in Romania are more often focused on an alternative or on a public

policy solution – the one proposed by the administration. This is also one of the reasons for divergence between the dialogue partners and for the difficulty of the consultative process – because the stakeholders often tend to look beyond the alternative proposed by the administration, insisting on the issue underlying the decision, or on various other solutions. With few exceptions, the data on public debates are limited to absolutely formal statistics – such as ‘X representatives were present’. Who has participated, the content of the debates, the eventual changes in the projects under discussion are not known (CeRe, 2007, pp. 28-29).

The referendum is a democratic instrument used when the deliberation of the local public interest becomes necessary. The law imposes several conditions for the organization of the referendum: the obligation to have a referendum in certain situations (modification of the limits of the territorial and administrative divisions, dismissal of the mayor, dissolution of the deliberative authority) or if there is a problem of particular interest. Neither the law of the referendum nor the Law of the local government enumerate in their contents what issues might be considered of special interest. The domain of these issues is quite extended, and their description as a matter of particular interest is subject to debate. It is only very clear that the issues of particular interest may be of an administrative nature, never of a political nature (Gîrleşteanu, 2009, p. 57).

The major difficulty in formulating an issue of particular interest is the aggregation of preferences. In classical political theories, ‘the public interest’ seems to be something that can activate all types of voters, but it is actually ignored that ‘the public interest’ is different for different individuals. The problems are real and the ideals are unstable (Bozeman, 2007, pp. 88-89). May’s theorem, which states that the simple majority is only rule that is minimally effective and has the property of formal political equality, does not help us to overcome this difficulty. For the social processes, the representation of the collective action through the contribution of some representatives has a high purpose. If a real majority will act together, then this will only happen in those directions that make it possible for a highly-placed person to descend to the level of a person placed below. The experience proves that the popular meetings often take the most foolish and most damaging decisions. This is not only the result of that fatal downward alignment, which condition the co-operation of a mass, but it is also important the aspect that in a crowd gathered together the leadership will take by the most temperamental, radical, loudest elements, not by the most representative one from an intellectual point of view, who often lack the passionate subjectivity, the suggestion of conquest (Simmel, 2000, p. 404). Marshall uses the example that freedom of expression has no value if, by lack of education, someone has little to say (Lister, 2007, p. 23).

Coming back to the realities in Romania, we find that at local level, the main actors involved in the deliberation of the local interest are the local government



authorities. The issue of special interest is decided in two successive and compulsory stages: the first stage involves proposing a problem as being of public interest; in the second stage it is decided whether this problem is of local public interest. The proposals may come from the executive authorities or from a third of the number of representatives of the deliberative authorities. In these two stages, the citizens are indirectly involved, only to the extent that third of counsellors or the executive authority has received their initiative and represent it. The local counsellors' vote decides whether the issue is of particular interest and will be subject to consultation by referendum. The existent data suggest that in Romania, the use of the referendum as an instrument for negotiation and deliberation of the public interest is still poor (Marinescu, 2016, p. 74). From the 26 local and county referenda held between January 2009 and May 2011, only 11 were validated. 9 of them were organized for the modification of the limits of the territorial and administrative divisions of some communes or towns, 3 of them for dissolution of the Local Council. The remaining 14 referendums had the aim to change the name of some towns or the passing of some localities from the commune rank to the town rank or vice versa. From the three referendums for the dissolution of the Local Council, although all answers were favorable to the dissolution, only one was materialized and led to the dissolution of the Council. It is the case of the referendum from Cornățelu commune (Dâmbovița county), from October, the 11th 2009. The voter turnout was 60%, with 666 'YES' votes and 40 'NO' votes. Nine of the referendums from that time took place in cities. Among them, only three were validated, because the low turnout. Four out of the nine referendums held in the cities during this period focused on the consultation regarding issues of special local interest for the purpose of the Referendum Law no. 5/2000. These four referendums had a consultative character. Five out of the nine local referendums were compulsory and focused on the modification of the limits of the territorial and administrative divisions. The higher voter turnout was registered at the consultative referendum in Năvodari (Constanța county) city held on the 23th of May 2010. The citizens have been called to express their opinion about the 'creation of a Center for Industrial and General Waste Management in the city of Năvodari'. The referendum was validated (with a 72% voter turnout), with 23,431 votes against and only 131 votes for. The other two referendums, that have been organized in towns and municipalities and have been validated, were mandatory and aimed at changing the territorial boundaries: Voluntari (Ilfov) and Ovidiu (Constanța). As for the referendum in the town of Voluntari, it took place on 22th of November 2009 and aimed at modifying the territorial delimitation of the city, while preserving the autonomy of the territorial and administrative division. With a voter turnout of 55%, the local citizens voted mostly 'YES': 12,034 'YES' votes and 3,480 'NO' votes.

The invalidated referendums have been organized in the following towns: Avrig (Sibiu county – 18% voter turnout), Buftea (Ilfov county – 40% voter turnout), Căzănești (Ialomița county – 28,56% voter turnout), Baia-Mare (Maramureș county – 12,67% voter turnout), Cajvana (Suceava county – 36,69% voter turnout), Milășăuți (Suceava county – 34,20% voter turnout). (Gavril, 2011).

The state change and the modification of the limits of the territorial and administrative divisions through mandatory referendum and consultative referendums concerning the use of natural resources are eloquent examples for the study of the public interest. As one of the conditions for joining the European Union was a certain level of urbanization, more communes were turned to this rank. 50 communes have been transformed into cities so that Romania is able to join the European Union (Florea, 2016). Over time, in some cases, it turned out that this change has brought people only higher taxes. The European funds on which the city-ranked localities relied were soon unavailable, because the status of a city didn't allow the access to funds for sewerage, potable water supply and road asphaltting, since all of these were sine qua non conditions for the status of a city. Therefore, many localities in Romania have become urban places only on paper, as they didn't have sewerage, potable water and asphalted roads. While in 2004 the local elections were won with the slogan 'We want a city, not a commune!', in 2016 the election campaign is totally different, this year witnessing the most initiatives to return to the original status. Legally, all localities that have got the status of a city can return, by referendum, to the original status. Only one locality that became a town after 2004 was demoted (Dragomirești, Maramureș).

According to data of the National Statistics Institute (INS), during the last 25 years, 131 villages have been erased from the territorial structure of the country. From the 13.088 existent villages existing in 1990, only 12.957 were left at the end of 2014. However, the process of creation of towns and city municipalities after the year 1989 – with a peak in 2004 – doesn't seem to be a result of an objective necessity to create urban territorial and administrative divisions (either for the development of a certain territory, or as a result of a finding of a actual situation. The same remark can be made in the case of newly founded communes (by the division of larger sized communes), a rather active process until 2007. The increasing number of urban localities by declaring new cities and municipalities was not an effective solution to solve the problems of isolated areas and to create urban units with the status of development pole at the local level (Strategia de Dezvoltare teritorială, 2014, p. 23). 'Although there are some criteria regarding the minimum population, the decision to turn a commune into a city, or to turn a city into a municipality, usually has a political nuance' (Raport Banca Mondială, 2013, p. 66). Roșia Montană is a special case. The locals from 35 towns in Alba County are called to a consultative referendum to rule on the re-launch of mining in the Apuseni Mountains.

The local authorities representing the citizens of the towns ratify the organization of the referendum, the Romanian Academy is against the restarting of mining, arguing that the exploitation designed for a period of 17-20 years is not a solution for sustainable development and does not solve the social and economic problems of the area, which will worsen after the completion of the works (*Declarația Academiei Române*, 2007), and the representatives of the civil society strongly oppose the project. The referendum was invalidated for lack of quorum.

At least in this case, the 'organizational hypocrisy' of the public authorities is evident. Nils Brunsson noticed that the organizations that have the intention to reflect and represent the social environment – such as political parties, public administration, or the organizations with an assumed mission to pursue the public interest – inevitably suffer from 'organizational hypocrisy.' In order to cope with the contradictory demands of different interest groups, the organization separates its discourse from its decisions and actions. Thus, the discourse can be oriented towards a social group, the decisions can satisfy another social group, and the actions will favor some other categories. The employees of such organizations are always caught up in solving insoluble problems, torn between the incompatible demands of different aspects of the problem (Iorga, 2006, p. 75). Moreover, the local authorities involved in the deliberation process had a superior position towards the citizens in terms of the amount of information, in terms of the legal relevance of the referendum, as well as of what mean the restarting of the mining project. Even if the referendum had been validated and the citizens had voted in favor, some other procedures, including the environmental permit, would have been required for the effective implementation of the project.

## **5. Conclusions**

The appeal to the public interest generally implies persuasion and justification and this justification influences the public's level of trust. Most times, the public does not trust the authorities. Based on the analysis, the data lead to the idea that the local public interest does not exist, or if it exists and where it exists, its formation and distortion depend on the same type of sources. In the deliberation and the negotiation prior to the deliberation of interest, citizens and local public authorities are involved. In most cases, the local authorities have resources and a greater power of persuasion in taking the final decision.

All forms of public consultation are organized on the initiative of the administration, some are purely formal, others have a planned outcome, and the decision to consider an issue of public interest belongs exclusively to the local public administration. While for the case of Roșia Montană the local councils approved the referendum regarding the mining, the local council from Craiova rejected the ref-

erendum against the projects from Kozlodui, in ordinary session, despite the fact that it was requested against signatures of over 15,000 citizens of the municipality. Moreover, in this case 15 counsellors out of 27 (25 attended the meeting) abstained from voting (Grosereanu, 2015).

The acceptance of the public interest as a guiding rule in the organization of the activities for the benefit of the community involves adjusting the ambitions of politicians as well as the social and economic pressures. The representation of the public interest requires temporary compromises, transparent decisions, based on evidence, innovation and creativity.

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**Abstract.** The study focuses upon the analysis of the proposals for the new Administrative Code (issued by the Government in public debate procedure), in the context of recent discussions about the need of codification of the public integrity legal framework. The National Anticorruption Strategy (2016-2020) is also highlighting the need to assure stability and clarity to public integrity legislation. In the same way, the most recent CVM Report on Romania (2017) is emphasizing that several aspects of integrity legislation, denoted by the jurisprudence of High Court of Cassation and Justice must be clarified by a codification of public integrity legislation, consequently raising the effectiveness and dissuasiveness of public integrity rules. The debate related to codification of public integrity rules is, on the other hand, a kind of “dangerous path”, ending within terms of political will and political commitment of the Parliament to sustainability of anticorruption public policies and strategies. During recent years, the Parliament was considered by CVM Reports the most “delicate” political exponent, threatening the feasibility of anticorruption public policies. MPs have continuously challenged the rules of public integrity, reducing the National Integrity Agency’s powers, limiting the situations regulated as incompatibilities for public officials and refusing several times to enforce definitive decisions from Courts of law or Constitutional Court.

Starting from these premises, the study analyses the legislative proposals provided by the project for a new Administrative Code issued by the Government within the procedure of public debate. These new provisions regulate incompatibilities and conflicts of interest for public dignities and public servants; the paper aims to conclude upon the fairness of the new amendments in relation to several criteria: (1) compliance with the High Court of Cassation and Justice and Constitutional Court jurisprudence, (2) effectiveness of the new regulations in the context of imperatives for clarity of these rules, (3) public acceptance of integrity standards and (4) sustainability for anticorruption public policies and strategies.

**Keywords:** administrative code, integrity, corruption, CVM, codes of ethics.

## TOWARDS THE CODIFICATION OF PUBLIC INTEGRITY LEGAL FRAMEWORK? SOME CONSIDERATIONS ON PROPOSALS FOR A NEW ADMINISTRATIVE CODE

Cynthia Carmen CURT

**Cynthia Carmen CURT**

Lecturer, Dr., Political Sciences Department, Faculty  
of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 004-0264-431.505, extension 6226  
E-mail: curt@fspac.ro

## 1. Introduction

Since 2012, all CVM Reports on Romania (2012-2017) have emphasized that integrity legislation needs clarification and a proper codification. Incompatibilities and conflicts of interests are regulated by different particular laws, the legal framework originating in various normative acts. In this respect, the level of public comprehension and accessibility to the legal framework are rather difficult. Consequently, public legitimacy and civil support towards the implementation of legal norms are negatively influenced and translated into lack of enforcement and reticence in applying legal sanctions by some public institutions. In other words, coherence and unity of the legal framework, accompanied by educational and preventive public policies could be considered key factors for raising public integrity standards. This could be an explanation of limited implementation of courts of law final decisions and NIA's (National Integrity Agency) definitive reports by some administrative institutions or the refusal of applying administrative sanctions consisting in dismissal from public function (or administrative fines) and the interdiction to exert a public dignity for 3 years. In this respect, a recent GRECO Report on Romania (2017, p. 8) recommends "an adequate assessment of the rules on incompatibilities, especially their consistency and their enforcement in practice be carried out so as to identify the reasons for the perceived lack of effectiveness, and to make necessary changes". A proper drafting codification of the specific legislation could be a solution towards a fluid and coherent legislative framework, improving the follow-up of courts' decisions and NIA's definitive reports, pursuing the efficiency and practical efficacy of public integrity legislation.

In these conditions, lack of legislative logic and unity in drafting the integrity framework, by different and fractured proposals of the Parliament, has led to a rather reduced public acceptance of integrity standards, mostly by public officials. Since 2010, when the Parliament adopted the new integrity Law 176/2010, only under CVM pressure, the Chambers are continuously questioning the integrity framework. MPs' integrity standards are still regulated in ambiguous and unclear terms (CVM Report 2017; GRECO Report 2016, p. 5; GRECO Report 2017, pp. 4-7; Curt, 2018, pp. 24-26). Moreover, MP's reluctance to implement integrity rules is catalyzing the process of continuous modification of integrity legislation. In the name of adopting (isolated and fractured) "clarifications" of the legal framework, Parliament uses a subterfuge either to reduce NIA's legal prerogatives and competencies, either to limit incompatibilities or conflicts of interest cases and their application. In fact, the Chambers are refusing to apply legal integrity sanctions, sometimes revoking its own decisions or illegally validating parliamentary mandates by breaching integrity legislation (for details, Curt, 2018, pp. 29-31; Curt, 2016, pp. 59-60; Curt, 2015, pp. 73-74; Curt, 2014, pp. 60-61). As GRECO Report on Romania ascertains (2017, p. 9), NIA position regarding integrity standards for MPs empha-



sizes “that applying the disciplinary sanctions by the Chamber of Deputies and the Senate is a matter of will rather than an unclear legislation”.

A CVM Report on Romania (Technical report, January, 2017, p. 25) notes that, beginning with 2012, CVM reports recommended an improvement of integrity legislation, which should be properly drafted by NIA in cooperation with the Ministry of Justice. The implementation of such recommendation was impossible due to a constant opposing position of the Parliament within the legislative equation, willing practically to void the integrity legal framework. In this context, initiating a parliamentary debate on improving the integrity rules was considered too hazardous in recent years. The consolidation process of integrity legislation was depending only on the High Court of Cassation and Justice jurisprudence consistency and the decisions of Constitutional Court.

In these conditions, taking into account the parliamentary recent legislative trend – to weaken the integrity framework – it is interesting to analyze the motivation and possible arguments of the Government, related to the attempt of launching a public debate on new a Administrative Code, including integrity standards for public officials and public servants, since it will soon reach the decision and amendments of the Parliament.

Any particular arguments for the need of codification of integrity standards are lacking from the motivation section of the bill, except the particular situation of clarifying legal sanctions for conflicts of interests for local elected officials. The motivation document (Technical Motivation Document “Expunere de motive”, p. 3) argues that there is a “legislative vacuum” related to legal sanctions of conflicts of interests for local elected officials, as an explanation for the inexistence of a follow-up NIA’s final reports or courts decisions. This assertions is kind of imprecise, since the sanction for both incompatibilities and conflicts of interests, although not mentioned expressly in the law of Local Elected Statute no 393/2004, is provided by NIA’s law no 176/2010, as specific legislation (art. 25, paragraph 3) (*for details see Curt, 2014, pp. 55-58*). But such a clarification is beneficial.

From a terminological perspective, the legislative construction of the text should respect an *a priori* condition: the logical and substantive correlation between conflicts of interest and incompatibilities. The literature (Constantinescu *et al.*, 2004, Constantinescu and Muraru, 1999, Cassia, 2014) and jurisprudence (Decision of the Constitutional Court no. 876 of 28 June 2011, Constitutional Court in Decision no. 972 of 21 November 2012) emphasize that incompatibilities are legal instruments regulated in order to prevent conflicts of interest, the legal effects of conflicts of interest once produced having a higher gravity. In these conditions, it is expected that legal texts would regulate at the same time the cases of conflicts of interests and situations of incompatibilities and, consequently, the sanctions for conflicts of interest would not be softer than the ones for incompatibilities. Very

often, the general public and also officials tend to confuse incompatibilities and conflicts of interests, so the legal texts must respect the principles related to clarity, accessibility and predictability, regulating separately and logically the legal terms.

## **2. Conflicts of interests and incompatibilities for the members of the Government**

The text of the new Administrative Code only refers to financial conflicts of interests and regulates clearly the termination of mandate for cases of incompatibility and only potentially, in cases of conflicts of interests, although conflicts of interests produce more significant effects than incompatibilities (*for details*, Curt, 2013, pp. 11-12); in this respect, the new regulation lacks consistency, referring only to a „fundament” (as potentiality) for the termination of mandate in cases of conflicts of interest. Also, the text does not expressly enumerate the cases of conflicts of interest, within the causes of lawfully termination of governmental mandates. In the same manner, procedural regulations related to ascertaining conflicts of interests is missing.

For secretaries of state, sub-secretaries of state and other assimilated offices in subordination of the Government, the new text eliminates a parallelism related to procedural rules and refers to the general regulation in competence of NIA; also, the text establishes that the termination of mandates intervenes both for incompatibilities and conflicts of interests. Unfortunately the new provisions do not mention the *ex officio* termination of the mandate, only specifying that officials will be dismissed by the Prime-minister (leaving to the Prime minister a possibility to decide within an undefined amount of time to take this measure).

The text of the new Administrative Code mentions that the same rules of *incompatibilities and conflicts of interests are applicable to the leaders of autonomous administrative organisms and officials assimilated to ministers or secretaries of state*. The procedure is similar to the one applicable to MPs, providing lax terms and ambiguous parliamentary procedures. The peculiarity resides in the fact that, procedurally, the new regulation brings only details referring to termination of the mandates in cases of incompatibilities (not conflicts of interest). In the same way, the text does not make any reference to the procedure of ascertaining incompatibilities and conflicts of interests developed by NIA, the main authority with exclusive competence in the field of integrity of public officials. Moreover, the new regulation specifies that if, in such cases, if the persons found to be incompatible does not resign, they are “considered to be resigned”, instead of providing an *ex officio* termination of mandate. Although, the text regulates expressly at least the “possibility” of termination of mandates in cases of conflicts of interest for the members of the Government, it does not establish similar sanctions for conflicts of interest for officials assimilated to members of Government.

Maybe one of the most important omissions of the new proposal of Administrative Code, in terms of public integrity standards, is the lack of any reference to the rule provided by art. 25 from Law 176/2010 regarding integrity in public function. This regulation contains the most important sanctions for breaching public integrity framework by any public official: the ban to occupy a public dignity or office for a period of 3 years, from the moment of a definitive decision ascertaining an incompatibility or conflict of interest. This sanction for breaching the public integrity framework was the provision most challenged in Parliament in recent years and the MPs' most desired modification. The regulation was the object of several constitutional decisions (Decision no. 663 from 26th of June 2012, Decision no. 203 from 29th of April 2013 and further, Decision no. 481 from 21st of November 2013, Decision no. 483 from 21<sup>st</sup> of November 2013, Decision no. 418 from 3rd of July 2014). The Constitutional Court has given a clear interpretation of the text, emphasizing that the interdiction to occupy a public function for 3 years is applied to all public offices/positions. Profoundly disappointed by this constitutional solution, the MPs tried unsuccessfully to modify it, later in the Parliament, but their proposals were eventually not definitively adopted, under the pressure of CVM, NIA and civil society. In spite of the fact that this should be the most dissuasive sanction for breaching integrity standards, the new elected Parliament, in 2016 validated 3 of new mandates for MPS, violating the provisions of art. 25 from the Law. NIA asked repeatedly the Standing Bureaus and Judicial Committees of two Chambers to enforce the interdiction provided by the law and to lawfully terminate de MPs mandates; NIA requests are still pending in Parliament, along with the attempts to modify the law. Up to a certain point it is explicable that, invoking considerations related to cautiousness, the project of Administrative Code do not contain this rule, in order to avoid "tempting" the Parliament to abrogate it. On the other hand, the project should regulate, in detail, instruments of enforcement of this rule, for each category of public officials, in order to emphasize its compelling character and strengthen its application.

### **3. Conflicts of interests and incompatibilities for the local elected offices**

In the case of local elected officials, the new text brings a clarification towards the sanctions for incompatibilities and conflicts of interest, providing expressly that in such situations termination of mandates intervenes *ex officio*. This should be considered a noteworthy achievement, because of different interpretations of the existing legal texts, which led to different application of sanctions. Although the correct interpretation of the legal provisions would impose a clear termination of mandates of local elected officials, since the law in effect does not mention it explicitly, for each category of local elected officials, the sanctions applied in practice were very

different: termination of mandates, disciplinary sanctions, pecuniary sanctions (*for details see*, Curt, 2014, pp. 54-59). In the same manner, the new Administrative Code mentions expressly that the termination of all local elected officials mandates is enforced by means of the prefect order, bringing legal clarity, once again.

Regarding the definitions of cases of incompatibilities and conflicts of interests for local elected officials, the entire integrity framework was decimated in recent years by successive modifications adopted by the Parliament (*for details*, Curt, 2017, pp. 18-19; Curt, 2016, pp. 60; Curt, 2015, pp. 73-74). Without intervening into the substance of integrity standards, the new Administrative Code brings some unity in regulation, gathering all these successive modifications into a single unit. In other words, the new regulation does not put into public debate a new paradigm of incompatibilities and conflicts of interests for local elected, but only transcribes the modifications brought by the Parliament in recent years in one single law. Unfortunately, the most important reference to the sanction of interdiction to exercise a public dignity for 3 years, from the moment of definitive incompatibility or conflict of interest, is missing from the new text.

The analysis of these norms referring to the lawful termination of mandates in cases of conflicts of interest brings ambiguous formulations and elliptic solutions for the members of Government and their assimilated positions but some clear provisions regarding local elected officials; a preliminary conclusion can only paraphrase George Orwell – in terms of integrity standards “some public officials are more equal than others”.

#### **4. Conflicts of interests and incompatibilities for civil servants**

In cases of incompatibilities and conflicts of interest for civil servants, the new Administrative Code attempts to provide explicitly the sanction of removal from public function, for conflicts of interests and incompatibilities ascertained by a NIA's definitive report or a definitive judicial decision. At the same time, the text remains somewhat unclear, since in some previous articles, it is stated that, breaching the legal provisions concerning conflicts of interests and incompatibilities are cases of disciplinary accountability and the sanctions applicable for disciplinary breaches could be various: written reprimand, reduction of salary rights with up to 5-20% for a period up to 3 months; suspension of the advancement right in salary levels or, as it case may be, of the advancement right in public position for a period that goes from 1 to 3 years; degradation in salary levels or degradation in public position for a period up to one year; removal from the public position. At the same time, it is provided that conflicts of interest and incompatibilities do not challenge disciplinary accountability if the civil servant takes action for desisting from these situations in terms of 10 days.

## 5. Conclusions

A proper codification of integrity framework is needed in order to bring a correct paradigm related to interrelationship between conflicts of interests and incompatibilities, to explain and regulate clearly the nature of conflicts of interest and incompatibilities, highlighting that the first ones are producing more harmful results. Consequently, definitive conflicts of interests and incompatibilities must lead to a lawful termination of mandates for public officials, respectively, removal from public function of civil servants, in terms of loyalty, accountability, transparency, equitability and rule of law.

It is important to notice that the legislative “vision” offered by the new Administrative Code, in terms of public integrity standards, is not responding comprehensively to a unitary legislative conception. The new regulation does not include instruments of enforcement the most important sanction related to violating the rules of incompatibilities and conflicts by public officials: the interdiction to exercise any public office for 3 years.

The new project of Administrative Code attempts to clarify some aspects related to accountability and enforcement of sanctions in the area of public integrity, but succeeds only to put into question “half-measures”. From this point of view, in our opinion, the codification of public integrity framework should be enacted within a distinctive Integrity Code, depending on authentic support and loyalty of the political commitment.

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# CULTURAL INFLUENCES ON COMPETITIVENESS IN THE EUROPEAN UNION. AN EXPLORATION OF CAUSALITY

Horațiu DAN

## **Horațiu DAN**

Assistant professor, Ph.D., Faculty of European Studies,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
E-mail: [horatiu.dan@ubbcluj.ro](mailto:horatiu.dan@ubbcluj.ro)

**Abstract.** In a globalized world, the importance of national competitiveness in the quest for economic growth stands at high levels, with the deep understanding of the underlying processes being a key factor for development. This paper investigates the relationship between the national cultural dimensions specific to the member states of the European Union and competitiveness, aiming at identifying relevant causal connections that induce changes in the latter, with the purpose of providing insight that could contribute to a more effective and efficient approach to public policy. More precisely, by employing quantitative instruments, the study explores the causal relations between two sets of cultural dimensions (as defined and measured by Hofstede and his collaborators and respectively by Schwartz) and competitiveness (as measured by the Global Competitiveness Report), revealing those cultural dimensions that exert a significant influence on the dependent variable.

**Keywords:** competitiveness, cultural dimensions, culturally adapted public policy, European integration.



## 1. Introduction and methodology

This paper departs from the assumption that causal relations operate between the national cultural dimensions specific to the member states of the European Union and a series of elements that define the economic climate and, implicitly, the complex process of European economic integration. Thus, the study, part of a broader research aimed to identify such links (Dan, 2015a, 2015b, 2017), recognizing the potential role of leadership and organizational culture as predictors of organizational performance (Hințea, 2015), analyzes the connection between cultural dimensions and competitiveness at a national level in view of the potential subsequent application of the conclusions drawn in the field of public policy design and implementation, with a positive impact on policy calibration and cultural adaptation.

In the pursuit of the identification of causal links between competitiveness (as a dependent variable) and cultural dimensions, as defined and measured by Hofstede (1980a, 1980b, 2001, 2011), Hofstede, Hofstede, and Minkov (2010) and Schwartz (1999, 2006), the paper will employ a quantitative approach. First however, a series of conceptual clarifications must be made, since the notion of causality is sufficiently heterogeneous to generate potential differences in perception and understanding. Thus, we adhere to the vision of Gerring (2005), who proposes an understanding of the concept in accordance with the principles of Bayesian inference, which postulates that a cause increases the probability of an event. Moreover, we recognize that the observance of epistemological rigors implies the use of statistical tools to capture both the magnitude effects (in this case, the Pearson correlation between variables) and the probabilistic elements specific to the regression analysis, i.e. the  $p$  values of the independent variables (Fidler 2010), endeavor in which we will use ordinary least squares (OLS) regressions, aiming at identifying those independent variables that have relevant statistical significance at the  $p = 0.01$  or  $p = 0.05$  levels. A similar methodology is also used in other papers exploring the effects of cultural dimensions on various dependent variables, among which those of Richardson (2008), Seleim and Bontis (2009) and Réthi (2012).

Also, it must be mentioned that the study is limited to the analysis of the situation of European Union's member states, a choice which presents key methodological advantages. In this regard, it should be noted that the European integration process is taking place on the background of a relatively high level of homogeneity (compared to the whole set of world economies) present within the EU in key areas such as democracy, institutional design and, to a lesser extent, the level of economic development, which facilitates the limitation of the interference that these variables, other than the independent cultural variables considered, could exert on competitiveness.

## 2. Competitiveness and culture

Competitiveness is perhaps one of the most important drivers of economic development and may be defined as ‘the set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the economy can achieve’ (Schwab and Sala-i-Martin, 2017, p. 11). This conceptual perspective on competitiveness derives from the works of Michael Porter, who places productivity in the center of the concept, rejecting the views that characterize competitiveness as being a result of a labor market that supplies labor in abundance and at a reduced cost, of the employer-employee relations, of natural resources availability, of protectionist public policies or simply a microeconomic phenomenon (Porter, 1990).

Increasing competitiveness is, in a globalized world where the factors of production move more and more freely in the pursuit of efficiency, one of the European Union’s points of interest (Corpădean, 2013), catalyzing increasing efforts both in the public and private spheres. In this context, an in-depth understanding of the phenomenon, which transcends classical technical and economic elements, including cultural aspects, can be an important contribution to improving the process of policy design and implementation, with the potential of increasing competitiveness by adapting the process to the national cultural profile.

Establishing the constitutive elements of competitiveness and, above all, measuring it, are research activities that generate results with a significant impact on the development and implementation of public policies. At the theoretical level, the subject is widely addressed in economical literature, influential views being those of scholars such as Porter (1990), who identifies four determinants of competitiveness (strategy, structure and rivalry at the business level, factors conditions, demand conditions and related and support industries), or Krugman (1994), who shows that national competitiveness is not a phenomenon that develops at the expense of the national competitiveness of other countries, thus not being a zero-sum game, an argument that speaks against the adoption of protectionist policies and engaging in commercial wars.

Nevertheless, the theoretical foundations of the concept of competitiveness remain controversial, as distinct (and sometimes irreconcilable) theories keep the notion of competitiveness in an abstract area, in which, pragmatically, the theoretical belonging to a line of thought or another becomes less important, in the detriment of how the different perspectives influence public policies, producing economic and social effects (Ketels, 2016)

By adopting a perspective on competitiveness that attempts to embrace a wide range of theoretical models, a series of studies and reports, researchers can go beyond the strictly conceptual dimension and brings the notion of competitiveness

into the area of the concrete, applying different methodologies in the attempt to measure competitiveness at national level. Deconstructing the concept and measuring the main components of competitiveness (activity that leads to the computation of a general score), most of these studies, occurring with annual frequency, adopt an international comparative perspective. We identify the following as the most prominent: The Global Competitiveness Index (conducted by the World Economic Forum), The IMD World Competitiveness Yearbook, which also includes a Digital Competitiveness Report (under the title of the IMD World Digital Competitiveness Ranking), the Legatum Prosperity Index (which captures a number of prosperity specific elements, some of which are also pertaining to competitiveness), as well as country-specific reports developed by the World Bank and AmCham.

Starting from the contents of these papers, we identify the Global Competitiveness Index (Schwab and Sala-i-Martin, 2017) as having an extensive approach to the constitutive elements of competitiveness, encompassing all the dimensions of competitiveness captured in other studies. According to this vision, competitiveness is made up of elements that are defining for areas such as institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and, last but not least, innovation.

As stated before, recognizing the importance of competitiveness and competitiveness inducing policies to economic development, the paper aims to explore the causal links between the national cultural dimensions and competitiveness, in an attempt to provide data that could contribute to more effective and efficient public policies, especially in the context of globalization which, as Moldovan (2016, p. 121) notes, 'entails [...] the realization of a global cultural market in which ideas, values, cultural products and ideologies became less of a local nature and more of a global one'.

In order to achieve its goals, the study uses the results of two different cultural models, one developed by Hofstede and his collaborators and the other by Schwartz, as detailed in the following paragraphs.

One of the most prolific research in the field of national cultural dimensions was undertaken by Dutch sociologist Geert Hofstede, who, together with his collaborators, has not only proposed a refined version of the existing theories on cultural dimensions, but, more importantly, has managed to quantify these dimensions at national level, thus opening up a generous line of study that facilitates a better understanding of cultural influences on a wide range of socio-economic issues. Hofstede's study is based on over 100,000 questionnaires applied to IBM employees in more than 50 countries, allowing the comparative analysis of country-specific cultural features (Hofstede, 2011, p. 5). This initial research has enabled further

developments as detailed in Hofstede (1980a, 2001, 2010), Hofstede, Hofstede, and Minkov (2010) to define and measure six cultural dimensions which, compared at national level, form an extremely useful analytical tool. These six dimensions, as summarized in Hofstede (2011), are:

- power distance, a dimension that measures the extent to which less powerful members of society accept, or even expect, an uneven distribution of power within the group;
- uncertainty avoidance, measuring the degree of tolerance to ambiguity and the unknown;
- individualism vs. collectivism, a dimension measuring the extent to which members of society are integrated into groups;
- masculinity vs. femininity, a dimension that measures where a particular culture is placed along a spectrum characterized by two extremes: one of masculine values (such as competition, ambition, or the link between success and material rewards) and the other of feminine values (among which cooperation, modesty and emphasis on the quality of life);
- long-term orientation vs. short-term orientation, a dimension based on the relationship established, at a society level, between perspectives, objectives and expectations at various time intervals. Thus, a society characterized as having a long-term orientation focuses on the future, while a short-term oriented society pays more attention to the near future, the present or even the past;
- indulgence vs. restraint. This dimension is based on the contrast between the predisposition for indulgence, which 'stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun' (Hofstede, 2011, p. 15), while, in contrast, restraint 'stands for a society that controls gratification of needs and regulates it by means of strict social norms' (Hofstede, 2011, p. 15).

The second model that provides with inputs for this study was developed by Schwartz (1999, 2006). His studies converge towards the formulation of a framework which, by identifying and measuring in different cultures a set of seven types of values arranged along three dimensions, allows for intercultural comparative analysis with multiple applications in the fields of economics, political science and sociology.

The first bipolar dimension proposed by Schwartz refers to the values that govern the relationship with the group. More precisely, the values of intellectual autonomy, i.e. the desire of individuals to pursue their own ideas and intellectual directions, and those of affective autonomy, focused on positive affective experiences (such as pleasure or an interesting and varied life), lead to the valorization of the individual's own independent existence, while conservative values, which emphasize the maintenance of the *status quo* and are opposing elements that interfere

with the traditional order and the solidarity of the group, generate what Schwartz calls inclusion.

The second dimension of the cultural model proposed by Schwartz revolves around the behaviors that govern social interactions and interdependencies, ranging from the solution conferred by the adherence to hierarchical values that legitimize the unequal distribution of power, roles and resources, to the alternative represented by the recognition of all members of society as morally equal and, implicitly, the internalization of a commitment to promote the welfare of others (Schwartz, 1999). Among the values underlying this second approach, grouped into the category of equalitarian values, Schwartz names equality, social justice, freedom, honesty and responsibility.

The dimensional spectrum is complemented by the way in which societies approach the interaction between humanity and the natural and social environment, the relationship being either inclined towards mastery and focus on control, with its underpinning values revolving on the desire to succeed through an active assertive attitude (ambition, success, competency), or, alternatively, one marked by values pertaining to the sphere of harmony, such as unity with nature, protection of the environment, recognition of a world of beauty (Schwartz, 1999).

### **3. Influences of Hofstede and Schwartz's cultural dimensions on national competitiveness**

In the following section of the paper, the research will focus on investigating possible causal links between cultural elements and competitiveness. In this approach, we will consider the Global Competitiveness Index measurements of competitiveness, applying the methodology described in the introductory part of the paper. Also, taking into account the methodological considerations regarding the selection of the data which were already put forward, the analysis will be limited to the EU member states.

Concentrating in the first phase on the levels of association between the national competitiveness scores and the values of the cultural dimensions proposed by Hofstede and Schwartz, one can observe correlations with causal potential in the case of Hofstede's power distance ( $r = -0.65$ , indicating a negative relationship), individualism ( $r = 0.59$ , indicating a positive relationship), uncertainty avoidance ( $r = -0.59$ ) and indulgence ( $r = 0.68$ ), and Schwartz's embeddedness (relationship having a negative association coefficient,  $r = -0.78$ ), affective autonomy ( $r = 0.72$ ) and intellectual autonomy ( $r = 0.62$ ). The full results of the correlation analysis are summarized in Table 1.

**Table 1.** Correlation levels between national cultural dimension values and competitiveness

Correlation with competitiveness			
The Hofstede's dimensions		Schwartz's dimensions	
Distance to power	-0.65	Embeddedness	-0.78
Individualism (vs. collectivism)	0.59	Affective autonomy	0.72
Masculinity (vs. femininity)	-0.19	Intellectual autonomy	0.62
Uncertainty avoidance	-0.59	Mastery	-0.23
Long-term orientation	0.02	Harmony	-0.05
Indulgence (vs. restraint)	0.68	Hierarchy	-0.16
		Egalitarianism	0.49

Source: Own calculations based on data provided by Schwab and Sala-i-Martin (2017), Hofstede (2001), Hofstede, Hofstede and Minkov (2010) and Schwartz (1999, 2006)

As detailed before, the results of the correlation analysis need to be interpreted in the light of the indicators generated by the regression analysis, looking for those pairs of variables which, in addition to a relevant level of association, are characterized by an effect of the independent variable with a level of confidence  $p < 0.05$  or  $p < 0.01$ .

The equation below describes the OLS regression having Hofstede's cultural dimensions as independent variables and competitiveness measured at national level in the European Union as the dependent variable.

$$COMP_i = \beta_0 + \beta_1 PD_i + \beta_2 UA_i + \beta_3 INDV_i + \beta_4 M_i + \beta_5 LTO_i + \beta_6 I_i + \varepsilon \quad (1)$$

where:

- $COMP_i$  is the level of competitiveness in country  $i$ ;
- $\beta_0$  is he constant;
- $PD_i$  is the level of power distance in country  $i$ ;
- $UA_i$  is the level of uncertainty avoidance in country  $i$ ;
- $INDV_i$  is the level of individualism in country  $i$ ;
- $M_i$  is the level of masculinity in country  $i$ ;
- $LTO_i$  is the level of long term orientation in country  $i$ ;
- $I_i$  is the level of indulgence in country  $i$ ;
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  are the coeficiens pertaining to each of the cultural dimensions, and
- $\varepsilon_i$  is the error of the regression.

Starting from this equation of the OLS regression, the values of the main regression indicators are detailed in Table 2 below.

As it can be observed from the data presented in Table 2, only the hofstedian dimension of indulgence induces effects on competitiveness with a level of confidence within the required parameters. More precisely, the observed low value of

**Table 2.** Influence of Hofstede's cultural dimensions on competitiveness – description of the OLS regression

	PD	UA	I/C	M	LTO	I/R	Constant
Coefficient	-0.0051	-0.0034	0.0039	-0.0022	0.0078	0.0137	4.1988
Standard error	0.0040	0.0035	0.0049	0.0025	0.0041	0.0039	0.5351
t stat	-1.2804	-0.9646	0.7929	-0.8909	1.8867	3.5084	7.8460
P value	0.2158	0.3468	0.4376	0.3842	0.0746	0.0024	0.0000
P value for F	0.0002						
R <sup>2</sup>	0.7251						

Source: Own calculations based on data provided by Schwab and Sala-i-Martin (2017), Hofstede (2001), Hofstede, Hofstede and Minkov (2010)

$p = 0.0024$ , positioned within the confidence interval  $p < 0.01$ , when interpreted in conjunction with an association level between variables  $r = 0.68$ , satisfies both statistical conditions which we consider necessary for a causal relationship – both the size effect, i.e. the correlation level, as well as the probability level, i.e. the  $p$  values of the independent variables, as prescribed by Fidler (2010). In this case, the relationship is a positive one, the independent variable and the dependent variable moving in the same direction, meaning that indulgent societies are more likely to be competitive, while the characterization of a society as being restraint indicates an increased probability of low competitiveness.

Similarly, in the case of the effects of Schwartz's cultural dimensions on competitiveness, as measured on a national level in EU member states, we define the following equation for the OLS regression:

$$COMP_i = \beta_0 + \beta_1 EMB_i + \beta_2 AFA_i + \beta_3 INA_i + \beta_4 M + \beta_5 HAR_i + \beta_6 HIE_i + \beta_7 \quad (2)$$

where:

- $COMP_i$  is the level of competitiveness in country  $i$ ;
- $\beta_0$  is he constant;
- $EMB_i$  is the level of embeddedness in country  $i$ ;
- $AFA_i$  is the level of affective autonomy in country  $i$ ;
- $INA_i$  is the level of intellectual autonomy in country  $i$ ;
- $M_i$  is the level of mastery in country  $i$ ;
- $HAR_i$  is the level of harmony in country  $i$ ;
- $HIE_i$  is the level of hierarchy in country  $i$ ;
- $EG_i$  is the level of egalitarianism in country  $i$ ;
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$  are the coeficiens pertaining to each of the cultural dimensions, and
- $\varepsilon_i$  is the error of the regression.

Given equation 2, Table 3 summarizes the values of the main elements that define the regression equation, being the focal point in understanding the relationships es-

established between the independent and the dependent variables and, implicitly, in the identification, from a statistical point of view, of a potential causal relationship.

**Table 3.** Influence of Schwartz's cultural dimensions on competitiveness – description of the OLS regression

	EMB	AFA	INA	M	HAR	HIE	EG	Constant
Coefficient	-1.7342	0.1287	-0.4015	-1.5411	-0.7672	0.1653	-0.0066	21.2468
Standard error	0.5007	0.2843	0.3509	0.4739	0.3878	0.3031	0.2902	5.2948
t stat	-3.4635	0.4527	-1.1442	-3.2519	-1.9781	0.5453	-0.0228	4.0128
P value	0.0030	0.6565	0.2684	0.0047	0.0644	0.5926	0.9821	0.0009
P value for F	0.0000							
R <sup>2</sup>	0.8105							

Source: Own calculations based on data provided by Schwab and Sala-i-Martin (2017) and Schwartz (1999, 2006)

The data obtained from the OLS regression analysis suggests potential causal links between the dependent variable (national competitiveness) and the cultural dimensions of embeddedness and mastery. However, by analyzing the p values from the perspective of the magnitude effect indicated by the association between variables, it is noted that only the embeddedness dimension satisfies both statistic conditions ( $r = -0.78$  and  $p = 0.0030$ , which is within confidence interval  $p < 0.01$ ), while the low correlation between mastery and competitiveness invalidates the hypothesis of a causal relationship even in the presence of a p value within the required confidence interval.

#### 4. Conclusion

As the European Union may be seen, from one perspective, as defined by the cultures existing on its territory (Gâz and Flanja, 2014), understanding how national cultural characteristics influence key economic variables is crucial to ensuring sound economic development and continuing the European economic integration process. In this context, this paper focuses on the causal connections between cultural dimensions as defined and measured by Hofstede (1980a, 1980b, 2001, 2011), Hofstede, Hofstede, and Minkov (2010) and Schwartz (1999, 2006) and competitiveness, on a national level. As a consequence, after employing quantitative instruments, the analysis of the causal relationship between the national cultural dimensions and the level of competitiveness reveals relevant links between the latter and cultural dimensions of indulgence (Hofstede) and embeddedness (Schwartz), the first being positive and the second negative.

Turning our attention to the potential application of the results generated by this research, we emphasize the necessity to integrate the cultural dimensional realities in the processes underlying the development and implementation of public policies,



including the way in which lobby activities, which are more and more present in the European Union (Irimieș, 2017), are being regulated. Thus, we highlight the benefits of an approach to public policy that (1) takes into account current cultural positioning and, pursuing mainly short- and medium-term effects, including these cultural features in the undertaken policy actions, and (2) intervenes in the direction of what could be considered a non-invasive form of cultural modeling – for example through education, where the formation of competences coexists with other social and behavioral components (Ciceo, 2017), or through culturally adapted public policy campaigns aimed at encouraging attitudes and behaviors pertaining to indulgence and embeddedness, the cultural dimensions that, according to the results of this research, are causally linked to competitiveness (even if such an approach can potentially only induce long-term results, given the more rigid nature of the cultural construction).

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# THE SOUTHERN EUROPEAN VARIETY OF CITY MANAGER IN CATALONIA AND ROMANIA

Eliska DRAPALOVA

## Eliska DRAPALOVA

Fritz-Thyssen Postdoctoral Fellow at the Hertie School  
of Governance, Berlin, Germany

Tel.: 0042-060-591.1125

E-mail: [Drapalova@hertie-school.org](mailto:Drapalova@hertie-school.org)

**Abstract.** In the last decades, city managers spread across the European local governments. The city manager was adopted in Finland, Ireland, Netherlands or Germany. However, in Southern and Eastern Europe, this reform trend was more variegated. What is more, the traditional explanations for the implementation of the city manager and his role seem not to hold for the South and East European city managers. This distinctive institutionalization and role of the city managers are due to the particular Southern European administrative tradition and local government organization. Concretely, I contend that the combination of strong mayor type of government, complexity, and rigidity of administrative procedures, and a high level of corruption are the factors that affect the adoption of the city manager, his institutionalization as a CAO, and consequently on his roles. I test this argument on the comparative case study of city manager implementation in Romania and Catalonia.

**Keywords:** City manager, local administration, strong mayor, Romania, Catalonia.

## 1. Introduction

Managerial reforms in local governments have, for over a century, been seen as a tool for improving efficiency, governance and fighting corruption within the general framework of new public management (NPM). Early on, American scholars noted that city managers made municipal government more rational (Hays, 1964), more moral (Stone, 2005), more efficient (Dye, 1967), and more encompassing of the major social groups in the municipality (Stillman, 1979). The number of countries and local governments that adopt city manager in Europe and elsewhere is steadily growing. Among European nations now applying a model of coordination of local public services by a person other than the mayor are Belgium, Denmark, Germany, Ireland, Latvia, United Kingdom, Netherlands, and Sweden in the north. With a bit of delay, the city manager also made it to the South and East Europe to Spain, Italy, Romania, Hungary or Serbia (Longo and Ramio, 2008; Mouritzen and Svava, 2012).

However, the adoption of this figure was not a uniform process. Although the vast majority of reformers openly recognize their inspiration and direct legacy with the American model (see Romanian Public Administrator Association), there are significant differences in role, power, and performance of city managers across different administrative cultures and countries. In Southern Europe, this phenomenon was more variegated compared to northern Europe. Southern European city managers have different responsibilities, role and even impact. For example, in Spain and Romania, the city manager is appointed by the mayor and not by the council. Moreover, the effects of Southern European managers seem more limited. Managers increase the city transparency and openness but not having an impact on financial performance (Balica, 2009, 2008; Drapalova and Lapuente, 2017). What factors account for this differences between city managers?

This article argues that this distinctiveness is due to the three factors that are prominent in Southern and Eastern European countries, namely, strong mayor type of political leadership, Napoleonic administrative tradition and uncertain environment due to high corruption. High corruption creates an uncertain and risky environment that threatens politicians, especially those at senior positions with responsibilities and high visibility. The city manager is, in this case, a scapegoat or 'lightning rod' to whom to delegate unpopular risky tasks and eventually to shift blame. The second and complementary mechanism has to do with the administrative culture and mayor's internal bureaucratic power limitations within the city hall. In other words, strong leaders (mayors with majoritarian support) use city manager as an instrument to pursue their program through the rigid administrative procedures. The Southern European administration is rigid, focused primarily on rule-following with a low problem-solving capacity which delays and slows down implementation of mayor's political agenda. Finally, the formal position of

local political leaders (directly elected in the case of Romania) determines why city manager responds to the mayor and not to the council and it is him that decides which responsibilities should he delegate and to what extent. Thus, the city manager is a contractual appointee, serving at the will of the Mayor, not a hired professional at the will of the local council, as in the American model.

Despite many years of research on city managers, there is general lack of empirical evidence on the varieties of this figure across Europe (Bae and Feiock, 2013, p. 780). This paper aims to bridge this gap by, first, contributing to the general debate on the adoption of managerial reforms outside the US context. I will compare the form, implementation, and performance of local managers in Spain's Catalonia region and in Romanian cities, where municipalities with a traditional public administration (TPA) structure headed by autonomous civil servants cohabit with towns with NPM structure led by city managers. Both, the organization of Spanish and Romanian local governments is similar to other Southern European countries, influenced by French administrative law known as Napoleonic tradition (Torres *et al.*, 2010). Secondly, this paper contributes to the literature by providing three factors that explain the similarities between the Spanish and Romanian model of the city manager. Many Catalan and Romanian municipalities have adopted NPM structure in which city managers are in charge of the local administration (Brugué and Gallego, 2003). Municipal governments in both countries thus represent an excellent setting to analyze this South and Eastern European (SEE) offspring of the city manager.

The remainder of the article is organized as follows; the next section reviews the literature on the southern European city manager. The next section builds the argument explaining the difference between Northern and Southern European city manager. The third section presents interviews from two countries that have introduced city managers in their local administrative structure, namely Spanish region Catalonia and Romania. The final part discusses the results and concludes suggesting venues for future research on the topic.

## **2. North vs. South: Varieties of city manager across Europe**

The city manager is a professional expert that started gradually in the US in the 60s (Lockard, 1962) and subsequently extended to the European continent. In Europe, manager reform was first adopted in Netherland, Ireland (Almy, 1980), and then in the 90s in Finland, Romania, Italy (Galanti, 2016, 2011; Sancino and Turrini, 2009) and Spain (Brugué and Gallego, 2003; Longo and Ramio, 2008). Yet there are clear differences between the US and Northern European city manager and the Southern and Eastern European offspring. In the US type, all governmental authority lies in the hands of the council that appoints the manager. The manag-

er responds to the entire council and not to the mayor. This helps to ensure both transparency and a focus on the public interest rather than the political interests of a single elected official (Nelson and Svara, 2015). The Southern and Eastern European version has its own particular characteristics.

### **2.1. City manager in Spanish Catalonia**

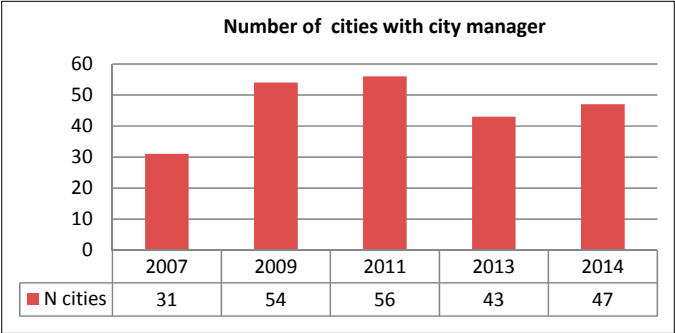
The city manager (*gerent* in Catalan) was implemented during the early 90s in the city of Barcelona after the organization of Olympic Games in 1992 and spread across other cities in Catalonia and Spain during the late nineties. Previously, some of the city manager's competences were performed by a municipal secretary general, civil servant designated centrally. In theory, this model supposed a trend of the professionalization of public servants and the separation between management and politics. The city manager's tasks are to improve the economic performance and personnel management, to execute of political plans and evaluations, while politicians take care of the city strategy and legislation. City manager exerts equal authority and leadership as the mayor has on the political structure (Fernandez, 2013).

Nevertheless, the Catalan mutation of city manager presents some clear differences from its American and Northern European model. Unlike city managers in other Western countries under the council-manager form of government, city managers in Catalonia cohabit with a strong mayor, who can hire and fire them at will. The manager was not established as a professional figure and thus it is not a part of the civil service but only eventual appointed labor. The city manager is, thus, selected by the executive, not by the council, and can also be dismissed by it. This dependency violates the critical condition necessary to limit the 'moral hazard' of politicians: that of the apolitical appointment and the independence from the executive power (Falaschetti and Miller, 2001; Miller, 2000). However, the recent empirical research shows that despite this institutional vulnerability, city managers have a positive impact on local administrative performance increasing the transparency and political accountability (Drapalova and Lapuente, 2017).

That is 37% of the population of Catalonia live under a municipal government with the city manager. These cities are concentrated predominantly in the province of Barcelona. The cities with city manager are larger, governed both by left and right. Regarding the form of government, these cities tend to be governed by a majoritarian government, but there are also numerous cities with coalition governments.

The number of Catalan city managers increased continuously (see Table 1), especially in early 2000. According to the Pí i Sunyer survey, from the total of 209 municipalities with more than 5,000 inhabitants, 54 cities have a municipal manager (26%). Over the period from 2007 to 2014, the number of Catalan municipalities with the manager has increased from 30 to 54 cities with a slight decrease during

the economic crisis.<sup>1</sup> As a result of this, it can be argued that the role played by city managers at the local level has increased, although they still present in a relatively small number of cities. The cities with manager are mainly larger. From 29 municipalities of 40,000 inhabitants, 12 have a city manager (Magre Ferran, 2006). That is 37% of the population of Catalonia live under a municipal government with the city manager. These cities are concentrated predominantly in the province of Barcelona. The cities with city manager are larger, governed both by left and right. Regarding the form of government, these cities tend to be governed by a majoritarian government, but there are also numerous cities with coalition governments.



**Figure 1.** The evolution of city manager in Catalonia from 2007 to 2014  
*Source:* Author’s calculation from Pi I Sunyer database (2007-2014)

## 2.2. City manager in Romania

This position emerged in 2006 by amending the Local Public Administration Law no. 286/2006 that created the legal framework for delegating specific tasks to the mayor of the county public administrator. The legislative framework provided by this law allows mayors to engage, under a management contract, a public administrator responsible for coordinating specialized device or public service at local level. Similarly, to the Catalan model, the public administrator may be employed on the mayor’s proposal, with the approval of the local council as a result of publicly advertised competition. The mayor appoints and dismisses the public administrator by procedures approved by the local government (Bragaru, 2016).

According to numerous policy documents, the public administrator is a bottom-up initiative of local mayors to delegate a some of their executive duties (Dragoş and Neamţu, 2007). In theory, the legal framework envisages that city

1 This decline is probably produced by the reduction of employment (City manager is on private contract) during the crisis.

manager supports local administration authorities to increase the administrative capacity and thereby enhance the quality of public services. However, these duties are not distributed uniformly and vary depending on the public administrator's job description. Not all public administrators have the same powers, but they differ from one political subdivision to another. Despite this relatively short period from 2006, in Romania, there are according the last census carried out in 2016, regarding the number of public administrators, there are 348 managers at the level of the county councils, towns, and communes.<sup>2</sup>

The implementation of the law met with the resistance of the mayors as they were not keen on giving up their functions and powers in favor of a hired professional. According to Dragoș and Neamțu (2007), the reluctance is somehow reasonable, taking into consideration that the Mayor is elected directly by the citizens. This impedes any formal delegation of the mayor's powers to an appointee. Like in the case of Catalonia, in Romania, the public administrator is a contractual appointee, serving at the will of the mayor, not a hired professional at the will of the local council. Many other Central and Eastern European countries also adopted this format. This constellation is a sort of compromise (Dragoș and Neamțu, 2007).

Therefore, there are essential differences between the western European version of the city manager and its southern European offspring. This difference is based, above all, on the direct dependence of manager on the mayor. Therefore, in the strict sense, the city manager in Southern and Eastern Europe will be a general CAO rather than the US-like city manager. This distinction also confirms studies by Balica (2009) and Nelson and Svava (2015). This dependency affects the role of manager as most appointed CAOs consider themselves to be agents of the mayor.

### **3. Argument and literature review**

I argue that the rigidity of the Napoleonic administration (rule-following), strong formal political leadership and high level of uncertainty caused by widespread corruption are the reasons that affect adoption of the city manager and his institutionalization as dependent CAO. Consequently, these factors also influence the impact that manager might have on the performance of local administration (Howard and Sweeting, 2007). The combination of strong mayors with high visibility and closed administration generate a high risk of failure and subsequent blame that voters can direct to the figure of the mayor. Local political leaders are more inclined to delegate part of their responsibilities to a manager to avoid political

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2 In 2011, public administrators in Romania set up the Public Administrators Association in Romania (AAPRO). This non-governmental, professional and apolitical association advocates for professional management in the public sector.



blame and sometimes even possible penal liability (Hood, 2010; Mortensen, 2016). Higher levels of corruption and stronger leadership of directly elected mayors in Romania make this reform more widespread than in Spain.

The mayor's relationship with the administration and her electorate are the decisive factors. According to the typology of Mouritzen and Svava (2012) and Bäck *et al.* (2007), both Romanian and Spanish (Catalan) mayors represent strong leaders with a large concentration of executive power. In Romania, this power position is further reinforced by the direct election in one round (Dragoş and Neamţu, 2007). This makes from Romanian mayor a strong and very visible local leader. With great power comes great responsibility, this is the case of Southern European strong mayor. Specifically, strong political leaders (supported by the majoritarian government) have high pressure to show good performance and leadership skills. In other words, they have to make things done. For these mayors, swift implementation of reforms is expected (Sotiropoulos, 2006). Thus unsuccessful reforms, corruption scandals and failure to deliver public goods might threaten the mayor's image as an apt municipal leader and have repercussion in the next electoral race (Klašnja, 2015).

The uncertain and risky environment that is caused by high corruption in the country creates a pressure to delegate specific problematic functions in the case of an adverse outcome of the policy. In this setting, the city manager becomes a handy scapegoat to whom to blame for unsuccessful reforms or internal scandals of corruption and bad procurement. This delegation of responsibilities to an external expert of the agency to lead contentious public policy reform, often according to carefully constructed terms of reference is also known as 'lightning rod strategy' (Ellis, 1994; Mortensen, 2013; Weaver, 1986). Municipal managers collect responsibilities in risky areas such as public works and construction, implementation of municipal plans or personnel reorganization.

There is a second and complementary mechanism that influences the *raison d'être* of this important local reform. The mechanism has to do with the administrative culture and mayor's bureaucratic power limitations within the city hall. The Southern European public administration is complex and with a high number of legal rules and regulation that drag out the implementation of reforms. The city manager serves as an instrument to accelerate the implementation of mayor's political program through the lengthy administrative process full of red tape. The appointment of managerial figures in the public realm aims to 'escape the iron cage of legalism' (Pierre and Rothstein, 2011). Mayor might also use city manager to push through the chief policies or some controversial points on the political agenda that might not be shared by the municipal council. Policy implementation by manager might give an impression of neutral technocratic measures and thus neutralize the opposition from other or within a party (Paschoal and Wegrich, 2017).

The strong mayors are at the same time very keen to maintain control. In environments with widespread corruption and politicization, the trust among pol-

iticians and civil servants is low, and cooperation is difficult. In these cases, the willingness to appoint trustworthy actor is frequent (Falaschetti and Miller, 2001; Miller, 2000), and the city manager could embody figure of a trustee. Thus the reason why the city manager is not protected by the civil service status seems to be yet another way of strengthening political capacity and control by the recruitment of political advisors which are not part of the civil service (Eichbaum and Shaw, 2007). Secondly, politicians might fear that manager would control them, gain prominence and later potentially challenge him or her during the next electoral contest. The potential electoral challenge is the reason why managers' competencies and strength ultimately depend on mayor's delegation. This institutional configuration creates dependent and vulnerable city manager that acts as a collaborator of municipal leaders rather than administrative counter-power.

#### **4. Empirical part and methodology**

The following part presents some empirical data based on interviews and secondary literature analysis. The Spanish part of the investigation was conducted in 2013 during fieldwork for the author's doctoral dissertation. Interviews with Romanian city managers, public servants and experts were held in October 2017 in Romania. In total, I have interviewed around twenty local politicians, civil servants, city managers in Romania and Catalonia and with academics and experts in local administration.

##### **4.1. Catalanian Gerent: *Sacar las castañas del fuego***

The interviews and documents point out that city manager although being a step towards professionalization of public administration, this figure, above all, reinforces the mayor's powers through professionals that are highly loyal to him and can shelter him from the pressure of the opposition (Fernandez, 2013). Interviewees confirmed their dependency on the mayor (Author's interview A7, 2013). One city manager even describes his role a right-hand man that sometimes is obliged to 'carry out mayor's wishes even against the council'. The lack of formal anchoring of the figure in the legal system, in the Spanish case, confirms further the dependency. Consequently, the trust is the crucial factor in the decision to propose a concrete person in the position of city manager. This creates a specific relationship since the real authority of the manager ends up depends on the trust that the mayor places in him (Fernandez, 2013, p. 16). According to one city manager, it is preferable to have a strong mayor with a very clear political project as they recognize that strong leadership is essential for the development of their capacities as they do not have specific competencies listed in the law (Author's interview A7, 2013).

Does the city manager perform as a scapegoat for unsuccessful or problematic reforms or projects? There are no many newspapers' articles about who is named city manager, but their name frequently appears to give explications or when city managers are blamed for their bad performance (Author's interview A8, 2013). One city manager describes his role as sort of crisis managers that 'saca las castañas del fuego (*literally getting city executive out of the hook*)' (Author's interview A10, 2013). Recoder and Joly (2010), in their analysis of managerial reform in San Cugat, link the implementation of manager to sizeable municipal reform project that aimed at the reorganization of the city's administrative procedures. Similarly, Fernandez (2013) in his publication about city managers in Barcelona describes the increasing importance of city managers as 'the power of the manager comes from the critical situation. A more management problems, more power for the manager' (Fernandez, 2013, p. 18).

With the same clarity with which managers express their mission and their limits, they are also unanimous when they affirm that the principal obstacle in their work is the complexity of the municipal administration, which seems to be much higher than in the private sector. One manager recounted that the 'city halls are large administrative monsters. The implementation and planning are fragmented in many centers (Author's interview A7, 2013)'. Second important factor that both managers and their political supervisors have mentioned frequently is the slow decision making and the endless negotiations that include many hours of meetings, explanation, and negotiation (Author's interview A7, A8, A9, 2013). Similar findings also report Fernandez (2013) and Parrado *et al.*, (2005).

For that reason, manager's role is to deal with the administration, keep track of the processes and procedures within city hall and implement changes where the administration could proceed more swiftly (Author's interview A9, 2013). A fundamental instrument in their daily mission is information technologies and indicators that allow assessing the performance of the administration and justify their purpose in the city council. One city manager describes his work as negotiating, organizing and creating relationships that allow the projects that are entrusted to him by the mayor, to prosper with the planned calendar and appropriate budget (Author's interview A10, 2013). This sometimes meets the resistance of the local bureaucracy. A local mayor recounted that because of the strong resistance of civil servants, the first city manager gave up and ran away (*tiró la toalla y se fue*) (Author's interview A9, 2013).

#### **4.2. Romanian administrator municipal: 'Semnează ca primarul'**

'Semnează ca primarul' or sign like a mayor, this Romanian proverb gains specific connotation in the relation to the city manager. As the anti-corruption campaign increases in force and visibility, the legislature provided new anti-corruption

measures and laws that should prevent rigging and rent-seeking in public procurement. However, as one of the experts with knowledge in the field explained, the adverse effect of these laws is the increasing distrust and pressure on politicians. The new procurement laws and the anti-corruption bill that were enacted make the offense of corruption easy to be prosecuted. The unintended effect of these changes was very complex legal and regulatory system that put high pressure on political representatives that fear to be held responsible for administrative errors and being prosecuted by the anti-corruption agency. Since that last change to corruption laws, mayors are considerably less keen to act and invest, trying to postpone or delegate their tasks.

According to the information from the interviews; mayors have to sign a large number of documents for which, in the majority of cases, they do not have sufficient understanding. They sign hundreds of documents that they get from their collaborators and experts. Trust is, thus, essential for the executive team. However, with the increased risk and uncertainties partly due to the legislation, this trust is in many places fading away, and mayors seek for something that would substitute the risky business of 'sign like the mayor.' The solution that many mayors have found is to delegate some responsibilities to the city manager. Therefore, by signing, the city manager shields mayor from possible problems and responsibilities. In this case, the city manager acts as a possible scapegoat. This hypothesis is also supported by the timing of implementation of city managers and the geographical distribution of the manager. First mayors that hired Romanian city manager were predominantly from the south, a region with a higher incidence of administrative problems and corruption (Balica, 2008; Borcan, 2014; Dragoman, 2011).

Also, the second mechanism in which the city manager helps the mayor to connect with the administration and to speed up the implementation was confirmed by the experts and interviews in different cities. Likewise, as in the Catalan case, Romanian administration was built on the Napoleonic administrative legacy with closed and rule following civil servants organized in several departments. This fragmentation, together with numerous and rigid legal procedures, can slow down the decision-making process and above all the implementation of public policies and procurement. As one civil servant explained, 'Especially in the case of large projects and investments, politicians have to deal with and a long list of procedures, discussions, and preparations that take a lot of time from the mayor's agenda. Only the discussion and preparation can take several months. Moreover, the legislation changes frequently, so you constantly need to check what the correct procedures are' (Author's interview E24, 2017).

Several informants confirmed that the city managers were hired to solve problems of coordination between the mayor and the departments and to speed up investment and procurement processes. One manager summarised her role in fol-

lowing terms: 'I have two main roles. Firstly, I take care of large projects. I have a list of tasks that has to be done and I coordinate all the sectors involved and put into practice the ideas of the mayor. It is an executive role. The second function is to come up with own ideas in domains like the smart city, for example' (Author's interview E19, 2017). Managers generally take care of the implementation of EU-funded projects and of public procurement, investment and economic agenda of the municipality.

The frequent legal changes in procurement and anti-corruption legislation added not only more complexity but sometimes also more conflicts. One expert explained manager's role in following terms, 'A city government has to work as a team and when the communication does not work or if there is a problem of trust, then it is possible that figures such as city manager are called to bridge the abyss between the administration and the city mayor.' (Author's interview E20, 2019) 'Because of the lack of communication some important projects stopped or were delayed. I have been delegated some signing abilities for a small amount of money, and therefore I can authorize certain minor payments and proceed without the need to refer back to the mayor' (Author's interview E19, 2017). Tensions and conflict could also arise when new mayor with the administrative team that was built during the tenure of the previous mayor. Also here, the city manager can come handy.

As a result of the highly risky environment the manager remains closely tight to the mayor. The expressions like: 'I am here to help and assist the mayor', 'We collaborate closely' and 'I have a good personal relationship with the political leader' were frequently mentioned during the interviews. Managers highlight their expertise and preparation, 'I am appointed by the mayor according to the management skills stipulated in my contract agreement' (Author's interview E22, 2017). Yet, their vulnerability becomes evident when one manager explains that his role is, at least in theory, to ensure the continuation of the long-term project independently from the change in leadership after the elections. Yet, he recognizes that if the new-comer mayor decides to bring a new manager, he or she is free to do that (Author's interview E22, 2017). Some managers can become victims of their own success, as mayors might fear that successful city manager could attempt to challenge him politically, something that happened in few cities, as well as, to prevent manager to gain excessive power to audit the mayor's actions.

## **5. Discussion and conclusion**

This article reviewed the characteristics of city managers in Western and South-eastern European local government. The SEE version of city manager is much more political, much less independent and with a varying range of responsibilities. In comparison with the western and US counterparts, the southern city managers

are not elected by the council but appointed by the mayor. They are not apolitical experts but are likely to be politically connected to the mayor. In Catalonia, city manager describes themselves as right-hand man and in Romania even close collaborator that tries to make the life for mayor easier. This dependency is also reflected in their contract as appointed labor rather than part of the civil service. Connected with the previous, they tend to have fewer responsibilities. In Romania, this might be provoked by the fear that the successful manager will gain visibility and then possibly electorally challenge the incumbent mayor.

In this article, I have argued that these differences between the Northern and Southern European version of city manager be caused by three factors, namely, strong mayor type of political leadership, rigid Napoleonic administrative organization and high level of corruption that increases the uncertainty and political risk. These factors are stronger in Romania as both the leadership strength and the extent of corruption impact and anti-corruption is higher with tougher anti-corruption policy drift.

These differences between the northern and southern type of managers create different outcomes. Southern European city managers are not so likely to impact on highly politicized areas like fiscal performance, deficit, and budgets. They have, however, implications for transparency and data openness of the cities, as well as, on the organization of local administration. For example, research shows that Catalan city manager increases public data disclosure and responsiveness by reducing the response time to citizens' requests but do not have any effect on reduction of a deficit (Drapalova and Lapuente, 2017).

This research has several significant implications for the municipal administrative reform in countries with high corruption. The political and administrative factors in SEE should be taken into account when international organizations and governments issue general recommendations for regulatory reforms. In these countries, it was frequent to copy reform proposals from the West without considering how these new figures adapt to the native environment. These one size fits all strategies, in multiple situations, have failed to achieve their goals or even cause an adverse effect. However, despite these limitations, city managers have some positive impact on the political and administrative culture and organization within city hall. Moreover, positive records of manager's impact on city development like in the case of Barcelona (Spain) or Alba Iulia (Romania) support this.

Although it is not plausible to expect that strong mayors will altruistically leave the appointment of the external auditor and manager on the council, other steps can be done to not compromise the figure and effectivity of city manager. For example, by strengthening of city managers' professional organization or special education and establishing ethical codex or requirements, we can enhance the effectivity and the reputation of the city manager. Accounts from different countries and

historical periods note that managers form an epistemic community. They tend to observe peer group review and their standards of expertise (Stillman, 1979), adhering to codes of ethics, even when it is voluntary (Adrian and Press, 1977). This professionalism could encourage city managers to resist the pressures of both politicians and administrators (Longo and Ramio, 2008; Ramio and Salvador, 2012), and ensure a stronger commitment to efficiency and innovation (Schneider *et al.*, 2011; Schneider and Teske, 1993).

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# CONFLICT OF INTERESTS UNDER ROMANIAN PUBLIC PROCUREMENT RULES: PROS AND CONS OF THE PREVENT SYSTEM

Laura FARCA

## Laura FARCA

PhD candidate, Faculty of Law,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-727-321.208  
E-mail: laura.farca@farcalaw.ro

**Abstract.** The article starts with a short analysis on the main features of the definition of conflict of interest under public procurement laws at EU and Romanian level. Although it is a positive thing having a definition of conflict of interest in the current Public Sector Directive, a close look at this definition could raise some practical issues. Yet, this definition highlights the importance of prevention in detecting a potential or an actual conflict of interest. Thus, when a conflict of interest seem to occur, a contracting authority could take several measures from debarment of a bidder, exclusion of a member from the evaluation committee or even termination the public procurement contract.

Since it obvious that is easier to limit the occurrence of this kind of situations, Romania has implemented the Prevent system since 2017. The Prevent system is designed to electronically detect a potential case of conflict of interest in public procurement procedures.

Yet, Prevent system has its own limitations resulting from: (i) the category of persons under scrutiny and (ii) the number of exclusions form Prevent. Thus, the purpose of this article is to show that a great emphasis should be put also on raising awareness at the contracting authority level by updating the current internal procedures and monitoring the internal level of awareness. A starting point for such an update could be the example of contracting entities in energy sector that drafted detailed codes of conducts and internal policies addressing this issue. In this line, we must underline the fact that the employee's level of awareness of conflict of interest rules is a minimum indicator under the Anti-Corruption National Strategy for 2016-2020.

**Keywords:** conflict of interest, ground of exclusion, principle of proportionality, Prevent, internal policy, code of conduct.

## 1. What is conflict of interest in public procurement procedures?

Recognizing the importance as well as the growing number of cases generating a potential conflict of interest, the 2014 public procurement directives included for the first time a definition of conflict of interest. From this point of view, the stakeholders could consider this new regulation as a step forward to increasing the transparency and credibility of the procurement procedures at EU level. Last but not least, the trust of EU citizens that the public funds are properly spent could increase in time.

Firstly, point 16 of the Directive 2014/24 on public procurement (Directive 2014/24) preamble mentions the following: *‘Contracting authorities should make use of all possible means at their disposal under national law in order to prevent distortions in public procurement procedures stemming from conflicts of interest. This could include procedures to identify, prevent and remedy conflicts of interests’*. The EU lawmaker leaves within the reach of the member states the specific measures to take at national level to prevent distortions in the public procurement procedures. Such measures could include procedures to identify, prevent and remedy cases dealing with conflict of interest. It is interesting to notice that a greater emphasis is put on the identification and prevention of the conflict of interests rather than the remedy of such cases.

Secondly, article 24 introduced for the first time the definition of conflict of interest as opposed to the former Public Sector Directive (Semple and Andrecka, 2015, pp. 171-186). This article includes two paragraphs.

The first one is similar to the one existing in the preamble imposing the obligation of the member states to make sure that the contracting authorities effectively prevent, identify and remedy conflict of interest. Thus, it results that the contracting authorities should have a functional approach rather than a formal one. The second one includes the definition of conflict on interests.

The aim of such measures is to avoid any distortion of competition and to ensure equal treatment of all economic operators. Thus, a direct consequence of such measures is to ensure that public procurement sector should be opened to competition between the economic operators, competition being considered along integrity and transparency the overarching and the most desirable goals of public procurement regulation (Sánchez Graells, 2011, p. 98).

The definition of conflict of interest as included in article 24 of the Public Sector Directive seems to favor a functional approach when assessing a particular situation. Thus, the concept covers: *‘at least any situation where staff members of the contracting authority or of a procurement service provider acting on behalf of the contracting authority who are involved in the conduct of the procurement procedure or may influence the outcome of that procedure have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure’*.

Who can be involved in a situation of conflict of interest? It is important to underline the fact that the definition refers to any person that may influence the outcome of the award procedure, irrespective of the formal or informal position within a contracting authority. Thus, the text seems to highlight the influence of a person rather than the formal position of that person within a contracting authority (Miranzo Díaz, 2017).

When are we in the presence of a conflict of interest? From this perspective, a conflict of interest could be apparent or actual. If we can admit that even a potential or apparent conflict of interest could raise some suspicions then we can argue that a contracting authority should take measures to eliminate such suspicions in a timely manner.

The definition from article 24 also covers **direct** or **indirect** conflicts of interest. It is clear that a direct interest refers to a personal interest for a member from the contracting authority while an indirect interest could refer to an interest belonging to a family member or a friend and thus '*deducted from use of intermediaries – family, friends, colleagues, subordinates, business associates, etc.*' (Dragoş and Horváthová, 2017, pp. 266-280).

While it is easily arguable that conflicts of interest could be included in a *grey area*, meaning that slighter or clearer case of conflict of interest could be identified in practice, a possible key to identify such cases represents the use of the words '*impartiality*' and '*independence*'. It is not clear what impartiality and independence means in this context. However, we can take in consideration the purpose of public procurement as contemplated in the first paragraphs of the Directive 2014/24. Therefore, we can argue that impartiality and independence could refer to the selection of a bidder starting from the goals of public procurement '*as one of the market-based instruments to be used to achieve smart, sustainable and inclusive growth while ensuring the most efficient use of public funds*'.

For the avoidance of any doubt, the definition of conflict of interest should also clarify if the conflict of interest could appear also during the performance of a public procurement contract. Contracting authorities can easily remedy this loophole by including in the said contracts of clauses allowing contracting authorities to terminate such contracts when a conflict of interest appears.

Romania has literally transposed the definition of conflict of interests as included in article 24 of the Directive 2014/24 under the article 58 of the Law 98/2016. Since in practice the definition alone can be construed as unclear, article 60 of the Law 98/2016 has included some cases of potential situations of conflict of interests. It is important to stress that the cases mentioned in articles 60 are only for reference. Therefore, nothing could impede any contracting authority to include any other cases in their internal policy for eliminating any conflict of interest.

## **2. Cases generating conflicts of interest under Romanian public procurement law**

### **2.1. Current cases of conflict of interest under Romanian Law**

As held above, article 60 regulates some cases of conflict of interest. The first three paragraphs of article 60 envisage the persons from the contracting authority involved in the process of verification. Thus, under article 60 of the 98/2016, the individuals or legal entities directly involved in the process of verification/evaluation of applications/tenders are not allowed:

- (i). to hold social parts, shares, shares of the subscribed capital on one of the tenderers /candidates, supporting third parties or subcontractors or of the persons that are part of the board of directors/management or supervisory body of one the tenderers/candidates, third supporting parties or subcontractors;
- (ii). to be husbands/wives or close family relatives up to the second degree included with persons who are part of the board of directors/management or supervisory body one of the tenderers/candidates, supporting third parties or subcontractors;
- (iii). to be ascertained persons or with regard to whom there is reasonable evidence/concrete information that they might have a personal, financial, economical of any other kind of interest or they may be in another situation which is likely to affect their impartiality and autonomy in the process of verification/evaluation of the requests for participation/tenders.

Although, it could be construed as beneficial for contracting authorities to have as starting point when internally regulating such cases within an internal policy, there is a risk that the contracting authorities could confine themselves only to the cases prescribed by this article.

As held above, the first case prescribed by the Romanian public procurement law envisages the prohibition of the evaluation committee' members to hold shares at one the tenderers. It is regretful to notice that the text fails to include a definition of *shares*. That is why there were some cases in practice when Romanian companies issuing bearing shares linked with the main political party submitted their bid in some public procurement procedures. Thus, when a company holds bearing shares it is quite complicated to identify the owners of the shares because the shares are open for trade at any time during an award procedure. Therefore, the company itself knows exactly the owner of the bearing shares only when the dividends are distributed since at that moment the bearing share are presented by the owner.

Due to some suspicions that some companies issuing bearing shares connected with an important political party have participated in the public procurement procedures (Alexe, 2018), the opposition party has initiated in 2017 two separate drafts for amending the public procurement law.

The first draft<sup>1</sup> initiated envisaged the amendment of article 7 from the Romanian public procurement law. Shortly, any company holding bearing shares would have been prohibited from participating in any public procurement procedure, including below thresholds contracts. Why bearing shares? Well, in case of bearing shares, the title passes upon delivery and the ownership in a legal person belongs to the person who possesses the bearer share certificate. Therefore, the ownership can change at any time and making very difficult to verify the actual owners and finally track any potential conflict of interest.

The same project included the amendment of article 167 referring to the debarment cases, specifically excluding the companies holding bearer shares.

According to the initiator, the main purpose of such project is the increase the level of transparency in public procurement. Another aim was also to prevent the occurrence of cases of conflict of interest. Interestingly, the project underlined the fact that although statement of conflict of interest are indeed issued by the members of the evaluation committee, there are quite formal since there is no effective mean of verifying the validity of such statement, meaning that are false statements. The Senate has rejected this project since it has been considered discriminatory and contrary to the principle of equality of treatment as regulated by Directive 2014/24 on public procurement. Furthermore, the Romanian Law on companies allows currently the issuance of this kind of shares. Mention should be made that not long ago, the Czech Republic has banned the bearer shares as well at other European countries including Germany and France (Palguta, not dated; bpv Legal, 2013).

A second draft for amending the Law 98/2016 has been registered under no. B429 as of September 12, 2017 with the purposed of amending article 53. According to this draft, article 53 shall be amended as to allow the contracting authorities to request to the economic operators to present the beneficiary of the bearer shares. Furthermore, the contracting authority had the obligation to debar from the award procedures any company issuing bearer shares in case such company failed to comply with the obligation to indicate the final beneficiary. It is interesting to note that both projects have also received a negative endorsement from the Romanian Legislative Council. Furthermore, in both cases as shown from the public available information, the National Authority for Public Procurement has sent no input on these drafts. It is not clear if such input has been requested.

However, it is beneficial that at least currently there is another project for the amendment of Law 3/1990 regarding trade companies aiming at fully eliminating

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1 The opposition party registered the draft under no. B405 as of 05.09.2017.[Online] available at here in Romanian <https://www.senat.ro/legis/PDF/2017/17L469FG.pdf>. The Romanian Senate has rejected this amendment on 14 February, 2018.

the companies with bearer shares<sup>2</sup>. Yet, the Romanian Senate has also rejected this amendment as well.

Secondly, we must make a special remark in what concerns article 60 par.b referring to the husband or close family relatives up to the second degree. While the current paragraph explicitly mentions the relatives up to the *second degree*, we must point out that the previous article mentioned relative up to the forth degree<sup>3</sup>. We consider this to be definitely a setback as opposed to the former text. Thus, a fine-tuning of this article could be taken in consideration at the next amendment of the Romanian public procurement law along other improvements already underlined by other authors (Dragoş and Horváthová, 2017, p. 279; Baciú, 2018, pp. 73-77). However, contracting authorities could include in their internal policies a higher degree referring to these relatives covering this potential case of conflict of interest.

Furthermore, the following paragraph of article 60 regulates some special prohibitions relating to the bidders. Thus, the bidders (including a subcontractor or a third supporting party) are not allowed to have relatives or affiliates or to have commercial relationships with decision-making persons from the contracting authority. In addition, the bidders are not allowed to nominate for the implementation of the public procurement contract persons who are a spouse, relatives or affiliates, up to the second degree inclusively, or who are in commercial relationships with decision-making persons from the contracting authority or with the procurement service supplier for that public procurement procedure.

Persons who, while acting for the contracting authority, are involved in conflict of interest do not have the right to be involved in the process of verification/evaluation of applications/tenders.

Furthermore, the contracting authority must specify, in the award documentation, the names of the persons that are to be involved in the decision-making process related to the procedure, in order to provide all information needed for a conflict of interest check.

## **2.2. Recent case law. Public Procurement authority's guidance**

The Romanian case law concerning conflict of interest is far from being unitary. This is why firstly it is worth mentioning the fact that the National Authority for Public Procurement has initiated a project called '*Biblioteca de spete*' or '*Library of*

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2 See for the details [http://www.cdep.ro/pls/proiecte/upl\\_pck2015.proiect?cam=2&idp=16459](http://www.cdep.ro/pls/proiecte/upl_pck2015.proiect?cam=2&idp=16459), accessed on 5 May, 2018).

3 See article 69 paragraph 1, lit. b) from the Government Ordinance 34/2006 stating the following: '*husband/wife or relatives, in-laws, up to the forth degree, in relation with one of the persons that are member in Board of Directors/Management or Supervising Body of one of the tenderers/candidates*'.

*cases'* with the purpose of offering support to all the entities involved in public procurement procedures but mainly to the contracting authorities. We will present below some cases as described by this authority.

From the point of view of subjective scope of application for conflict of interest and therefore identifying the persons under irregularity, a issues that we frequently come across is the issue of the independent consultant or the procurement service supplier involved in that award procedure. In particular, could be considered the designer of the technical project (including the tender book) as an independent consultant and thus under the obligation to fill in the integrity form<sup>4</sup>? The answer is an affirmative one according to the definition of independent consultant or procurement service supplier as defined by article 3 paragraph 1, letters d and z from the Romanian Public Procurement Law no. 98/2016. Thus, for the avoidance of any doubt, such person shall fill in the integrity form.

Another interesting question refers to past commercial relationships between a certain person currently being a member of the evaluation committee and winning bidder. This person was a few years back involved in some commercial operations with the current winning bidder. The answer of the regulatory body seems to have at starting point the cases indicated by the Romanian public procurement law in article 60 from the Law 98/2016 although this article expressly states that those cases are only for reference and included as a minimum standard.

For the avoidance of any doubt, we will quote below an excerpt from this point of view: *'Therefore, in the case presented, we believe that the provisions referred to above may become incidents, only to the extent that the contracting entity can demonstrate unambiguously that trade relations in 2013 between the decision-making person/ member in the evaluation committee within the contracting entity and economic operator X are of such a nature as to distort competition in the sense that the successful tenderer has been in possession of information which the other potential participants in the procedure do not know and the possession of such information have created an advantage initially, meant to lead from start to discriminate other economic operators'.*

Unfortunately, the tendency is to limit any potential cases to the examples in articles 60. This shows once again the difficulty to identify and to respond appropriately in order to prevent such potential conflict of interest. This is somehow understandable since the contracting authorities are trained to buy products, services or works and not the detect conflict of interest, especially the apparent ones (OECD, 2003, pp. 24-25)<sup>5</sup>.

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4 See for the details the case law under no. 497, [Online] available at <https://www.achizitiipublice.gov.ro/questions/view/79> in Romanian only, accessed on 5 May, 2018).

5 OECD has also identified three types of conflict of interests: An actual conflict of interests involves a conflict between the public duty and private interests of a public official, where



Nevertheless, from our point of view the emphasis should be put on taking appropriate steps to verify a potential case of conflict of interest. In this particular case, perhaps the contracting authority should have taken measures to investigate a potential conflict of interest. Otherwise, a formal approach suggesting that there is no conflict of interest since it is not regulated by the Romanian public procurement law could lead to failure to detect in practice such cases of conflict of interest, especially the apparent ones.

Secondly, we will include some reference to the Romanian case law that we consider relevant for this subject matter as these above-mentioned provisions are interpreted by the national review body and by the administrative courts.

Some cases decided by the Romanian courts cover the following situations:

- (i). the existence of a conflict of interest resulting from one of the shareholders of the winning bidder being also a professor with the contracting authority<sup>6</sup> and the member of the University's Senate; furthermore, the husband of this person was dean within the contracting authority; the offer was rejected due to this conflict of interest; two observations must be taken in consideration when reading this court decision: a) the winning bidder indeed issue a statement of conflict of interest and b) the Court held that the cases mentioned in article 60 are pure indicative;
- (ii). the failure to fill in section from the ESPD referring to the conflict of interest, specifically Part III. Exclusion criteria C: Grounds relating to insolvency, conflicts of interests or professional misconduct; the Court held that the mere fact that the economic operator failed to mark that section cannot be construed as an act of bad faith but rather as formal error which could have be clarified by a request for clarifications which to contracting authority failed to request<sup>7</sup>;
- (iii). the existence of a conflict of interest if a company is acting both as designer of roads (*in Romanian is "proiectant"*) and afterwards is declared the winning bidder of an award procedure where the same entity acts as site supervisor (*in Romanian is "diriginte de santier"*), meaning the exact person which has the

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the public official has private-capacity interests which could improperly influence the performance of his/her official duties and responsibilities. An apparent conflict of interests can be said to exist where it appears that a public official's private interests could improperly influence the performance of his/her duties but this is not in fact the case. A potential conflict of interests arises where a public official has private interests, which are such that a conflict of interest would arise if the official were to become involved in relevant (i.e. conflicting) official responsibilities in the future.

6 Oradea Appellate Court, Decision no. 1222/CA/2017, [Online] in Romanian at <http://www.rolii.ro/hotarari/5937eb56e490094c26000044>, accessed on 5 May 2018

7 Bucharest Appellate Court, Decision no. 2963 as of June 27, 2016, [Online] available at <http://www.rolii.ro/hotarari/5956fda1e49009201e000040>, accessed on 5 May 2018

legal duty to verify the designer<sup>8</sup> originally declared as a winning bidder in this first award procedure;

- (iv). the existence of a conflict of interest resulting from fact that the company has a sole owner the contracting authority and that company can bid for the an award procedure organized by the latter. Some courts consider this situation not to be a case of conflict of interest<sup>9</sup> while other courts considered that when an official with decisional power is also a member of the board of the tenderer it constitutes a clear situation of conflict of interest<sup>10</sup>.

In an interesting court decision issued by Bucharest Court of Appeal<sup>11</sup>, the court decided the contracting authority has indeed proceed fairly by excluding the economic operator, irrespective of any form of guilt. Hence, the court considered a conflict of interest has being an objective situation that must be properly eliminated. Thus, the mere fact that could have been a potential case of conflict of interest is deemed sufficient to trigger the sanction to debar a certain economic operator.

From this point of view, it is interesting to notice that the court opinioned that a potential case of conflict of interest should be eliminated as soon as possible since it threatens the manner in which the award procedure shall take place, irrespective of the intention or the will of the person involved. Unfortunately, this court ruled under the former Romanian procurement law, so is questionable if this decision could pass the proportionality principle test in excluding a tender from a procedure solely based on a conflict of interest (Schoenmaekers, 2018). The key aspect in that particular award procedure is that the court considered the termination of a decision-maker's employment contract could not itself eliminate a potential case of conflict of interest.

### **3. What are the main obligations of the contracting authority in dealing with conflict of interest in public procurement?**

Although it is definitely a step forward having a definition of conflict of interest as regulated by article 24 from the Directive 2014/24 as an improved safeguard against corruption (European Commission, 2015), the other texts from this enact-

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8 Cluj Appellate Court, Decision no. 3137 of 25.09.2017, [Online] available at <http://www.rolii.ro/hotarari/59e01a4ce49009e01a000040>, accessed on 5 May 2018

9 Craiova Appellate Court, Decision no. 1885/2014, [Online] available at [www.idrept.ro](http://www.idrept.ro), accessed on 5 May, 2018

10 See Bucharest Appellate Court, Decision no. 2692/2011 in Serban, D.D., *Jurisprudenta comentata in materia achizitiilor publice*, vol. VI, Hamangiu: Bucuresti, 2017, p. 105

11 See Bucharest Appellate Court, Decision no. 5118 as of 16 June 2016 [Online] available at on [www.idrept.ro](http://www.idrept.ro), accessed on 8 May 2018

ment do not regulate in detail which steps should contracting authorities take in this direction. Therefore, it is up to each member state to take all the relevant steps to reduce any potential cases of conflict of interest.

Under the Romanian public procurement law, except for including a definition of conflict of interest and indicating some examples of such cases, article 62 also regulates the contracting authority's duty to take any necessary measures to establish if a potential case is in fact a conflict of interest.

Furthermore, the contracting authority must present such facts to the said economic operator. Therefore, the contracting authority is under a duty to investigate a potential case of conflict of interest. The law is silent in what concerns the manner in which such investigation should take place. Thus, it is up to each contracting authority to duly scrutinize a potential case of conflict of interest. In fact, article 62 limits itself to mention that contracting authority, following this internal analysis, could take of the following measures: (i) eliminating of one of the evaluation committee's member where this is possible and (ii) to exclude the bidders in conflict of interest with the decision-making persons from the contracting authority. The above-mentioned text is silent in case of small contracting authorities where due to the limited contracting authority's staff there is no possibility to take the measure of eliminating an evaluation committee's member.

Given the fact there is a significant number of small contracting authorities in Romania, we consider this a loophole that should be covered by the Romanian public procurement regulatory body by some secondary enactments. For instance, the award procedure should be carried out by another contracting authority or with a help from a superior contracting authority organized at a regional level.

In this context, it is worthwhile to mention that Romania has adopted a National Anti-Corruption Strategy for 2016-2020 (Government decision no. 583) including the performance indicators, the risks related to the objectives and measures of the strategy and verification sources, an inventory on institutional transparency and corruption prevention measures as well as standards for the publication of information of public interest. This enactment was preceded by a wide-ranging consultative process that entailed discussions under structured platforms involving 90 public organizations, NGO's, business associations, state-run companies as well as privately owned companies (nineoclock.ro, 2016).

It is worthwhile to mention that this Strategy has some particular evaluation criteria for measuring the prevention of conflict of interest. It seems unclear how the evaluation criteria will measure cases dealing with the removal of persons suspected of conflict of interest during an award of procedure. This is so because, on one hand there is indeed a need to prevent cases of conflict of interest and on the other hand could be a lack of internal incentive to record the number of removals if the evaluation criterion scores higher a low number of such cases. Since the

evaluation criteria remain unclear in measuring conflict of interest in this Strategy, there is a potential risk of underreporting. However, a closer look at the external reports should also reveal some useful information (Council of Europe, 2017) and this could be the rationale for the Strategy taking consideration these kinds of reports at the end of 2020.

A second remedy for resolving the issue of conflict of interest offered to the contracting authority refers to debarment of the bidder in conflict of interest with the decision-making persons from the contracting authority. Contracting authorities have a large margin of discretion in this area and seem to be rather reluctant in limiting the competition for a certain award procedure.

In order to prevent any potential case of conflict of interest, the rule is that the persons who, while acting for the contracting authority, are involved in conflict of interest do not have the right to be involved in the process of verification/evaluation of applications/tenders. For this reason, the contracting authority must specify, in the award documentation, the names of the decision-making persons that are to be involved in the decision process related to the procedure, in order to provide all information needed for a conflict check. This provision can be correlated with the fact that contracting authority can debar a bidder in a conflict of interest with decision-making powers.

However, a contracting authority should have a proactive role in preventing, identifying and eliminating a case of conflict of interest. For this reason, we do not consider that an interpretation in the spirit of elimination in timely manner cases of conflict of interest should limit the contracting authorities to the debarment of a bidder only when a conflict of interest arises with a decision-making person. This is so because a mere compliance with the letter of the conflict-of-interest policy or law, narrowly interpreted, is not generally sufficient to encourage public confidence in an organization's integrity (OECD, 2003, p. 31). Moreover, such a limited approach could be seen as contrary to the spirit of the Directive 2014/24 and to the other guidelines issued following the directive (European Commission, 2018, pp. 20-22) with the aim to prevent such cases.

Another remedy at the disposal of the contracting authorities is the possibility to terminate a public procurement contract mentioned in article 223 when the bidder was in case of conflict of interest at time of contract award. So far, from our knowledge this possibility has not yet been put into practice by the contracting authorities. However, contracting authorities should carefully assess and fully document such termination due to risk it imposes for an economic operator and the signals sent to the other bidders that could feel deterred to bid in future award procedures.

#### 4. How to detect conflicts of interest from outside?

##### Is the Prevent system an effective tool?

#### 4.1. The Prevent system

Due to an increasing number of failures to detect conflict of interest in EU funds projects, Romania has implemented Prevent system built as software to automatically detect conflict of interest during award procedures *ex ante* without thus affecting entirely such award procedures<sup>12</sup>. Shortly, the aim is to prevent conflict of interest in the early stage of an award procedure. The institution in charge of detecting conflict of interest is the National Agency of Integrity ('NAI').

As a first step, a contracting authority shall fill in a form in electronic format called '*Integrity form*' as part of the procurement documentation. The integrity form contains the following sections: section I – data on the procurement procedure, the decision-maker, the assessment committee, consultants and co-opted experts; section II – Data on the bidders/candidates; section III – Steps to remove a potential conflict of interests, ordered because of an integrity warning. The contracting authority shall post this form in electronic system for public procurement called SICAP.

The contracting authority shall fill in the data regarding the bidders within 5 days since the opening of tenders. Furthermore, the form must be updated during the award procedure. How it works? Based on the Integrity form filled in correctly, the Prevent system compares the data available from Trade Registry or civil status registers and generates a notification suggesting a conflict of interest. The inspectors of the NAI shall analyze the notification. If the case, they shall transmit electronically the integrity warning issued by the Prevent System to the person who is subject to the potential conflict of interests as well as to the contracting authority's leader.

The warning is also available to contracting authorities and authorities with responsibilities in control, monitoring and inspection of the public procurement procedure. As a result of the integrity warning, the contracting authority has the duty to investigate and take one of the following measures: (i) replacing the member on the assessment committee who is in a potential conflict of interests or (ii) debarment of the bidder, candidate, associate bidder, subcontractor or third-party supporting entity who are in case of conflict of interest.

Last but not least, the National Agency for Public Procurement shall verify that all necessary steps have been taken to eliminate the situation of conflict of interests.

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12 On the basis of the Law no. 184/2016 to establish, a mechanism to prevent conflict of interests in public procurement contract awarding, published in the Official Gazette no. 831 as of 20 October 2016.

In addition, failure to take measures following an integrity warning or to fill in an integrity form triggers *ex officio* process to assess a potential case of conflict of interest by NAI.

Prevent is functional from June 2017 and every six months NAI shall issue a report on the number of the integrity warnings (NAI, 2017). It is interesting to notice that for the second half of 2017, Prevent has issued only eight integrity warnings and in one case, this authority has initiated *ex officio* procedure to evaluate the conflict of interest after the award procedure has been finalized. In other twenty-eight cases, NAI has sent notices requesting additional measures to be taken by National Agency for Public Procurement.

Given the low number of integrity warnings detected in Prevent in 2017, one could easily interpret this kind of data at least in two ways: either there is a low number of conflict of interest in Romanian public procurement procedures or Prevent system has its own limits in detection cases of conflict of interest. Thus, additional measures should be taken to remove cases of conflict of interest. The same concern has been envisaged by Greco report (Council of Europe, 2017, point 51) stating that: *'GRECO appreciates the efforts done to computerise the submission / filling of declarations but it remains unclear to what extent this has become a generalized practice that allows NIA to be more effective thanks to IT processing tools'*.

The above-mentioned number of integrity warnings in 2017 seems to suggest that NIA has not become more effective or that this institution should also have a more proactive approach. To our knowledge, there are no data available concerning the cases when the NAI has decided to submit the collected information to the National Authority for Public Procurement.

#### **4.2. Exemptions from Prevent**

The Prevent system has its own internal limits since the algorithm identifies only the persons defined by article 1 of law on Integrity in the exercise of public positions no. 176/2010. Moreover, Prevent usually does not verify the following: public procurement below the thresholds, concessions and public private partnerships.

Since there are obvious limitations to Prevent system in detecting cases of conflict of interest, a proactive approach to limiting cases of conflict of interest could involve the amendment of the contracting internal policies for preventing cases of conflict of interest as well as increasing awareness on the content of internal policies. This is why we will address some suggestions for improving the content of such internal policies.

## 5. Good practices for preventing conflicts of interests

One of wide spread methods of internally preventing and eliminating cases of conflict of interest refers to use of internal policies or codes of conduct on one hand and on the other hand the use of internal checklists. The use of this kind of documents is mentioned in several international guides (European Commission, 2018, p. 22; European Commission, 2014; OLAF, 2013) addressing the issue of conflict of interest. Basically, this kind of documents should address prevention, detection, management and sanctions of conflict of interests.

The aim of such codes of conduct is to create internal awareness by providing useful examples. This examples could refer to financial and economic interests, debts and assets, affiliation with for-profit and non-profit organizations, affiliations with political, trade union or professional organizations and other personal-capacity interests, undertakings and relationships (such as obligations to professional, community, ethnic, family, or religious groups in a personal or professional capacity, or relationships to people living in the same household) (OECD, 2009). Other issues to be addressed should cover the conditions for presents (a minimum threshold) and free invitations to international events.

In addition, contracting authority must treat carefully the situations involving employees terminating the employment agreement with the contracting authority in favor of the private sector (so called "*Pantouflage*"). Such persons must comply with enforceable confidentiality agreements including for example a penalty for breach. In this matter, the Romanian public procurement law allows contracting authorities to terminate the public procurement contract in case the winning bidder hires someone from the contracting authority's staff that was previously involved in the evaluation process. From our knowledge, we are not aware of any case where the contracting authority has requested the termination of the public procurement contract for this reason. This is why it is important that such an internal policy include a definition of the term "*gift*" referring to such promise of a new job as a preventing measure. The contracting entities in energy sector have implemented a broad definition of such gifts.

Furthermore, any contracting authority can put in place systems or checks that offer at least an indication of reasonable evidence/concrete information that civil servant might have a personal, financial, economical or any other kind of interest in a certain award procedure. This kind of interest could result from: (i) from his/her quality as political member of a party, (ii) from being a member of NGO or concluding any kind of service level agreement involving the public procurement contract.

Likewise, it is important to update such code of conducts or internal policies along with effective control mechanism put in place. In this context, it is important also, to point out the limited number integrity warnings issued by NAI as held before. This indicates that contracting authorities are trained to buy products, ser-

vices and works and not to detect cases of conflict of interest and NAI has limited resources in this matter.

Moreover, a recent study on the effectiveness and in possible future improvements (European Parliament, 2017) on practices involving the prevention of conflict of interest in ESI funds indicated that: *'The more rules and guidelines exist, the more management capacity is required to implement these rules and standards. Here, new paradoxes are about to emerge. Whereas individual requirements in fulfilling new obligations (mainly in the field of disclosure policies) are increasing, control and monitoring bodies are still weak and lack resources. Studies have shown that "toothless rules, i.e. those without implementation and sanction capacity undermine effectiveness and are detrimental to integrity management (Demmke et. Al. 2008). The challenges are here: how are Col requirements managed and monitored in MCs? Are members of MCs really required to fill out forms? How are rules of procedure managed and monitored? Are MC members sanctioned in case of Col breaches?'*

In conclusion, a successful approach in preventing, identifying and solving cases of conflict of interest could start with the review of the internal policies and a proper update if the case followed by the raising awareness at each contracting authority's level on a current basis on the importance of preventing cases of conflict of interest. For systemic weaknesses, involvements of external expert as well as strengthening the administrative capacity of the supervising authorities like NAI could prove useful in the near future.

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# STRATEGIC PLANNING IN CLUJ-NAPOCA METROPOLITAN AREA: ANALYSIS OF STRATEGIC PLANNING CONSTRUCTION IN RURAL COMMUNITIES

Ionuț Cătălin HĂDADEA

**Abstract.** The paper presents a new approach in the analysis of local rural communities. So far we have been looking at the public authorities only through major governmental areas or national public authorities. The management approach, in the sense of efficient administration, is important in any public institution and especially in the perspective of public institutions that manage the work of a rural community. Thus, this paper, in addition to a review from strategic to operational public management, and in particular strategic management in the public sector, brings forward a clear methodology for analyzing the way in which a development strategy is built at the level local. When it comes to constructing a development strategy, we refer to the analysis of several dimensions, namely: effective construction (who participated? how they participated? etc.), stakeholder analysis (who was consulted? how the consultation was made and why?), how to think about the preliminary analyzes, how the implementation of the strategy was planned (who?, when?, how?) or the way in which the evaluation and the ministry were designed, and of course, another important part refers to qualitative analysis content of the final document.

**Keywords:** strategic planning, rural, efficiency, public management, competitive advantage.

**Ionuț Cătălin HĂDADEA**

PhD candidate, Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Email: catalin.hadadea@gmail.com

## **1. Context**

Local rural communities represent a superior numerical component of the regional administrative system in Romania, as compared to the urban communities. Due to their own specificity and their distinct local characteristics, they are real challenges for the local government. Thereby, besides the current administrative work, it is necessary to continuously adapt to the priority directions set by the national or European administrative entities. The European economic context, but also the national one, has put the administrative-territorial units in the rural area in a competition for external resources in order to develop themselves or, in some cases, to stay alive. As a result of the created context, the need for development by the local government through local means, through governmental institutions or through post-accession funding programs, is generated.

In order to exercise an efficient local function in the European administrative space, the way they can be defined, how they find their place in the economic, political or cultural system on the county or national level are important. The high competition for resources urges them to action. The current state of a certain local community and where it is heading to calls for forth actions leading to concrete results on medium and long terms.

Thus, there is a need for strategic management at the local level in order to highlight and differentiate communities which, through their work at the operational and tactical levels, project the optimal way in which the community could become an important actor.

Constraining local authorities to have a local strategy for development has led to a multitude of plans, characterized in many cases by incoherence and inconsistency concerning the specifics of the activities carried out in the administrative-territorial unit. Strategic planning represents, in some situations, simple administrative documents amended on the occasion of each change of priorities of the funding authorities. To avoid these situations, it is essential to appreciate the importance of building objectives based on the existence of tangible elements at the administrative-territorial level of local development strategies.

Generating a valid strategy relies heavily on identifying and building the competitive advantage of the community. It has become in the last years the fundamental component of the directions of development of the administrative-territorial units.

## **2. General consideration about public management and strategic management**

To start with, we think it is necessary to define the concepts we are going to use in this paper, so we can have a better understanding of all the organizational mechanisms and, implicitly, of the management itself. Management is an old domain,

it has a Latin origin, where *manus* means handling or piloting (Marinescu, 2012). Today, management is defined by multiple science or art management scholars like the following: Kogan Page who thinks that 'The management represents a way to control and direct, just as a group leads an organization', and David Gustafson who says that 'the management is the process through which you finalize a job through others, in a correct manner, time wise and budget wise'. If we start analyzing common elements of both definitions, we can definitely generate a larger, general and more comprehensive definition of management.

### **2.1. Defining elements of strategic management**

No matter the kind of organizational activity, either public or not, it is guided by solid managerial principles, which have a clear reflection upon certain basic characteristics related to the organization's vision, mission, scope or objectives. The general activity is centered on strategic planning or strategic aspects of the company. Strategic management is divided into several schools of thought. A prescriptive approach to strategic management outlines how strategies should be developed, while a descriptive approach focuses on how strategies should be put into practice. These schools differ over whether strategies are developed through an analytic process, in which all threats and opportunities are accounted for, or are more like general guiding principles to be applied.

In addition to the elements that were already listed, there are a number of elements that can influence the implementation of the strategic management notions. In this category we can include anything from the general characteristics of the organization (field of activity, decision making, external environment, etc.) to inflexible companies which may find it difficult to succeed in a changing business environment, for example. Creating a barrier between the development of strategies and their implementation can make it difficult for managers to determine whether objectives were efficiently met or not. For flexible companies, it is easier to align to the line of analysis required to implement strategic management, so we can identify which ones make it easier to adapt to change and to implement the organizational strategy. Several steps have been identified to be implemented for a good strategy in an organization, irrespective of its origin, whether public or private or non-governmental, with the indication that there are additional steps or defining elements applicable only at the level of a particular sector (the political factor in public organizations) (Băcanu, 2008).

### **2.2. Steps in strategy making**

*Environmental scanning or preliminary analysis* – environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic

purposes. It is helpful in analyzing the factors which influence an organization, whether they are internal or external factors. After executing the environmental analysis process, the management should evaluate it on a continuous basis and strive to improve it. In particular, in the case of public institutions, the analysis of the external environment is a crucial component in the creation of management, because the reason of being of the institution is based on the needs of the citizens and the community.

*Strategy formulation* – strategy formulation is the process of deciding the best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environment scanning, an institutional profile and strategic directions can be created for the organization, taking into account the results obtained after the preliminary analysis.

*Strategy implementation* – strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation includes designing the organization's structure, distributing resources, developing the decision-making process, and managing human resources.

*Strategy evaluation* – strategy evaluation is the final step of a strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial/ corrective actions. Evaluation makes sure that the organizational strategy, as well as its implementation, meets the organizational objectives.

### **2.3. How specific are the strategies in the public sector?**

Generally speaking, when it comes to strategic management, one may use a group of concepts and common terms which have to be strongly clarified; these terms represent a chronological settlement of the strategy. Thus, the following components have been identified (Hințea, 2007):

*Vision*: a mental projection of how the organization should look like in the future. Bryson (2011) thinks that it should include the fundamental values and the philosophy of the organization; it should be 'short and capable to inspire'.

*Mission*: What is the purpose of the organization's existence and what is its role?

*Scopes*: refers to general results; when it comes to the organizational scopes, the issue gets much more complicated than one would think. A variety of scopes within the organization have been identified by the specialists. When you report the scopes to the process of building strategies, Steiss (2003) thinks that scopes can be classified as: societal development scopes (the results of the organization are contributing to the development of the environment); scopes related to the members of the organization or the clients (the results affect the development of its target groups); scopes of organizational development (resources that are used for the development of the organization which is capable of acting as an efficient entity).

*Objectives:* specific results (this difference between goals and objectives is subtle and not always easy to achieve). It should be noted here that not all objectives are placed at the same level of importance, and as such we can speak here of a hierarchy of strategic objectives and priorities (Hințea, 2007).

*Competitive advantage:* competitor's analysis, evaluation of its resources, construction of an advantageous position on the market.

Within the public sector, strategic management appears to be a more refined and elaborate approach to strategic planning; from this point of view the main characteristic of the strategic management refers to the integration of the planning function in the general managerial activities.

According to the European Commission Report on the Public Administration and Governance Network of March 2017, we can broadly identify the general considerations on strategic management on the European Union side and the differentiation of strategic management in the public and private sectors, this analysis is carried out under the concept of public value. It is believed that ultimately 'public' value is linked to the social mission of an organization (e.g., bringing relief to the distressed, alter conditions, producing a public work to be enjoyed by all), where clients may receive services, be satisfied with them, change their lives and achieve the social outcomes they want (even if they do not pay for them). In addition, it includes public goods, equity, legal frameworks underpinning law, order and markets. For the private sector, values refer to the value of the public (Wauters, 2017 *apud* Moore, 2003).

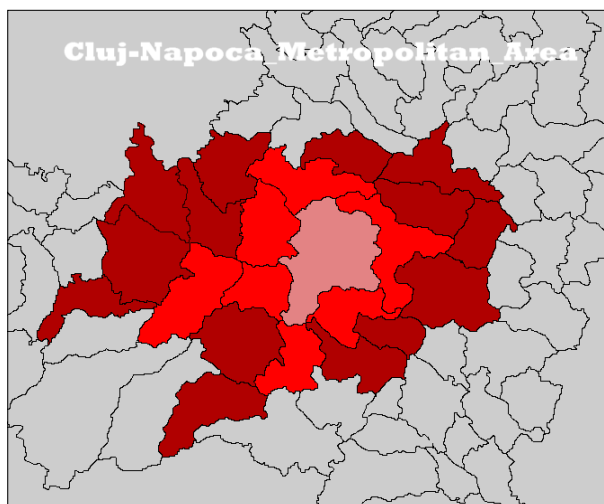
Also, according to the European Commission's Report on Public Administration and Governance Network, there are more differentiations between clients and citizens. In the case of clients, professional services and facilities such as health care, education, and public transportation are provided. The organizations providing this type of services should not be in the business of inciting to consume as much as possible of them, beyond what is necessary, from a societal perspective; nor is it a good idea to provide access through market mechanisms (price), as these services should be accessible to everyone, regardless of the financial resources these 'clients' could muster; these services may be funded in large part by the state, to ensure equity, but their ownership and provision can be the domain of non-profit organizations or cooperatives (as the state and the private sector have demonstrated that they are not particularly effective at this, due to hierarchies being too crude and markets too crass to deliver the nuanced requirements of professional services).

In the case of citizen, this refers to the provision of tangible (such as roads and ports), social (such as museums and parks), meditative (such as civil courts) and economic infrastructure (e.g., monetary policy) as well as the infrastructure of democracy (e.g., election machinery) and government itself (e.g., embassies); of course, the state may own the infrastructure, but private or non-profit organizations can be used to finance, design, build, operate and maintain it, in return for

future revenue streams (e.g., through a concession or another form of public private partnership as is frequently the case with roads). Here, the job of regulating and controlling (e.g., to ensure societal actors act appropriately or adopt a proper attitude) as performed by the police, military, prisons, judiciary and regulatory agencies is happening; although making the laws and rules clear is the task of the legislative branch of government supported by their relevant government departments. Carrying out enforcement duties could be outsourced to private and non-profit actors; however, as with the activities concerning ‘citizens’, the state should remain the ‘owner’ (Wauters, 2017).

### **3. Analysis of the strategic planning construction in rural communities from Cluj-Napoca, the metropolitan area**

Cluj, the metropolitan area, contained at the date of its constitution (HCL 415/2008), the municipality of Cluj-Napoca – a pole of growth, and the following administrative and territorial units: Aiton, Apahida, Bacia, Bonțida, Borsa, Cian, Chinteni, Ciurila, Floresti, Garbau, Gilau, Jucu, Petrestii de Jos, Tureni and Vultureni (with the related localities included in their administrative territory). These settlements fall into a 30km perimeter around Cluj-Napoca, the optimal distance for the development of the edge area. It should be noted that this is the structure of the metropolitan area initially built, used as the basis for the territorial verification – part of the integrated development plan. The current structure no longer includes Feleacul commune – which withdrew from the ZMC intercommunity development association (in October 2009), but includes the municipality of Sanpaul, whose request for inclusion in ADI was approved in the AG session, in October 2009.



**Figure 1.** Map of Cluj-Napoca metropolitan area (LDS 2014-2020)



### **3.1. Analysis of construct strategic planning meaning.**

#### **Analysis of the main macro-indicators**

Constraining local authorities to have a local development strategy has led to a multitude of characterized planning in many cases by incoherence and inconsistency with the specifics of the activities carried out in the administrative-territorial unit. Strategic planning turns, in some situations, into simple administrative documents amended with each change in the priorities of the funding authorities. In order to avoid these situations, it is crucial to appreciate the importance of objective construction, based on tangible elements at the level of territorial-administrative units, of local development strategies.

The generation of valid strategic planning relies heavily on the way of identifying and constructing the competitive advantage of the community, recently becoming the basic component of the directions of development of the administrative-territorial units.

A definition of the analysis is the following: it represents a method of knowledge which is based on decomposition into components, in its constitutive units which are individually studied and correlated. Analysis also means determining the generating factors of the constitutive units and conclusions are drawn on during future work. The full characterization of an activity or phenomenon requires merging into a unit of analysis with synthesis as a means of knowledge.

Both financial and economic analysis of the territorial administrative units deals with the study of the phenomenon and economic processes which take place at these units and of the results obtained in relation to the scheduled tasks, the causes of deviations and the unfolding of analyzed phenomenon. Optimization and processes regulation of the entire activity are the final part of the financial and economic analysis.

A post factum analysis example is considered a diagnostic analysis which gives an overall assessment of an organizational subdivision or an economic problem. Predictive analysis follows the future evolution of an economic phenomenon based on the causal relationship between the factors. While activity analysis is based on known, certain variables, the predictive analysis is based on assumed, uncertain variables. As such, the activity analysis studies a single version of the phenomenon, the execution, while the predictive analysis studies several variants in which deterministic ties occur frequently. The predictive analysis is a precursory stage, decisive in the elaboration of the economic activity program. Scheduling economic activity means using the forecast by an economic decision-making center to achieve the proposed target.

### 3.2. Competitive advantage

Each community presents unique local conditions which favor or slow down the economic development. These local attributes are the base of formulating economic development strategies which are elaborated to improve local competitiveness. To create competitiveness, each community has to identify the actual problems (weak points), potential problems (generated by identified threats), and supporting points in tackling the future (strong points), as well as the favorable conditions which deserve to be exploited (opportunities).

The competition for resources and the very dynamic economic context, factors like globalizations and the development of new technologies have brought in discussion the concept of the competitiveness advantage.

There are two sources which can assure an advantage of competitive sustainability: superior experience and the existence of various resources. In order to generate sustainable advantage of competitiveness, the resources have to be characterized by four attributes: scarcity, value, the impossibility of imitation and impossibility of substitution. By combining resources and experience, the organization obtains a competitive advantage which allows it to deal with the fluctuations of the business environment.

Related to the metropolitan area of Cluj-Napoca, we will point your attention towards some general information (Table 1) related to these communities.

**Table 1.** Primary features of communes from the metropolitan area

No.	Commune	Population January 2017	Surface	Budget 2016 (RON)	Budget per capita (RON)
1	AITON	1,037	40.49	2,868,348	2766.006
2	APAHIDA	12,550	106.62	24,037,864	1915.368
3	BACIU	11,119	87.51	11,781,967	1059.625
4	BONȚIDA	4,849	80.38	7,329,268	1511.501
5	BORȘA	1,366	62.00	3,744,625	2741.307
6	CĂIANU	2,369	55.11	3,939,784	1663.058
7	CHINTENI	3,246	96.50	18,331,552	5647.428
8	CIURLIA	1,480	72.22	4,340,698	2932.904
9	COJOCNA	4,213	138.63	9,213,587	2186.942
10	FELEACU	3,850	48.41	5,828,347	1513.856
11	FLOREȘTI	31,564	60.92	43,966,999	1392.948
12	GILĂU	8,774	72.51	14,634,077	1667.891
13	GÂRBĂU	2,330	116.82	5,914,556	2538.436
14	JUCU	4,357	85.13	9,538,512	2189.238
15	PETREȘȚII DE JOS	1,529	62.01	3,642,508	2382.281
16	TURENI	2,251	74.00	5,446,272	2419.49
17	VULTURENI	1,367	71.12	4,183,637	3060.451
<b>TOTAL</b>		<b>98,251</b>	<b>1,330.24</b>	<b>178,742,601</b>	<b>2328.749</b>

### 3.3. The analysis is based effectively on a grid composed of two major sections

The first section is making reference to the way in which the development strategy was constructed, exclusively emphasizing the process of its construction regarding each phase and way of foreseeing of the next steps, including the five sub-dimensions of the process:

*Public consultation:* this dimension refers to the consultation of the communities in order to gather as much relevant information which can contribute to the construction of the development strategies, considering that the public consultation represents an extremely important indicator of the environmental analysis; indicator which can generate in a clear and justified way the strategic problems and also some directional problems regarding the further development of the communities. For us, this dimension of public consultation constitutes a crucial analysis and a real key to success for the implementation of strategies with a low level of public resistance.

*Stakeholder participation:* this dimension refers to the participation in some phases of the strategy, from the initiation of the process and defining the mission until developing the implementation system and monitoring the key factors of the community. Because the model of omniscient leader has proven to be nonfunctional in any endeavor, including aspects of complex managerial strategies, the involvement and expertise of those who operate in that area is very important, therefore it takes into consideration the opinions of the citizens, non-governmental organizations, and representatives of other local institutions, the educational environment, the government, business environment or minorities.

*Present situation analysis:* this sub-dimension is composed of many indicators which aim to identify the parts considered priorities; therefore they are taking into consideration key factors like education, healthcare, superior strategic environment, technology, workforce, etc.

*Implementation of strategies:* this sub-dimension makes reference to the way in which the implementation of the strategy was effectively operationalized because the purpose of the strategy is not to have a consultative document in case we need data, but to follow it continuously. Therefore, we can identify some indicators referred to the calendar of the implementation of the strategy, action plan, measurable performance, etc.

*Monitoring:* the last sub-dimension is the most important, making reference to the monitoring and the evaluation of the strategies' implementation, therefore any strategy has to present clear mechanisms in order to be able to monitor the implementation and its ex-ante and ex-post evaluation.

The second section refers to the final content of the document. In this section we are interested in finding out the structure based on chapters/ sections of the final

strategy planning document. A series of indicators we consider important for any strategic document can be found in the table below.

#### 4. Specific results

At the current level, we analyzed 6 out of 17 development strategies (Table 2); the analysis was conducted exclusively online, based on development strategies approved by the local council and published on the institutions' web pages. Only 6 municipalities had available development strategies on their web pages, some of them outlining the strategy or a small summary, but the actual document was not available. This was done in accordance with Law no. 544/2001 in order to make these public documents available, the absence of such documents available to the general public brings to question other issues related to the functionality of these institutions, but this may be part of other analyzes of decision-making transparency and openness of public institutions.

**Table 2.** The availability of strategies to the general public

Commune	Strategy Status	Commune	The current state	Commune	The current state
AITON	Summary available 2015-2050	CHINTENI	Unavailable	GILĂU	Unavailable
APAHIDA	Available	CIURLIA	Unavailable	GÂRBĂU	Available
BACIU	Available	COJOCNA	Available	JUCU	Unavailable
BONȚIDA	Summary available	FELEACU	Available	PETREȘȚII DE JOS	Unavailable
BORȘA	Unavailable	FLOREȘTI	Available	TURENI	Unavailable
CĂIANU	Unavailable			VULTURENI	Unavailable

As a result of the analysis on the dimensions presented above, different results have been identified depending on how the strategy was formed, especially on the following elements. In the public consultation there were identified between 0 and 2 methods of involving citizens in the strategic planning, in the case of Garbau and Floresti communes we found both quantitative and qualitative methods, so tools such as opinion poll and focus group, in the case of Feleacu and Cojocna there are included opinion polls and specific seminars on different dimensions, in the case of Baciuc commune and Apahida commune no community involvement has been identified. In the case of citizen involvement, we can see that sampling is unrepresentative for a comprehensive study, and that can be seen as an exercise of purposive sampling.

##### *Participation of stakeholders*

In the case of the communes analyzed, no consultation or input from stakeholders on D4 and D5 was identified, of the eight stakeholder categories considered involved at least one of the 4 categories (citizens, representatives of some local institutions, business representatives, church).

**Table 3.** Stakeholder participation in strategy creation

Commune	The decision to initiate the strategic planning process	Analysis of the external environment and the present situation	Defining mission, vision and objectives and strategic directions	Development of the implementation plan and action directions	Development of the implementation and monitoring system
Floresti (citizen involvement but does not identify the involvement of NGOs, other institutions, the business environment)	No	Yes	Yes	No	No
Garbau (involving citizens, other local institutions and the business environment and the Church)	Yes	Yes	Yes	No	No
Feleacu (only citizen involvement)	Yes	Yes	No	No	No
Apahida	No	No	No	No	No
Cojocna (identification of citizen and business involvement)	Yes	No	No	No	No
Baciu	No	No	No	No	No

In case of analysis of the current situation, different analysis areas have been identified and the most frequent is the analysis of the strategic framework, which was done in the form of mentioning or truncating passages from existing strategies at county, regional, national or European level without taking into account any correlation between the local strategy and those mentioned. Another present analysis is related to demographics, education, health, public services or the employees. They are completely missing from all the strategies analyzed: the analysis of the previous strategy, the economic analysis on financial indicators, the e-governance or the competition analysis in terms of competitive advantage.

#### *The implementation process*

On the implementation side, we see that in the case of communes such as Apahida, Garbau, there is no clear plan of the implementation process, measurable indicators for implementation measurement methodology or risk factors. In the Baciu, Floresti and Cojocna communes, we found an operational implementation plan but in a dichotomous sense of 'what we do or do not do'.

#### *Monitoring and evaluation*

We can observe that in no community is there a clear assumption of how and when the operational measures included in the strategy will be accomplished and

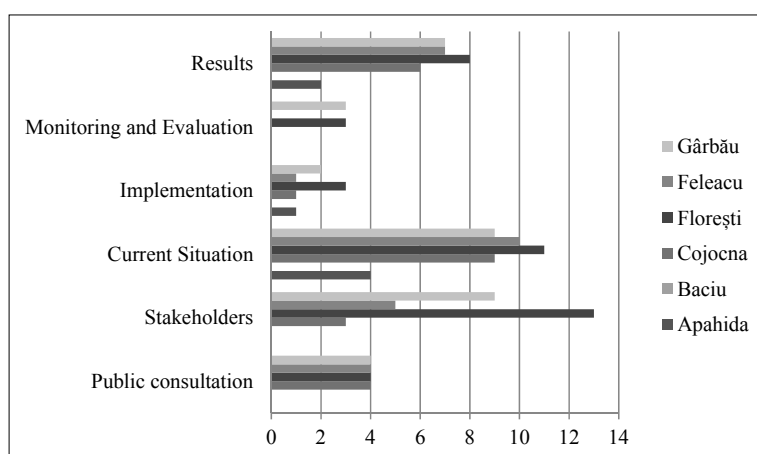
we can also identify the lack of a concrete institutional framework to deal with this monitoring and evaluation.

**Table 4.** The existence or absence of evaluation tools

Indicator	Apahida	Baciu	Cojocna	Florești	Feleacu	Garbau
Strategy contains a specific monitoring and evaluation component.	No	No	No	Yes	No	Yes
This section clearly describes how and when it will be done.	No	No	No	No	No	No
This section clearly includes who will do the job.	No	Yes	No	Yes	No	Yes
There is an institutional structure expressly mentioned as being responsible for motivation and evaluation.	No	Yes	No	No	No	No
The section contains a clear set of monitoring and evaluation indicators.	No	No	No	Yes	No	Yes

*The content of the final document (how the strategy looks) in terms of chapters*

In the case of this section, 12 indicators generally present in any local development strategy were identified. What can be noticed in the present case is that none of the 6 strategies analyzed have identified all 12, the indicators that are not present in any of the strategies being the following: a section clearly defining the key strategic factors and a section pointing out sources of funding and estimated costs. The most visible part of the analyzed strategies refers to the existence of the SWOT analysis, which is present in all the analyzed strategies. A qualitative approach to the SWOT analysis shows that this is rather a matter of existence, the issues identified being totally identical in general to the same extent.



**Figure 2.** The overall analysis of the achievement of the evaluation indicators

Based on the above-mentioned dimensions, we have set a performance grid or non-fulfillment of the required features of any strategic document in order to generate the desired result, so we can see the following general outcomes. We mention that the coefficient 1 has been assigned to the indicator's existence and the coefficient 0 to its non-existence. What we can see is that the weakest dimension is that of implementation, where we have a total lack of mechanisms to carry out the strategy in a coherent way, the dimension of monitoring and evaluation is not fulfilled, it is even missing in some of cases, more precisely in the case of 4 communes. At the same time, public consultation is missing in 2 cases.

## **5. Conclusions and recommendations**

What we can conclude from the first phase of our analysis is that each analyzed strategy has a pattern defined by certain known management analysis trends, without going into the analysis of the content of the strategy. One could see the existence of chapters referring to evaluation, monitoring or participation, but in some cases the in-depth study reveals that they do not exist.

As far as public consultation is concerned, it is an important step to consider conducting opinion polls to identify some of the citizens' needs, but they have not been fully involved in all sections where they could generate results. Another aspect is the lack of involvement of the local community in the sense of NGOs present in the community that could generate justified expertise (e.g., the Association of Agriculture). We noticed the lack of involvement of the educational institutions or other local authorities, or rather county ones that could generate eloquent analyzes.

In analyzing the current situation, an analysis of the old development strategy is not taken into account to identify progress or regression, which would make it easier to understand how the community can intervene. E-governance or information technology is still a completely neglected issue by local government authorities and this may be a factor that reduces local government spending, but also a tool that brings citizens closer to the institution. In none of the strategies is there a red thread between implementation and those who are responsible for the actual implementation of the strategy, so the strategy becomes a document assumed by the local council but without a clear operationalization of implementation within the mayor's working system. Monitoring and evaluation are important issues in an organizational process or within a program and/ or project, especially when it comes to multi-annual implementation, such as the development strategy, as they can generate constructive feedback, but these aspects are totally ignored. There is no approach to the local specificity that identifies key strategic factors or a competitive advantage either inside the county or outside the county, so the document becomes a 'scripture' of the general responsibilities of a primacy (social, infrastruc-

ture, culture, etc.). Another important issue is the lack of mechanisms for clear verification of the way the strategy is assigned or implemented.

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# SCIENCE AND TECHNOLOGY PARKS: WAY OF THE FUTURE OR OVER HYPED?

Amanda HAMLIN

## Amanda HAMLIN

Faculty at Oakton College, US;  
PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 001-517.580-9931  
E-mail: ahamlin@oakton.edu

**Abstract.** This paper examines the question of whether or not science and technology parks (STPs) are actually successful. Although these types of organizations are very popular it is not clear that they achieve their intended goals or provide a sufficient return on investment. To address this concern, the paper first looks at the general role of STPs as well as the challenges in even defining how to measure their success. It then looks at some of the common predictors of success identified in the existing literature as well as some of the variations and complications with these. Then, a case study of eight parks is presented along with the challenges and possible flaws in the data collection for the study. Finally, a questionnaire to facilitate more in-depth and accurate data collection is proposed.

**Keywords:** science and technology park, STP, research park, incubator.

## 1. Introduction: What is an STP?

Science and technology parks have been a subject of significant interest to governments and economic developers for over fifty years. From their prototypes in the nineteen fifties and the early models in the seventies, through their explosion during the internet revolution of the nineties and beyond into the new ‘smart societies’ of the twenty-first century, these parks have been idealized as a way to boost the economy, promote learning and innovation, develop up-and-coming businesses, and create revolutionary communities of the future where disparate groups of people come together and collaborate for mutual happiness and profit. A basic working definition for an STP is ‘a strategically planned, purpose-built work environment...designed to locate in close physical proximity to university, government and private research bodies involved in a particular field of endeavor. This is so that knowledge can be shared, innovation promoted and research outcomes progressed to viable commercial products’ (Wikipedia, undated). This definition is useful to consider as it highlights parks’ intentional and managed nature, and the many different players involved, as well as the community that is meant to result from combining the two.

Clearly these science and technology parks or STPs are expected to wear many different hats. Yet, this begs the question of how feasible it is for a single entity to reliably perform so many diverse functions successfully and weather the expectations invested in them may be overly optimistic. Nor is this an insignificant question, given that the construction and running of an STP can involve the outlay of massive amounts of capital and resources. So, it is important to know that these parks are providing some sort of reasonable return on investment, whether in the form of actual monetary gain or through some other form, such as improved technological competency or greater networking leverage.

The very popularity of STPs combined with their unique and complicated structure as described above, raises concerns about the true extent of their success. The document ‘Setting up, managing and evaluating EU science and technology park’ expresses concern over the concept of ‘mission creep’, the idea that STPs may become so desperate for funds that they will relax their requirements for tenant companies, accepting those most likely to make a profit, rather than those that fit their original innovation focus (European Commission, 2014). There is also the fear of saturation, that the sheer number of parks has outstripped the volume of businesses producing technological innovations and this it will be impossible for parks to fill without resorting to mission creep. This concern was expressed as far back as 1995 in ‘A comparative study of science parks in Europe: keys to a community innovation policy’, which expressed the view that the technological revolution had largely run its course and thus there would be a decrease in the creation of new, innovation based businesses to fill parks (CURDS, 1996). While this particu-

lar prediction certainly did not prove true, the sheer number of parks now in existence, begs the question of whether, even with the rapid growth of technology, there is enough innovation to keep them all viable. Data in 'Setting up, Managing, and Evaluating EU Science and Technology Parks' indicates that only a quarter of United States parks achieve 'success', although, as will be shown, the definition of success is not concrete. A further quarter barely manages to remain functional, and fully a half fail, though again, a solid definition of failure is lacking (European Commission, 2014).

In order to explore this important issue of whether or not STPs are achieving success and thus providing a good return on investment, especially in light of the proposed park in Cluj, Romania, this study will, first, examine the problem of defining what constitutes success for an STP and how to measure that success, then explore some key factors experts have identified as being the best predictors of STP success or failure. A case study of eight functioning STPs is then used to see how these factors play out in real life, in particular if STPs are actually implementing the recommended success factors and if doing so actually leads to success.

## **2. Measuring the success of STPs**

The first difficulty, when it comes to determining if STPs are successful, is agreeing on a coherent definition of what constitutes success, a necessary initial step that has not yet been fully achieved. Considering the many hats STPs are expected to wear, this should not come as a surprise as some functions these institutions are supposed to perform may involve wildly different paths to success or may even be mutually exclusive. Which functions need to succeed and to what degree for the part as a whole to be considered a success? In their paper 'Success factors for science parks in the developed world and emerging economies', Comins and Rowe identify the central issue in the debate on what is the most important function of science parks and, thus, what should be used to measure success. The two possible directions of focus are roughly defined as local versus global (Comins and Rowe, 2015). In local focus, the primary role of the park is to provide benefits to the surrounding area. This can involve academic developments such as benefits to universities that are park members or a higher quality of teachers from the greater intellectual base provided by the park, cultural development, or even a boost to the tourism industry. Most commonly, economic development is the goal, with the presence of the park expanding both the number and quality of jobs.

On the other hand, global focus is about how the park performs on the world stage. Here, success is tied to the success, growth, profit, etc., of the park's tenant companies, many of whom are or want to be international businesses. Comins and Rowe explain that a major difficulty is that local and global success frequently

works at cross purposes as parks tend to achieve higher global success in areas that already have a strong economy and culture of innovation whereas results for local success tend to be more dramatic in areas that lack these things. Thus, it may be necessary to prioritize one form of success over another to create a consistent measure of STP success. However, since different parks have different priorities in this regard, this may not be possible (Comins and Rowe, 2015) a sentiment also echoed in 'Comparative Study of Science Parks in Europe: Keys to a Community Innovation Policy' (CURDS, 1996).

Another potential conflict relating to determination of STP success is a direct result of the very nature of the parks. As shown in the definition given in the opening, STPs are a form of collaboration between government, university, and private industry (Kharabsheh, 2012). However, these groups can have radically different goals and methods of operating which may come into conflict as they attempt to simultaneously function in the STP environment (Dabrowska, 2011). In a way this division also maps onto the local versus global division explored above as private industry would probably be most concerned with the success of park businesses, government with the benefits the park can bestow on the local area, and universities with information exchange rather than profit. CURDS explores this in some detail centered around the debate as to how much parks should focus on research versus production with universities in favor of research and tenant companies in favor of production. The article, which shows a consistent bias against universities, argues in favor of production to attract 'profit focused' companies to the park (CURDS, 1996). However, not all experts agree as the 2014 European Commission document speaks strongly in favor of the necessary role of universities in the success of parks. This also comes into play in the topic of specialization explored more below as universities tend to favor specialization, but businesses prefer a more generalist approach (CURDS, 1996). However, most of the literature on STP success favors specialization, again showing CURDS' bias against universities is not universal.

The article 'Measuring the success of science parks: performance monitoring and evaluation' proposes a system called the ANGEL study that tries to measure STP success in both the local and global spheres as well as along all three legs of the triple helix (Dabrowska, 2011). However, it is unclear that such a system could actually be effective if, as explained in the preceding paragraphs, these different factors are in conflict with one another. In addition, there must be reliable data on parks in order for any system for evaluating success to be effective. Unfortunately, parks commonly self-assess every five to seven years (European Commission, 2014) so current data is not readily available.

### 3. Potential success factors

Despite the lack of a clear definition of what counts as success many researchers have attempted to determine qualities that can serve as predictors of STP success. In other words, they argue the presence or absence of these qualities correlate to how much success the park is likely to experience. CURDS included such a list in “Best practices in science and technology parks” as did Kharabsheh in ‘Critical success factors of technology parks in Australia’ while in ‘Obstacles of success of technology parks: The case of Jordan’, he, along with Magableh and Arabiyat, takes an inverse approach by making a list of the factors whose lack would cause parks to fail. The gold standard for STP success factors is the ten point Mian model, detailed in Comins and Rowe’s ‘Success factors for science parks in the developed world and emerging economies’. While each of these works takes a slightly different angle regarding these success factors, there is a great deal of overlap and common themes, so the aim of this section is to distill the core elements of STP success across all platforms. The three most basic success factors are focus, management, and culture of innovation, with the last being the most crucial and the most complex, encompassing many aspects STP function such as business support services and networking potential. However, it is important to keep in mind that these lists of success factors largely sidestep the questions raised in the previous section about how to define success. While individual publications may show a bias towards or against certain interpretations, for the most part, these lists claim to predict success while still lacking specifics on what constitutes success.

The first of the success factors, focus, sometimes referred to as brand, has to do with a park’s decision to specialize in certain kinds of innovation versus accepting any innovative business in the offing. For example one park might focus primarily on medical research while another develops new software. This is usually couched in terms of its use as a marketing tool rather than as a way to tailor park facilities for certain kinds of research. Though too much specialization might make collaboration with other research entities more difficult (CURDS, 1996). Based on the case study of parks explained below, the majority of parks are neither generalist nor entirely specialized. Rather, each park tends to select a small number of different industries and/or research paths to specialize in.

Management refers to the guiding team that runs the park. Management usually performs or oversee and coordinate such disparate tasks as making sure tenant companies receive the support and resources they need to grow and interfacing with and promoting the park to the outside world. Here the triple helix is acknowledged as an important feature of good park management. The management team must be able to act independently of park stakeholders thus allowing it to make decisions beneficial to the park as a whole, rather than to be influenced by one or another of the elements that make up the park (Karabsheh, 2012). However, this

still begs the question of the background of the members of the management team, as their background could cause them to favor certain stakeholders or have a skill set that primarily benefits certain stakeholder. For this reason, it is recommended that management contains members with background in both public and private sectors. Although some authors do show bias in favor the private sector, they warn that the main pitfall of park management is drawing talent primarily from those with a background in government who are unable to truly understand or address the needs of businesses (European Commission, 2014).

As stated previously the factor labeled culture of innovation is the most comprehensive of the success factors and also the most difficult to define. Complicating matters is the fact that a culture of innovation is not always something the park creates for itself. Parks aim to deliberately create a culture of innovation that can occur spontaneously elsewhere. Thus, it is definitely possible for a location to already possess the building blocks of a culture of innovation on which a park could capitalize and, by extension, a park built on such a location would have a higher probability of success than a park built in a place without these advantages. There is even a system known as the innovation scoreboard that ranks regions based on their pre-existing innovation infrastructure (European Commission, 2014). However, while this may be a beneficial system for potential park investors to choose the best park to support, it is of very little use to regions with low scores, such as Cluj, that wish to build a park. The innovation score board would assist those wishing to build a park in high scoring regions but will it more difficult in other areas as by discouraging investors and non-local tenants. In addition the whole idea of the innovation scoreboard operates on the assumption of a global model as Comins and Rowe point out that regions that begin with less technologically advanced economies achieve the greatest local benefit from parks presence (Comins and Rowe, 2015).

Another facet of a park's culture of innovation necessary for its success is the creation of an environment that promotes risk taking. This, at least, is something over which parks can exercise some degree of control though most authors seem to lack a concrete definition of what promotion of risk taking means or what actions parks should take to support it (Kharabsheh, 2012). For the most part, this seems to be interpreted as meaning that parks should promote private enterprise over academic interests in stakeholder conflicts. CURDS in particular has a number of negative things to say about the process of university research and its impact on parks, viewing it as slow, cautious, and difficult to market (CURDS, 1996). However, considering that academic involvement is viewed as one of the core elements of STPs it remains unclear how to guard against the supposedly less risky nature of university research without drastically changing the basic nature of parks. The European Commission also describes university research as slow and cautious but

still considers it a vital part of the STP package and offers no concrete solution to this conundrum (European Commission, 2014).

Other parts of the cultural innovation factor related directly to the parks' equally difficult to quantify goals of building community and sharing information. One of these, networking, has to do with the park's ability to promote innovation. This also is complicated as there are multiply types of networking that parks are supposed to promote, specifically networking within the park and networking between the park and other parks/research institutions. The second of these is easier to quantify. Parks can increase their interactions with other similar institutions by belonging to a global or regional organization such as the International association of science parks (IASP), by having international research teams visit the park, and by hosting networking events of their own. These kind of networking practices not only help to make the park more visible and marketable to the outside world but also play an important role in the final and most complicated element of the culture of innovation, that of providing support to the park's tenant companies as these kinds of interactions not only allow tenants to promote their work and connect with potential research partners, but allows them to access resources and support services not offered by the park itself (Kharabsheh, 2012).

This is also a major factor in the other aspect of networking, intra-park networking, which deals with one of the most crucial yet difficult to pin down aspects of the culture of innovation, and of park function in general, namely the physical environment of the park. Specifically, parks are imagined as sites of spontaneously occurring collaborative innovation rising from the fact that tenants share physical space not just for work but other functions as well and may decide to work together due to the serendipity of winding up next to each other at the cafeteria or the fitness center, what is sometimes referred to as the hub area of the park. But this begs the question of whether this is actually happening with any sort of regularity in parks and, even more, whether it is even possible to engineer these kinds of spontaneous interactions.

This leads to the final aspect of the culture of innovation, touched on briefly in the last section which is how effectively the park provides support services to help tenants overcome barriers to business growth, generally held to be the most important aspect of park success (Kharabsheh *et al.*, 2011). These include provide access to office space and/or lab space at low cost, helping to connect tenants with investors or other possible funding sources, and providing various coaching services to help tenants manage their operations and plan the future trajectory of their business. CURDS divides these services into the categories of hardware and software, hardware being things related to the physical environment of the park such as access to office or lab space, as well as the services connected to these physical spaces like phone and internet, while software are benefits not related to a physical



location consulting, funding, or marketing support (CURDS, 1996). Both types are considered crucial to STP success.

#### **4. Case study of parks**

In order to explore how some STPs approach the concepts above in complex, real world situations, a case study of eight parks was conducted. Three primary criteria were used to determine which parks to include in the case study. Since part of the purpose of the study was to determine the feasibility of the proposed park in Cluj, Romania, the first criteria was that the parks selected must be similar in size to the plan for the Cluj Innovation City Park, so a size range of 200 to 1000 acres or 81 to 405 hectares was used. The second criteria was that the park must be open and operating and have achieved at least a modest degree of building on park land and acquisition of tenant companies, in order to make sure there would be a sufficient amount of data to analyze. The final criterion for selection was location. In order to ensure an overview of STPs on a global scale, an effort was made to study at least one park on every continent. Unfortunately, no operating park in South America could be found that fit the size parameters so this region was not included in the study. On the other hand, in an effort to gather as much information as possible on park situations that could be similar to those of the proposed Cluj park, the decision was made to study additional parks in Europe. Based on the above criteria, the eight parks selected for study include Central Florida Research Park, Technopark Stellenbosch in South Africa, Digital Media City in Korea, Ideon Science Park in Denmark, Technology Park Malaysia, Pomeranian Science and Technology Park in Poland, University of Warwick Science Park in UK, and Technology Park Adelaide in Australia.

Parks included in the study were evaluated on a variety of factors, mostly aimed at determining how they had addressed the decision of local versus global, how they balanced the needs of different stakeholders reflected in the triple helix, how effectively they were fulfilling, or not, the success factors outlined in section II, and whether the parks were, in fact, achieving success. Items studied include the management structure of the park, who supplied the initial land as well as how land ownership is currently determined, how funding has been provided and by whom, whether the park has a clearly defined focus or band and, if so, what, what businesses reside in the park, including those designed to serve residential, commercial and industrial or manufacturing needs, as well as any special services or facilities the park provides for these groups, what the park does to help its tenant companies grow and become successful, the park's relationship with any academic institutions, what networking activities the park engages in or provides for its tenants, and, finally any notable innovations the park has produced as well as any setbacks experienced.

## 5. Data collection and results

Initial data collection was performed via internet search under the assumption that many different types of online documents would be available to provide a variety of corroborating perspectives on the parks. However, this turned out not to be the case. Popular news stories on the parks seem to be virtually non-existent and scholarly articles and government reports rare at best. While a handful of articles or presentation papers including cases studies of individual parks were found, none covering parks that met the selection criteria described in the previous section. The study was most fortunate when it came to government reports due to the existence of the official EU document 'Setting up, managing and evaluating EU science and technology parks', which includes detailed case studies of several European parks from a developmental and planning perspective, including the three covered in this research. However, no similar material was found for non-EU parks.

This had serious consequences regarding the nature of the data obtained as the lack of alternative sources means the bulk of the data had to come from the park websites themselves but, given that these sites essentially serve as promotional material for the parks and the parks can decide what information to include and how to present it, the information on these sites is likely to be biased and, further, the lack of alternative sources prevents the possibility of cross checking. One way in which this effected results is that parks, perhaps correctly, are under the impression that the general public/potential tenants would not be very interested in topics such as their internal management structure or where the initial land grants for the park came from, so this type of material tends to not be included on park websites and consequently is virtually non-existent for parks in the study other than the three EU parks. Even more problematic is the natural tendency during promotion to play up successes and downplay setbacks. For example in Korea's Digital Media City, there were originally plans to build a super sky-scraper tower which had to be abandoned due to financial pressures on the park. However, these financial issues and the resulting cancellation of the tower are not mentioned on the park's official website (DMC), only on an external site (SOM). However, similar external sites are not available for many science parks leaving the question open as to what hidden issues they may be facing.

Because of the spotty and skewed data available, claims about STP success or lack thereof, have to be made with caution. However, the very lack of external data sources could be seen as one argument supporting the claim that STPs are not as successful as they claim or as those who choose to invest in them would like to believe. If parks were, in fact, achieving the incredible financial and innovative advances offered in their proposals, it stands to reason that there would be a wealth of both academic material and popular news sources covering the fact. In fact,

most of the parks in the study have on their websites a large collection of self-written and published articles on the various inventions and developments created in the park, many of which frequently sound quite impressive. However, given that few external news sources have seen fit to comment on these developments, it raises the question of how successful or impactful they really are in the world at large. Another concern regarding the reliability of the information on park sites stems from the fact that satellite photos of the park area via external sources such as Google Maps, show that much of the park land has not actually been developed. Certainly less area is built on than would be if the parks were on schedule with their original plan and none of the park sites in any way indicate that they are not.

All of the above leads to the conclusion that more aggressive and targeted measures are necessary to accurately assess the success of STPs. Since the efficacy of the various supports and perks provided to park tenants is considered to be the most crucial success factor, as explained above, this seems the logical place to concentrate further data collection efforts. This study proposes a next step of contacting park tenants directly to determine if they find the services provided by the park beneficial. This would be done by means of a questionnaire, designed to target various advantages companies supposedly receive for being park tenants. The questionnaire would target four categories, business services, location and amenities, events, and community. For each category, tenants would be asked if they make use of and benefit from what the park provides in that category. If so, what aspect of that category do they find the most beneficial and why? If they do not use the park resources in that category, why not? If they do use the park resources but do not find them beneficial, why is that and is there something else the park could provide that would benefit them more? It is hoped that generating answer to these questions will help provide clearer idea if the decisions made by park management are actually having the effects they intend.

However, this approach is not without its own flaws as, while it may provide insight on whether or not parks are benefiting tenant companies, it will not provide a clear picture of overall park success unless the assumption is made that tenant company success equals park success which would create a strong bias in favor of global over local and private enterprise over government and university, which, as was explained at the beginning of this document, is not a foregone conclusion. Still, it may be necessary to, at least temporarily, make some assumptions about how STP success is to be defined in order to start collecting substantive data.

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# STRATEGIC PLANNING FOR A BETTER QUALITY OF LIFE

Călin HINȚEA  
Raluca ANTONIE  
George VLAS

**Abstract.** The main objective of this study was to build a model that can be used in community strategic planning process. Among the subsequent purposes are: (1) identifying the most relevant indices for measuring quality of life at community level and (2) testing the model in Cluj-Napoca (Romania) as a base for the strategic planning process. The model consisting of 100 indicators was successfully built and applied, according to scientific rigors and the results were used in the strategic planning process of the aforementioned city which adopted quality of life as the main development direction. The results of the study also recommend Cluj-Napoca as a city with good standards regarding quality of life and other studies confirmed our conclusions and helped validate the model. In 2017, the research instrument was updated and is about to be applied in 2018 during the monitoring and evaluation phase of the strategic planning process.

**Keywords:** strategic planning, community development, public management, indicator systems.

## **Călin HINȚEA**

Professor, Department of Public Administration and Management,  
Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: hintea@fspac.ro

## **Raluca ANTONIE**

Associate Professor, Department of Public Administration  
and Management, Faculty of Political, Administrative and  
Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: raluca.antonie@fspac.ro

## **George VLAS**

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: george.vlas@fspac.ro

## 1. Introduction

Quality of life has become a source of strategic growth for developed countries and municipalities. Public authorities and institutions, private sector organizations, NGOs as well as citizens, should all embrace it. So far, several national and international organizations are measuring the quality of life (QoL) in different countries or regions: Gallup-Healthways Well-Being (USA), OECD Better Life index (OECD), Eurofound Quality of Life Survey (EU).

Cluj-Napoca is characterized by social, economic and environmental particularities. The specific socio-demographic characteristics and the changing population put pressure on the urban systems whom sustainable development request a high flexibility. The sustainability and the degree of attractiveness of a city depend on the management of these complex systems. The permanent increase of quality of life (QoL) is a strategic priority for Cluj-Napoca adopted by the City Council as a consequence of this study and of the strategic planning it instituted. Analyzing the factors that contribute to the increase of QoL is essential in identifying the strengths and weaknesses of the Cluj-based community.

By using specific indicator systems for measuring the quality of life, the results of the study reflect the lifestyle, the living standards of the population, and the development and attractiveness level of a community from citizens' perspective. Evaluating the quality of life leads to identifying the lifestyle of the population and the way the citizens of Cluj-Napoca relate to these conditions; they evaluate the different domains of social life, indicate the priorities and highlight their expectations.

The present analysis of quality of life for the strategic development is based upon a complex system of indicators and highlights some essential aspects for configuring the profile of the city and for the objective appreciation of both the advantages offered by Cluj-Napoca – which should be encouraged – and the disadvantages – which must be identified and neutralized.

## 2. Literature review

Quality of life (QoL) represents a human's perception of his/her life, in the context of the cultural systems and the system of values in which he/she lives, depending on his/her expectations, standards and personal concerns (WHOQOL Group, 1997). The concept 'quality of life' also reflects the perspective of the population on the environmental and living conditions, on health, education, justice and governance (Pacione, 2003). Furthermore, when referring to urban communities, QoL can measure both the degree of congruence and disharmony between the inhabitants of the cities and their surroundings (Pacione, 2009).

There are numerous measurement systems for QoL (e.g. Gallup Healthways Well-Being, USA; OECD Better Life index, Eurofound Quality of Life Survey).

Most of the existing systems measure QoL at the macro-level (countries, country clusters). The indicator system used for measuring QoL in Cluj-Napoca in the preliminary study combines some of the variables belonging to the international systems, with new indicators, offering a comprehensive perspective on QoL at the micro-level; this system is meant for the modern municipalities in general and for Cluj-Napoca, in particular.

The impact of factors such as administrative decision-making, medical and social infrastructure, scientific discoveries and weather conditions on human QoL arose, in the last decades a high theoretical and practical interest (Hagerty *et al.*, 2001; Steg and Gifford, 2005). Yet, despite the prevalence of QoL studies and the publication of QoL models (Rapkin and Schwartz, 2004, Taillefer *et al.*, 2003), scholars and practitioners alike assert that there is a need for: (1) more empirical research at the micro-level on the factors that comprise QoL and the relationship among these factors and (2) a validated instrument to both inform and measure the results of QoL efforts at micro-level (Berger-Schmitt, 2002; Sutherland and Till, 1994).

Key questions for those involved in QoL measurement efforts include: What factors are critical predictors of quality of life outcomes? How are predictors correlated?, How can we assess quality of life at the micro-level to inform decision-makers within cities and organizations? To address these needs, we developed a synthesis model of QoL assessment Micro-Level Quality of Life Index (MLQoL Index) and a resulting measurement instrument: Micro-Level Quality of Life Assessment Instrument (Micro-QoL).

The present study briefly presents the analysis of several measurement systems for QoL (Gallup-Healthways Well-Being, USA; OECD Better Life index, Eurofound Quality of Life Survey) in order to launch a new, integrated index and subsequent instrument that is feasible to be applied at micro-level: Micro-QoL that gathers some of the overlapping variables in the above mentioned indicator systems, adds some new ones and could offer a comprehensive perspective upon the intricate issues of micro-level quality of life in modern municipalities.

### 3. Methodology

Perception of quality of life at micro-level is measured using a model consisting of a set of eighteen subjective indicators. Sociological face-to-face survey has been used as a method; the research instrument is the questionnaire based on the constructed indicator system. These indicators match with the Gallup-Healthways Well-Being index, OECD Better Life index and Eurofound Quality of Life Survey, for the possibility of comparison and validation.

The research was conducted in 2013, on a representative stratified random sample of nine-hundred and twelve Cluj-Napoca residents. The main dimensions

which were measured through the indicators were: general perspective on QoL, economic prosperity, environment, safety, good governance, culture and local identity.

We use the multi-method paradigm, combining qualitative and quantitative approaches. The first step consisted of a comparative analysis of existing indexes and indicator systems. We evaluated three of the most relevant QoL indexes: Gallup-Healthways Well-Being, OECD Better Life Index, Eurofound Life. Step no. 2. consisted of seizing the existing overlaps in terms of indicators in the three systems being studied. During step no. 3 we added some community-relevant QoL indicators, while in step no. 4 we used a panel of 12 experts working on Cluj-Napoca Development Strategy in order to rank the resulted indicators. During step no. 5: we split the indicators, according to their nature into: objective indicators-that are going to be measured using existing data and statistics and perception indicators that were going to be measured quantitatively, by applying a questionnaire. In step no. 6 we built a questionnaire starting from the resulted perception indicator system and in step no. 7 we tested the model by applying the questionnaire in Cluj-Napoca, on a representative sample of citizens. During step no. 8 we analyzed and interpreted data and validated the model, while in the last step (no. 9) we included the results in the Cluj-Napoca City Development Strategy.

The instrument was conceived in Romanian; the overlapping questions with the 3 validated instruments (Gallup-Healthways Well-Being, OECD Better Life Index, Eurofound Life) have been translated into Romanian. For the questionnaire to be built we used a complex system of 196 indicators, organized in 18 topics and in 7 chapters, as in the following structure:

<p><b>Chapter I. Life self-evaluation</b></p> <p>1. Life self-evaluation</p> <p>2. Lifestyle</p> <p>3. Family</p> <p>4. Positioning</p> <p>5. Quality of life at community level</p> <p><b>Chapter II. Life Safety</b></p> <p>6. Safety</p> <p>7. Freedom</p> <p>8. Gender Equality</p> <p><b>Chapter III. Health</b></p> <p>9. Health System Quality</p> <p>10. Emotional Health</p> <p>11. Physical Health</p>	<p><b>Chapter IV. Education</b></p> <p>12. Education</p> <p><b>Chapter V. Environment</b></p> <p>13. Environment Quality</p> <p><b>Chapter VI. Governance Quality</b></p> <p>14. Governance Quality</p> <p><b>Chapter VII. Economic Wealth</b></p> <p>15. Economic Wealth</p> <p>16. Access to Housing</p> <p>17. Job</p> <p>18. Basic Services Access</p>
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**Figure 1.** Indicators used in the questionnaire



#### 4. Results

Micro-QoL has been successfully tested. The main results highlight some of the factors that positively influence QoL in Cluj-Napoca: family life, living-standard conditions and health system; on the other hand, the general economic development in Romania is the factor that generates a negative perception on QoL. Regarding the possible ways of adopting a healthy lifestyle, the main measures that should be adopted would be the following: healthy diet, adequate amount of rest and physical activity. The citizens of Cluj-Napoca trust the Police and the local authorities more than they trust the Parliament and Government and they appreciate the local educational system more than they appreciate the national educational system.

In constructing the model for measuring quality of life at the micro-level, we computed the sets of variables corresponding to the main chapters so that we could calculate mean-values for each chapter. For example, the variables from the first chapter, 'Life Self-Evaluation', have been synthetized into a final variable 'Life Self-Evaluation\_Total'. We have proceeded in the same way with each variable from each chapter.

The modelling process can be presented as an equation, which we will exemplify for the first chapter:  $V_{\text{final}} = (AV1 + AV2 + AV3 + AV7 + AV8 + AV9 + AV10 + AV11 + AV12 + AV13 + AV14 + AV15 + AV16) / 13$

$V_{\text{final}}$  = Life Self-Evaluation\_Total; where:

- AV1 = Satisfaction with one's own life from the last 5 years;
- AV2 = Satisfaction with one's one life in the present;
- AV3 = Estimation of one's life for the next 5 years;
- AV7 = Satisfaction of one regarding his/her education;
- AV8 = Satisfaction of one regarding his/her working place;
- AV9 = Satisfaction of one regarding his/her living standard;
- AV10 = Satisfaction of one regarding his/her living conditions;
- AV11 = Satisfaction of one regarding his/her family life;
- AV12 = Satisfaction of one regarding his/her health;
- AV13 = Satisfaction of one regarding his/her social life;
- AV14 = Satisfaction of one regarding the economic development of Romania;
- AV15 = One's optimism regarding the future, based on the previous factors;
- AV16 = One's happiness based on the previous factors.

After processing the variables from each chapter, we calculated the 'Generic Quality of Life' composed of 'Life Self-Evaluation\_Total' and the rest of the synthetized variables, as follows:

Generic Quality of Life = Life Self-Evaluation\_Total + Lifestyle\_Total + Family\_Total + Positioning\_Total + Quality of Life at community Level + Safety\_Total +

Gender Equality\_Total + Health System Quality\_Total + Emotional Health\_Total + Physical Health\_Total + Education\_Total + Environment Quality\_Total + Governance Quality\_Total + Economic Wealth + Job\_Total + Basic Services Access.

The means for synthesis variables, presented on a continuous scale from 1 to 10 in Table 1, highlight the weak points and the strong ones in terms of QoL dimensions at the level of Cluj-Napoca.

**Table 1.** Means for synthesis variables

Variable	Mean
Life Self – Evaluation_Total	6.99
Lifestyle_Total	5.44
Family_Total	8.54
Positioning_Total	4.29
Quality of Life at community Level	6.31
Safety_Total	6.23
Gender Equality_Total	5.62
Health System Quality_Total	6.48
Emotional Health_Total	5.42
Physical Health_Total	7.46
Education_Total	6.89
Environment Quality_Total	6.53
Governance Quality_Total	6.29
Economic Wealth	5.82
Job_Total	6.87
Basic Services Access	6.76
<b>Generic Quality of Life</b>	<b>6.02</b>

Positioning – as the self-perceived status, compared to people in other cities and other countries reached the lowest mean value (4.29) that might be interpreted as a problem of self-esteem of the population that has to be increased by the local government. Other chapters where the local authorities should focus are emotional health (5.42) and economic prosperity (5.82). The chapters assessed as strong points at community level are family (8.54) and physical health (7.46). These levels of self-satisfaction should be maintained and encouraged as well, suggesting the strong links of the community development process. The resulting scale for assessing QoL at micro-level can be presented in the following intervals:

1. From 1 to 2,5 – very low quality of life;
2. From 2,6 to 5 – low quality of life;
3. From 5,1 to 7,5 – high quality of life;
4. From 7,6 to 10 – very high quality of life.

The mean of the Generic QoL for Cluj-Napoca is 6.02, which is included in the interval no. 3 on our scale meaning that the quality of Life in Cluj-Napoca is high.

This conclusion is confirmed by the specific responses to questions related to the satisfaction towards their life, in general, as presented in Table 2.

**Table 2.** Satisfaction towards citizens' life

	Mean
How satisfied are you with your life from the last 5 years?	6,60
How satisfied are you with your present life?	6,91
Thinking of your next 5 years, how do you estimate your life will be during the next 5 years?	6,96
What I do in life is useful.	5,96
Usually, I seldom have time for agreeable activities.	4,21

Table 2 shows that Cluj-Napoca residents state a high level of satisfaction towards their lives from the last 5 years (mean: 6,60) and their satisfaction towards present life is greater than the previous one (average: 6,91). Regarding the next 5 years in matters of QoL, citizens are optimistic and hope for a continuous improvement of QoL. As for their perception of the utility of their own actions, Cluj-Napoca citizens' satisfaction is situated at a middle level (average: 4,96) and they also agree that they have time for agreeable activities.

The level of satisfaction regarding lifestyle (Table 3) is influenced by a series of factors, such as working place, health, education and others. The quality level of the main living conditions, offered by the city is high. Living conditions (average: 7,84) and family (8,80) are the factors that determine the highest level of satisfaction among city residents. The next factors have also a meaningful contribution in explaining the satisfaction towards QoL and are represented by health (average: 7,44) and social life (average: 6,86). What does not satisfy the city residents is the economic development of Romania (average: 4,68), which cannot be influenced at this administrative level (Table 3).

**Table 3.** Hierarchy of factors that contribute to QoL, according to the level of satisfaction

	Mean
Very satisfied (10)	1. family 8,8
	2. living conditions 7,84
	3. health 7,44
	4. social life 6,86
	5. living standard 6,71
	6. working place 6,5
	7. education 5,7
Very unsatisfied (1)	8. economic development 4,68

**Note:** AV.7. How satisfied are you with your education? AV.8. How satisfied are you with your working place? AV.9. How satisfied are you with your living standard? AV.10. Are you satisfied with your living conditions? AV.11. Are you satisfied with your family life? AV.12. Are you satisfied with your health? AV.13. Are you satisfied with your social life? AV.14. Are you satisfied with the economic development of Romania?

Satisfaction with the quality of the infrastructure in Cluj-Napoca (Table 4) has a medium to high score. City residents are most satisfied by the quality of sports facilities (average: 7,77) and then by the quality of green spaces (average: 7,31) and urban planning (average: 6,79).

**Table 4.** Satisfaction towards infrastructure

(1=very unsatisfied; 10=very satisfied)	Urban Planning	Sports Facilities	Green Spaces	Public Institutions
Mean	6,79	7,77	7,31	4,98

The way public administration (local and central) is organized and functions influences the living standards of a community (Table 5). Citizens greatly trust the Police (average: 6,35) and then the local authorities (average: 5,77). On the other hand, there is a lack of trust towards the Parliament (average: 4,72) and the Government (average: 4,61). Trust in the legal system (average: 5,31) and press (average: 5,81) are situated above the average.

**Table 5.** Trust in institutions

(1= not at all; 10=very much)	Parliament	Legal System	Press	Police	Government	Local Authorities
Media	4,72	5,31	5,81	6,35	4,61	5,77

**Note:** On a scale from 1 to 10 (1=mot at all; 10=very much), how much do you trust the .....?

As noticed in Table 5, the institutions with which citizens are in direct contact are the ones that are most trusted.

The second chapter of the report is generically named 'Healthy Cluj' and contains information regarding the evaluation of health quality in Cluj-Napoca and its citizens' health (Table 6). Citizens think that the family doctors cabinets have the highest quality level, the average being 7,00. The local health system (average: 6,99) represents one of the strengths of the city, its level being situated above the quality of the national health system (average: 6,14).

**Table 6.** Health services quality

Health services quality (citizens perspective) (1=very low: 10=very high)	Quality of Hospital services	Quality of insurance services	Quality of family doctors cabinets	Quality of the local health system	Quality of the national health system
Mean	6,09	5,87	7,00	6,99	6,14

Quality of Cluj-Napoca's hospital services is perceived as being above the medium score (average: 6,09), while the insurance services have the lowest quality (average: 5,87).

City residents of Cluj-Napoca perceive emotional health (Table 7) as being a good one, with positive feelings. The happiness level is high (average: 7,26), as is the respect from others (average: 7,10). They smile and laugh frequently (average: 6,96) and feel the state of joy (average: 6,80). What citizens do not feel very often is despair (average: 2,59), loneliness (average: 3,32), rage (average: 3,71) and sadness (average: 4,55).

**Table 7.** Citizens perspective regarding emotional health

Emotional health (1 = seldom; 10 = very frequent)	Smiling	Feels respect from others	Joy	Happiness level (1=very low; 10=very high)	Concern	Sadness	Rage	Despair	Loneliness
Mean	6,96	7,10	6,80	7,26	5,57	4,55	3,71	2,59	3,32

**Note:** On a scale from 1 to 10 (1=very low; 10=very high) appreciate the following aspects of your life: SE1. Frequency of smiling and laughter; SE2. Feels respect from others; SE3. Frequency of states of joy; SE4. Happiness level; SE5. Frequency of states of concern; SE6. Frequency of states of sadness; SE7. Frequency of states of rage; SE8. Frequency of states of despair; SE9. Frequency of states of loneliness.

The third chapter is called 'Entrepreneurial Cluj', in which variations of living standards between rich and poor are assessed.

**Table 8.** Financial resources

Enough money for:	Food	Housing	Health	Cultural activities
Mean	7,07	6,51	6,46	4,81

**Note:** Do you have enough money for (on a scale from 1 to 10 (1 = not enough at all; 10 = more than enough)

As it can be seen in Table 8, citizens spend money on food (average: 7,07), insurance and home maintenance (average: 6,51) and health (average: 6,46). Cultural activities are not neglected, with an average of 4,81.

In general, Cluj-Napoca's residents are satisfied with their neighborhood. They are also satisfied with the environment quality (average: 6,52), while problems with water pollution (average: 2,36) are under control, their level being moderate (Table 9).

**Table 9.** Citizens perspective regarding the environment

	Mean	Mode
Do you have major or moderate problems with air pollution? Or, not at all? (1 = major problems, 10 = no problems)	2,10	2
Do you have major or moderate problems with water pollution? Or, not at all? (1 = major problems, 10 = no problems)	2,36	3
How satisfied are you with the environment quality? (1 = very unsatisfied, 10 = very satisfied)	6,52	7

Safety is a primarily element when talking about a community functioning and development. The next chapter is called ‘Safe Cluj’ (Figure 2). Among the obligations of the State is to ensure the security of citizens, not only at the administrative-territorial units, but also outside the country.

Mean	Indicators of safety
7,83	Perceived degree of freedom
7,28	Safe living spaces
7,00	Food safety
6,86	Access to emergency services
6,75	Life safety
6,65	Access to information concerning the management of emergency situations
6,63	Working place safety
6,20	Feeling of safety
5,58	Economic security
5,13	Exposure to violence
3,87	Feeling of fear

**Figure 2.** Citizens perspective regarding safety

As it can be seen in Figure 2, the high degree of liberty (7,83) reflects, indirectly, the trust in the values and norms of the rule of law. Also, citizens benefit of a high level of safe living spaces (average: 7,28) and food safety (average: 7,00). Another element that contributes to the growth of safety level of Cluj-Napoca’s residents is to easy access to emergency services (average: 6,86). The high level of life safety (average: 6,75) is confirmed by the few manifestations of fearful (average: 3,87).

Of course, an essential aspect in QoL evaluation refers to the efficient governance of the city (Table 10). People’s expectations are greater each day regarding the public sector, because a good governance of the public system leads to a general satisfaction from the citizens. City residents are satisfied not only by the quality public services, but also by the quality of local administrative system (average: 6,32).

The most appreciated service (Table 10) is public transportation (average: 7,36). The next two types of services perceived by citizens as being high qualified are child protection services (average: 6,73) and social housing (average: 6,39).

**Table 10.** Cluj governed efficiently

	Access to public services	Public services quality	Confidence in public institutions	Confidence in civil servants	Satisfaction with public services	Satisfaction with local administrative system	Satisfaction with the Central Government	Quality of public transportation	Quality of child protection services	Quality of social housing
Mean	6,64	6,32	5,96	5,61	5,92	6,32	5,33	7,36	6,73	6,39
Mode	7,00	7,00	6,00	6,00	6,00	7,00	6,00	7,00	7,00	7,00

Moreover, a chapter must be dedicated to local identity and culture, these two having big influences on quality of life, being found in different forms, such as education, behavior, tradition, rules, that are fundamental values in the developing process of a community.

**Table 11.** Education

	Quality of local education system	Quality of national education system
Mean	6,62	6,23
Mode	8	7

As it can be seen in Table 11, the level of satisfaction citizens have to the quality of the local education system has an average of 6,62, more than the quality of national education system (average: 6.23).

**Table 12.** Satisfaction with one's own education

How satisfied are you with your level of education? (on a scale from 1 to 10, 1 = very unsatisfied and 10 = very satisfied)	
Mean	8,44
Mode	10

Furthermore, the level of satisfaction citizens have to their own education is high, the average being 8,44 (Table 12), from which it follows that the education provided in Cluj-Napoca reaches a high quality level and generates positive effects on social, professional, economic and financial life of citizens.

## 5. Conclusions

The main results of applying Micro-QoL in Cluj-Napoca indicate a high quality of life at city-level. This is supported by the satisfaction of citizens with specific aspects of life quality described by economic, financial, administrative, educational, health and environmental factors.

Citizen's satisfaction with the local living standards is higher than the national living standards. The results reflect the perception of a higher quality of the local public services compared to the national development in the area. This seems to contrast with the low score for positioning, but it actually explains it: Cluj-Napoca residents view themselves better than populations from other cities in Romania, but worse than populations from comparable cities from more developed countries.

Another important and necessary factor in developing the quality of life is economy, and this occupies 'the middle step' of society regarding its available resources. In Cluj-Napoca, citizens consider themselves neither poor nor rich.

The environment occupies an important place in people's perceptions. At the local level people are being more positive than negative regarding the environmental degradation, a problem debated globally. The geographic area of the city may explain this tendency as it is located near forest areas which release large quantities of oxygen in the atmosphere.

The quality of life is also strongly influenced by public safety, and citizens believe that it is very high. Citizens are happy with the quality of their home safety and the fast access to public services regarding emergencies.

The level of satisfaction towards the local administrative system is higher than the satisfaction of national and central institutions. The city's citizens are satisfied with the quality of local public services and local educational system, which is higher compared to the national one. Citizens are also satisfied with their education level, this reflecting an advantage locally.

Therefore, citizens of Cluj-Napoca perceive their quality of life as being positive. They are satisfied with life quality generally as well with the specific factors that influence quality of life. The Micro-QoL instrument and evaluation on life quality in Cluj-Napoca is going to be used in future projects concerning the improvements of QoL measurement systems at community level. It highlights strategically relevant aspects from different domains such as safety, environment, health, efficient governance and others, which should be evaluated on a permanent basis at community level, as an extremely helpful instrument in the strategic planning process.

Furthermore, the research instrument was updated in 2017 and is about to be applied in 2018 during the monitoring and evaluation of the strategic planning process.



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# CHALLENGES OF THE COMPARATIVE MUNICIPAL LAW – IN THE LIGHT OF THE COMPARISON OF THE MUNICIPAL TASKS\*

István HOFFMAN

**István HOFFMAN**

Associate Professor, PhD, dr. habil., Department  
of Administrative Law, Faculty of Law,  
Eötvös Loránd University, Budapest, Hungary  
Tel.: 0036-1-4116519  
E-mail: hoffman.istvan@ajk.elte.hu

**Abstract.** Comparative administrative law has a long tradition among administrative sciences. This approach focuses on the comparison of the legal instruments of the public administration, especially the comparison of the legal regulation of administrative organization and of procedural questions. Similarly, comparative municipal law focuses on the municipal organization. Tasks of the local government have been analyzed limitedly, however, this analysis can provide more information on the municipal systems than the comparison of the municipal bodies themselves. The challenges of the comparison of the tasks of the municipalities will be analyzed in this paper.

First of all, such analysis should be multi-disciplinary because these tasks are strongly impacted by policies and the politics as well as they are influenced by the spatial structure of the given country. Secondly, the jurisprudential analysis should be multidimensional, because of the different approaches of the sectoral regulations. Thirdly, these tasks are impacted by the economy and the approach of the public services. Last but not least, the analysis can be distorted by the different approaches of the local government system. The analysis is mainly jurisprudential but the methods of the administrative sciences are widely used as well. The framework is a three-dimensional matrix: the municipal tasks are defined by the municipal organization, the spatial structure of the given country, the traditions and the constitutional approach of the given public service sector, respectively.

**Keywords:** comparative administrative law, comparative municipal law, local government, municipal reform, municipal tasks.

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## 1. Introduction

The comparison of the different systems has a long tradition in the jurisprudence and in the social sciences. The roots of the comparative law go back to the ancient Greece and in the Middle Ages but could the comparative law evolved as an independent science in the 19<sup>th</sup> century after age of the codification of the private law – when the law of the countries of the continental Europe became more different (David and Brierley, 1979, pp. 2-5). Therefore the theory and the methods of the comparative law are based on the comparison of the institutions of the private law. The modern administrative law evolved similarly in the 19<sup>th</sup> century as a result of birth of the modern state (Fazekas *et al.*, 2017. pp. 77-79). Thus the analysis of the rule of law in the public administrations, the judicial review of the administrative decisions, the administrative independence, and thus the organization of the administrative systems were the main elements of analysis of the comparative administrative law. The comparative administrative law began to evolve in the late 19<sup>th</sup> century, but the significance of this type of the analysis of the legal regulation on the administrative system increased in the 20<sup>th</sup> century.

The legal comparison of the administrative institutions was accepted during the 20<sup>th</sup> century but several dysfunctional phenomena have occurred. Firstly, the methodology of the comparative law was based on the comparison of the private law and the procedural law and partly the penal law. Because of the political elements of the administrative law the direct application of these methods could result in some inappropriate findings. Similarly, the public administration has a strong impact on the social system of a given country and therefore the methods of the social sciences became very important in the field of the comparison of the administrative phenomena. Therefore a new science, the comparative administration has been evolved which was based on the methods of the social sciences, mainly on the methods of the management sciences, political sciences and economics (Kuhlmann and Wollmann, 2014, pp. 2-9).

The framework of the comparative municipal law is determined by these approaches. There are several analyses on the local and regional democracy and on the local government systems. Although the topic is very current, several monographies, study volumes and proceedings have been published in the last years, which focused on the comparison of the municipal (administrative) systems and on the organizational and procedural questions of the municipalities. Firstly I would like to review the approaches of the comparative works published in the last years. After that I would like to analyze the main challenges of the comparative analysis of the municipal tasks which could be the basis of a methodology of a comparative analysis.

## **2. Methods and approaches of the comparative municipal law**

The comparison of the municipal systems has a long tradition – both in jurisprudence and administrative sciences. As I have mentioned, the comparative analysis have several levels. Here I would like to review the methods and approaches of the comparison.

### **2.1. Jurisprudential comparisons**

#### **2.1.1. Methods and approaches of the (general) comparative administrative law**

As it was mentioned in the introduction the comparative legal approach evolved in the field of the comparative private law. The administrative law as an independent branch of law evolved after the bourgeois revolutions and the evolvement of the administrative law governed by the principle of rule of law. As the jurisprudence of the administrative law is a relatively young, the comparative administrative law evolved later than the general legal comparison. This development path has several consequences. Firstly, different methods of comparative administrative analysis can be distinguished. According to Lajos Lőrincz (Lőrincz, 2006, pp. 23-40; Lőrincz, 2007, pp. 37-45) the first level of the comparative administrative analysis is the comparison of the legal system of the given countries. In these works the countries are compared and the methodological unity is provided by a unified view. Thus the methods and viewpoints of the analysis are defined by the first – introductory – chapter of these books. Practically, the content of the given country studies (chapters) are determined by this introductory chapter. Therefore, a unified view is followed by the country studies. These books have mainly several authors, typically the country studies are written by the experts from the given country. The editor and the author of the methodological (introductory) chapter and the closing, summarizing chapter is typically an internationally accomplished researcher.

The second approach of Lőrincz (Lőrincz, 2006, pp. 23-40) is the comparison of the legal institutions. In this approach not the countries but the legal institutions are compared and the solutions of the given countries are reviewed within the comparative analysis of the given legal institutions. These volumes have typically multiple authors as well, but the one legal institution is analyzed by one author: thus the analysis is a transnational one.

If we look at recent researches in the field of comparative administrative law, the main method and approach is the first level of the comparison. The majority of the books from the last decade on comparative administrative law belong to the first level of the analysis (for example in English language: Seerden and Stroink, 2002, in Hungarian language: Lőrincz, 2006 and Gajduschek *et al.*, 2011). In the last

decade the second method became more frequent, but the comparison of the given countries prevailed as well. A specific combination has evolved. The most significant, model countries and several other countries which have interesting systems or which systems altered significantly are directly compared but the main legal institutions are compared, as well (Bogdandy *et al.*, 2014; Rose-Ackerman *et al.*, 2017).

The whole administrative system is analyzed in these volumes. Because the municipal system is an important part of the administrative law, the comparative municipal analysis occurs as an *aspect* of the analysis, typically as the part of the analysis of the independent and autonomous structures (Bogdandy *et al.*, 2014, pp. 893-926). Thus the comparative municipal is an important but only a part of the analysis of the general comparative administrative law.

### **2.1.2. Methods and approaches of the comparative municipal law**

The comparative method in the research and education of the municipal law is widespread. Although the international comparison is a current topic, the main field of the comparison is the analysis of the municipal systems of the federal states. In these countries the regulation on the municipalities belongs to the responsibilities of the member states of the federation (Hoffman, 2015, pp. 28-33). Therefore the legal comparison is *necessarily* applied by the monographies and textbooks on the municipal law of the federal countries (Neuhofer, 1998; Gern, 2003; Schmidt, 2011; Bowman and Kearney, 2017).

The comparative method is recent not only in the intra-national but in the international relations as well. But if we look at the approach of these books, an important question arises: what is the municipal law? Because of the different municipal systems two main approaches have evolved (Moreno 2012, pp. 16-17). The first approach is based on the continental municipal systems. In the continental Europe the powers and the duties of the municipalities are defined by a general clause, typically by the concept of 'local public affairs'. Therefore the analysis of the tasks of the municipalities are reviewed general, especially the legal typology of the tasks are analyzed by these works. Thus the constitutional status, the organization of the municipalities, the typology of the municipal tasks, the regulation on the financial framework of the municipalities and the rules on the relation between the municipal and state (central) administration are observed by this classical, continental approach (Moreno, 2012).

The traditional Anglo-Saxon approach of the local government is quite different. This regulation has always been based on the *ultra vires principle* (Arden *et al.*, 2008, pp. 14-18). In this model the tasks of the municipalities were determined and regulated by the act of the legislative bodies and the local government had no general powers. Therefore the Anglo-Saxon monographies and books on compara-

tive municipal law analyzed the tasks of the municipalities in detail. Therefore the municipal tasks in the administrative sector have been reviewed (see Arden *et al.*, 2008; Bowman and Kearney, 2017.). Although this traditional approach is changing: in the United States the inherent home model of the local government, the *Localism Act 2011* in England, and the municipal reform bills of Australian states and territories choose a model based on the general clause of the tasks and powers of the municipalities (Reynolds, 2015, p. 74; Elliott and Varuhas, 2017, pp. 343-344; Kiss, 2003, p. 102). Although a convergence process can be observed between the Anglo-Saxon and continental systems (Kecső, 2016, p. 185), the approach of the Anglo-Saxon works on comparative municipal law analysis was based on the municipal law on broad sense, therefore the tasks and duties the different municipal systems are compared by these books (see Bowman and Kearney 2017).

Although the comparison of the municipal tasks has evolved in the Anglo-Saxon countries, the continental comparative jurisprudence was impacted by this method. Thus not only the organization of the municipalities in the different Austrian provinces (*Länder*) but their tasks are compared by Neuhofer in his monograph (Neuhofer, 1998).

## **2.2. Method and approach of the comparative local governance**

The legal institutions are analyzed by the method of the comparative law. However important elements of the municipal systems are analyzed by the comparative legal approach, the functions and the actual operation of the local government can be reviewed only partially. The jurisprudential method is based on the analysis of the legal institutions. The extra-legal phenomena – which are sometimes more important than the regulation – cannot be observed by this method. Therefore a new approach has evolved by which the functions and operations of the local government systems can be reviewed. This new approach was the analysis of the *local governance* which was based on the methods of the political and administrative sciences and not only the legal institutions and regulations on municipalities, but the decision making of the local autonomies, thus the party systems and the political structure of them, the actual functions, the management, the finances are observed and reviewed. This method could correct the formal approach of the comparative legal analysis: the actual systems of the local governments are analyzed instead of the rules on it. Therefore those systems can be effectively compared which have similar tasks and functioning but which are based on different legal basis. Therefore the local, regional and subnational governance (Marcou and Verebélyi, 1993; Loughlin *et al.*, 2011) are analyzed and not the legal status of the municipalities. The general comparative local governance books have similar structure to the books on general comparative jurisprudence: the methods and the elements of

the analysis are defined by the introductory chapter, the local governance models of the reviewed countries are analyzed by different chapters which authors are experts from the given country. The main findings of the comparative analyses can be found in the closing chapter. The author of the introductory and the closing chapters are the editors of the book.

The analysis of comparative local governance focused on different topics therefore special comparative local governance analyses have developed. After the local government reforms based on the New Public Management (NPM) paradigm several monographs and books were written on the comparative review of these changes (Dollery *et al.*, 2008). The topic has remained popular after the post-NPM, Good Governance and Neo-Weberian reforms (Pollitt and Bouckaert, 2017, pp. 14-22). The comparative analysis of the reforms became a more popular research field after the economic crisis in 2008 and after the administrative reforms which tried to answer the challenges of this crisis. Another recent topic of the reviews was the analysis of the spatial structure of the local government systems. The challenges of the new service systems, thus the merge of the municipalities, the inter-municipal cooperation was reviewed in these books. In these frameworks the changes and challenges of the urbanization, the evolvement and development of the urban governance were compared and the new forms of the governance of the rural territories were observed (Baldersheim and Rose, 2010).

The functioning, the reforms of the different municipal systems as well as their political, social and economic background are reviewed by the comparative local governance analysis. These works are mainly multidisciplinary trying to give a holistic view on the whole local governance or on a given element of this phenomenon. This point of view has several advantages but several details can be reviewed limitedly by this approach. Therefore the comparative legal analysis could have significance in the recent researches because of its focused approach. The whole reality of the local governance cannot be shown by the analysis of the comparative legal methods, but several important elements – for example the structure of the service provision and the framework of them – can be reviewed.

### **3. The comparative analysis of the municipal tasks**

#### **3.1. Framework of the analysis**

As it was mentioned in the section 2.1, the analysis of the regulation on local government has two main approaches. The first one is based on the broad concept of the municipal law and the second one is on a narrow, organizational point of view. The review of the given municipal tasks in detail is based on the second approach. Although this type of analysis is based on the Anglo-Saxon approach of the local governments these systems can be better compared if their tasks are reviewed

as well. For example, the Hungarian municipal reforms after 2011 represent a paradigmatic change but the transformation of regulations on the organization was only partial. The main alteration of the system could be observed among the *tasks of the municipalities*: several main municipal tasks in the field of education, social care and children protection, health care, etc. were nationalized and centralized (Pálné Kovács, 2016a, pp. 590-593). Therefore the regulation on the municipal systems cannot be properly interpreted without the analysis of the local tasks and powers.

Although the comparison of the municipal tasks is a significant element of the analysis it has several methodological challenges. The main approaches and the matrix of a comparative analysis of these tasks will be reviewed in the following.

### **3.2. The constitutional status of the local government and the traditions of the municipal system**

As I have mentioned in section 1 the tasks and responsibilities are significantly impacted by the approach of the constitutional status and by the approach of local government of the given country. The general framework of the powers and duties of the local government are defined by constitutional law. This influence may seem decisive: if the local government system has weak responsibilities and the scope of the local governance is narrow then the sectoral regulations could provide only narrow tasks for the local entities. But a different picture can be shown by a detailed analysis. The constitutional basis is very important, but it could be 'overwritten' by the sectoral regulations. For example, the English local governments have limited responsibilities, which were regulated by the *ultra vires* principle thus they did not have general powers before the Localism Act 2011. However the English municipalities have broad service provision tasks and responsibilities because of the regulations of the sectoral rules and the different acts of the Parliaments (Arden *et al.*, 2008, pp. 113-114). Similarly, the Hungarian local municipalities have general powers after the article 4 of the Act CLXXXIX of 2011 on the Local Governments of Hungary but the sectoral regulations centralised the majority of the main service provision tasks and responsibilities which formerly belonged to the local and regional (county) municipalities (Pálné Kovács, 2016b, p. 84).

Thus the role and position of the local government in the multi-level governance system (Fazekas, 2014, p. 292) is a significant element of the comparison of the municipal systems (Koprić and Džnić, 2016, pp. 29-30). Therefore the general approach of the comparative municipal law which is based on the constitutional and general administrative organization regulation on the system of the local government is very important but it can be overwritten by the sectoral regulation. Therefore the analysis of the sectoral policies and approach should be an important element of the comparative analysis.



### 3.3. The role of the sectoral policies in the field of the municipal tasks

The municipalities are part of the national governance system and their tasks are elements of these sectoral policies. Therefore the organization, procedure and service provision system of the municipal tasks are strongly impacted by the approach and model of the sectoral policies. The role of the municipalities is influenced by the chosen model of the sectoral policies. The territorial structure, the sharing of the tasks between the public and private sector, the sharing of the responsibilities, tasks and powers between the central and local government (and in federal states between the federation, the member states and the local governments) are mainly defined by the sectoral regulations. These rules are significantly impacted by the sectoral models and policies (Horváth, 2016, pp. 28-29). The social tasks and responsibilities are good examples for this influence. After Esping-Andersen (Esping-Andersen, 1990) three main social welfare models can be distinguished: the liberal or (Anglo-Saxon) model which is based on the means-tested benefits and services and the 'lender of last resort' role of the state; the continental (or Bismarck or conservative) model which is based on the social security systems and the Nordic (or social democrat) model which is based on the universal benefits and services. Different municipal tasks are induced by these models (Esping-Andersen, 2002, pp. 14-18). The Anglo-Saxon municipalities have broad social competences. As the liberal welfare model is based on the means-tested benefits and services and therefore information on the recipients of the services is very important and the municipalities have better access to information, the role of the local government is important. Similarly, the role of the continental local governments is only subsidiary in the social welfare system. The Bismarck model is based on the social security (social insurance) model which is managed by the central government or nationally (exceptionally regionally) organized corporative governments, the local government system are responsible for the subsidiary means-tested benefits and services. Although the social tasks of the municipalities are strongly impacted by the chosen welfare model the influence is not a one-way one, it is practically an interaction. A good example is the Scandinavian welfare model and the role of the Scandinavian local governments. The Scandinavian welfare model is based on universal benefits and services. Therefore the social tasks and responsibilities of the public sector are very broad. These services could be provided by the central state, as well. Although this model could result in a centralized service provision and management system, the tradition and the approach of the Nordic local government caused a model which is based on the broad responsibilities of the Scandinavian municipalities. As it was mentioned, this is an interaction: the responsibilities of these municipalities are very broad, but because of the universal approach of the social services and benefits the services are regulated by the central legislation in detail. The quality and the level of the service provision could

not depend on the local needs and opportunities. Therefore the scope of the local decision making is very limited: the majority of the decisions are made by these central regulations. These events led to a process which is characterized by authors as the decline of the subnational democracy (Goldsmith, 2003, p. 97; Baldersheim and Rose; 2011, pp. 301-302).

Therefore the review of the sectoral policies is required for the comparative municipal analysis but it cannot be the only method as it has only partial influence on the legal regulation.

#### **3.4. The spatial structure of the municipal system**

The municipal systems are influenced by the spatial structure (Baldersheim and Rose, 2010, pp. 2-9). The spatial structure, the fragmentation of the municipal system and the role of the regional governments have a strong impact on the given systems. As I have mentioned in section 3.3 this impact is not a one-way type, but it can be characterized as an interaction (Pállné Kovács, 2016c, pp. 8-9). The municipal systems are based on the concept of decentralization. In modern administrative sciences it can be approached in various ways – for example as competitive and non-competitive, internal and external, vertical and horizontal (Pollitt, 2005, pp. 372-375) but a detailed analysis of these forms exceeds the framework of the article.

The municipal responsibilities of a given country can be strongly influenced by the spatial structure. The municipalities of countries with fragmented spatial structure could perform different tasks from the countries with concentrated municipal model. The small municipalities have limited economic performance, and therefore they could perform less services (Horváth M. *et al.* 2013, pp. 9-11): this context can be observed in the Hungarian municipal system, where the spatial structure was very fragmented but the municipalities had very broad competences before 2012 (Balázs and Hoffman 2017, pp. 9-12). Similar problems were experienced in the fragmented French and Italian municipal systems as well (Tonhauser, 2016, pp. 19-21).

Therefore the concept of *concentration* became a current topic of the comparative municipal research. It is linked to the concept of decentralization at the same time. The problem regarding *economies of scale* of local public services has evolved in modern countries in the last decades, due to the transformation of the public services (Gomez-Reino and Martinez-Vazquez, 2013, pp. 8-11). This has led to the transformation of local government structures: larger entities – as for example merged municipalities, inter-municipal associations – have evolved. This process is described in the literature as the *concentration (of the municipal) system* (Horváth, 2002, pp. 177-178).

The spatial structure of the given countries has a significant impact on the tasks of the municipalities. Although this is not a one-way influence and the spatial

structure is influenced by other components and phenomena. Thus this structure is affected by the political decisions, the constitutional changes, as well (Balderheim and Rose, 2010, pp. 8-14). Therefore the territorial reforms are a current topic in the European administrative science but their review exceeds the framework of the article.

Thus it can be highlighted that the system of the municipal tasks are influenced by the *spatial structure and the territorial changes*: these elements should be reviewed by a comparative municipal analysis.

### **3.5. The public service provision systems**

The structure of European local public service systems has also changed in the last decades. One of the central challenges in general is the economies of scale due to the developments in the field of public services and the related financial challenges (Prebilič and Bačlija, 2013, pp. 546-547). The result is a significant transformation in the spatial structure of the European municipal systems.

The tasks of the municipalities can be different if the public service systems – in general – are diverse in the given countries. A convergence process could be observed after the WWII and during the “*Les Trentes Glorieuses*” (the period between 1945 and 1975) when the welfare state concept based on the Keynesian economics ruled the public service provision systems in Europe. The collapse of the Bretton Woods monetary system and the economic difficulties after the oil crisis in 1973 caused the breakdown of the former Keynesian economic policies of the Western democracies. The neoliberal critics of this policy – which was drafted by the New Right – strengthened (Loughlin *et al.*, 2011, p. 4). The New Public Management (NPM) reforms were based on these critics. Several new challenges – which required answers – were addressed by the NPM reforms themselves. Thus several theories evolved during the 1990s and 2000s which tried to correct the problematic elements of the NPM reforms. Among these theories the Public Choice and the Good Governance models have impacted on the local government reforms of the millennium.

The impact of the concept of the service provision system has an influence on the constitutional status of the local governments as well as on the sectoral policies. Several economic, social and cultural rights were institutionalized in the (national) constitutions but this institutionalization has different levels and models (Jakab, 2016, pp. 123-128). These changes influenced the local government systems (Davis, 2011, pp. 521-522), because the tasks provided by the municipalities are actually the realization of these rights. Thus the social protection is prevailed – partly – by the municipal social benefits: the right to education is materialized by the municipal schools and the right to health is implemented by the municipal health servic-

es. These local public services should be provided equally and accessible for the (local) residents. But the local communities should have autonomy which includes the right to make independent decision. Therefore – as it was mentioned in section 3.3 – the tasks of the municipalities are influenced by the role and concept of the public services and constitutional institutionalization of the public services.

The complexity of the comparison of municipal tasks and responsibilities are shown by these elements. The comparison of these tasks is required to give a complex picture on the regulation of the municipal systems. Thus these aspects could not be ignored by a comparative legal analysis. Therefore a comparative analysis on the regulation of the municipal tasks should be a multidimensional one.

#### 4. Conclusions

As it has been analyzed formerly, a comparative municipal analysis should be based on a multi-dimensional matrix. As it is a jurisprudential analysis it is based on the methods of the legal comparison but it should be multidimensional. These tasks are strongly impacted by policies and the politics of the given country and these tasks are influenced by the spatial structure. The responsibilities of the municipalities are impacted by the economy and the approach of the public services. Last but not least, the analysis could be distorted by the different approaches of the local government. Therefore the analysis is mainly jurisprudential but the methods of the administrative sciences are widely used. The framework is a three-dimensional matrix: the municipal tasks are defined by, firstly, the municipal organization; secondly, by the spatial structure of the given country and thirdly, by the approach of the given public service sector. This methodological base could result an informative analysis on the different municipal systems which could show their main characteristics.

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# THE USE OF mHEALTH TECHNOLOGY IN SMOKING CESSATION INTERVEN- TIONS FOR PREGNANT WOMEN: THE EMERGING FIELD OF eHEALTH AND mHEALTH IN ROMANIA

Andreea HOȘȚINĂ  
Răzvan M. CHERECHEȘ

## Andreea HOȘȚINĂ

Center for Health Policy and Public Health, Faculty  
of Political, Administrative and Communication Sciences,  
Ph.D(c), Department of Public Health, Faculty of Political,  
Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania

## Răzvan M. CHERECHEȘ

Center for Health Policy and Public Health, Faculty  
of Political, Administrative and Communication Sciences,  
Prof., Ph.D, Department of Public Health, Faculty of Political,  
Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania

**Abstract.** In the past years, the eHealth and mHealth field has grown significantly, helping both health professionals and patients to better communicate. For example, a great number of mobile applications were created in order to support smoking cessation, by maintaining a high motivation of the user and keeping track of the progress.

In Romania, mHealth applications are not widely used in the medical system. There are few eHealth components already implemented, such as online appointment systems developed by private clinics, but in general, people that use health-related mobile apps are doing this without a recommendation from a health professional.

Tobacco use is a shared, modifiable risk factor for main types of non-communicable diseases (NCDs). Although most pregnant women are aware of the risks they face if they continue smoking during pregnancy, many of them don't quit smoking or if they do, they quickly relapse after birth.

To sum up, using eHealth and mHealth means in smoking cessation interventions for pregnant women could lower the costs of the programs, could reach more women more easily and, as a result, help more future mothers stay informed and healthy.

**Keywords:** mHealth, eHealth, smoking, pregnancy, Romania.



## 1. Mobile technologies and public health

According to the World Health Organization, eHealth represents the use of information and communication technologies (ICT) for health. In other words, eHealth aims to improve the flow of information using electronic means, in order to support the delivery of health services and the management of health systems (Organización Mundial de la Salud, Unión Internacional de Telecomunicaciones cop 2012).

Mobile health or mHealth stands for the use of wireless communication devices to support public health and clinical practice. It is considered a very useful tool for the health systems, which has a positive impact because it increases access to health care and it decreases the costs. These tools include systems that allow access to health information, programs for health promotion and prevention, such as vaccination programs. The technologies used for mHealth include mobile devices, such as smartphones or tablets (Fortuin *et al.* 2016).

Non-adherence to preventive measures is associated with low health outcomes and it represents a challenge for the health systems around the world. Since the electronic communication technologies have become so extensively used, new opportunities for prevention and risk management have arisen (Badawy, Kuhns 2017).

## 2. Maternal and child health in Romania

According to UNICEF, in 2000, the number of maternal deaths in Romania was 51 out of 100.000 live births; in 2005, the number decreased to 33, in 2010 it decreased to 30 and by 2015 it was 31 (UNICEF 2017). At the EU level, maternal mortality rate decreased by almost half, from a mean of 33 in 2000 to 16 in 2015 per 100.000 live births (World Health Organization).

The evolution of the maternal mortality rate in Romania is summarized in Table 1. The data shows that in 1990, the number of registered maternal deaths was 390 (5.2% of the deaths of women of reproductive age). The numbers dropped over the years, reaching 56 maternal deaths in 2015 (1.1% of the deaths of women of reproductive age) (World Health Organization 2015a).

The infant mortality rate decreased in the European Union from 5.1/1000 live births in 2004 to 3.6/1000 live births in 2015. In Romania, the numbers are higher, with 16.8 deaths/1000 live births in 2004, decreasing by more than a half by 2015, to 7.6 deaths/1000 live births (Eurostat 2017a).

Romania's teen pregnancy rates is worrying, being the highest in Europe. According to Eurostat, in 2015, 12.3 % of total births of first children were recorded to be of teenage mothers. Romania is followed by Bulgaria (11.9%), Hungary (9.0%), Slovakia (8.4%), Lithuania and United Kingdom (both 5.4%). The smallest

numbers were reported in Italy (1.2%), the Netherlands and Slovenia (both 1.3%), Denmark and Sweden (both 1.4%). In the European Union, in 2015, a total of 93.000 (4%) births of first children were to teenagers (Eurostat 2017b).

**Table 1.** The evolution of maternal mortality in Romania (World Health Organization 2015a)

Year	Maternal mortality ratio (MMR) <sup>a</sup>	Maternal deaths	AIDS-related indirect maternal deaths	Live births <sup>b</sup>	Proportion of maternal deaths among deaths of female reproductive age (PM %)
	<i>Per 100 000 live births</i>	<i>Numbers</i>	<i>Numbers</i>	<i>Thousands</i>	
1990	124 [108-141]	390	0	318	5.2
1995	77 [66-88]	180	0	241	2.1
2000	51 [44-58]	110	0	222	1.5
2005	33 [28-38]	71	0	217	1.1
2010	30 [26-35]	61	0	202	1.2
2015	31 [22-44]	56	0	179	1.1
<b>Annual Rate of Reduction (%)</b>					
1990-2015	5.5 [4-6.9]				
1990-2000	8.9 [7-10.8]				
2000-2015	3.2 [0.7-5.7]				
2005-2015	0.4 [-3.3-4.1]				

<sup>a</sup>MMR and PM are calculated for women 15-49 years.

<sup>b</sup>Live birth data are from World Population Prospects: the 2015 Revision. New York, Population Division, Department of Economic and Social Affairs, United Nations Secretariat; 2015

According to an analysis performed by the World Bank, in 2015, the number of births by mothers aged 15 to 19 was 34 out of 1000 births (World Health Organization 2014).

### 3. Tobacco use and associated burden of diseases

According to the Global Adult Tobacco Survey, performed in 2011, the overall prevalence rate of smoking in Romania was 26.7% (4.85 million). Prevalence was much higher in men than women (37.4% vs. 16.7%) (Irimie 2012). At the EU level, in 2012, 39% of men and 19.3% of women aged over 15 were smokers (World Health Organization 2012).

The numbers are confirmed by the World Health Organizations, who estimated that in 2011, in Romania, 38% of the male population and 18 % of the female population, in total 28% of the total adult population were smokers (World Health Organization 2014).

Almost 1/4 (24.3%) of persons over 15 years were daily smokers (34.9% of males and 14.5% of females), and 2.4% were occasional smokers (2.5% of males and 2.2% of females). The overall prevalence rate of current smoking was the highest among

people aged 25-44 years (36.3%) and the lowest among those over 65 years old (7.6%) (Irimie 2012).

Tobacco use is a shared, modifiable risk factor for main types of non-communicable diseases (NCDs). According to the World Health Organization, in Romania, NCDs are estimated to be responsible for 92% of total deaths. 58% of total deaths in Romania are due to cardiovascular diseases, 4% are the result of communicable, maternal, perinatal and nutritional conditions, 3% are due to chronic respiratory diseases and 1% are due to Diabetes. (World Health Organization 2014).

In spite of being aware about the negative effects of smoking during pregnancy, it has been estimated that 15–25 % of women smoke during pregnancy and although a small part stop smoking for part of their pregnancy, most of them start again after delivery (La Torre 2013).

In Romania, almost a quarter of women of reproductive age smoke and it was shown that smoking prevalence among women in eastern Europe is in a range from 24 % in Romania and Poland, up to 33 % in Bulgaria. Eastern European women are two times more likely to smoke before pregnancy than western European ones and have 1.5 the odds of smoking during pregnancy when compared with northern European women (Blaga *et al.* 2017).

By smoking after birth, women increase the child's risk of different disorders, such as sudden infant death syndrome (SIDS), asthma or ear infection. The mother is also at risk for a wide range of smoking-related disorders, including cancers, cardiovascular diseases and pulmonary diseases. Therefore, the health benefits of quitting during pregnancy and staying smoke-free after birth are extremely important for both the mother and the baby (Heminger *et al.* 2016).

Around half of the women who smoke before pregnancy, quit smoking after they find out they are pregnant. However, most of them have a quick relapse after the child is born (Blaga *et al.* 2017).

#### **4. The use of mHealth in smoking-related interventions**

Taking into consideration all the discussions that smoking during pregnancy arise, the field of mHealth could be a great way to provide better information to the smoking population, provided it is explored more and included in smoking cessation interventions. mHealth interventions are much easier to use and could get to a lot more pregnant women, given the fact that nowadays the majority possesses a smartphone or tablet (Heminger *et al.* 2016).

There are already a large number of interactive and educational applications ready to be downloaded, in order to address a wide range of health problems. mHealth can reduce waiting time for doctor's appointments, it can reduce health care costs or it can encourage the patients to be more involved into the self-care

process. Previous research has offered strong evidence proving the effectiveness of physical and mental health interventions using mobile apps. Besides apps, there is evidence that receiving short message service (SMS) messages, for patient's education, medication reminders or links to useful informative sites can also be helpful for a patient's mental and physical well-being (Rathbone, Prescott 2017).

Moreover, health apps use may reflect a user's motivation to change or maintain health behaviors (Ernsting *et al.* 2017).

#### **4.1. A mHealth intervention to prevent smoking relapse after birth**

Addressing the public by social marketing and mass media interventions, reaching the individual by peer education and approaching the community via community involvement and changing the environment by media advocacy and adapting the intervention to the background, seems to be an effective method for smoking prevention and cessation. These methods are based on the principles of inducing change at an individual level, a change in social behavior in the community and socio-political efforts to promote health. It would be more effective to firstly conduct the interventions focusing on social behavior and environmental changes before trying to focus on individual change, which is difficult to address (Golechha 2016).

According to studies, 82 % of the pregnant women would find behavioral support useful and 77 % think that self-help materials would help them. Moreover, in one study, two-thirds of the women said that it would be easier for them to quit smoking if their partners, friends or family would also quit (La Torre 2013).

Health behavior theories and models have been used for intervention development and delivery, for both face-to-face counseling interventions and mass media and social marketing programs. Models such as the Health Belief Model, Theory of Planned Behavior, Social Cognitive Theory, the Transtheoretical Model, and Self-Determination Theory were the starting point for many of the eHealth interventions (Riley *et al.* 2011).

By using mobile health (mHealth) methods and tools receive a range of personal data, such as location, physiology or social interactions. For example, sedentary behavior can now be measured by wearing an accelerometer sensor. Although the potential of mHealth technology is huge, researchers and institutional review boards (IRBs) are raising concerns about the ethical implications of these new methods. (i.e., informed consent, bystander rights) (Nebeker *et al.* 2017).

One of the greatest concerns is regarding the security and privacy of personal health information used and stored on mobile devices as the stored could be accessed by an unauthorized user, infected with malware, or hacked (Malvey, Slovensky 2014).

## **5. The eHealth and mHealth situation in Romania**

According to a World Health Organization report, based on the findings of the third global survey on eHealth 2015, Romania stated that medical jurisdiction, liability or reimbursement of eHealth services is defined in the legislation, that policies protect the privacy of personally identifiable data of individuals irrespective of whether it is in paper or digital format, and that it protects the privacy of individuals' health-related data held in electronic format in the Electronic Health Records (EHR). Also, Romanian representatives state that the national legislation governs civil registration and vital statistics. The national answers also stated that Romania governs the sharing of digital data between health professionals in health services throughout the country and also in other countries using EHR and that it governs the sharing of personal and health data between research entities. Moreover, according to the above stated report, the individuals have electronic access to their own health-related data when held in an EHR, they are able to demand for their health-related data to be corrected when held in an EHR, if it is known it is not accurate, they are able to decide which health-related data from their HER can be shared with health professionals (World Health Organization 2015b).

On the other hand, the negative answers that are available for Romania refer to the sharing of digital data between health professional in other health services in the same country through the use of EHR and to individuals not being able to request the deletion of health-related data from their EHR (World Health Organization 2015b).

According to the same report issued by the World Health Organization, Romania has a national EHR system and legislation governing the use of this system. The health facilities with EHR are reported to be the primary, secondary and tertiary care facilities. The only other electronic system that is implemented in Romania is the one used in pharmacies, compared with other countries that reported to have implemented an electronic system for laboratory work or automated vaccination alerts (10% of the respondent EU countries have reported to have an automated system for vaccination alerts). (World Health Organization 2015b).

## **6. Subject's impact and conclusions**

More and more SMS and app format mHealth tools are available and this is a fact that could be very useful in addressing pregnant women who smoke, a population that is not so common among the usual target populations (Heminger *et al.* 2016). Pregnant women should be in the top of the list when creating an intervention and mHealth applications is a great asset for both researchers and women because the effort is very much decreased (Heminger *et al.* 2016).

Given the fact that mHealth is known for the increasing economic impact, legislation is expected to follow this trend. The rapid evolution of technology is making it easier for the user to have access to a wide range of information and for the providers to get the financial results they hope (Malvey, Slovensky 2014).

However, there are still questions to be answered. It is still difficult to resolve the way an app could make money, but still remain in a range where the user chooses to download it. There is a need for a standardized legislation so that the development is in the right way. The sooner this legislation is adopted, the smallest the amount of time needed for the technology to drastically transform health care (Malvey, Slovensky 2014).

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# SELECTIVE TRUST IN INSTITUTIONS AMIDST ROMANIA'S POLITICAL PROTESTS

Ioan HOSU  
Mihnea-Simion STOICA

## **Ioan HOSU**

Professor, Communication and Public Relations  
Department, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
E-mail: hosu@fspac.ro

## **Mihnea-Simion STOICA** (Corresponding author)

Communication and Public Relations Department,  
Faculty of Political, Administrative and Communication  
Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
E-mail: stoica@fspac.ro

**Abstract.** Discontent with politics has deeply marked the democratic development of post communist Romania. Mistrust in the political system, and as a consequence of various institutions of public administration, has escalated at the end of January 2017, when citizens took to the streets as the newly installed government planned to decriminalize certain corruption offenses through an emergency ordinance, the effects of which would have pardoned high-ranking political leaders. Based on an online survey conducted with a group of socially active respondents, the current paper seeks to understand the levels of trust in institutions at the time of the protests. The research represents a step further in understanding attitudes that fuel social unrest, which emerges as a prominent feature in the most recent development of Romanian politics.

**Keywords:** protests, trust, institutions, political cynicism, online research.



*"Equality stands out, first and foremost, as a protest ideal,  
indeed, as the protest ideal par excellence."*

(Sartori, 1987, p. 337)

## 1. Introduction

As societies all over the world are experiencing structural changes under the pressure of the current financial and political crises, trust in institutions is becoming an ever more salient issue. Scholars have also famously formulated the idea that trust is essentially a culturally driven issue, with societies characterized as high or low-trust societies (Fukuyama, 1995) and pointed to the existence of so-called *trust propensity*, which represents the general willingness of people to trust others (Mayer, Davis & Schoorman, 1995, p. 715); the latter is a concept frequently used in studies on consumer behavior (Cheung & Lee, 2001; Lee & Turban, 2001; Pavlou & Gefen, 2004). Furthermore, researchers show that levels of trust can be linked to socio-economic factors such as income, but also to knowledge relative to a specific topic, as well as to happiness. This, in turn, emphasizes the fact that trust can be greatly influenced by education (Hayo and Seifert, 2003), as it is traditionally acknowledged to represent a factor allowing people to take more advantage of activities that generate happiness (Scitovsky, 1976). It is also important to mention the role that mass-media plays in shaping trust in institutions, as indirect knowledge comes primarily from media (Hudson, 2006). Media itself is navigating through a steady decline in levels of trust (Livio, Cohen, 2018), but nevertheless remains one of the main channels of communication, powerful enough to shape perceptions.

The public sector of any state heavily relies on the trust of its citizens, especially when delivering reforms. It is in this sense that the role of political actors is crucial in maintaining trust in institutions (Bouckaert, 2012, p. 111). Failure to do so eventually leads to protests for change – as has frequently happened recently in many countries worldwide (Choudhary *et al.*, 2012) – and this is because trust is closely linked to civic engagement and to social capital. Political trust emerges as a very broad and complex concept, as it encompasses the perceived performance of political institutions and leaders, but also to political systems as a whole, together with normative expectations and political legitimacy (Krauss *et al.*, 2017, p. 2).

The argument of complementarity between the political sphere and public administration has replaced the traditional paradigm based on a strong dichotomy between the professional knowledge of administrators and the electoral stakes of political leaders (Svara, 2001). The strict insulation of administration from partisan politics has for quite some time now been considered to represent nothing but a myth (Miller, 2000). Therefore, the current paper looks into attitudes both vis-à-vis political actors and public institutions, supporting the view that the two parties

influence one another and therefore institutions with a strong political dimension are regarded with lower levels of trust.

Mistrust in the political system escalated in Romania at the end of January 2017, when citizens took to the streets as the newly installed government planned to decriminalize certain corruption offenses through an emergency ordinance, the effects of which would have pardoned, amongst others, high-ranking political leaders. The situation was novel, as the governing social democrats saw their public acceptance crumble in less than two months after winning national elections with a comfortable majority. The political opposition was incapable of capitalizing on the situation, as street protesters were unwilling to accept political answers coming from within the same political system (Stoica, 2017).

## **2. Political cynicism as a source of mistrust**

Political cynicism stems from the deeply rooted conviction that politics is inherently evil. This, in turn, generates various levels of skepticism and mistrust from the electorate towards politicians, parties and institutions that are in any way connected to political activities, even if only from a subjective, or imaginary standpoint (Schyns, Nuus & Dekker, 2004). In a longitudinal study of the Dutch electorate, Paul Dekker (2006) observes that cynicism seems to rather be a discursive strategy of the dissatisfied voter, who finds retreat from understanding the complex processes of representative democracy. It is also what the author calls "an easy consensus in discussions about politics". Closely linked to the disengagement between politics and the electorate, political cynicism is also considered to be the direct consequence of the dissatisfaction with how the political process is ran. Amongst its most visible effects, one will undoubtedly point towards the rise of populism, a political movement that claims to speak in the name of the common man and which promises to bridge the gap between the voiceless and the decision-making process, but which in fact takes advantage of the lack of trust in the political space (Fieschi & Heywood, 2004).

Discontent with politics has deeply marked the democratic development of post-communist Romania, with enthusiasm for the new beginnings having fallen within only few months after the fall of Nicolae Ceaușescu's dictatorial regime, the legacy of which generated a "lingering climate of distrust, deception, and fear [...]" (Tismăneanu, 1993, p. 309). As surveys have repeatedly shown, the situation has remained roughly the same over time, with politicians being least trusted amongst professionals in their own business in recent years (Dâncu, 2012). The general distrust in political parties, fueled by the incapacity of the Romanian post-communist elites to solve many of the country's economic difficulties has prompted the emergence of populist parties (Pop-Eleches, 2001, p. 164), i.e. Greater Romania Party (PRM) during the 2000's and Dan Diaconescu's People's Party (PPDD) in 2012,

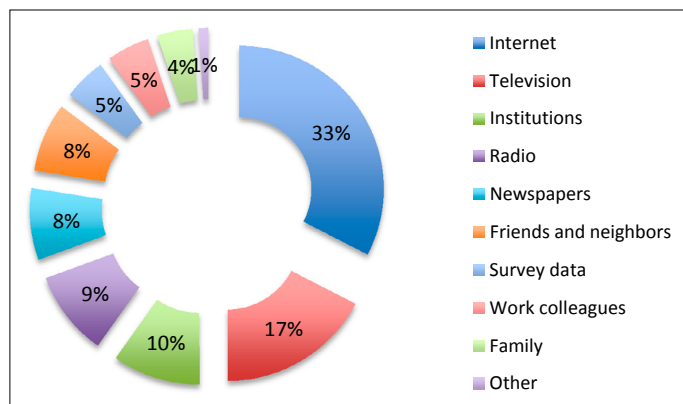
both of which won considerable of parliamentary seats. In spite of the vanished electoral fortunes of the two, the infrastructure that allows such forms of manifestation – crusted over time by political disappointment – has remained in place (Stoica, 2016: 52).

Studying political trust (or the lack of it) manifested through online communication channels becomes of increasing interest as social media has irrevocably transfigured political communication. Facebook, Twitter and YouTube – to name only the most influential social networking sites (SNSs) – have become important information subsidies that grant politicians a greater role in agenda setting than ever before (Parmelee, 2013). Facebook is regarded as the most popular SNS, because of its highly interactive facilities, which allow researchers to determine patterns of identity and social formations (Lorenzana, 2016). This specific SNS remains a favourite one in Romania. After quite of a timid beginning during the 2009 presidential campaign – back when the online electoral competition was carried mainly in the blogosphere – Facebook acquired a significant role in the strategies of Romanian politicians (Momoc, 2012). The escalating importance of social media in political campaigns has been largely acknowledged during the 2014 presidential elections, when Facebook amplified the voice of some four million Romanian expatriates (Ivandic, 2014).

### **3. Protests in post-communist Romania**

Romania has experienced quite a number of protests ever since the fall of the communist regime, but their magnitude has never been as severe. Various political analysts linked such protests with the status of a mature democracy that the country has achieved after approximately two decades of political transition from dictatorship to liberal democracy, whereas others draw the attention upon the fragility of the post communist democratic regime. After Romania joined the European Union in 2007, some of the most vocal protests expressed their opposition to programs of privatizing natural resources as part of a larger anti-fracking movement, as was the one developed around the case of Roşia Montana (Vesalon & Creţan, 2015). Moreover, scholars argue that during its transition period and given broad internet access, Romanians have developed a culture of so-called cyber-protests, using mostly Facebook as a means of mobilizing others (Cmeci, Coman, 2016). Therefore, one cannot elude the important role internet has gained in the political process, regardless if we refer to democratic or even authoritarian regimes (Tufekci & Wilson, 2012) and as studies have shown, internet has become an important political communication channel especially amidst protests (Stieglitz & Dang-Xuan, 2012). This constituted the main reason for using online surveys for the current study. Social media was the main communication channel during Romania's 2017 protests, managing to cluster together those who wanted to express their frustration with the most re-

cent acts of the government. Going beyond a usual anti-governmental demonstration, protesters also showed their disapproval with national media outlets, which they accused of supporting politicians by being part of a cartel of interests. The lack of trust in mass media paved the way for further reliance on social media in organizing and carrying out the protests. As seen in the graph below, most of those who have protested in January 2017 (32%) used internet as their main source of information – almost as much as the traditional media altogether, i.e. television, radio and newspaper, which gathered 35% of the preferences.



**Figure 1.** Main sources of information for protesters

*Internet (32%); Television (17%); Institutions (10%); Radio (10%); Newspapers (8%); Friends and neighbors (8%); Survey data (5%); Work colleagues (5%); Family (4%); Other (1%).*

Corruption acts associated with high-ranking politicians have more recently developed as main issues triggering popular dissatisfaction and taking people to the streets (Olteanu & Beyerle, 2017). Considered to be atypical given the civic passivity that has characterized Romanians for the most part of the transition period (Cirtita-Buzoianu & Daba-Buzoianu, 2013), protests seem to have become a usual part of today's political process.

#### 4. Methodology and research question

Based on a *large-N* survey conducted online with a group of socially active respondents at the time of the protests, the current paper seeks to understand the levels of trust in institutions (or political actors associated with institutions) of those who took to the streets, by looking at the background variables collected through the survey. The paper uses panel data gathered by the College of Political, Administration and Communication Sciences at Babeş-Bolyai University in Cluj-Napoca, together with *Kieskompas B.V.* based in Amsterdam, The Netherlands. We

also looked into the ideological orientations of the discontented, in an attempt to understand whether protesters identify themselves as representing only a specific ideological orientation, thus understanding which part of the electorate has a higher propensity to distrust public institutions. The richness of the data allowed us to create a detailed political profile of the protester. It is in this respect that we have formulated the following hypotheses:

H1: *As there is a wide range of reasons that have prompted people to hit the streets, differences in the levels of trust vis-à-vis public institutions are significant.*

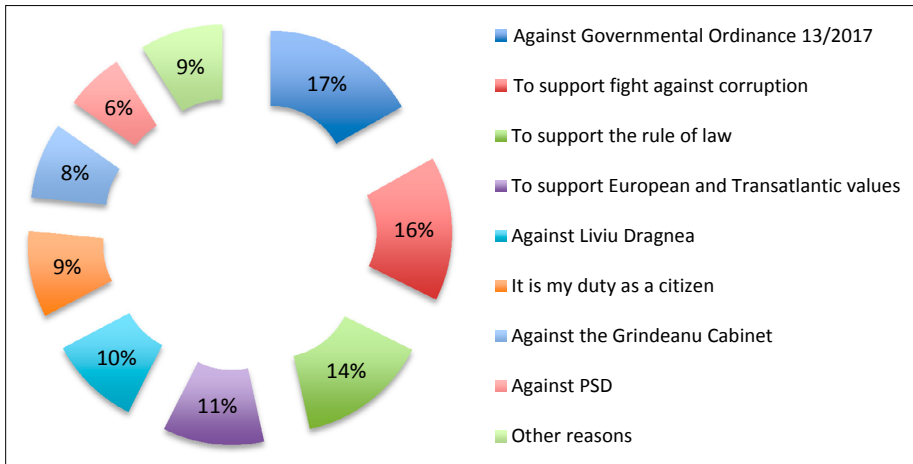
H2: *Given the left-leaning ideological orientation of the Government and the lack of trust in public institutions, protesters rather identify themselves as right-wing voters.*

Finding answers to the two hypotheses will allow us to draw initial scientific conclusions related to those who have protested recently on the streets of Bucharest and other major cities around Romania, thus understanding the sources of mistrust in political institutions and in the same time laying ground for further research on social unrest.

## **5. Selective trust in institutions**

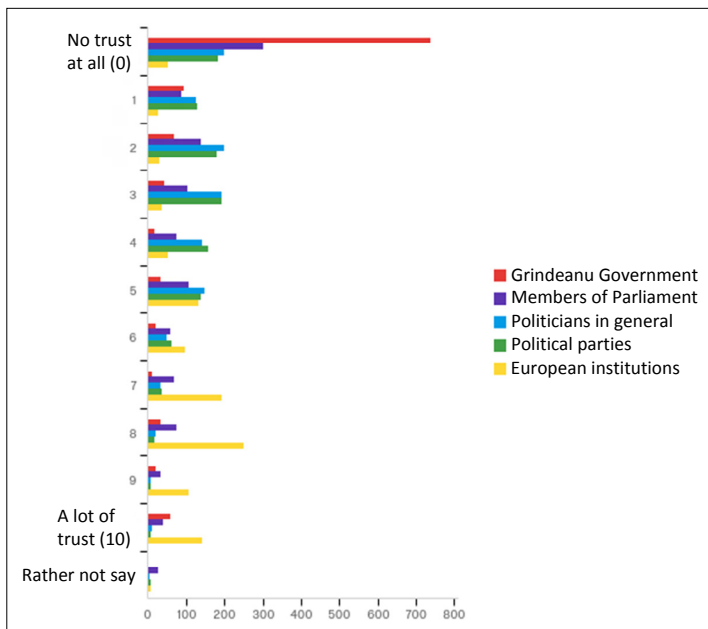
In spite of the homogeneous image of the protesters (sometimes called the “Young, Beautiful and Free”), the results of our analysis indicate there has been a large variety of reasons that prompted people to exhibit their unhappiness with how politics is conducted in Romania. The graph below shows a very fragmented body of protesters. Most of them (17%) have indeed declared they demonstrated on a very specific cause, i.e. against the Governmental Ordinance that would have pardoned corruption acts, but with only a very small margin other respondents (16%) declared to have acted in the spirit of a more general cause, i.e. to support fight against corruption. One in ten declared they hit the streets to show their disapproval of Liviu Dragnea, leader of the Social Democratic Party (PSD), while 6% manifested against the PSD as a whole. Surprisingly enough, less than one in ten protesters confessed to have demonstrated in order to express their support for the political Opposition, represented either by political parties or by President Klaus Iohannis.

Despite widespread dissatisfaction with the general political situation, protesters expressed different levels of trust (or rather mistrust) when asked how they perceived institutions or political positions associated with various institutions. More than 3 in 5 respondents (64.65%) declared to have no trust whatsoever for the Romanian Government at the time, lead by former Prime-Minister Sorin Grindeanu. Almost the same number of people (60.8%) declared they mistrusted their representatives in the Parliament, Romanian politicians in general, and political parties altogether, whereas less than 5% declared to have zero trust in European institutions. General trust in institutions is indeed rather low, but differences



**Figure 2.** Main reasons of protest

*Against Governmental Ordinance 13/2017 (17%); To support fight against corruption (16%); To support the rule of law (14%); To support European and Transatlantic values (11%); Against Liviu Dragnea (10%); It is my duty as a citizen (9%); Against the Grindeanu Cabinet (8%); Against PSD (6%); Other reasons, e.g. to support the Opposition, to support Klaus Iohannis (9%).*

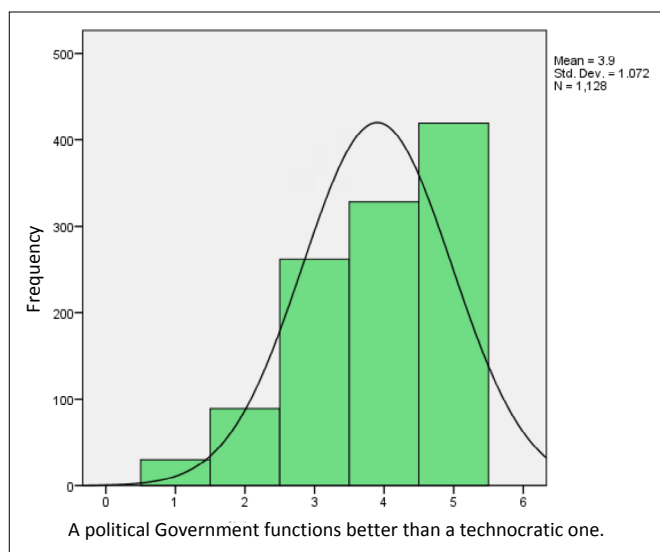


**Figure 3.** Trust in institutions (and political actors representing institutions)

*On a scale from 0 to 10 (where 0 means “No trust at all” and 10 means “A lot of trust”) how much do you trust the following: Grindeanu Government (red); Members of Parliament (purple); Politicians in general (blue); Political parties (green); European institutions (yellow).*

between national institutions or decision-makers on the one hand and European ones on the other are stark. The result does not constitute a complete surprise, given the fact that protesters have called upon foreign embassies in Bucharest to join their cause. The trust protesters invest in different institutions is therefore selective, as they display a considerably stronger reliance on the support of supra-national institutions, in this case the European ones. Another observation is that the most considerable levels of mistrust are concentrated on the leaders of the day, identifiable by a specific name, i.e. the Prime-Minister rather than just a general political position, i.e. Members of the Parliament or politicians in general.

The data also reveals the fact that rather than pure political cynicism, what characterized protesters is a sort of *ideological cynicism*, as they exhibit strong adversity towards a political Government, regardless of its ideological orientation. As seen in Figure 4, the same respondents seem to manifest trust towards a Government lead by technocrats, i.e. specialists in various fields that fill cabinet positions ( $3.9 \pm 1.07$ ). Their answers could also be influenced by a sentiment approximating nostalgia for the composition of the cabinet preceding the November 2016 elections, when technocrats carried ministerial duties.

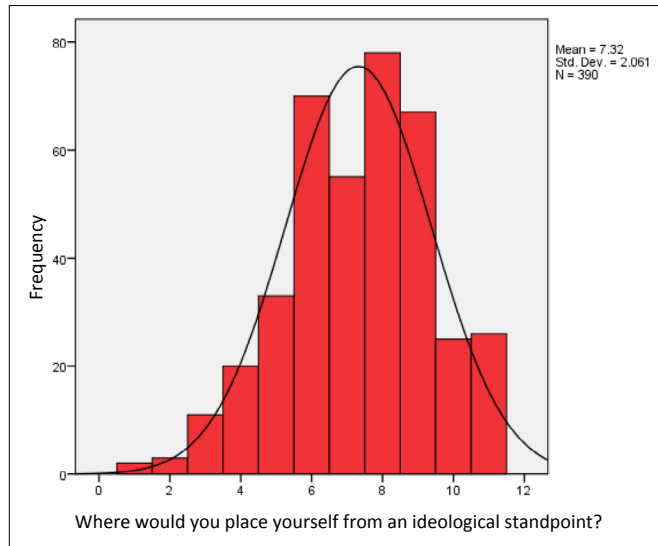


**Figure 4.** Ideological cynicism

*On a scale from 1 to 5 (where 1 = "totally agree" and 5 = "Totally disagree") to what degree do you believe a political Government functions better than a Technocratic Government?*

The previous answer reveals itself to be quite paradoxical when observing how protesters identify themselves from an ideological standpoint. Most of them lean towards the right side of the political spectrum, although we can easily see that

they do not shy away from positioning themselves on the left side either. Therefore, protesters seem to be less driven by ideological passions.



**Figure 5.** Ideological self-placement

*On a scale from 0 to 10 (where 0 = “left-wing” and 10 = “right-wing”) where would you place yourself from an ideological standpoint?*

## 6. Conclusions

The aim of the current paper was that of identifying the degree to which institutions are perceived as trustworthy during tense political situations, as were the protests in the month of January 2017. Given the fact that the decision of the Romanian Government to issue an emergency ordinance was the main source of the protests, it is less surprising to see that most of the popular anger was directed towards the Government. However, discontent with this specific institution is doubled by mistrust of other political positions.

Our first hypothesis (H1) is therefore only partly validated, as there are indeed different levels of trust, but the main element that sets apart perceptions is the national one: trust is minimal in national political institutions, whereas high levels of trust are revealed in relation to European institutions. Our second hypothesis (H2) was also only partly validated, as protesters have indeed identified themselves as mostly right-wing from an ideological point of view, but differences are less dramatic than expected. This might also be related to ideological cynicism and to their belief that a Technocratic Government can work better than a cabinet lead and formed by politicians.



Online research to encompass opinions of the socially active citizens, the present study represents a step further in understanding attitudes fueling social unrest, which emerges as a prominent feature in the development of Romanian politics. Communication between political institutions and the public represents one of the main components of a democratic regime, and understanding to foster trust between the two parties will contribute to the quality of democracy.

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# ROMANIAN LOCAL PUBLIC GOVERNMENT ONLINE 2.0. ANALYSIS OF THE FULFILLMENT OF THE ONLINE REGULATIONS AND COMMUNICATION CRITERIA OF THE CITY HALLS AND LOCAL COUNCILS OF THE COUNTY SEATS OF ROMANIA

Magor KÁDÁR  
István BENEDEK

## Magor KÁDÁR

Associate Professor PhD. habil., Department of  
Communication, PR and Advertising, Faculty of  
Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-744-270.619  
E-mail: kadar.magor@fspac.ro

## István BENEDEK

Teaching Assistant, PhD candidate, Department of  
Communication, PR and Advertising, Faculty of  
Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-742-641.802  
E-mail: benedek.istvan@fspac.ro

**Abstract.** The paper continues a series of analyses on local government institutions' (LGIs) online communication started in 2014, now reviewing the communication on all the online platforms of the city halls and local councils of the county seat municipalities of Romania. After clarifying the basic concepts and the methodology, the paper makes a full review of the current legal framework consisting of regulation regarding the online communication of public institutions in Romania. This will be the first set of hard criteria all the online platforms will be submitted to. The second set of soft criteria is based on the recent Romanian regulations regarding online accessibility and international recommendations for public institutions regarding effective communication, transparency and accessibility. On account of the accomplished criteria a matrix having a scale referring to the statutory information content and a scale referring to the efficiency of the communication has been created, through which the classification of the LGI in the county seat municipalities of Romania can be elaborated. The closing section will compare the results of the previous researches on LGIs' online communication, offering a performance measurement tool and rising questions about the compliance with the law and the cause of the over- or under-fulfillment of the current legal prescriptions.

**Keywords:** local government institution (LGI), regulations regarding the communication of the public administration, statutory regulations of the online communication, online information accessibility.

## 1. Notions of public communication

In the science of communication, it is relevant to interpret the opposition of information and communication that can be traced back to the Habermasian public sphere theory (Habermas, 1989). According to this, 'the public can be described as the crowd of individuals forming a public', which will be a neutral public if meaningful data cross the threshold of the institution and the public has or may conditionally have access to them. It could be said that the Habermasian public is based on accessibility. This kind of neutral, ethereal, conceptual public will be superseded in the networking era due to the wide range of tools and opportunities offered by the information and communication channels. Today, the question is where are, in the middle of the overinformed world, those communication nodes that the public may rely on in the information process. This means that communication occurs only if there is a recipient, the information appears as an encoded message and is displayed through a selected channel, taking into account the context. These basic elements of the communication appear somehow in every communication model.

Act 544/2001 tries to counterbalance the underinformed character of the previous legislation when stating that public information must be straightforward and accessible and its role should be to facilitate the relations between the individual and the institution. For this it is a precondition that the recipients' expectations, the contextual environment, the technology, the coding possibilities, the characteristics of the channel, the system of requirements be taken into account. The principle of accessibility and the notion of the recipient appear in the national strategy, too. The electronic services provided to the citizens and to the companies will be organized focusing mainly on the user (Art. 3. of Gov. Resolution no. 195/2010).

Act 544/2001 defines the sphere of public interest information, its period, method and channel of publication. The right to information is one of the fundamental human rights and freedoms, and according to this the law substantiates the obligations of the country's administrative institutions. Public interest information is any information that derives from the activities of a public institution, regardless of its form of appearance. In contrast, a personal information is an information which relates to a specific identifiable individual. The classification of public information, the definition of public institutions and the clarification of their role are reflected in several laws (Act 554/2001, Act 161/2003 Art. 11.4, Art. 35, Ord. 49/2009, Art. 2, Gov. Res. 195/2010, Art. 2).

The main channels of public information are, according to the referring law, primarily, the institutional bulletin boards (methodological norms for the application of Act 544/2001, Art. 2.11) and, more recently, the website of the institution. In addition, under the regulations, the institution shall publish in the local Gazette the public information, must have an employee trusted with the media related

issues, and at least once a month is obliged to hold a press conference without discriminating against members of the media. The press is not required to publish the received information, its responsibilities being determined by its own professional code, it may apply the principle of selection that will, of course, affect the information process and the effectiveness of the corporate communication.

Methodology to the Act, however, stipulates the following as well: 'The public information that is communicated automatically, by law, will be presented in an accessible and concise manner to facilitate the contact of the concerned person with the authority or institution'. If the information is not published in an accessible way, the obligation to communicate the information cannot be considered as fulfilled (Methodology to the Act 544/2001, Art. 10). The latter provision is noticeably the clarification by which the legislative is trying to achieve that the institutions should not only inform about something, but should also communicate the situation. Related to the above mentioned aspects there are some questions that have been raised in this study: does the necessary information – that is compulsory to publish – appear on the online platforms, does it exceed the prescribed minimum necessary framework, and does it try to develop a relationship with the recipient. If the answer to the latter questions is positive, the usefulness and efficiency will be substantially higher, representing a move from the level of information to the level of communication.

## **2. Methodology**

The study returns to a previous analysis in 2014 using the same methodology with the current legal prescriptions and communication expectations (Kádár, 2014). Therefore, the results from 2017 will be suitable to make a comparison and will help us towards the observing of the evolution. The current study also includes a categorization of the compared results indicating the positive or negative evolution of the subject leaving open questions about the background of the occurred changes.

The period of analysis will be a normal complete week without major changes, crises or events that would affect local authorities involved in the analysis. We chose the last week of the summer, from 28 August 2017 to 3 September 2017, when it was the parliamentary and judicial recess period, and the vacation of the administrative employees. In this period the activity of city halls and councils is considerably less intense than in other periods of the year, there are no administrative and organizational information, the concluded and the following local and parliamentary elections in Romania are equidistant. The similarly quiet previous period could have permitted the institutions to reconsider the neglected communication platforms and to update the contents omitted so far.

The analysis deals with local councils and city halls of all the county seats of Romania and with the city hall of Bucharest, that is a total of 41 public institutions of local governments (LGs). Variables developed for this analysis can be applied for all the LGIs regardless of their level. The indicators that are chosen are of two types: hard and soft indicators. Hard indicators are derived from the analysis of the legal framework, including all the applicable regulatory documents that refer directly or indirectly to the online communication of the LG. A number of 101 items had been identified, and were transposed into variables. Each item was scored 0.5 points awarded for the formal existence of the element (including structural elements and elements that were only recommended). In the case of information with increased public interest and variable content, such as reports, forms of contact with the public, etc., the items were scored 1 or 2 points depending not only on the compliance with the required form but on the appropriate content, too. For example, the existence of the annual, quarterly or financial reports, required by law, scored 0.5 points. If the structure of the report was in compliance with that described by the law, further 0.5 points were awarded, and if some or all the listed subsections contained information, regardless of its relevance, other 0.5 or 1 point was added leading to the maximum total score of two points awarded for that variable. The maximum total score that could have been reached was 100 points.

Soft indicators consisted of elements of effective communication in terms of structure and presentation style, transparency and availability of the information provided. Elaborating the list of variables for the soft indicators the national and the international regulations were used along with the checklists of the companies active in online communication. The existence of each identified element of communication scored 0.5 points, and in case of online responsiveness (registration for the newsletters, confirmation for the registration of the documents submitted online), the detailed presentation on the users' language of the documents and situations, the clear and adequate structure taking in consideration the users' logic, the existence of the city's visual identity displayed on the online platforms, search optimization or the existence of the related online platforms (forums, news, social media) scored 1 or 2 points. There had been identified 92 items transposed into variables, the maximum total score that could have been reached being 100 points.

The scores achieved based on the hard and soft indicators by the LG institutions are marked on a gradual scale. The first is the compliance with legislative requirements and providing users with information of public interest. The second refers to the soft indicators highlighting effective communication, transparency and accessibility of information provided in the law but without methodological application. However, this scale reflects the attitude of the institutions regarding

the information of the citizens and their involvement, the opportunities of the institutions in this regard are not limited by the law, and they can be completed, the limit being determined only by the institutions of the LG.

### **3. Analysis of the legal framework of online communication**

The general framework is drafted by the European regulations on e-government and access to public information, such as the Lisbon Ministerial Declaration of 17 September 2007, and the internal regulations. The principle laws and regulations are:

1. Art. 31. of the Romanian Constitution, on the right to information;
2. National strategy 'e-Romania' (Resolution 195/2005);
3. Act 544/2001 on free access to public information;
4. Methodology to the Act 544/2001 (issued in 07.02.2002);
5. Act 52/2003 on decisional transparency in public administration;
6. Act 161/2003 on the transparency in the exercise of public dignities, public functions and in the business environment, and on the prevention and punishment of corruption. In principle, the scope of the law was to facilitate the accession of Romania to the European Union.

Along with these laws about 20 other regulatory documents or their subsequent amendments can be taken into consideration. The normative documents reviewed are listed in the table below in the chronological order of their entry into force. These constitute the legal framework for the online communication of the local government institutions, and are analyzed in order to be transposed into evaluation variables.

For the analysis sheet we used the updated versions of the documents of 7 August 2014. The analysis sheet includes every direct and indirect regulation included in the legislative framework consisting of the documents listed above.

### **4. Analysis of the communication and accessibility criteria of online communication**

Following the general framework of the regulations there are Gov. Expeditious Ordinances and public documents regarding online communication but none of them presents a clear list of expectations. Therefore, the criteria considered appropriate were established by the few existing prescriptions, the international frames and the expectations from the field. The checklist of the soft indicators was derived from the section on Romania and Moldavia (2007, 2011) of the national competitions of eGovernment launched by the Council of Europe. The principle documents used were:

1. The ANIAP guide on the content of the sites of local governments (2005);
2. Lisbon Ministerial Declaration of 17 September 2007 – Ministerial Conference with proceedings on eGovernment 2007;



**Table 1.** List of regulatory documents constituting the legal framework

Entry into force	The title of the act	Observations
	Art. 31. of the Romanian Constitution, on the right to information	
22. 12. 2001	Act 544/2001 on free access to public information	
01. 02. 2002	Ordinance 27/2002 on regulating the resolution of complaints	
08. 03. 2002	Methodology to the Act 544/2001 (issued in 07.02.2002) on free access to public information	
21. 04. 2003	Act 161/2003 on the transparency in the exercise of public dignities, public functions and in the business environment, and on the prevention and punishment of corruption	
10. 05. 2003	Gov. Expeditious Ordinance 27/2003 on the tacit acceptance procedure	
10. 03. 2005	Gov. Expeditious Ordinance 15/2005 on the measures to fill vacancies through competitions organized for public functions at the public authorities and institutions	
21. 05. 2005	Act 130/2005 for the approval of GEO Ord. 15/2005 on the measures to fill vacancies through competitions organized for public functions at the public authorities and institutions involved in implementing the commitments made through negotiations for Romania's accession to the European Union	
26.05.2016	Act 98/2016 concerning the award of public procurement contracts	
27. 12. 2006	Ordinance of the Ministry for Public Finance no. 2.052bis/2006 for the approval of standard forms for the identification, control, collection and tracking of local taxes and other revenues of the local budgets	
01. 01. 2007	Act 273/2006 on the local government finance	
20. 02. 2007	Act 215/2001 republished on the organization and functioning of local government	Republished law
08. 05. 2007	Act 109/2007 on the utilizations of public institutions' information	
03. 01. 2008	Act 448/2006 on protecting and promoting the rights of disabled	Republished law A new version will be in force from 01.01.2019
01. 06. 2009	Gov. Expeditious Ordinance 49/2009 on the freedom of electing the service providers and the freedom to provide services in Romania	The Ordinance implements EU Directive 2006/123/CE on services in the internal market (Service Directive)
23. 04. 2010	Act 68/2010 for the approval of GEO 49/2009 on the freedom of electing the service providers and the freedom to provide services in Romania	
28. 04. 2010	Resolution 195/2010 on the National Strategy 'e-Romania'	National strategy 'e-Romania' and e-government
05. 09. 2010	Act 176/2010 on the integrity in the exercise of public functions and dignities, amending and supplementing Law no. 144/2007 on the establishment, organization and functioning of the National Integrity Agency	
03. 12. 2013	Act 52/2003 on decisional transparency in public administration	Republished law

Source: Created by the authors

3. Ministry of Communications and Information Technology: Guide for the creation of websites of the institutions of central and local public administrations in Romania (2008);
4. National Strategy on Digital Agenda for Romania 2020 (Gov. Expeditious Ordinance 245/2015);
5. Guide for Web Accessibility of Romanian Public Institutions (2017) including the WCAG 2.0 criteria;
6. The worksheets elaborated for online communication evaluation by Terra Nova, an expert organization in communication and city branding (2012, 2017).

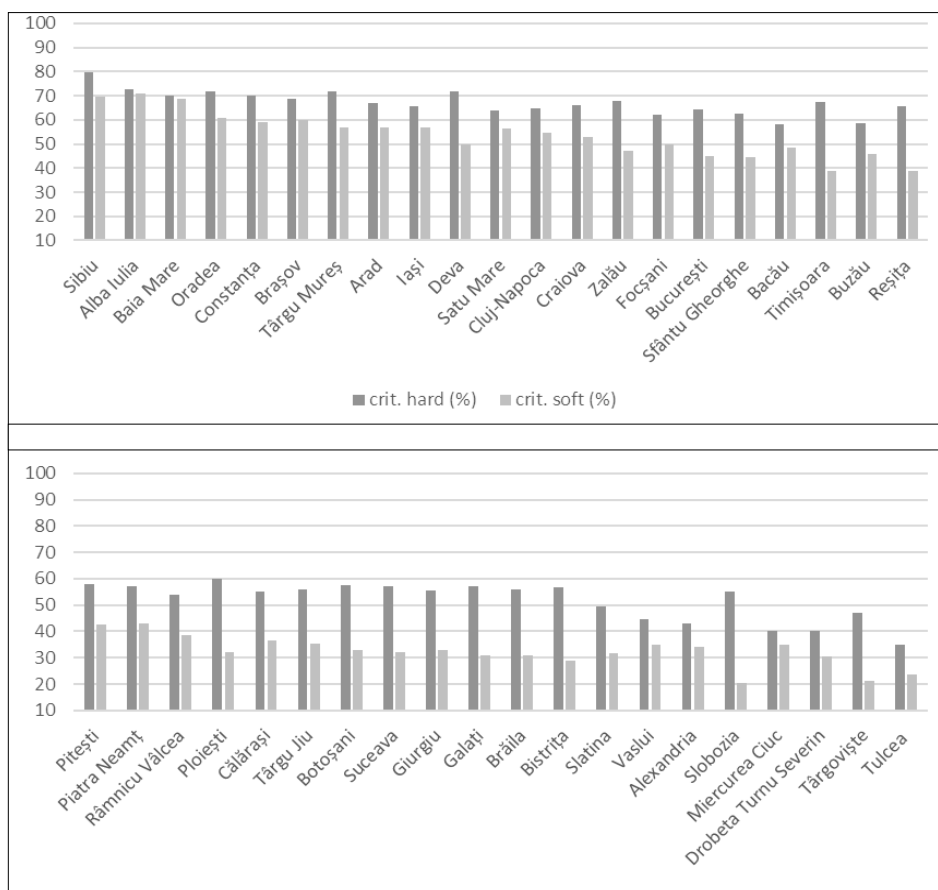
## 5. Results

Applying the analysis sheet for both the hard and the soft indicators unveils first of all a ranking of the county seats based on their compliance with the statutory variables and on the degree in which they facilitate the access of the citizens to public information. The overall analysis of the data reveals the percentage of fulfillment of these variables at the national level and the general national average of the online communication of the LGI. It can be seen that legislative provisions are met in almost 60% (59.64%) while the criteria of effective communication, transparency and accessibility in 43.42%, overall.

In statistical order the average overall score of the public institutions, based on their points achieved on both criteria, is 51.53%. Of these 23 institutions (56%) achieved over 50% of the total score. The comparisons of the percentages obtained by the county seats are presented in Figure 1 and Table 2.

Poorly met criteria are linked primarily to Act 544/2001 on free access to public information. The main failures of compliance with the legislation can be classified in the following ten categories:

1. Lack of detailed organizational chart, or of description of the institution's responsible departments, or of their operating schedule, although the organizational structure itself exists in more than 90% of cases (Act 554/2001, Art. 5);
2. Lack of information regarding the contact persons of the registry or of the office (address, phone, e-mail, operating schedule, name of the responsible person), no information about where the citizens can lodge their complaints, no electronic registry (Act 554/2001, Art. 8/4);
3. Lack of online contact address available for the access of public information, lack of contact address available to send online notifications or opinions about the functioning of the website (less than 10% fulfill);
4. Missing financial report for the previous year (less than 10%), while the balance sheet for the last year is often published. The present year's budget is displayed in high percentage (Act 554/2001 art. 5) but the progress reports on



**Figure 1.** The comparative fulfillment of the hard and soft indicators by the county seats of Romania in 2017

*Source:* Created by the authors

the budget execution are missing, the budget revision, the executive account with the updated information, at least once per quarter a year, under the law on local public finance are also missing (Act 273/2006, Art. 8, 73);

5. Completely missing data regarding national, regional or county-level development strategy, lack of local development strategy (valid for the current year) and of development programs (Act 554/2001, Art. 5);
6. Acute lack of annual newsletter that should have an excerpt published in the Official Gazette of Romania as well (Act 554/2001, Art. 5 and Act 52/2003);
7. Lack of archive media events and media event calendar in spite of the fact that institutions are obliged to hold regularly, at least once a month, a press conference (Act. 554/2001, Art. 17, 19/1). The archive of press releases elaborated with the occasion of the press conferences and the reports regarding the

- events of the institution, scored within the soft criteria, are missing. Lack of calendars of public actions and events (Act. 554/2001, Art. 17, 19/1);
8. Missing data on public information office and the office of media relations (Methodology for Act 554/2001, Art. 6, 7, 8 and Gov. Ord. 27/2002, Art. 2);
  9. Acute lack of announcements regarding participation in the drafting of laws and lack of notices of public meetings that should include date, time, venue and agenda (Act 52/2003, Art. 7, 8);
  10. Lack of sites facilitating the access of persons with disability, less than 10% offer any kind of solutions in that matter (Act 448/2006).

The hard indicators – fulfilled by more than 90% of the analyzed institutions – are data referring to the mayor, councilors, consulting hours, statements of interest and of fortune (Act 554/2001, Art. 5, Act 176/2010) and to the operation of the local council (the copy of the minutes drafted at the assemblies of the council, and of the resolutions of the council) (Act. 554/2001, Act 215/2001, Act 273/2006, Art. 42/7).

Soft indicators related to communication, transparency and accessibility are less satisfied than the hard ones, due to the fact that they are not expressly communicated by regulatory documents. The list of the ten most deprived soft indicators is established as follows:

1. Lack of identifying elements of the city, provided indirectly by Act 75/1994 on the use of national symbols, less than 10% are providing a logo or a specific visual identity element and less than 5% are providing the slogan of the city;
2. Only one of the sites has published the communication plan of the city, namely the visual identity manual, although in some cases it was evident that such a plan exists and is being used;
3. It is missing the discussion forum for citizens (with or without prior registration, with or without moderation), less than 10% fulfill this condition. It can be observed the absence of the news of any kind (newsflow on the site, written news, or mail newsletters sent to subscribers);
4. Lack of calendar of the media events and media archive. Only two sites provide a searchable media archive;
5. Although the media relations rapporteur is provided by the law as a job or as a part of a job, besides which there is the possibility of appointing a spokesperson, only one site has published the name and contact details of such an employee;
6. Lack of photographs and CVs of the councilors, in spite of the fact that the compulsory statements are displayed. The photographs and the CVs of the mayors are displayed in a proportion of 44% respectively 63%;
7. It is missing the contact or the direct access to public utility services subordinated to the institution (Act 161/2003) or to other facilities recommended by it;
8. In most of the cases the forms are not standardized ones, so that they could be viewed and printed by taxpayers using their own IT systems, but they are

forms with online fill-in options and do not have any guide or documentation to fill them in;

9. Although 36% of the sites have been updated in at least one foreign language, including German, only 29% of them are actually functional. The situation is similar as well in the case of the versions elaborated in the local minority's language regardless of the obligation imposed by the 20% threshold. These versions exist in 22% of the institutions out of which only 12% are actually functional;
10. Complementary interactive platforms of communication are attached to the official sites only in case of 7% for a Youtube channel and of 9% for a Twitter profile.

Where the fulfillment rate of soft indicators are high there are extra tools like: the accessibility through search engines (e.g. the first recommendation listed is Google search), the short downloading time, the aspect of the information organized in easy menus offering the sensation of transparency, the updating of any kind of information referring to the last seven days, the real access to the minutes and decisions of the local council and the user-friendly document format easy to download and / or fill-in, generated with software adapted to those that are generally used by users (eg. open office, PDF, rtf, doc, xls). According to the results of the analysis the ranking of the county seats is the following:

Legislation on online communication of the LG does not consist of a single law, the regulations have multiple sources. Some of the regulations were repealed, such as GEO no. 117/2011 on establishment of the common electronic communication infrastructure of the state, others had been modified and republished, but there cannot be observed contradictions in the provisions and procedures foreseen for online communication. The ambiguity can arise in defining institutions and naming the responsible person for the implementation of certain procedures, respectively in defining the principle of transparency and of public information itself. The development of online platforms in many cases follows the legislative developments, thus the sites become 'patched', the requested information becomes available over time but does not have its own place on the site or does not follow the logic of the user, being hard to find. As a consequence, the platform will be an information platform but cannot become a communication platform as defined in the introductory chapter.

There are regulatory documents that have obligatory character (Act 161/2003, art 8/2), regulate the gradual accession to online platforms (Act 161/2003, art 15, 27) or Methodological norms (Act 544/2001, Art. 8/2) and complementary elements (like Ghiseul.ro for online tax-paying) as well. Once a website is created, its content can be maintained easily, but resorting to alternative communication channels such as separate sites for the subordinated institutions or social media platforms (primarily Facebook but Youtube, Twitter as well) requires extra resources to cre-

**Table 2.** The fulfillment in percentages of the hard and soft indicators by the county seats of Romania in 2017

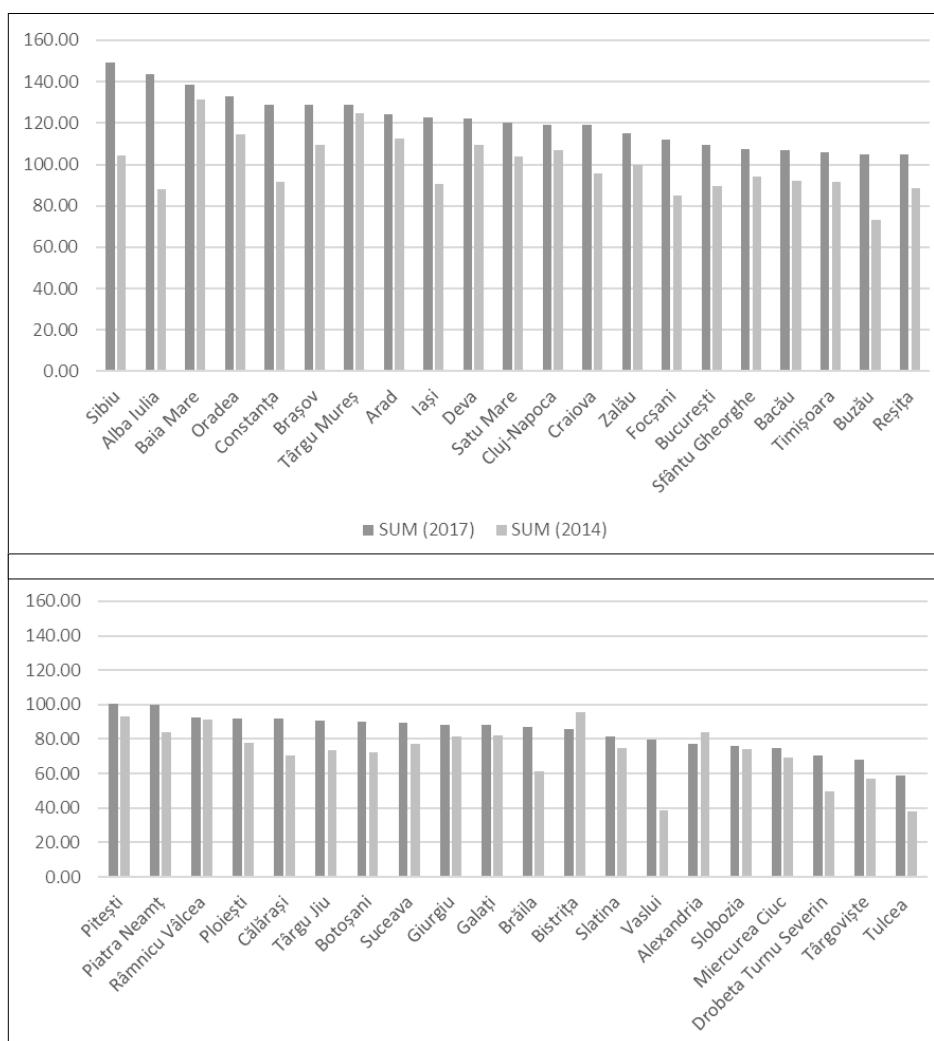
Rank	County seat	Hard ind.	Soft ind.	Total
1.	Sibiu	79.50	69.50	149.00
2.	Alba Iulia	72.75	71.00	143.75
3.	Baia Mare	70.00	68.75	138.75
4.	Oradea	71.75	61.00	132.75
5.	Constanța	70.00	59.00	129.00
6.	Brașov	68.75	60.00	128.75
7.	Târgu Mureș	71.75	57.00	128.75
8.	Arad	67.00	57.00	124.00
9.	Iași	65.50	57.00	122.50
10.	Deva	72.00	50.00	122.00
11.	Satu Mare	63.75	56.50	120.25
12.	Cluj-Napoca	64.75	54.50	119.25
13.	Craiova	66.25	52.75	119.00
14.	Zalău	68.00	47.25	115.25
15.	Focșani	62.25	49.75	112.00
16.	București	64.50	44.75	109.25
17.	Sfântu Gheorghe	62.75	44.50	107.25
18.	Bacău	58.25	48.50	106.75
19.	Timișoara	67.25	38.75	106.00
20.	Buzău	58.75	46.00	104.75
21.	Reșița	65.75	39.00	104.75
22.	Pitești	58.00	42.50	100.50
23.	Piatra Neamț	57.00	43.00	100.00
24.	Râmnicu Vâlcea	53.75	38.50	92.25
25.	Ploiești	60.00	32.00	92.00
26.	Călărași	55.25	36.50	91.75
27.	Târgu Jiu	55.75	35.25	91.00
28.	Botoșani	57.50	32.75	90.25
29.	Suceava	57.25	32.25	89.50
30.	Giurgiu	55.50	33.00	88.50
31.	Galați	57.25	30.75	88.00
32.	Brăila	56.00	31.00	87.00
33.	Bistrița	56.75	29.00	85.75
34.	Slatina	49.50	31.75	81.25
35.	Vaslui	44.50	35.00	79.50
36.	Alexandria	43.00	34.00	77.00
37.	Slobozia	55.25	20.50	75.75
38.	Miercurea Ciuc	40.00	34.75	74.75
39.	Drobeta Turnu Severin	40.00	30.50	70.50
40.	Târgoviște	47.00	21.25	68.25
41.	Tulcea	35.00	23.75	58.75

Source: Created by the authors

ate and manage content (content management) or to maintain effective communication with the actors of the public space.

## 6. Evolution of the process

Compared with 2014's study LGIs' websites have achieved better average results in the 2017 study. The average of all websites tested in 2014 was 86.4 points. Compared to this, in 2017 this average reached 103 points. While in 2014 to get into the best 10 sites, only 100 points were needed (Zalău), in 2017 a total of 122 points



**Figure 2.** The fulfillment of soft and hard indicators in 2014 compared to 2017

Source: Created by the authors

were necessary (Deva). In the 2014 survey, the analyzed LGIs' websites accounted for 41% of the surveyed variables. The same proportion in the 2017 study is 51%, thus in terms of performance a total improvement of 10% can be observed between the two tests.

We could notice also a slight professionalization of the online communication of the LGIs. About one third of the analyzed sites are not in the institutions' management any more (outsourced projects) and were created by specialized companies – often using the same template, only the visual elements and content being replaced. Even if the structure of the new sites would permit the uploading of all information provided by law, the research highlights that legislative provisions are met in around 60% of LGIs and criteria of effective communication, transparency and accessibility in 43%. Taking into consideration the obligation of the institutions to comply with the law, these percentages indicate a serious problem for the LGIs. Based on their evolution we can note the top sites, the fast evolving ones and the laggards. Compared to the 2014 survey, local government websites of the following county seats were improved: Alba Iulia (20 places), Buzău (13 places), Constanța (11 places), Iași (ten places) and Călărași (nine places). Among the top local government websites, three were ranked in top 10: Alba Iulia, Constanța and Iași. Compared to the 2014 survey, the following county seats website slid back: Bistrița (21 places), Alexandria (11 places), Pitești (eight places), Râmnicu Vâlcea (seven places), Slobozia (six places).

Based on the extremes of the criteria established for the analysis, along the variables comprising the content and visual effects, and the content adapted to the recipients' expectations and understanding capacities, new categories can be set up (Kádár, 2014). This classification makes it easier to understand why some of the websites that were considered appropriate or outstanding by the audience reached low rating in this research.

The websites that had a good result along the hard variables focused on the content of the websites, while those that achieved good results along the soft variables emphasized direct communication and the attractive elements of communication. The highest scores were thus obtained by the journalistic websites, in the case of which besides the high information content an appropriate structure and design was applied. The majority of the analyzed websites belong to the category of clap-trap websites, they disregard the essential part of the legal provisions (the hard indicators of the criteria foreseen by law) and they simply publish the given content without adapting it to the needs of the users, they do not offer any possibility to establish contact, their platforms are useless or are not functional at all (such as alternative websites, social media, news flow or newsletter).

Based on the classification there can be distinguished different categories of online communication in the case of institutions and we may compare the evaluation



**Table 3.** Cross-sectional categories of websites in terms of style of communication

	<b>Content</b> Emphasis on the amount and quality of information	<b>The impact of the visual effect</b> Emphasis on the visual effects and webdesign
<b>Professional communication</b> The content is written in the scholarly language, the texts and their language use is understood only by professionals.	<b>Professional websites</b> Content rendered through highly professional texts that can be understood and interpreted only by recipients having scholarly thinking.	<b>Claptrap and promise-monger websites</b> Websites using special language with less content and more visual effects.
<b>Direct communication</b> The structure and language are adapted to the user, the perception is supported by multi-media elements.	<b>Journalistic websites</b> Websites that transform the professional content into the plain language. Rich content with complementary explanation presented in a more common language.	<b>Populist (multi-media) websites</b> Websites designed according to the preferences of the users, where the first impression is given by the design, the displayed information is comprehensible, the target audience is wide.

Source: Kádár (2014, p. 50.)

process of some of the cities based on their attitude and data in 2014 and 2017:

1. Professional websites (the indicators of the criteria foreseen by law are accomplished, content is not adapted): Timișoara, Constanța, București, Zalău, Deva;
2. Journalistic websites (the indicators of the criteria foreseen by law are accomplished, content is adapted): Arad, Brașov, Satu Mare, Craiova, Oradea;
3. Claptrap websites (the indicators of the soft criteria are accomplished, content is not adapted): Giurgiu, Călărași, Drobeta Turnu Severin, Piatra Neamț, Bacău;
4. Populist websites (the indicators of the soft criteria are accomplished, content is adapted): Baia Mare, Cluj-Napoca, Sibiu, Alba Iulia, Iași.

## 7. Conclusions and follow-up

The present research concerns the municipalities having the status of county seats in Romania. It establishes the analytical framework, which consists of the hard indicators (meaning the legal provisions) and it adapts to Romania the soft indicators used by the international researches and internal regulatory documents. The primary objective was the elaboration and application of these two measuring instruments, furthermore aiming to elaborate categorizations frames for the quick sort; all this can be followed by the implementation of a training system that can be multiplied and applied to other public institutions in Romania.

As a short overview, the average results in 2014 showed that surveyed LGIs' websites accounted for 41% of the examined indicators. There were only seven LGIs' websites (17%) that achieved over 50% performance. In 2017, LGIs websites averaged 51% of the examined indicators; this represents a 10% increase over the previous survey. A total of 23 LGIs' websites (56%) achieved at least 50% results.

Compared to the 2014 survey, the highest evolution was performed by the following LGI websites: Alba Iulia (+20), Buzău (+13), Constanța (+11), Iași (+10) and Călărași (+9). Most of the sites were backed by Bistrița (-21), Alexandria (-11), Pitești (-8), Râmnicu Vâlcea (-7) and Slobozia (-6). The main classification categories for fast orientation can be conceived as follows:

**Table 4.** Ranking categories for websites based on their total points achieved

Name of the category	Fulfilled procent	Number of sites
Shining stars	Over 70%	2 websites
Above average	60-70%	9 websites
Average	50-60%	12 websites
Below average	40-50%	11 websites
Laggards	Below 40%	7 websites

Source: Created by the authors

In the 2014 survey, the hard indicators were averaged 45% on the surveyed LGIs' websites. Compared to this, in the 2017 survey, the same proportion reaches 59%. This represents a 14% increase compared to the previous results of the previous survey. In the 2014 survey, soft indicators were averaged to 36% of the surveyed LGIs' websites; compared to this, the same figure for the 2017 survey was already 43%. This represents a 7% increase over the average results of the previous survey. For both indicators, a positive change can be observed; the degree of change is more pronounced for hard pointers. This suggests that the surveyed LGIs' websites made greater efforts to comply with the law.

The study does not aim to find the background and reasons for the differences that exist between the communications of certain institutions. After reviewing the results, however, one can observe a striking difference between the historical regions, and this arises some questions concerning the reason. Further studies would be needed to detect this reason, which could take into account such reasons as:

1. The degree of internet penetration and use in different regions and indirectly the bottom-up pressure toward LGIs for online services;
2. The proportion of national and international projects, which make mandatory the publishing of certain information;
3. The reaction of the community, of the LGI and of the media in front of the disclosure and availability of information;
4. Local features such as multilingualism, minorities, the proximity of a border, twin cities or well performing tourism;
5. Historical background in case of the leading regions where a higher trust in public institutions can be noticed;
6. The complexity of development and communication plans elaborated by the institutions and the emergence of online communication in these plans;

7. The recently released of city-branding projects facing the need of taking a unique branding position and promoting themselves in order to enforce local communities, attract tourists and foreign investments.

The next step might be broadening of the research by the establishment of a representative sample, based on which it could be tested the online communication system of all the LGIs in Romania. The research may be focused on county seats, towns or villages, administrative or historical regions; its verifiability might be the comparison of the newly obtained results concerning the county seats with the result of the present research. It can be applied to the county councils and a comparative analysis can be made two years before and after the local elections and in the middle of the mandates, revealing if significant modifications were encountered where the local leaders were changed. A regional survey may be done, according to the current administrative development regions or to the traditional provinces, analyzing the online communication of all the LGIs of the area. The legal framework can be adapted to analyze central public institutions or ministries (ex. the judiciary system) or can be created a nationwide network to analyze the cooperation between local level institutions or the links between local, regional or central institutions. Thus it could be drafted the entire map of communication of the Romanian LGIs and suggestions could be formulated for its development.

A further direction could be the problem analysis derivative of the establishment of contact in the communities. There is an Annual Report elaborated by each LGI that includes a section containing the submissions, petitions, comments, complaints and respectively their management and resolution. These may picture the shortcomings that the citizens, institutions and media institutions discerned and claimed related to the lack of public interest information that could have been used for informational scopes. In many cases natural and legal entities in need of information used legal remedies, as well, and the resolutions of the court may also be a topic for further research. Often, it is not the institution that is competent in offering certain information, and yet the citizens are expecting from it to provide the information. This reflects the citizens' false notions, ignorance or the miscomprehension about the role and legal limits of LGIs. Analyzing the perceptions and roles assumed by the LGI in the comprehension of the citizen in Romania could also be an interesting research topic.

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# EXPERIMENTAL LOCAL GOVERNANCE IN ROMANIA. AN EXPLORATORY STUDY ON PARTICIPATORY BUDGETING IN CLUJ-NAPOCA\*

Irina Ana KANTOR

Carmen Gabriela GREAB

## **Irina Ana KANTOR**

Lecturer, Department of Political Science, Faculty of Political Science, Communication and Administrative Studies, Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.505  
E-mail: kantor@fspac.ro

## **Carmen Gabriela GREAB**

Research Assistant, Institute for Social Sciences, Faculty of Political Science, Communication and Administrative Studies, Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.505  
E-mail: greab@fspac.ro

**Abstract.** The current paper discusses the role of local participatory governance in tackling democratic deficit, through exploring a participatory budgeting experiment in Cluj-Napoca, Romania. The paper starts with a theoretical discussion over the concepts of government and governance, with a focus on participatory governance. The second part presents an in-depth analysis of the recent participatory budgeting experiment in Cluj-Napoca. The conclusion comes with a series of recommendations for implementing this participatory governance example in a more efficient manner.

**Keywords:** governance, local governance, representation, participatory governance, participatory budgeting.

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## 1. Introduction

While the democratic deficit is a widely-recognized phenomenon, being approached with a lot of interest in the context of the European Union as well, there are numerous contentions in the academic world regarding the possible solutions for this problem (Gaveta, 2004). One category discusses strengthening the process of citizen participation through new forms of inclusion, consultation and mobilization of the citizens. On the opposite end of the spectrum, there are those who militate for increasing the degree of accountability and representativeness of the elected officials through changes in institutional design. Nonetheless, at the intersection of these two categories are legislative initiatives for participatory governance<sup>1</sup>.

## 2. Theoretical background

In the governance literature, there are different perspectives, some emphasizing the political process, some the bureaucratic-managerial one, some others combining the two. Therefore, in an approach closer to the meaning of the concept of government, March and Olsen define governance by reference to the frameworks in which people act and policy appears (March and Olsen, 1995, p. 6). Conversely, Stoker shows that governance signifies the existence of a new and strong network between governmental and non-governmental actors (Stoker, 1998, pp. 17-29), and, moreover, generates non-state solutions to the problem of collective action (Stoker, 2000, p. 3). Peter John defines governance as a flexible pattern of public political decision based on loose networks of individuals, open networks, complex and potentially unstable (John, 2001, p. 9). Recently, Mark Bevir shows the importance of the democratic dimension in the administration of public affairs, defining the concept of governance in reference to the new practices in public administration, practices that reflect the change from a hierarchical bureaucracy to markets and networks (Bevir, 2011, p. 399).

The various ways of defining governance are an indicator of the plurality of contemporary approaches that have crystallized in the new theories of governance, which, no matter how different the content, have in common the falsification of the main elements of the representative democracy narrative (Bevir, 2010, p. 39). Moreover, the intervention of civic criticism, public debate, and deliberation in the public sphere are aspects investigated by this theoretical approach. Deliberation and dialogue instead of consultation, pluralism instead of corporatism, cooperation with the citizen in public administration instead of responsiveness to their requests make up the good practices in a world in which the citizen's metamor-

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<sup>1</sup> Also known in literature as collaborative governance initiatives.

phosis from a client of the system into a partner to governance is taking place (Vigoda, 2011, pp. 131-133). The theoretical frameworks examined above expose not only competing lines of approach to democratic governance, but also its evolution.

### **3. Local governance in Romania – from consultation to active participation.**

#### **The experiment of participatory budgeting in Cluj-Napoca.**

The research produced until now on the processes of transformation of local systems of government in Central and Eastern Europe highlighted the difficulties found in implementing local governance practices (Swianiewicz, 2005, p. 123). Still, one can see in recent years that these new practices were embraced as a new managerial style, especially at the local level. Consequently, most of these initiatives were concerned with the development of mechanisms and instruments for consultation and collaboration with citizens in the decision-making process (Gaveta, 2004).

In the Romanian context, despite the fact that the legislative framework is a permissive one, its implementation is mostly flawed. In a recent study, Local Democracy Barometer 2012<sup>2</sup> by Pro Democracy Association, one can observe that the legislation is unevenly applied. In many localities, civic meetings and discussions are not facilitated, and citizens are not encouraged to address questions or issues to local authorities. Nevertheless, among the studied localities, Cluj-Napoca, Timișoara and Bucharest stood out, getting the best scores.

One new initiative of participatory budgeting in Cluj-Napoca stands out from all recent initiatives in Romania. Consequently, following a joint initiative of the civil society and the Cluj-Napoca City Hall, and with the World Bank consultation, a pilot exercise of participatory budgeting was introduced in one neighborhood from Cluj-Napoca (Mănăstur). The general objective of this initiative was that of deepening democracy through the participation of citizens in a decision-making exercise concerning the entire community, offering citizens the possibility to propose investment objectives and increasing the degree to which citizens take responsibility and engage in the joint creation of the urban development process (Cluj-Napoca City Hall, 2013a).

The participatory budgeting process in the Mănăstur neighborhood<sup>3</sup> was envisioned as taking place in three stages of implementation: in the first stage, the cit-

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2 The study evaluated 24 localities in the country, according to a series of indicators, including: civil society, participation, transparency, or the communication between citizens and local authorities.

3 It is worth mentioning that the data used in this analysis were part of the Report regarding the participatory budgeting pilot project in the Mănăstur neighborhood of Cluj-Napoca, 2013. The data were gathered with the help of Master students from the College of Political, Administrative and Communication Sciences, Babeș-Bolyai University.

izens would be consulted about investment objectives for the 2013 annual budget; in the second stage, there would be a pilot project throughout the year of 2013 when objectives for the 2014 annual budget would be formulated; after which, the third stage of this process would extend it city-wide throughout 2014, when investment objectives for the 2015 annual budget would be formulated.

In order to analyze the effects and impact of the experiment of participatory budgeting, the research uses the information gathered in the published Evaluation Report, the results of the meetings, the City Hall's responses to citizens' demands (Cluj-Napoca City Hall, 2013b), as well as other available analyses.

### **3.1. Brief presentation of the initiative**

The actors involved in this process of participatory budgeting are both representatives of civil society and public authorities, through the participation of Cluj-Napoca City Hall alongside the Local Council. In addition to these, academia was involved through the Political Science and Sociology departments from Babeş-Bolyai University. For a better representation, the neighborhood was divided into smaller areas, thus two meetings took place in the Southern area of Mănăştur (Mănăştur Sud), two in the Central and Northern area of Mănăştur (Mănăştur Centru şi Nord), while the last one took place at the level of the entire neighborhood.

The first meeting held in Mănăştur Sud, with a participation of 200-220 citizens had a public hearing format where they could address directly the mayor or other local authorities' representatives. In order to gather enough information, citizens were asked to either publicly interfere or to fill in a questionnaire. The second meeting within the pilot project took place in the Central and Northern area of Mănăştur (Mănăştur Centru şi Nord), its format being identical with that of the first meeting. Approximately 160-170 citizens attended the meeting and the information was gathered the same way as in the previous meeting. The third meeting took place in the Southern area of Mănăştur (Mănăştur Sud), and approximately 70 citizens participated. The format was that of a "large group/small group" meeting, the participants were split into small discussion groups, of 5-12 people, that were assisted by one or two moderators. In this case, the information was gathered through the set of three forms that each citizen received to fill in and through the conclusions of each working group.<sup>4</sup> At this meeting, the participants were asked to set the priorities for action and development for the 2014 year, to decide the criteria a project must meet to answer the requested needs and draw lines of action for 2014 possible projects. Regarding the forth meeting, this took place in the

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4 Report on the piloting of participatory budgeting in Manastur district, Cluj-Napoca, 2013, p. 30



Central and Northern area of Mănăştur (Mănăştur Centru şi Nord), and around 70 citizens attended. The meeting was organized in the same way as the third. The last meeting took place at the neighborhood level and the citizens' proposals who attended the meetings in the Southern area of Mănăştur (Mănăştur Sud) and the Central and Northern area of Mănăştur (Mănăştur Centru şi Nord) were analyzed. Around 78 neighborhood citizens attended and there were 12 discussion groups. In the case of this meeting, the table discussions followed were built on the previous meetings' conclusions.

### **3.2. Analysis and discussion**

As described in the previous section, the project was imagined in three stages, finishing with its extension to the entire city. Even though the initiative is very well documented in the published report, there is no reference to what happened with the citizens' initiatives and proposals for investments in the following year. In the same time, there is no reference to how the project was extended to the entire city in the following years.

Referring to budget allocations for the year 2014<sup>5</sup> it is extremely difficult to trace the way in which citizens' proposals were taken into consideration. Therefore, it can indeed be observed that 5,000 RON were allocated for the modernization of the Dacia movie theatre in Mănăştur, as well as the sum of 5,000 RON being allocated for furthering parking development in the neighborhoods. Nevertheless, in the case of parking lots, it is not specified if these parking spaces will also be in the Mănăştur neighborhood. In this situation, although the participatory budgeting process led to some investment proposals, these cannot be tracked in the following budgetary year. Although in the Report the entire project was presented as a success, in the year 2014, the process did not resume with the same motivational consistency as in 2013, remaining somewhat stuck between expectations and achievements regarding financial, institutional and organizational sustainability.

If the City Hall's perspective is clearly a positive one, as one can see in the cited report, the involved civil society has more diverse opinions. Immediately after the project started, there were some disagreeing voices coming from several NGO activists<sup>6</sup>. Some of the critics had rather ideological reasons and criticized the political role of such instrument. Still, none of these interventions were mentioned in the report.

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5 [http://www.primariaclujnapoca.ro/userfiles/files/20140127\\_3.PDF](http://www.primariaclujnapoca.ro/userfiles/files/20140127_3.PDF), last accessed 20.02.2016

6 More details available at: <http://www.criticatac.ro/21201/societatea-civil-alb-ca-zpada-politicii-romaneti/>, last accessed 06.04.2016

In 2015, after Cluj-Napoca won the status of European Youth Capital, the process of participatory budgeting was outsourced to a youth initiative C'MON Cluj-Napoca, which aims at involving the city's youngsters in proposing initiatives for their city. The process for weighing and choosing these initiatives is similar to that of participatory budgeting. This time, the debates, discussions and voting is done online, through the help of a platform. Still, the process is not that participatory, since the decisions for allocating money to a project or another is not transparent enough.<sup>7</sup> In the same time, the raised issues were limited to the youngsters and did not reflect the real needs of the citizens.

In addition, regarding the practice of the public-private partnership at the level of local governance, it is pertinent to mention the low involvement of local business sector in this project, even since its beginning. Although Cluj-Napoca has, compared to similar cities in the country, the most extensive network of business people<sup>8</sup>, their interaction both in the design of the process and its implementation was sporadic and remote (Petrovici, 2013). It is also important to note that, although in the first year the process was closely supervised by its civil society initiators, there was no monitoring procedure, and especially, no procedure for final evaluation. In this case, the collaboration between the local administration and the civil society partners was more informal, rather than procedural, which weakened its capacity to replicate.

Furthermore, the mayor's presence at the first meetings had a direct effect on the process. In this case, the presence of the mayor and other public officials to these meetings led to their transformation from deliberative forums to public audiences, where citizens could expose all their grievances. At the same time, it could hardly be expected that the citizens would move from the logic of passive listening to that of active collaboration.

A crucial element for participatory budgeting is representativeness. While large in the case of the first meetings, the attendance was not sufficiently representative. In the case of these first meetings, most of the present citizens were presidents or administrators of housing associations or City Hall volunteers. In these conditions, the fact that the issues raised were very particular. Nonetheless, the deliberative meetings stimulated consensual deliberation on investment priorities that were included in the city budget where citizens took on an active participatory role in defining and approaching their community's issues.

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7 More details available at: <http://cc.yourcluj.ro/>, last accessed 21.02.2016

8 See more Norbert Petrovici <http://socasis.ubbcluj.ro/urbanblog/?p=551>, last accessed 28.02.2016

#### 4. Conclusions and further recommendations

From the short introspection on the participatory budgeting experiment in Cluj-Napoca, we can conclude that it is far from a perfect example, but it certainly managed to mobilize the citizens toward participation and involvement in the decision-making process. Indeed, the existing legislative framework works in the service of representative democracy, with few channels that allow effective involvement in the decision-making process, aside from consultation, since the authorities have the entire autonomy in adopting or not citizens' recommendations.

In addition, the legislative framework regarding local public finance but especially the existing economic and organizational culture were those that decreased its efficiency and its capacity to replicate. Nonetheless, the representative bodies from the Cluj-Napoca City Hall and Local Council showed interest in participative local governance and to integrate it in the Development Strategy of the Municipality of Cluj-Napoca 2015-2020.

The benefit that participatory budgeting brought to the Cluj-Napoca municipality is the transnational experience of participatory democracy, even though it offers more a critical perspective, rather than an appreciative one. This is happening precisely because what is emphasized is, on the one hand, the entrance into the mainstream of the new local participatory governance initiatives. On the other hand, is the fact that this project showed the state of civil society, public administration and political will in Romania in comparison to the international trend. Finally, is the moral value of collaboration and the new type of legitimation it is inventing that we need to add.

In the end, the paper comes with some recommendations for authorities, to implement participatory budgeting. Thus, we firstly propose, *the introduction of this process via a National Strategy, with a piloting in 2-3 municipalities*. An advantage of this measure is that the local authorities will assume the implementation of such a process, offering it long-term sustainability.

Following the experience of the other states that introduced participatory budgeting, but also the Cluj-Napoca experiment, it is recommended that *this process to be organized in more stages, taking into consideration the local budget approval and related timeframes*. As mentioned in the analysis of the Cluj-Napoca experiment, one of the problems was ensuring citizen representativeness. As such, it is recommended that *online means of communication to be added*. The obvious advantage is that of including young people, business people, etc. in the participatory budgeting process. In addition, in order to *ensure the presence of disadvantaged groups or areas*, it is recommended that a weighted voting system be used for the votes of disadvantaged areas.

In addition, because of the existing legislative framework regarding local public finance,<sup>9</sup> the only actors that can decide on the way public money is spent are the city hall and the local council. Thus, it is recommended that *the legislative framework regarding local budgets be adapted in the direction of decentralization, offering more freedom and flexibility to local authorities in managing public money*. Similarly to the other models presented, allocating a percentage of the local budget to the participatory budgeting process, with the direct involvement of the citizens, offers long-term sustainability, but also savings because many of the proposed projects could obtain co-funding from citizens.

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# IMPROVEMENT OF MOTIVATION SYSTEMS IN HUNGARIAN ORGANIZATIONS

Peter KARÁCSONY  
Mikhail V. VINICHENKO  
Tural ALIYEV

**Peter KARÁCSONY** (Corresponding author)

Associate professor, Department of Economics,  
University of Selye János, Komárno, Slovak Republic  
Tel.: 00421-35-32.60.617  
E-mail: karacsonyp@ujs.sk

**Mikhail V. VINICHENKO**

Professor, Department of Personnel  
Management and Personnel Policy,  
Russian State Social University, Moscow, Russia  
E-mail: mih-vas2006@yandex.ru

**Tural ALIYEV**

MSc. Student, Department of Marketing and Management,  
Széchenyi István University, Győr, Hungary  
E-mail: ta.turalaliyev@gmail.com

**Abstract.** In today's increasingly competitive environment, one of the most important resources for organizations is a motivated labor force. Individual motivation can be made up of several parts (e.g. social needs, self-actualization, etc.), which may vary depending on the person and the situation. The employee's internal and external motivation is one of the most important factors at work. A good leader can motivate employees while avoiding unreasonable costs. Cash benefits cannot be increased indefinitely, so managers must use other ways (e.g. recognition, status, etc.) to motivate their employees. The main purpose of our research was to analyze the motivational systems of Hungarian organizations. Thus, in this article we will attempt to investigate the opportunities and methods for keeping employees of small and medium-sized enterprises motivated and accelerating the performance of the company in the market. In our questionnaire, we sought to reveal the differences between some workplace motivational tools and, based on our research findings, we would like to make suggestions for their practical applicability.

**Keywords:** competitiveness, motivation, small and medium-sized companies, leadership, Hungary.

## 1. Introduction

Employees are the most important assets which companies have. It is therefore vital for companies to do everything possible to provide a very good working environment for their employees. However, a good working environment does not only mean a fancy office with nice things. It is formed through a combination of physical and non-physical factors. Workplace motivation is one of the most important of these factors (Gagné and Deci, 2005). It is crucial to keep employees motivated to reach their highest performance in the workplace (Locke, 1968). According to Wright (2001), human capital is of utmost importance for business innovation, and could positively affect the growth level of companies. The personal skills of employees could be considered the fuel of a company's innovation. Thus, if companies want to reach the highest level of innovation, they really have to work on their relationship with each and every employee they have. A study done by Mura *et al.* (2017) revealed that alongside technological development and knowledge, the personality of a company's employees highly affects the level of innovation within the organization.

When are companies able to earn a good reputation? When they have the best workers who do their best to bring the company forward (Haefner and Makrigeorgis, 2010). According to Gunderson (2001), hiring qualified, experienced staff with a high level of discipline is essential for a company to be successful. With these kinds of workers, companies needn't monitor their staff since they will perform their job as needed. Hiring is important, but retaining employees must not be considered as an easy task. In order to take a company forward with their work performance, employees must be satisfied and motivated. Veronica and Indradevi (2011) say that satisfaction is an important factor in reaching the highest degree of the productivity and loyalty from employees. When employees are satisfied, it could manifest in the satisfaction level of customers and productivity of the company (Park and Kim, 2017).

According to Cranny *et al.* (1992), employee satisfaction could be defined as a combination of perceptions of what an employee would like to get in exchange for his/her services and what they actually get out of it. As a logical continuation of this definition, companies must do their best to meet their employees' expectations for their services in the organization in order to reach employee satisfaction.

Korzynski (2013) said that managers must take into consideration that achieving employee satisfaction is not easy. Some factors which may lead to it for some might not work for other employees. According to Miller (2007), changes in the behavior of an employee could, in some cases, lead to a greater work performance and state of satisfaction. Aydin and Ceylan (2009) said that good personal communication with co-workers, high salary, comfortable working conditions, opportunities to learn more and receive training, further developments in the career ladder

and other work-related bonuses are some of the most important factors in employee satisfaction. At the same time, it is important for employees to have career development opportunities through development in the personnel reserve (Kirillov *et al.*, 2017). Meanwhile, it is important to realize that since every employee is a different individual, their satisfaction level with regard to the above mentioned factors may vary (Karácsony, 2017; Chen *et al.*, 2017). Direct and indirect motives are the main elements of workplace motivation. The difference between these two kinds of motives is that direct motives are considered to be internal and indirect motives are related to external factors. In his study, Urban (2008) divides those factors into four categories:

- the attractiveness of work;
- financial rewards;
- personal reputation;
- social mission work.

While influencing, personal and impersonal management factors are taken into account. Impersonal management factors are ones which focus on strict organizational rules. On the other hand, personal factors are based on empathy. These factors bring the needs and desires of the workers to the surface. It must also be mentioned that personal factors of management are difficult to measure. For effective company operation, it is advised that both factors be used together. Otherwise, an appropriate company environment would not be reached. Most managers use a different kind of motivator (financial and non-financial) to boost the motivational level of their employees (Tekér, 2016).

Providing motivation for employees is one thing, but the readiness level of employees to be motivated and the way it is done is another. If an employee cannot perform the task, or if they have a low willingness to do the task, no amount of motivation will affect them. From an organizational perspective, job satisfaction is an important factor since it leads to an increase in the organizational commitment of the workers. High organizational commitment will bring companies more success and development. In contrast, if the employee is not satisfied with the company, they will leave. At the same time, that very employee will decrease the motivational level of the remaining employees (Yaney, 2008).

According to Mosadeghard *et al.* (2008), management, task requirements, supervision, job security and promotion opportunities highly affect employees' organizational commitment. Some other factors like pensions and sharing of profits are also highly related to job satisfaction of employees within an organization. Different scientists have concluded in their studies that professional career development keeps employees highly motivated. An employee will not be satisfied unless he/she reaches his/her highest step in the career ladder. Once they reach that position, they will have a lot of positive opinions with regard to their job.



According to Mládková *et al.* (2015), lack of some of the factors will diminish the willingness of the employee to work, e.g. a work/life imbalance, lack of a proper working environment, no possibility for growth, or a low degree of recognition in the workplace. All of this can have a negative impact on the job satisfaction level of employees.

Multiple studies on job satisfaction conclude that there is a close relationship between satisfaction and teamwork (Reis and Peña, 2001). Teamwork can affect employee satisfaction positively. However, stress which is rooted in the failure of interpersonal relationships among colleagues has a negative effect on the job satisfaction of the employee in the organization. A study by Johnsrud and Rosser (1999), which focused on mid-level managers, revealed that the best variables to explain job satisfaction are mobility, discrimination, recognition at the workplace and external relations.

Douglas and Morris's (2017) research shows that, generally, there are some factors which are important to increasing motivation not only of employees but also of managers in the workplace: job related security, high salaries, potential to get promoted, work which is interesting, good work conditions, loyalty, discipline, appreciation for work done, help with personal problems, and the feeling of participation. Managers and employees regard these factors differently. However, it is a manager's sole responsibility to use various factors to keep employees properly motivated and to boost the performance of the organization. Some studies have shown that leadership and motivation are in a related interaction (Ahmad *et al.*, 2015; Buble *et al.*, 2014).

In small and medium-sized companies, workers sometimes leave for the higher salaries and benefits which are offered by other companies. Factors which cause employees to leave could be work conditions, cultural conflicts, low appreciation of work and effort, insufficient support and barriers to getting promoted. According to Moses (2005), employee motivation can be divided into two fundamental categories: reward and fear. What is reward? Reward is the anticipated reward for a job well done. Fear is the discipline received for work which was not done at the desired level. In our case which focuses on small and medium-sized companies, small business owners must consider positive factors to motivate their employees. When employees are motivated to perform well in order to get promoted, to get recognition in the workplace, or to receive some financial benefits, they will tend to establish loyalty and a strong job related commitment. Motivation by fear is less effective than motivation by reward.

In order to motivate and establish an environment that will boost employee motivation, it is crucial to know the motivational factors, but it is also of utmost importance to be aware of employee attitudes toward motivational factors (Sabir, 2017). When companies are well informed about useful factors concerning the motivational level of their employees, they will be putting a lot of emphasis on how to

stimulate them to perform better in their work. To achieve this, the key component is communication. Regular communication between the management and employees will keep management updated about current situations and tendencies.

According to Yücel (2012), workers are highly motivated if they receive positive feedback or recognition for good performance. However, most employees are not satisfied with the amount of this kind of feedback. Chinomona and Mofokeng (2017) argued that financial means could serve as positive feedback and reward as well. Financial means and job security are the obvious factors in workplace motivation. Thus, it is necessary for managers to know what motivates and encourages their employees the most in order to reach high productivity from their workers without concern for their salary, age, gender, or employment condition.

## **2. Methodology**

The purpose of this research study was to explore employees' motivations and their levels of job satisfaction. Results from this study can be used by leaders of small and medium-sized companies to recognize the needs of their employees, as well as to create a better and more competitive workplace environment. The method of research used was the questionnaire survey method.

Before the research, we did pilot testing to filter out errors in the questionnaire and to clarify the questions.

Participants for this study had to be at least 18 years old, and they had to work at Hungarian small and medium-sized companies. Snowball sampling, where research participants recruit other participants for a test (Vogt, 1999), was used for participant recruitment. With this method we achieved a sufficient sample size. It was essential for the success of the research that the starting sample be as heterogeneous as the target group, so it was important to start the research from several directions.

At the beginning of the questionnaire, we informed the respondents that research will be anonymous. The sample consisted of 612 respondents employed at small and medium-sized Hungarian companies. We compiled a self-fulfilling questionnaire, and tried to ask questions that were clear to everyone and gave as much information as we needed during the evaluation. The questionnaire consisted of two parts. The general questions of the questionnaire included information such as gender, age, highest level of education, etc. The professional part of the questionnaire consisted of such questions as, for example, which motivational tools the companies use, how satisfied the employees are with those motivational tools, or how the relationship is between employees, and so on.

Many of the responses were to be scored on a Likert scale of between 1 and 5, where 1 means 'strongly agree' and 5 means 'fully disagree'. Likert scales are commonly used to measure attitudes and provide a range of responses to a given question or statement (Cohen *et al.*, 2000).

The following hypotheses we made based on our literature research. We expect the hypotheses to be correct, or the opposite to be true and the hypotheses are not substantiated by our research data. The hypotheses tested whether relationships existed between the independent variables (motivational factors) and the dependent variable (employee satisfaction).

H<sub>1</sub>: For small and medium-sized enterprises, financial tools are the most important motivating tools.

H<sub>2</sub>: There is a significant correlation between flexible working conditions and employee satisfaction.

H<sub>3</sub>: There is a significant correlation between the behavior of leaders and employee satisfaction.

We used descriptive statistics (frequencies, percentages) and crosstab analysis of the statistical procedures. The SPSS version 21 for Windows was used to run all the analyses for the study. Cross-tabulations provide a way of analyzing and comparing the results for one or more variables with the results of another. The cross-tab is for analyzing the existence and clarity of the relationship between Pearson's test and the Cramer type V. According to Sajtos and Mitev (2007), Cramer V is the most reliable indicator. The relationship strength of the Cramer V can range from 0 to 1. Effect sizes are generally reported as small, medium, or large (Cohen, 1988).

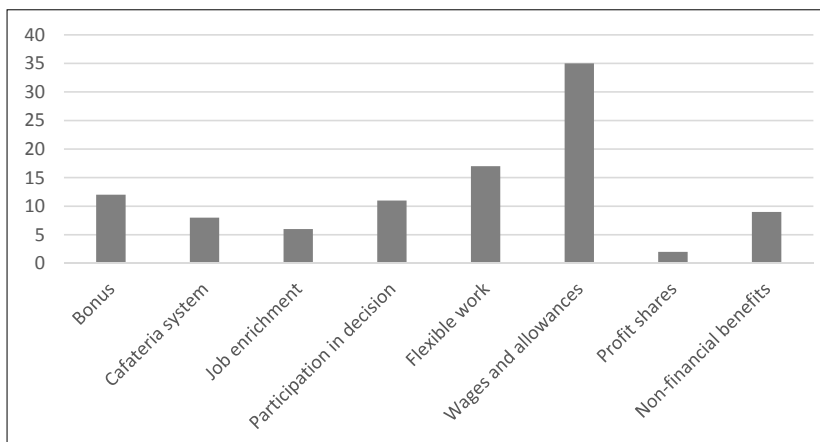
### 3. Results

Procedure for evaluating the questionnaire: first, we will show an average value by examining all the ages to determine what results were achieved in the ranking of motivational tools. Then we will analyze the hypotheses in the order of the questions.

In our survey, we searched for 12 small and medium-sized enterprises in Hungary in 2017, of which 4 were small companies and 8 were medium-sized companies. The number of employees of medium-sized enterprises cannot exceed 250, while the number of employees in small companies cannot exceed 50. Among the investigated companies were 3 agricultural farms, 4 industrial companies, and 5 companies in service sectors.

In our investigations, we came to the conclusion that most of the Hungarian small and medium-sized companies (35%) use salary and other financial benefits as motivational tools, followed by flexible work (17%), bonuses (12%) and the involvement of the employee in decision making (11%). Non-financial tools (for example, recognition) were used by 9% of companies, while cafeteria was used by 8%. The least-used motivational tool was profit sharing with 2% (Figure 1). Our research also confirmed that small and medium-sized enterprises have few motivational tools at their disposal because of their size. For example, they may not be able to offer many opportunities for job rotation. In addition to financial moti-

vational tools, it is also possible to have a job that can be challenging or flexible, which can also be a motivation for employees.



**Figure 1.** Motivational tools used by the evaluated companies, percentage

Source: Own research, 2018

The results in Table 1 show that 55.4% of respondents were male. 7.5% of those surveyed belonged to the 18-25 age group, 10.8% to the 25-34 age group, while the majority of respondents (64.9%) belonged to the 35-44 age category and 16.8% of

**Table 1.** Characteristics of the respondents

	Frequency	Percent
<b>Gender</b>		
Male	339	55.4
Female	273	44.6
<b>Age</b>		
18-25	46	7.5
25-34	66	10.8
35-44	397	64.9
45+	103	16.8
<b>Job experience</b>		
Less than 1 year	9	1.5
1-5 years	153	25
6-10 years	143	23.4
More than 10 years	307	50.2
<b>Education</b>		
Basic	41	6.7
Secondary	477	77.9
University	94	15.4

Source: Own research, 2018

respondents were over age 45. More than 50% of respondents have been working for more than 10 years at their workplace. Most of the respondents (77.9%) had a secondary school education, while 15.4% of respondents had a higher education (university) degree.

In Table 2 we can see the types of motivational techniques adopted by Hungarian small and medium-sized companies. The data shows that employees strongly disagree with the statement that they are satisfied with their salary. This suggests that companies are not paying their workers well, or that the salary scale is not attractive. Employees disagree that their working environment is friendly. However, respondents said that work activity is strictly controlled by the company. The leadership style was also not favorable according to the respondents. Workers agree that companies support their education if it is necessary. Employees also said that workplaces are not so pleasant regardless of salary.

**Table 2.** Analysis of the motivational tools

Variable	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Remarks
I am satisfied with my salary	98	102	65	139	208	<b>SD</b>
	16.01	16.67	10.62	22.71	33.99	
Working environment is friendly	29	54	83	322	124	<b>D</b>
	4.74	8.82	13.56	52.61	20.26	
The work activity is strictly controlled	129	297	83	74	29	<b>A</b>
	21.08	48.53	13.56	12.09	4.74	
My work assignment is flexible	94	143	104	174	97	<b>D</b>
	15.36	23.37	16.99	28.43	15.85	
The leadership style is favorable	48	58	118	301	87	<b>D</b>
	7.84	9.48	19.28	49.18	14.22	
The organization supports the training	74	228	69	188	53	<b>A</b>
	12.09	37.25	11.27	30.72	8.66	
The workplace relationships are pleasant	49	94	68	317	84	<b>D</b>
	8.01	15.36	11.11	51.80	13.73	

Source: Own research, 2018

The first objective of the research was to investigate the satisfaction of employees according to their payment level. As seen in Table 3, there was significant correlation ( $p < 0.001$  level) between employee satisfaction and salary level. The positive sign of the correlation coefficient indicates the direct relationship between the variables, which means they are aligned with each other. This means that we can accept hypothesis  $H_1$ . In the case of small and medium-sized companies, we can

confirm that salary and other financial motivation factors are very important for employees.

**Table 3.** Results of the correlation between salary level and employee satisfaction

		Salary level	Employee satisfaction
Salary level	Pearson Correlation	1	.833**
	Sig. (2-tailed)		.000
	N	612	612
Employee satisfaction	Pearson Correlation	.833**	1
	Sig. (2-tailed)	.000	
	N	612	612

\*\*Correlation is significant at the 0.01 level (2-tailed).

Source: Analysis of survey data, 2018, using SPSS 21.

Cramer's V value test was used to further test the strength of association of the significant factors. The range of Cramer's V value (0.722) is considered to be of strong range.

**Table 4.** Results of the correlation between flexible work and employee satisfaction

		Flexible working	Employee satisfaction
Flexible working	Pearson Correlation	1	.687**
	Sig. (2-tailed)		.000
	N	612	612
Employee satisfaction	Pearson Correlation	.687**	1
	Sig. (2-tailed)	.000	
	N	612	612

\*\*Correlation is significant at the 0.01 level (2-tailed).

Source: Analysis of survey data, 2018, using SPSS 21.

To examine the correlation between flexible work and employee satisfaction, Pearson correlation analysis was carried out. As shown in Table 4, there was a statistically significant ( $p < 0.001$  level) positive relationship between flexible work and employee satisfaction. If we analyze Cramer's V value (0.437), we can state that the strength of the relationship can be considered moderate. The above result shows that hypothesis  $H_2$  is accepted. Companies should be mindful of flexible working opportunities. Nowadays, workplace autonomy is becoming more and more of a possible factor in employee motivation. It is a kind of benefit for workers if they can work flexible working hours. If the companies are well organized and work-flows can be easily verified, then they do not have to worry about their employees abusing flexible working opportunities.

**Table 5.** Results of the correlation between leader behavior and employee satisfaction

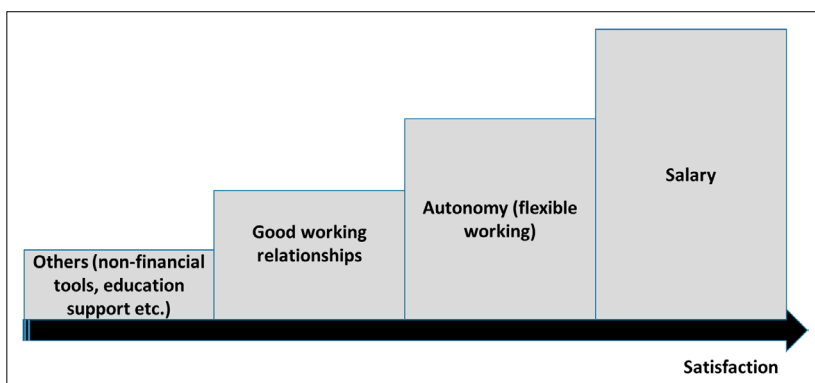
		Behavior of the leaders	Employee satisfaction
Behavior of the leaders	Pearson Correlation	1	.489**
	Sig. (2-tailed)		.000
	N	612	612
Employee satisfaction	Pearson Correlation	.489**	1
	Sig. (2-tailed)	.000	
	N	612	612

\*\*Correlation is significant at the 0.01 level (2-tailed).

Source: Analysis of survey data, 2018, using SPSS 21.

Table 5 shows that the behavior of leaders is significantly correlated with employee satisfaction. The Cramer's V value (0.217) showed that the strength of the relationship is considered low. For a good atmosphere in small and medium-sized companies, it is important to have a good working relationship between managers and workers. In these companies, the relationships are much more personal and more direct than in large companies. Bad working relationships (for example, unfair treatment, unnecessary strictness, etc.) often cause workplace changes. The development of organizational culture, the support of group work or the involvement of employees in decision-making can help to create a better working environment.

Based on the results of our research, we tried to create a useful and easily adaptive motivational model for small and medium-sized companies. In our model, we tried to rank the motivational tools that we found in our research. Our Staircase model (Figure 2) symbolizes how we can get closer to employee satisfaction. Employee satisfaction can be reached step by step, starting with other motivational tools (for example, non-financial tools, education support, etc.) and finishing with

**Figure 2.** Staircase model for motivation in small and medium-sized companies

salary. An important note here is that the motivational tools individually are not effective: only in complex use are they successful in motivation.

In our opinion, the financial motivation tools are the strongest in the case of small and medium enterprises. From the perspective of the future, it is also important for small and medium-sized enterprises to focus on non-financial motivational tools, as these are much more efficient in the longer term. Besides non-financial tools, flexible work and involvement of employees in decision-making can also balance the relative superiority of the financial motivation tools.

Finally, we have put forward the following recommendations, which may help to achieve good performance within the company. The organization must:

- properly motivate workers;
- increase the workers' commitment;
- strengthen organizational culture and values;
- differentiate individuals according to their performance;
- give a positive message about their performance;
- help their future development;
- make working time more flexible;
- create a pleasant working atmosphere.

Finally, we should not forget that motivators have different strengths and dynamics, so it is important not only to motivate our employees comprehensively but also to take individual needs into account. From this point of view, it is difficult to create and sustain continuous motivation. To achieve a good motivational system level, it can be a great help if the leaders know and understand the behavior of their employees.

#### **4. Conclusions**

Nowadays, it has become more and more obvious that companies undergoing constant change will have an increasing role for their employees alongside financial resources. Those companies that have more skilled, creative and more motivated workers will be able to accelerate their own competitiveness.

Employees join an organization to meet their specific needs and to stay there permanently, if they are constantly satisfied. During our research, it was proven that satisfied employees stay longer at companies, while dissatisfied workers change their workplaces quickly. The basic interest of companies is to maintain an effective motivation system, not only for productivity but also for preservation of their employees. For these, leaders must choose that motivational strategy which takes into account the individuals' abilities and their differences.

In addition, it is important for employees to carry out their work independently. Skilled employees should receive a flexible job: these workers are better able to



perform work and are more accountable because of their gained theoretical knowledge and practical experience.

Workplace atmosphere is important for employees as well, regardless of their salary. Additionally, a pleasant work atmosphere can provide an incentive. It is important for companies to take care of these factors, because if the workers do not meet their expectations, they can change their workplace immediately.

Another important finding of our study is that a sense of inequality can arise if we feel that we are receiving less compensation than our knowledge or experience warrants. It was also shown during our research that the relationship between management and employees is also important.

Overall, it can be said that motivation is the cohesive power of the organizations, which gives them their strength. For this, management must align the needs of the company and the employees.

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# EVALUATING ROMANIAN INTERNAL PUBLIC AUDITING USING THE IA-CM: CURRENT STATE AND POTENTIAL DEVELOPMENTS

Felicia Cornelia MACARIE  
Octavian MOLDOVAN

## **Felicia Cornelia MACARIE**

Professor, Department of Public Administration and Management,  
Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-0263-233.419  
E-mail: macarie@fspac.ro

## **Octavian MOLDOVAN**

Research Assistant, Department of Public Administration  
and Management, Faculty of Political, Administrative and  
Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-744-891.466  
E-mail: octavian.moldovan@fspac.ro

**Abstract.** The main aim of this research is to assess the suitability of the Internal Audit Capability Model (IA-CM) for the Public Sector as an evaluation tool for the Romanian internal public auditing system. Although public internal audit should be functionally independent and objective while providing assurance and expertise to public managers (on both revenues and expenditures) with the aim of improving the overall activity of public institutions and managing risks, only a limited number of studies have actually evaluated the maturity (in terms of effectiveness and efficiency) of this system in Romania. Furthermore, previous studies have focused on specific institutions/case studies (and not on the general state of the public internal auditing system), were descriptive or limited to the legal requirements of the domain.

In an attempt to contribute to the research field and raise awareness regarding a more complex and consistent evaluation model for practitioners, this paper filters recent official data (for the 2006-2015 period) from the (Romanian) Central Harmonization Unit for Internal Public Audit through the lenses of the IA-CM. Beside assessing the suitability of this model as an evaluation tool for public internal auditing, our research also provides valuable insights on the current state of internal public auditing in Romania and highlights potential development in this field.

**Keywords:** Romanian internal public auditing, assurance mission, advisory mission, institutionalization of internal audit, internal audit capability model (IA-CM).

## **1. Introduction**

The present work focuses on the evolution of internal public auditing (IPA from here on) in Romania by analyzing the degree in which these activities are organized in central and local public institutions, the professional background of the civil servants involved in IPA (and their coverage of organizational needs) and the degree in which IPA can provide support to managers and contribute to the achievement of organizational goals. Furthermore, our work also provides arguments for the adoption of the Internal Audit Capability Model (IA-CM) developed by the Institute of Internal Auditors (IIA from here on) as a tool for evaluating IPA in Romania and as a roadmap for improving auditing in central and local public organizations. The analysis is based on official information/statistics from the 2006-2015 annual reports on internal public audit issued by the Central Harmonization Unit for Internal Public Audit (CHUIPA).

The research is important for the Romanian public sector as it provides a global and critical assessment of the evolution of internal public audit in Romania over a 10 year period and can help public decision makers responsible for organizing internal audit (IA from here on) to identify and correct potential shortcomings regarding these activities. In addition to the introduction and conclusions, the present research is structured in three main sections, referring to a brief review of the specialized literature (focusing on the evolution of IPA in Romania and the IA-CM model), methodological aspects and the results obtained (including discussions which can be derived from these findings).

## **2. Theoretical overview. The Internal Audit Capability Model (IA-CM)**

### **2.1. Internal public auditing in Romania**

Internal auditing can be defined as ‘an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’ (IIA, 2009, p. 3). In general, internal audit includes examining and assessing the adequacy and effectiveness of an organization’s internal control system, as well as assessing the quality of the work conducted by the members of the organization, in accordance with the tasks assigned to each employee (Arens and Loebbecke, 2003, p. 904). As such, internal audit plays an essential role in achieving the objectives of public organizations in terms of increasing their efficiency and effectiveness, potentially leading to significant resource economy (Bobes, 2012, p. 40).

Public managers should be aware of the inherent value of internal audit as a decision making support tool, especially given the importance of IPA in creating and

maintaining a performant management (Dascălu, Marcu and Hurjui, 2016; Dumitrescu, 2012). Public organizations are also exposed to multiple risks and external and internal threats, often function in a competitive environment and focus on the attraction of financial resources; thus a risk management system needs to be developed in order to identify and prevent the emergence of risks, possibly through IPA (Dumitru and Burtescu, 2015). The lack of adequate internal public auditing or its purely formal and superficial implementation in Romania, without having the ability to dutifully identify the risks faced by public institutions and reduce financial uncertainty (Moldovan and Macarie, 2015) could be one of the factors that facilitated the recent financial crisis (Oțetea, Tița and Ungureanu, 2013), prolonging its effects.

The present stage of globalization has led to greater exposure for both the public and the private sphere<sup>1</sup>, as most public organizations are currently bound to transparency and openness to the public, are subject to control from the behalf of clients (target groups), media and civil society, are held to higher accountability and responsibility standards, and are consequently bound to implement a new approach to leadership and external relations. In this context, public managers can use IPA as a robust support mechanism in their attempts to manage risks and create adequate control systems (Bobes, 2012, pp. 45-47) which can limit the exposure of an institution. But on the other hand, public auditors must also acknowledge the fact that 'they cannot hold their current status if they continue to stay in their comfort zone and supply the auditing committee information and points of view based on the traditional approach of internal auditing. The challenge of internal auditing consists in obtaining a unanimous consent regarding the necessity of enlarging the current role of internal auditing, simultaneous with the maintenance of an adequate level of performance. In order to enlarge the current role and to improve the work methods, the "auditors of the future" owe to develop their capabilities and actual processes' (Fülöp and Szekely, 2017, p. 447).

The aforementioned paradigm shift, regarding both public sector managers and internal auditors, was also highlighted in the specialized literature which considers that the Romanian internal public control 'is undergoing an ample transformation process, which marks the transition from standardized management and control (generally, through normative acts), to an objective based management and a dual control, based on management self-control (managerial control), as well as on separate assessments made by independent bodies (external public audit and internal public audit). The new type of management entails, ex-ante, undertaking clear and

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1 Although internal audit exists in both sectors, these activities are 'differently regulated for public entities and for those activating in the private sector' (Laptes, Popa and Dobre, 2014, p. 810).

feasible objectives on setting the direction to follow in order to fulfil the needs of a society or of a target group, the allocation of resources (financial, human, material) to fulfil these objectives, decision-making autonomy in resources use, as well as the implementation of a managerial accountability mechanism for the results obtained' (Dascălu, 2016, p. 643). In essence, IPA should be seen as a dynamic process which evolves in close connection with the society and is closely related to the societal stage of development (Munteanu, Zuca and Țință, 2010, p. 267).

Internal public auditing has a relatively short history<sup>2</sup> in Romania and the perception that public managers have in regard to the role of auditors is in many instances misguided; for example, although article 9 of Law no. 672/2002 imposes on the leaders of public entities the obligation to organize the auditing activity internally and to refrain from using internal auditors for other organizational activities, tasks and needs (except auditing), most public sector leaders comply only at a formal level and, in practice, use internal auditors for other organizational tasks and activities.

## **2.2. The IA-CM**

The renewed focus on the importance of IPA for public sector organizations is also highlighted in the research<sup>3</sup> conducted by the IIA (at the proposal of the Public Sector Committee) which recommended the development of an Internal Audit Capability Model (IA-CM) with the aim of strengthening the importance of public internal audit, governance and accountability. The Internal Audit Capability Model (IA-CM) for the public sector is a framework that identifies the necessary prerequisites for the existence of efficient internal audit in the public sector. The model establishes levels and stages through which internal audit can evolve, as these activities are defined, implemented, measured, controlled, and improved by the processes and practices of the IA-CM. With the help of this tool, internal and external auditors and managers can assess the internal audit activity and the evolution of the audit function in a public sector organization. Essentially, the IA-CM takes into account the evolution of the public internal audit function on 5 levels (IIA, 2009, pp. 7-9), as follows:

- Level 1 (Initial) – internal audit is not sustainable, audit missions are isolated and unstructured, lacking infrastructure, as an internal audit department is not organized and results depend on individual efforts;

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2 The implementation of internal public audit in Romania in its current form can be closely linked to the country's accession to the European Union and the formal requirements which had to be met (Calotă and Vânătoru, 2009).

3 The research was conducted in two stages (IIA, 2009, p. 2) between October 2006 and May 2009.

- Level 2 (Infrastructure) – sustained and repeatable audit procedures are conducted, specific practices are developed, activities are planned and audit standards are partially implemented;
- Level 3 (Integrated) – policies, processes and procedures of internal audit are uniformly defined, documented and integrated according to specific standards. The main focus is on the independence and objectivity of auditors as auditing missions evolve from traditional assessment (control or evaluation) to the provision of advice on performance and risk management;
- Level 4 (Managed) – the significant contribution of internal audit to the organization is recognized as an integral part of the organization's governance and risk management systems; and
- Level 5 (Optimizing) – internal audit is transformed into a learning organization characterized by continuous process improvement and innovation; IA uses information from inside and outside the organization to achieve its strategic goals, is accepted as a critical part of the governance structure of the organization and auditors reach a high level of professionalism.

Each of the 5 aforementioned levels of the IA-CM, in turn, implies a series of 6 elements (or dimensions) that must be simultaneously fulfilled in order to consider that a public institution has reached (mastered) a level; the elements refer to: (a) the services and the role of internal auditing; (b) people management; (c) professional practices; (d) performance management and accountability; (e) organizational relationships and culture, and (f) the governance structure (IIA, 2009, pp. 9-12).

By applying the IA-CM we can identify the level at which internal audit is performed in a particular organizational setup; this evaluation can be done by the government for a national level diagnosis or by any public organization interested in governance and risk management, who fully understands the key role held by IPA in achieving organizational objectives.

### **3. Methodological framework**

The topic has been previously analyzed (Macarie, 2011, pp. 26-32) for the 2004-2009 period, thus the present study both builds upon previous endeavors and represents a continuation (follow-up) to the aforementioned work. The main purpose is to diagnose the current state of internal public auditing in Romania and to analyze how these activities have evolved since internal audit was organized as an independent function in public organizations. The document analysis conducted in order to assess the evolution of IPA in Romania is based on annual reports regarding internal public auditing activities for the 2006-2015 period; these



reports<sup>4</sup> are compiled and published by the Ministry of Public Finance through the Central Harmonization Unit for Internal Public Audit according to the legal provisions of Law no. 672/2002, Minister of Public Finance Order no. 38/2003 and Government decision no. 1086/2013.

The annual reports on the Romanian internal public audit activity elaborated by the CHUIPA are based on multiple information sources, as follows:

- Annual reports regarding the internal audit activity carried out at the level of central public administration and their subordinate public entities (under their coordination or authority);
- Annual reports regarding the internal audit activity carried out at the level of the local public administration (communes, cities and towns), counties and the municipality of Bucharest and regarding the tasks delegated to the internal audit structures of the county level General Directions of Public Finances and to the Bucharest Municipality General Direction of Public Finances;
- Annual reports on the internal audit activity carried out at the level of associative structures;
- Annual reports on the assessment of the internal audit activity at the level of central public administration (referring to auditing activities planned and carried out by CHUIPA);
- The annual activity report of CHUIPA;
- Annual activity report of the Public Internal Audit Committee;
- Other audit reports and regulations for the organization and operation of public internal audit compartments of central and local public entities.

The analyzed reports were structured in each year in accordance with the general reporting model for the public internal audit activity established by the European Commission in agreement with the Member States and also contain possible improvement measures for IPA as these activities need to be convergent with the standards of the European Union. The Central Harmonization Unit for Internal Public Audit provides the model of the annual report (template and annexes) annually to public sector organizations which then have to prepare the reports and submit them back to CHUIPA which centralizes all the information and compiles the final (consolidated) annual report.

The reports issued by the Central Harmonization Unit for Internal Public Audit are structured on chapters, with their content and size differing from one year to another; a synthesis of the evolution of the content and size of the annual reports

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4 The reports are publicly available and have been accessed from the official website of the Ministry of Public Finance at the following address <http://www.mfinante.gov.ro/raportariucaapi.html?pagina=domenii>.

analyzed in the current research for the 2006-2015 period is included in Table 1 and Table 2.

We believe that the Central Harmonization Unit for Internal Public Audit annual report data is rigorously collected and processed as: (a) all public sector organizations have used the same detailed reporting model (structured on paragraphs, chapters and appendices); (b) the drafting requirements were explicitly provided by CHUIPA; (c) the required information was provided by the internal audit departments of public entities which had direct access to data and information (those who prepared the reports were directly interested to provide real, actual and accurate information); and (d) completing and submitting the reports to CHUIPA is mandatory for both local and central public administration organizations.

Taking into consideration all the aforementioned aspects, we strongly believe that the data used in this work reflects the reality and that the research results obtained have a high degree of accuracy and precision, allowing us to formulate a well-documented assessment. Furthermore, the same CHUIPA reports (for the 2011-2013 period) were also used as primary sources of data by other researchers in the field (Dumitrescu Peculea, 2015).

**Table 1.** The dimension and content of the reports for the 2006-2015 period

<b>Year</b>	<b>No. of pages</b>	<b>No. of chapters</b>
2006	35	3 chapters
2007	46	3 chapters
2008	52	3 chapters
2009	74	3 chapters
2010	79	3 chapters
2011	133	3 chapters and 2 annexes
2012	176	7 chapters
2013	218	7 chapters
2014	75	7 chapters and 2 annexes
2015	66	6 chapters and 19 annexes

*Source:* Authors' findings based on CHUIPA reports (2007-2016)

The data included in Tables 1 and 2 shows that the size of the reports increased steadily between 2006 and 2013, with the largest volume (number of pages) being in 2013 (218 pages), but in 2014 and 2015 the volume of the report decreases while the annexes included more data centralized from the reports of individual public organizations. The size of each chapter of the report also differs on an annual basis, most likely as a result of the growing importance of the internal audit function in public organizations and the content changes CHUIPA has imposed to public organizations which had to submit their individual reports.

**Table 2.** Developments in the content of the annual reports in the 2006-2015 period

Chapters (themes approached/included in the annual report)	Number of pages									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Overview/introduction	1	1	1	1	1	1	10	11	3	2
2. Evaluation of the organization and functioning of IPA	9	8	7	10	15	38	63	71	17	27
3. Assessment of the degree of assurance and application of the methodological and procedural framework of IPA	8	13	13	11	15	22	25	31	17	12
4. The contribution of internal auditing activities to the achievement of the objectives of public entities	11	15	28	31	25	52	61	66	14	x
5. The activity carried out by the CHUIPA	2	4	2	6	7	8	8	10	10	9
6. The activity carried out by the Public Internal Audit Committee	1	2	2	2	2	2	2	4	1	13
7. Conclusions and proposals/directions for action	2	3	2	4	3	5	3	18	3	3
8. Annexes	-	-	-	-	-	2	-	-	5	41

Source: Authors' findings based on CHUIPA reports (2007-2016)

We must also note the increasing importance that CHUIPA attached in the annual reports to the contribution that internal auditing work brings to achieving the objectives of public organizations; although this section was included in previous reports as a part of other chapters, since 2012 it was presented in a dedicated/distinct chapter.

## 4. Results and discussions

### 4.1. The degree of IPA organization

All the annual reports regarding the internal audit activity in the public sector issued by the Central Harmonization Unit for Internal Public Audit between 2006 and 2015 analyzed the stage/degree of organization of internal auditing and the contribution this activity brings towards achieving the institutional objectives of central public administration (CPA from here on, referring to: ministries, autonomous administrative authorities and other units subordinated to ministries and administrative authorities) and local public administration (LPA from here on, referring to: counties, municipalities, Bucharest and its sectors, cities, communes and their subordinate entities).

Between 2006 and 2015, Romanian local and central public organizations could ensure the organizational framework for public internal audit in the following systems (CHUIPA reports, 2007-2016):

- By creating/establishing their own specialized compartment for internal audit within each public entity, in the direct subordination of the leaders of these entities;

- By the hierarchically superior public entity, where internal auditing services are provided by the public internal audit department established by the hierarchically superior public entity (based on the decision of its chief executive); and
- In the cooperation/association system, in which the internal audit is jointly assured for several local public entities, based on decisions of the local councils, by (a) the public internal audit compartment constituted by one of these local public entities or (b) by the associative structures of public utility established by local administrative units.

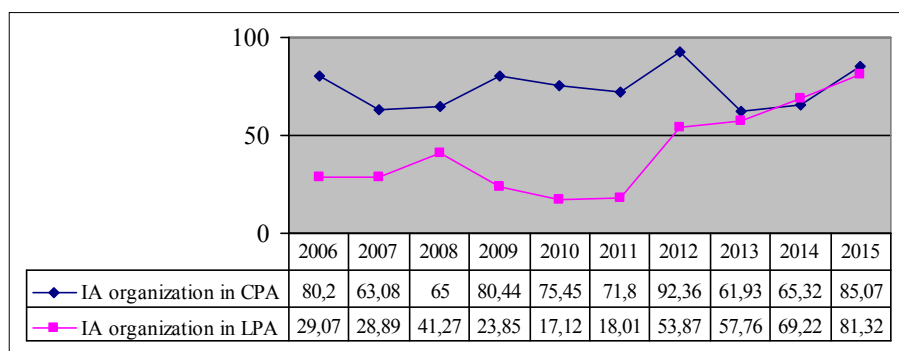
The evolution of the degree of internal auditing organization in the Romanian CPA is presented in Table 3 and Figures 1 and 2. The degree of organization of internal auditing refers to the fact that public entities have created (included) an internal public audit compartment in the organizational chart or that internal audit is organized in an associative system (multiple public organizations have shared resources for this specific activity). The degree of internal audit organization in CPA evolved in a cyclical manner due to the permanent restructuring of central public institutions through the establishment of new institutions, dismantling, merging, absorption or division. The organization of the internal audit function transformed similarly to other organizational functions as every public administration restructuring/reform generated consistent changes.

**Table 3.** The degree of organization of internal auditing in CPA (2006-2015)<sup>5</sup>

Year	Total no. of CPA entities	CPA entities with organized internal audit	CPA entities in which internal auditing was not organized	The degree of IA organization in CPA (in %)
(0)	(1)	(2)	(3)	(4)=(2):(1)
2006	1263	1013	250	80.2
2007	1200	757	443	63.08
2008 <sup>5</sup>	54	54	-	100
2009	1217	979	238	80.44
2010	1157	873	284	75.45
2011	1181	848	333	71.80
2012	1349	1246	103	92.36
2013	1610	997	613	61.93
2014	1505	983	522	65.32
2015	1246	1060	186	85.07

Source: Authors' findings based on CHUIPA reports (2007-2016)

5 The 2008 report does not contain information regarding all CPA entities (there are no administrative authorities and units subordinated to ministries and administrative authorities included), thus we analyzed only the 54 ministries in which the public internal audit was organized.

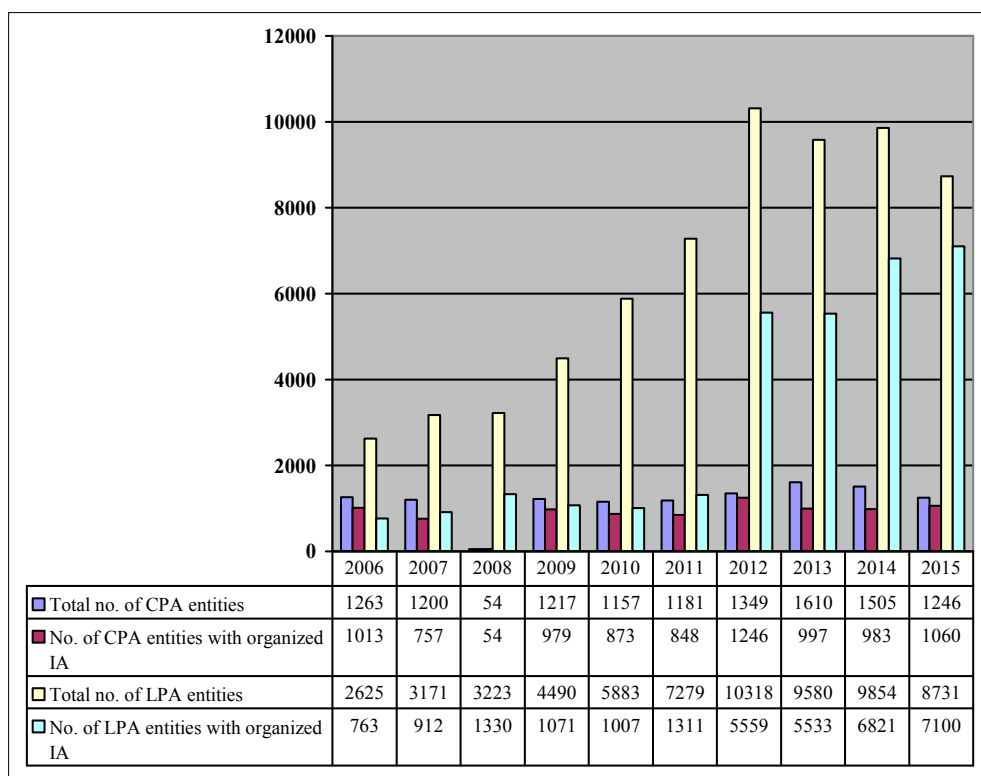


**Figure 1.** Evolution of the degree of IA organization in CPA and LPA (2006-2015; in %, calculated as no. of entities with organized IA/total no. of entities)

*Source:* Authors' findings based on CHUIPA reports (2007-2016)

The highest level of IA organization at the central level was in 2012 (92.36%) and the lowest in 2013 (61.93%), but the change between these years was rather abrupt as there is a decrease of 30.43% of the degree of IA organization in 2013 compared to 2012 (see Figure 1). This sharp decline can be explained by multiple factors: (1) the number of CPA organization which were required by law to organize their IA activities increased by 19%, and (2) the number of CPA entities which previously had their internal auditing organized but then opted for externalization or centralization (by dismantling audit compartments within subordinate units, coordinated or under their direct authority and latter concentrating the internal audit activity at the level of ministries or other central administrative authorities) decreased by 20%. However, the most serious problem we identified in Romania's CPA throughout the analyzed period refers to the creation and maintenance of audit structures with a single post, even if article 2 of Law no. 672/2002 on internal public audit stipulates that at least two internal auditors should be employed full time. This aspect is unlikely to provide the organizational and functional framework necessary for the public audit activity to be carried out under the conditions of legality, efficiency and effectiveness.

The situation in Romanian LPA is quite different from that of the CPA, as the degree of IA organization was very small between 2005 and 2011 (see Table 4 and Figures 1 and 2) following a general decrease tendency (with the exception of 2008); the smallest degree of IA organization for LPA was in 2010 (only 17.12%, see Figure 1) but this general trend reversed after 2012 (when Government decision no. 1183/2012 was emitted, allowing institutions to organize their IA by cooperation/association) reaching a maximum of 81.32% in 2015 (see Table 4 and Figure 1).



**Figure 2.** The evolution of IA organization in CPA and LPA (2006-2015)

Source: Authors' findings based on CHUIPA reports (2007-2016)

**Table 4.** The degree of organization of internal auditing in LPA (2006-2015)

Year	Total no. of LPA entities	LPA entities with organized internal audit	LPA entities in which internal auditing was not organized	The degree of IA organization in LPA (in %)
(0)	(1)	(2)	(3)	(4)= (2):(1)
2006	2625	763	1862	29.07
2007	3171	916	2255	28.89
2008	3223	1330	1893	41.27
2009	4490	1071	3419	23.85
2010	5883	1007	4876	17.12
2011	7279	1311	5968	18.01
2012	10318	5559	4759	53.87
2013	9580	5533	4047	57.76
2014	9854	6821	3033	69.22
2015	8731	7100	1631	81.32

Source: Authors' findings based on CHUIPA reports (2007-2016)

The main problems faced by the heads of local public entities in organizing the internal audit activity during the analyzed period were, according to Central Harmonization Unit for Internal Public Audit (2007-2016) reports, the following:

- Legislative limitations on specialized (auditing) job/post creation as the maximum number of posts at a communal or small town hall was set in accordance with the number of inhabitants;
- Budget limitations for small municipalities;
- The dissolution of unoccupied auditing posts due to lack of qualified staff and unattractive salary; and
- The managers of local entities misunderstood the content of the internal audit function (did not consider this function necessary and consequently did not create an internal audit department).

Overall, the possibility to organize internal audit in the associative system by outsourcing the audit function (according to Government decision no. 1183/2012) has led to an increase in the degree of IA organization, but the conformity and quality of the services received do not seem to comply with the requirements of the profession. In 2015, at the level of LPA, from the 1510 entities which submitted their internal audit activity report to CHUIPA a total of 1206 entities (or 79.86%) organized the internal audit activity in an associative system and only 304 entities (20.14%) organized their own internal auditing compartments (CHUIPA, 2016).

Although significant differences can be observed regarding the degree of internal auditing organization between LPA and CPA from 2006 to 2012, both the size of this indicator and its tendency are more similar between the two administrative levels starting with 2013, as shown in Figure 2. This observation leads us to assert that the public internal audit function is mature, at least from the perspectives of institutional organization and formal legal compliance. However, issues such as those identified above and others related to the actual exercise of the audit function remain to be solved, as there are still many instances in which public internal audit is formally organized but the audit function is not properly exercised (the audit structures do not actually work, obtain suboptimal results or are used for other organizational purposes). For example, in 2015 at the national level, the audit function was effectively performed only in the case of 78.95% of the entities that organized the internal audit through their own compartment (including through associative structures) and in the case of 91.99% of the public entities where the internal audit function was exercised by the hierarchically superior body (CHUIPA 2016, p. 12). This means that it is not enough to organize the internal audit structure (as a formal solution in order to ensure legal compliance) as the function/activity must also be dutifully exercised in order to bring added value to the public organization. We consider that, from this perspective, the Romanian public internal audit can be positioned at Level 2 (Infrastructure) of the IA-CM (IIA, 2009),

but further analyses on the human resource and the audit missions conducted will offer a better assessment/understanding.

#### 4.2. The human resource involved in IPA activities

Considering that internal auditing requires a highly skilled workforce, one of the main problems faced by the heads of public entities (which are responsible for organizing internal public audit compartments and the activity in itself) refers to the human resource. Focusing on this issue, Table 5 presents the situation of internal auditor posts (referring to the number of posts included in organizational charts, occupied posts and vacant ones) in the Romanian CPA for the 2006-2015 period; the 2014 report (CHUIPA, 2015) only referenced the posts included in the organizational chart and did not provide any information about vacancies (unoccupied positions/jobs), thus we excluded this year from the analysis.

**Table 5.** Internal auditor posts and their vacancy/occupancy in CPA (2006-2015)

Year	IA positions included in the organizational charts	Occupied IA posts/positions	Vacant IA posts/positions	Degree of occupancy (in %)
(0)	(1)	(2)	(3)	(4) = (2): (1)
2006	2070	1708	362	82.51
2007	2027	1633	394	80.56
2008	2159	1807	352	83.69
2009	2195	1784	411	81.28
2010	2065	1700	365	82.32
2011	1965	1588	377	80.81
2012	1944	1589	355	81.73
2013	1767	1466	301	82.96
2014	1750	x	x	X
2015	1472	1229	243	83.49

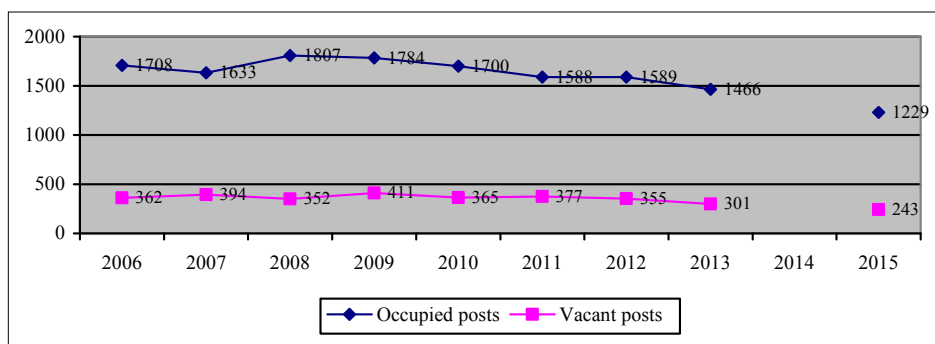
**Note:** x – no data available

*Source:* Authors' findings based on CHUIPA reports (2007-2016)

The number of posts included in the organizational charts of CPA entities increased between 2007 and 2009 but then it systematically decreased after 2010 to a historic minimum of 1472 posts in 2015; the largest number of posts included in the organizational chart was in 2009, respectively 2195 posts (see Table 5). The gap between these two extremes (minimum and maximum) is 723, corresponding to a decrease of 33% in the number of posts in 2015 compared to 2010. The number of occupied posts/positions also decreased between 2009 and 2015, from a maximum of 1807 occupied posts in 2008 to a minimum of 1229 occupied posts in 2015, leading to a reduction of 31.98% regarding this indicator (Table 5), possibly due to the public sector hiring/recruitment freeze and cuts and freezes of public sector wages imposed by the 2009 austerity measures.

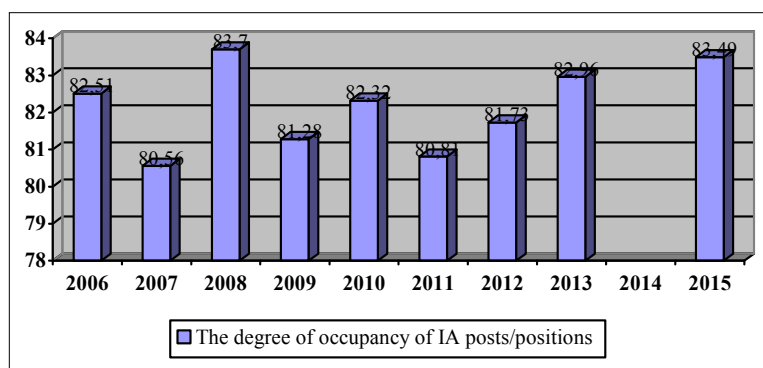


The degree of occupancy of internal auditor positions in the Romanian CPA (calculated as the number of occupied positions/posts divided by the total number of positions/posts included in organizational charts) over the analyzed period is constantly higher than 80%, the lowest being in 2007 (80.56%) and the highest in 2008 (83.69%) (Figures 3 and 4); however, the steady pace of occupancy should be analyzed by taking into account the continuous reduction in the number of posts included in the organizational chart over the 2010-2016 period.



**Figure 3.** Occupied and vacant internal auditor posts in CPA (2006-2015)

Source: Authors' findings based on CHUIPA reports (2007-2016)



**Figure 4.** The degree of occupancy of IA posts/positions in CPA (2006-2015)

Source: Authors' findings based on CHUIPA reports (2007-2016)

In order to provide a better assessment of the public internal audit activity conducted during the analyzed period, we calculated in Table 6 the ratio between the number of central public entities and the number of auditor positions included in the organizational chart or which were actually occupied. The situation is good (favorable for internal audit activities) when the ratio between the number of entities and the number of posts is small (it improves when the ratio decreases)

and unfavorable when the ratio is higher (as there are more CPA organizations for each auditor).

The best situation can be observed in 2009 when there were 0.55 entities for each planned auditor position and 0.68 entities for each occupied auditor position; the worst situation was in 2013 when for each auditor position included organizational charts there were 0.91 entities and 1.10 entities for each occupied/filled auditor post (see Table 6). The situation is deteriorating constantly between 2010 and 2013 (leading to the historical maximum in 2013) after which the trend improved slightly.

**Table 6.** IA coverage in CPA (2006-2007)

Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total no. of CPA entities, out of which:	1263	1200	x	1217	1157	1181	1349	1610	1505	1246
CPA entities with organized IA	1013	757	x	979	873	848	1246	997	983	1060
Total no. of IA posts included in organizational charts, out of which:	2070	2027	2156	2195	2065	1965	1944	1767	1750	1472
Total no. of filled/occupied posts	1708	1633	1807	1784	1700	1588	1589	1466	x	1229
No. of entities/no. of auditing posts included in organizational charts	0.61	0.59	x	0.55	0.56	0.60	0.69	0.91	0.86	0.85
No. of entities/no. of occupied/filled IA posts	0.74	0.73	x	0.68	0.68	0.74	0.85	1.10	X	1.01

**Note:** x – no data available

*Source:* Authors' findings based on CHUIPA reports (2007-2016)

The situation of auditing posts in LPA is presented in Table 7 and Figures 5 and 6, showing that the number of posts included in organizational charts has fluctuated considerably, from a minimum of 1273 posts in 2006 to a maximum of 1895 in 2009. The period between 2009 and 2013 can be characterized by continuous decrease, while after 2014 the number of posts has started to increase (see Table 7). The difference between the minimum and maximum is 622 (there was an increase of 48.86% in 2009 compared to 2006) and the difference between 2009 and 2013 is of 496 posts (representing a decrease of 26.17%).

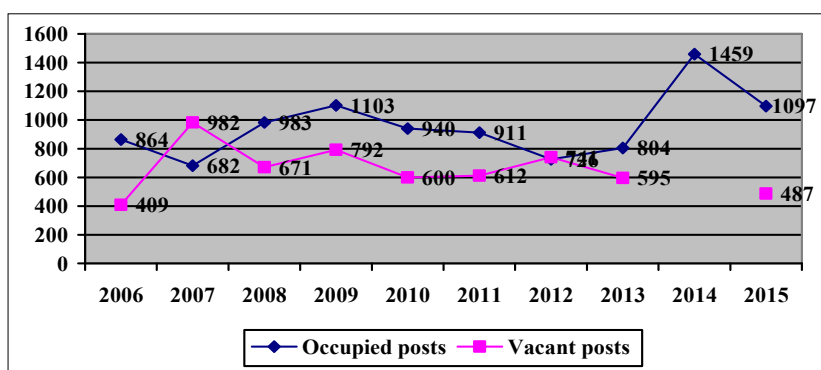
However, as shown in Figures 5 and 6, there are considerable differences between the number of posts/positions included in organizational charts and the number of posts/positions which were actually occupied/filled in LPA. Both the number of posts included in organizational charts and the number of occupied positions have increased in LPA after 2013 as a result of expanding the organization of internal public auditing through the cooperation/association system.

**Table 7.** IA posts included in organizational charts and occupied/filled posts in LPA (2006-2015)

Year	No. of IA posts included in organizational charts	No. of occupied IA posts	No. of IA vacancies	Degree of post/ position occupancy (%)
(0)	(1)	(2)	(3)	(4) = (2):(1)
2006	1273	864	409	67.87
2007	1664	682	982	40.98
2008	1654	983	671	59.43
2009	1895	1103	792	58.21
2010	1540	940	600	61.04
2011	1523	911	612	59.81
2012	1467	726	741	49.48
2013	1399	804	595	57.47
2014	1459	x	x	X
2015	1584	1097	487	69.25

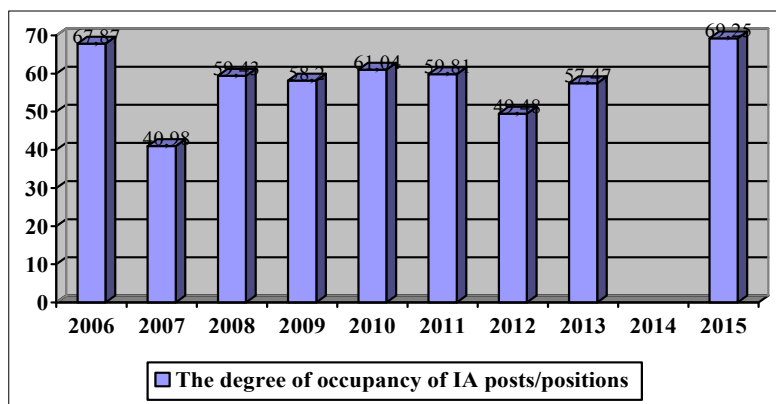
**Note:** x – no data available

Source: Authors' findings based on CHUIPA reports (2007-2016)



**Figure 5.** Occupied and vacant internal auditor posts in LPA (2006-2015)

Source: Authors' findings based on CHUIPA reports (2007-2016)



**Figure 6.** The degree of occupancy of IA posts/positions in LPA (2006-2015)

Source: Authors' findings based on CHUIPA reports (2007-2016)

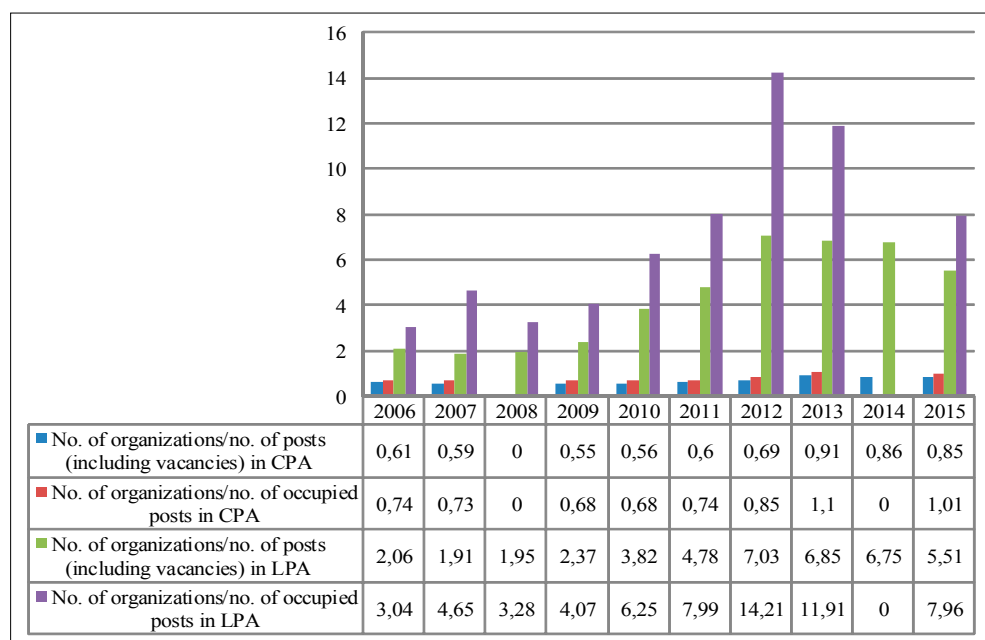
The ratio between the number of LPA entities that should (according to the law) organize their internal audit activity and the number of internal public auditor positions (included in organizational charts and actually occupied/filled) at the local administrative level is shown in Table 8.

Table 8 and Figure 7 show that the most problematic situation in LPA was in 2012, when there were 7.03 entities for a single internal auditor position included in orga-

**Table 8.** IA coverage in LPA (2006-2007)

Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total no. of LPA entities, out of which:	2625	3171	3223	4490	5883	7279	10318	9580	9854	8731
LPA entities with organized IA	763	916	1330	1071	1007	1311	5559	5533	6821	7100
Total no. of IA posts included in organizational charts, out of which:	1273	1664	1654	1895	1540	1523	1467	1399	1459	1584
Total no. of filled/occupied posts	864	682	983	1103	940	911	726	804	x	1097
No. of entities/No. of auditing posts included in organizational charts	2.06	1.91	1.95	2.37	3.82	4.78	7.03	6.85	6.75	5.51
No. of entities/No. of occupied/filled IA posts	3.04	4.65	3.28	4.07	6.25	7.99	14.21	11.91	x	7.96

Source: Authors' findings based on CHUIPA reports (2007-2016)



**Figure 7.** IA coverage in CPA and LPA (all and occupied auditor posts; 2006-2015)<sup>6</sup>

Source: Authors' findings based on CHUIPA reports (2007-2016)

<sup>6</sup> The value 0 in Figure 7 indicates the fact that no data was available for those years.

ganizational charts and 14.21 entities for an occupied/filled internal auditor position, while the lowest number of entities for an auditor post included in organizational charts was in 2007 (1.91) and 2006 in the case of filled/occupied positions (3.04).

The number of local public entities which had to organize their internal audit increased between 2006 and 2015 by 232.61%, while the number of auditor positions included in organizational charts only increased by 24.43% and the growth rate of the number of occupied positions (26.97%) was also significantly lower (Table 8). The low number of occupied public auditor positions in LPA (especially in communes and small towns) can explain some of the problems faced by these entities in fulfilling their specific functions (providing public goods and services) but also the multitude of situations where financial resources, which were already insufficient for the needs of the community and improperly mobilized at the local level (Moldovan, 2016), were inefficiently spent. Far from being an isolated opinion, the ‘faulty management of human resource’ is often mentioned as a source of public sector internal audit shortcomings and deficiencies (Cioban (Lucan), Hlaciuc and Zaicéanu, 2015, p. 399).

### 4.3. Audit missions

In order to assess the potential contributions of the internal audit activity towards achieving the objectives of public entities, we analyzed the volume and structure of the internal audit missions performed during the last 5 years of the surveyed period (Table 9). Throughout the analyzed period the number of internal public audit missions increased constantly as in 2015 the number of missions has doubled compared to 2011, increasing from 5250 missions in 2011 to 10500 missions in 2015 (at the national level). Most audit missions are insurance mission, accounting for around 95% of the total audit missions between 2011 and 2014, but in 2015 the share of counseling missions increased to almost 18% of all missions (Table 9). This shift from assurance to counselling can be viewed as an increase in the importance public sector leaders attached to internal audit as a support function in achieving managerial and organizational objectives.

**Table 9.** The structure of audit mission (CPA + LPA combined; 2011-2015)

Type of the audit mission	2011		2012		2013		2014		2015	
	No.	%	No.	%	No.	%	No.	%	No.	%
Assurance	5031	95.8	6332	93.5	5880	93.3	7916	96.04	8630	82.19
Consulting	219	4.2	450	6.5	422	6.7	326	3.96	1870	17.81
Total	5250		6772		6302		8242		10500	

Source: Authors' findings based on CHUIPA reports (2007-2016)

Assurance missions can be grouped into the following auditable areas: budgeting, financial-accounting, procurement, human resources, legal, Community (EU)

funding and specific organizational functions. The largest share of audit missions were focused on the financial-accounting area (30%) in 2011, but from 2012 onwards the largest share of assurance missions was represented by audit missions regarding the entity's specific functions (36.53% of all assurance missions were of this nature in 2015). Although the number of audit missions increased constantly between 2011 and 2015 (Table 9) we must also take into account that the number of public auditors employed in CPA and LPA remained constant or increased only slightly over the analyzed period, thus increasing the workload of these professionals; as such, if an auditor had to conduct (on average) 2.1 missions in 2011, the number increased to 4.51 by 2015 (Table 10).

**Table 10.** The number of audit missions per auditor (CPA + LPA combined)

Year	Occupied IA posts in LPA	Occupied IA posts in CPA	Total no. of occupied IA posts	No. of IA missions	No. of missions/auditor
(0)	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (4): (3)
2011	911	1588	2499	5250	2.10
2012	726	1589	2315	6772	2.93
2013	804	1466	2270	6302	2.78
2014 <sup>7</sup>	1459	1750	3209	8242	2.57
2015	1097	1229	2326	10500	4.51

Source: Authors' findings based on CHUIPA reports (2007-2016)

The professional background of internal auditors also presents an interesting picture as, in central public administration institutions, 82.64% of those employed in these positions were economists and only 17.35% had other professional backgrounds (jurists, engineers, computer scientists or other specializations), while in local public administration institutions 90.9% of internal auditors were economists and only 9.1% had other professional backgrounds in 2013 (Table 11). The field of internal audit is dominated by economists in the case of the public sector as this professional background was often required during recruitment, while article 15 of Law no. 672/2002 stated that financial and economic activities have to be audited at least once every three years.

**Table 11.** Professional background of public sector internal auditors (in 2013)

Profession	CPA (in %)	LPA (in %)	Total public administration (in %)
Economist	82.64	90.9	85.21
Jurist (legal counsellor)	6.34	3.25	5.77
Engineer	6.27	3.64	5.04
IT specialist	0.79	0.13	0.57
Other professions	3.96	2.08	3.41

Source: Authors' findings based on CHUIPA reports (2007-2016)

7 In the case of 2014 we used all the posts included in organizational charts, as data for occupied posts was unavailable.

The increased focus on the financial and economic aspects of internal audit is also reflected in the typology of auditable areas of assurance missions, which include: the budgetary process, financial activities, accounting, European non-refundable funds and public procurements, among others. However, both the professional structure and auditable areas need to be improved/updated in order to ensure a better representation of professional backgrounds among internal auditors, thus bringing additional expertise to audit missions, especially in the case of counselling/consulting ones.

## **5. Conclusions**

The nature of the internal audit activity has changed considerably over time due to the profound changes brought by globalization and multiple economic and financial crises. Taking into account the new context, emerging/developing countries need to reduce existing gaps (when compared to developed countries) from the perspective of organizing audit work in both the public and private sectors. If previous audit missions mostly referred to assurance/compliance or financial risk, future audit missions need to shift towards corporate governance, risk management, ethics, corporate responsibility or sustainability and strengthen the role of auditors as managerial counsellors/advisors.

In the case of Romania, public internal audit is better organized in the case of central public institutions, while in the case of local public administration the legal provisions are only partially met (even from a formal perspective) while the actual practice of these activities requires considerable improvements. A first step was made by amending the legislative framework (Law no. 672/2002 on public internal audit) in order to support the organization of internal audit at the local administrative level by association (small local entities which do not have the financial capacity to organize their own internal audit compartments can associate with the purpose of jointly setting up an internal audit structure). However, this solution affects the very essence of the internal audit function, since in an association the auditor is a person from outside the organization, thus often lacking the insights necessary to properly conduct an audit mission and, as Cioban (Lucan), Hlaciuc and Zaicéanu (2015, p. 394) concluded, 'the impact of internal audit in the public sector is strongly influenced by the quality of internal audit missions'.

The model proposed by the Institute of Internal Auditors to measure the capacity of public internal audit (the IA-CM) is a challenge for the Romanian public administration, because our analysis shows that the internal audit function in public organizations is only at the first level (Initial), with some exceptions in the case of central public administration institutions. This model can be further used for the assessment and comparison of different countries from the perspective of govern-

ance and risk management and these analyses can influence investment decisions, international ratings or the allocation of external funds.

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# HEALTH LITERACY, PUBLIC SERVICE ANNOUNCEMENTS AND HEALTH POLICIES – THE DISCONNECTED FLOW

Viorel MIHĂILĂ  
Ana Maria ZAMFIR  
Razvan-Mihail PAPUC

**Abstract.** Within the health sector, emphasizing the importance of preventive health care is the starting point of numerous reforms through the world. However, many programs tend to ignore the health literacy aspect when directing consistent efforts towards health communication, seeking to change unhealthy behaviors of the population. The physicians, public policies, nudges and mandates are involved in the process of influencing individual and collective unhealthy behaviors. In promoting desirable behaviors, Public Service Announcements (PSAs) are the tool of choice in many countries.

Our study shows that being not such an essential influencer as expected on influencing the determinants of health, PSAs would be more effective in conjunction with proper support given by the General Practitioners, harmonized with in-place health policies and adapted to the health literacy level of the targeted population. As it looks now, the broadcasted PSAs lack the capacity to fill in the gap from knowing to doing for individuals with all levels of education.

**Keywords:** health communication, social marketing, public service announcement.

## **Viorel MIHĂILĂ**

Visiting Professor, Department of Economic and Administrative Sciences, Faculty of Administration and Business, University of Bucharest, Bucharest, Romania  
Tel.: 0040-724-936.835  
E-mail: viorel.mihaila@faa.unibuc.ro

## **Ana Maria ZAMFIR**

Visiting Professor, Department of Economic and Administrative Sciences, Faculty of Administration and Business, University of Bucharest, Bucharest, Romania  
Senior researcher, National Scientific Research Institute for Labor and Social Protection, Bucharest, Romania  
Tel.: 0040-724-518.587  
E-mail: anazamfir2002@yahoo.com

## **Razvan-Mihail PAPUC**

Associate Professor, Department of Economic and Administrative Sciences, Faculty of Administration and Business, University of Bucharest, Bucharest, Romania  
Tel.: 0040-740-052.752  
E-mail: razvan-mihail.papuc@drept.unibuc.ro

## 1. The allocation of resources for health service

This paper addresses the perspectives of changing unhealthy behaviors using public service announcements (PSAs) campaigns within the framework of existing health policies. This is an exploratory research into the relationship between public service announcements (PSAs), preventive health check behavior and health status. The study was not designed to determine the efficacy of specific PSAs, i.e. whether they are successful in persuading individuals to adopt specific behaviors, but to guide the analysis on how the relationships between general practitioners' (GPs') actions, education, health literacy and PSAs influence the adoption of healthy behaviors.

The first section of the paper reviews some of the central concepts of health economics within the context of their application to health policy. The second section considers the problems surrounding the use of health-related PSAs and individual preventive health behaviors by a research done in Bucharest, the capital city of Romania. The third section is dedicated to analyzing the statistical results, and discussion of questions rose by correlation and regression analyses. The last part is devoted to conclusions and further developments.

It is difficult for a political professional to respond, without fueling a serious debate, to the question of how much of scarce resources of a given country shall be spent on medical care. What avenue of approach to make that decision shall be pursued, how much the government or individual's involvement shall be? What percentage of the country GDP shall be devoted to health care, what is the best way of providing medical care, how much regulation or nudging will be the most efficient? The more significant the percentage the better? The US has allocated in 2013 (World Bank Data, 2015) almost 17.1 percentages of the GDP on health care (roughly \$9.146/health expenditure per capita, more than 27.8 percent increase compared to 2006); EU spent 10.1 percent in 2013 (\$3.460/health expenditure per capita, an increase from the 9.4 percent in 2006); OECD countries (OECD Health Statistics 2015) 12.3 percent (\$4.652/health expenditure per capita, from 11.1 percent in 2006), while Romania (World Bank Data, 2015) spent 'only' 5.3 percent (\$504 health expenditure per capita, with 5.1 percent in 2006). During the same period, the public health expenditure was rather constant, with Romania decreasing from 79.8 percent (2006) to 79.7 (2013), OECD countries from 59.9 percent to 61.4; the US from 44.9 percent to 47.1 and EU from 77 to 77.3 percent. Within the EU for instance, 10 percent of the EU GDP has devoted to health, and 8 percent of the total European workforce was in the healthcare sector in 2010 (Investing in health, February 2013, SWD (2013) 43 final). Furthermore, in the same period, with health expenditure recognized as 'grow-friendly expenditure', 80 percent of the health care budgets being public expenditures, public spending on healthcare accounted

for almost 15 percent of all government expenditure in 2010 (Health at a Glance: Europe 2014).

The usual allocation of resources in the field of healthcare based on the approach of a standard economy has direct, visible and palpable effects not only over the general health state of the population but also on the individual behavior of the patients. The indirect costs of the epidemics are supported by the society, while their non-inclusion in the calculation significantly influence the decision-making process within the field of public policies in health. For instance, this approach can be found in the diseases associated with smoking, where the cost of smoking is often understood in a limited manner, as being only the direct cost of medical assistance. The more advanced methods of estimating such costs have been recently developed, and they underline the necessity to make the difference between the factors, which (a) jeopardize, (b) promote the health and (c) protect the health (Dahlgren and Whitehead, 2006, p. 21).

The access to medical information on the Internet influences the decision that the patients make on health and health-related behaviors. From the medical field appeared the need to understand the behavior of the patients in the construction of such new relation with the medical information available online, very easy and at insignificant costs. The concept of 'health information-seeking behavior' covers this field, in the attempt to explain how patients obtain medical information and how they use the collected information about the disease, health promotion and risks on health (Cutilli, 2010; Lambert and Loiselle, 2007).

The approach of the health-in-all-policies, aiming to influence the environmental, economic and social determinants of health is expected to have tremendous success in the coming years. Better health status is associated with positive economic growth, with studies revealed that for every single year of increase in a population's life expectancy the GDP might go up as much as four percent (Bloom, Canning and Sevilla, 2004). On the other hand, the lowering health status of the population is associated with lower rates of annual economic growth, as WHO's studies revealed – each 10% rise in Non-Communicable Diseases is associated with 0.5% lower rates of annual economic growth (WHO Global Report on Non-Communicable Diseases, 2010). In public policy development, different models are used to gauge the impact of budgetary allocation on long-term development, Finland's model of the social expenditure projection model (Ministry of Social Affairs and Health, 2009) being highly valorized in estimating future benefits associated with today health' investments.

In Romania, as well as in the majority of the countries, the health system is blamed for the chronic shortage of resources and the perceived inefficiency of using them (Burcea, Toma and Papuc, 2014). There is, of course, a fierce debate also on the quality of health services. But one shall take into account that the Romanian

health system was designed for a population of roughly 21 million inhabitants, while, to date, due to labor migration, almost 4 million Romanians (as documented migrants) have been in fact allocated to other national health systems through EU (International Migration Report 2017, p. 14). Based on this, questioning the efficiency of using health resources is becoming an important issue under public scrutiny (International Migration Report 2017: Highlights ST/ESA/SER.A/404).

There is a significant amount of resources directed by countries towards health care, based on a nation's wealth, demographics, national priorities and national health systems, to name only a few of the associated factors. Depending on how one defines health, the focus of health policy might vary; if focused on providing a state of physical, mental and social well-being we will have one model, if health is defined as the absence of disease or injury, we will envisage another approach.

From an economic perspective, the health production function is used to gauge where is it better or more efficient to allocate resources to reduce the mortality rates, by analyzing the impact of each factors that affect health to find out what shall be the best cost-effective way (environmental conditions, education, lifestyle, access and level of medical services and so on). Based on this, deciding which programs shall be better financed, being more effective in improving the population's health status, would require, for instance, a calculation of the cost per life saved (for each of the programs developed). But as studies found out, the increase in medical expenditures 'produce a curvilinear rather than a constant effect on improved health' and a 'marginal change in health becomes smaller as more is spent' (Feldstein, 2007, p. 31).

## **2. Health economics and the dynamics of health determinants**

The health production function based on social capital theory, used by Grossman (Grossman, 1972a, 1972b; Grossman, 1975), shade some light on individual behavior, with individuals investing in themselves (education, health) to increase their earnings. Patients are looking for health, not for medical services, but use medical care as inputs to produce health, experiencing health both as a consumption good and an investment good (healthy people feel better and better health supports more income due to more work time). In health economics, the demand for health may also be seen from the individual's perspective, because people want to feel better, be more productive and less ill and live longer. Thus, the demand for healthcare (medicine, therapy, medical staff' assistance and expertise) is a derived demand from the demand for health itself.

Within this theoretical perspective (Hren, 2012; Galama and van Kippersluis, 2013; Hartwig and Sturmb, 2017), the model makes the distinction between the health as output, as utility resources for individuals, and the medical assistance as

input in the health production, because health is both requested and produced by the individuals. This way, the medical care is often seen as the primary determiner of the health, since the individuals do not seek health for itself or just medical assistance. The utility received by consuming medical care is not generated by the medical assistance itself but from the improvement of the health state which results and this is why the health request is a derivative request. The model of health investments sees, therefore, the health demands as conditioned both by the health capital and the depreciation rate of the initial health stock at the individual level. The strategic behaviors and the informational asymmetry, the family, the relational, interpersonal structure must be taken into consideration when analyzing the personal decision on health.

Within the concept of health production function, allocating resources for the population with low incomes makes perfect sense because it will result in the most cost-effective programs, that is, those that result in the lowest cost per life saved (Feldstein, 2007, p. 38). Studies revealed that a rapid increase in medical expenditures would have a cost per life saved through medical services much higher than other programs such, for instance, non-medical ones – newly enforced regulations, changing lifestyle behavior or reduction in risk factors through prevention. Consistent results underlined the evidence of lifestyle changes as very important in reducing the mortality rates in many cases (a cardiovascular disease for instance) comparing to medical services alone, being also less expensive than medical interventions (Feldstein, 2005; Cutler and Kadiyala, 2003).

Many studies revealed the strong correlation of schooling with health status (Grossman, 1972a, 1972b, 1975; Fuchs, 1982; Lleras-Muney, 2005; Cutler and Lleras-Muney, 2006), although with slightly different wordings: if for Grossman better-educated persons seem to be (economically) more efficient producers of health, for Fuchs the more educated persons have lower discount rates, thus favoring long-term projects pay-offs.

Different cost containment initiatives, apart from already implemented strategies of decreased hospital use or number of beds, price discounts and medicines regulated prices by responsible authorities, are backed now by the new approaches of evidence-based medicine studies (Timmermans and Mauck, 2005; Sackett *et al.*, 1996, Sackett *et al.*, 2000) and dedicated journals (Evidence-Based Medicine Journal, JAMAevidence, Journal of Evidence-Based Medicine to name only few of them), deductible health plans, and more efficient (nation-wide) disease management programs. There seems to be a clear trend of shifting more of the government medical costs to consumers (Feldstein, 2007, p. 12), a pattern known (labelled) within the field as ‘consumer-driven health care’ (or CDHC).

Research on health determinants revealed that not only healthcare expenditure is responsible for population health, but also many factors outside the health sys-

tem might have a significant influence. Findings of the Marmot Report (Marmot, 2010; Marmot, Bloomer and Goldblatt, 2013) underlined the effect of social policies on health by showing a clear association between social welfare spending and all-cause mortality, with each 'additional \$100 increase in social welfare spending being associated with a 1.19% drop in all-cause mortality' while 'each \$100 increase in GDP was significantly associated with a 0.11% fall in all-cause mortality' (Stuckler, Basu and McKee, 2010). Studies constantly revealed that the marginal contribution of medical care to improved health is rather relatively small, despite the common sense approach in politicians' public appearances (Feldstein, 2005; Cutler and Kadiyala, 2003; Skinner, Staiger and Fisher, 2006). Recent studies revealed technology as being a more important driver of health expenditure than ageing (Bernd *et al.*, 2009, p. 24). With the promotion of healthy ageing initiatives to have seniors in good health and active in the labor force, with better shaped long-term care services and enhanced prevention, the health systems might be better adapted to the ageing population problem.

Moreover, studies revealed a strong association between health and number of years of schooling, regardless of whether one measures it as self-reported health status or objectively (e.g., mortality, QALs). Grossman's seminal studies on this issue found out a significant effect of schooling on health (Grossman, 1975) even after controlling for many other variables (income, family background, health condition in late adolescence). At the individual level, when studying health behavior, within the economic lens, choices involve trade-offs between costs (e.g., psychological, financial or non-financial) and futures benefits (reducing the probability of a bad outcome regarding morbidity or mortality caused by different chronic conditions). In this framework, the acceptance of the (current) cost for a future benefit is an investment (Becker, 1975; Fuchs, 1982).

### **3. Changing unhealthy behaviors – the tools of Public Service Announcement Campaigns and health literacy**

Health promotion, as a practice, can be seen as performed under two main directions: coercive and persuasive. For the first one we have behaviors enforced by legislators (incentives and penalties) and, for the second one, advertising or different 'free services' lowering the barriers faced by individuals/groups in changing behaviors (Allmark, 2005, p. 2). The beneficial coercion (mandates), as an intervention by authorities to ban specific activities whose risks might outweighs individual or groups/societal benefits (the imperative of using helmets when riding motorbikes or bikes, individual taxes on alcohol and cigarettes or using seatbelts, water fluoridation, milk pasteurization) will always be controversial and therefore highly debated.



Public Service Announcements are used extensively in social marketing campaigns, especially in health-related ones, but few studies have examined the overall efficiency of this approach. The social marketing is understood here as the application of the marketing principles and techniques (Andreasen, 2006, p. 18) to create, communicate and deliver values which shall influence these behaviors, bringing a plus to the society (in the field of health, public order and personal security, environment and communities) and the own person. Usually, the rationale behind launching a communication campaign to achieve general goals rests on the presumption of effectiveness and cost-effectiveness of this tool. Broadcasters typically donate the time aired for messages aimed to serve a community. The availability of information about when and how much time nationwide broadcasters aired for PSAs (both paid by different organizations or donated) is limited; to date, to our knowledge, either mandated or voluntary PSA reporting by broadcasters about time and planning, content or value of allocated airtime was not agreed upon, or at least debated in Romania.

Public service announcements have been used for years now for 'selling' of good behaviors. Although their efficiency is still under intense scrutiny, it remains a widespread approach, being used to influence personal lifestyle towards the adoption of a healthy one. But social conditions and the environment (be it physical or social) are equally important determinants of health that are, sadly, usually ignored by health promotion advertising, diminishing thus the overall effect, even with the increased use of the counter-ads to 'promote views consistent with a public health perspective' (Wallack *et al.*, 1993). Studies on Public Service Announcement content revealed some essential elements of effective announcements: (1) the message recipient; (2) threat to health; (3) actions needed to be undertaken to reduce the threat, and (4) benefits obtained after adopting recommended behaviors (Morrison, Kukafka and Johnson, 2005, p. 542).

The approach in the industry is based on the economies of scale logic, which will assume that the cost for reaching a person with a particular message is far less than, for instance, counselling or a mandatory annual health check visit to the GPs. But, on the other hand, according to some recent findings (Snyder, 2007), the five percentages points of the average health campaigns effects on changing behaviors in specific communities, with only slightly better results for nutrition campaign for fruit and vegetable consumption, are not enough.

The definition of the PSA used by this study was the one elaborated by the National Audiovisual Council (NAC, 2009) with the message being specifically labelled as a PSA one, presented as 'public service announcement' on the screen or voice-over, with the content intended for non-commercial interest. An earlier research conducted in Romania on the subject of Public Service Announcements on health (Ivan, 2013) found out some mixed results: with a pretty clear normative

framework in place (NAC, 2006; NAC, 2009) the efficiency of the PSA campaign is still to be debated because now is at least fuzzy. The results show a rise in the awareness of the targeted population, with the campaign's messages changing targeted behavior to a 'more or less' level (Ivan, 2013).

In influencing lifestyle, there is a strong evidence that factors that influence this change are also 'responsible' for maintaining healthy behavior (Murray *et al.*, 2013), with five factors as reliable predictors of up-taking lifestyle behavior change (strong beliefs, knowledge of, transport and other costs associated, emotions, friends and family support) and four key healthy behaviors (not smoking, having a balanced diet, limiting alcohol consumption and being more active). On the other side, one of the critical factors responsible for inhibiting healthy behavior change is a sense of commitment to past behavior (Fennis, Andreassen and Lervik-Olsen, 2015). Different studies stressed the fact that successful lifestyle change depends heavily on active engagement as well as useful intervention ingredients provided to help start promoting and acquiring the new behaviors (Stead *et al.*, 2015).

Framing is essential in health promotion, gain-framed messages being more efficient than loss-framed messages in promoting prevention behaviors (Gallagher and Updegraff, 2012; Gray and Harrington, 2011), with the relative effectiveness of gain-framed or loss-framed depending on whether a behavior serves an illness-detecting or a health-affirming function (Rothman and Salovey, 1997).

One of the possible direction to better support the adoption of health-related behaviors is the one proposed by Gigerenzer (2014) – helping laypeople to be risk savvy, meaning to be (come) risk-savvy citizens. Understanding risk literacy as 'the basic knowledge required to deal with a modern technological society' (Gigerenzer, 2014, p. 17), because in today's world 'our minds have become crowded with numbers and probabilities'. Risk literacy is understood as a practical ability, an ability to evaluate and understand risk and, based on this, make right decisions about risk and reward. The numeracy skill tends to be the most reliable single predictor of risk literacy, and general decision-making skill (Cokely *et al.*, 2017) therefore is extensively used in risk assessment in health and business.

Thus, risk literacy in health is more than just knowledge and information gathering – it involves motivation to develop additional skills of finding and accessing reliable information, understanding it and finally making a decision on the respective health information. In today's societies, people are facing a health decision-making paradox. They are increasingly challenged to make healthy lifestyle choices while the societies actively market unhealthy lifestyles. Moreover, the healthcare systems are becoming more and more complex and challenging to navigate people finding them difficult to understand, access and use the information

provided. A recent European Health Literacy Survey found that nearly half of all surveyed adults have inadequate health literacy skills (Sørensen *et al.*, 2015).

To operationalize this new actionable knowledge, Gigerenzer proposed to advance our understanding on three topics – (1) health literacy, (2) financial literacy and (3) digital risk competence based on three acquired skills: (a) statistical thinking – a quantitative literacy, (b) rules of thumb – making good decisions in an uncertain world, and (c) psychology of risk – which is about emotional and social forces guiding our individual or social behavior (Gigerenzer, 2014, pp. 103-106). Gigerenzer proposed that health literacy shall start early in the educational cycle (somewhere between the age of five to ten) and to use the relationships developed in the social medium of the classroom as the facilitator of the practice to share knowledge and experiences. This perspective is different from the ‘paternalist’ approach of Thaler and Sunstein (2008), the ‘libertarian paternalism’ more precisely, in which the liberty of people is somehow limited, whether they like it or not, allegedly for their good. The limitation is done by legislation and mandates – antismoking legislation for instance (hard paternalism) or by nudging people to behave in a specific way (soft paternalism).

A web of projects evolved based on the idea of risk savvy/risk literacy, starting mainly from the academia and aiming the support of public and private organizations to embark the laypeople on this approach. The Harding Center for Risk Literacy, for instance, developed fact boxes on different health topics intended to support both medical personnel and patients to understand the pros and cons of specific therapeutic measures better. The Harding Center for Risk Literacy also developed a RisikoAtlas (<http://risikoatlas.mpg.de/index.html>) with the intention to ‘empower the public to deal with everyday risks and uncertainty’. This kind of project is aimed to promote risk literacy by conveying facts about risks and by practicing critical thinking, as well as developing tools for helping the students: an interactive risk exploration tool (a web-based platform) and an assistant to navigate uncertainty (an app supporting the user in asking relevant questions to reduce its uncertainty). On a more direct orientation toward communication and social interaction, The Winton Centre for Risk and Evidence Communication (<https://wintoncentre.maths.cam.ac.uk>) of the University of Cambridge is aiming to support that ‘quantitative evidence and risk is presented to people in a fair and balanced way’, and “both risks and benefits of any decision are presented equally and fairly, and the numbers are made clear and put in an appropriate context’. This project is targeting both individual and organizational decision makers, focusing on people’s ability to make decisions based on facts in uncertain situations, as well as people making policy-level decisions.

#### **4. Research methodology**

Within this design, we have tested the relation between broadcasted PSAs and the actual behavior on: (H1) The PSAs recognition is an essential influencer on adopting a healthy lifestyle; (H2) The efficiency of PSAs is influenced by the number of chronic conditions individuals being targeted lives with; (H3) The effectiveness of PSAs is influenced by the number of chronic conditions relatives and family members of individuals being targeted lives with; (H4) The higher number of schooling, the higher the level of health consciousness, and (H5) PSAs recognition is higher for health conscious individuals.

The data was collected through a sociological survey based on a questionnaire on a representative sample of the adult population from the capital city of Romania, Bucharest. The sample composed of 400 people, over 18 years old, a maximum error of +/-5% and a confidence level of 95%. The selection of the respondents within a household was the first member who was of minimum 18. The method used was a face-to-face questionnaire at the respondents' houses and the period of questioning was 10-29 March 2015; SPSS software was utilized to analyze gathered data statistically.

Preventive individual health check behavior was used as the main dependent variable in the study. The variable measures the time of taking the most recent preventive health-check using six levels: (1) within the last 6 months, (2) within the last 12 months, (3) within the last 24 months, (4) within the last 36 months, (5) more than 3 years ago, (6) I've never been subject to a preventive health check. A set of five Public Service Announcements were included in the investigation. Chi-square tests and nonparametric correlations were performed to analyze the relation of respondent characteristics, PSAs exposure and perceived effectiveness of the preventive individual health check behavior. PLUM ordinal regression analysis was run to examine individual health check behavior with education and PSA exposure. For this study, educational attainment consisted of three categories: (1) primary and secondary education; (2) high school and post-secondary graduates; (3) university or higher than university graduates.

#### **5. Data processing and interpretation**

The study reveals that, during the last 6 month prior the research, preventive health check behavior has been much more common within the population with high school and postsecondary education (10.2 percent), followed by primary and secondary education (5.3 percent), with higher education graduates being at the end of the spectrum – only 3.6 percent having a preventive health check during the respective timeframe. For the last year period prior the research, the gathered information indicates primary and secondary education as the most preventive

health check conscious segment (10.5 percent), followed by the population with high school and postsecondary education (9.5 percent) and by those with higher education (5.6 percent).

Specifically, female, elderly and less educated individuals are more likely to avoid being proactive regarding preventive health check behavior than younger, male and more educated individuals. As one might expect, the routine preventive health-check behavior and the use of medical emergency services during the last year were negatively correlated,  $r(400) = -.104$ ,  $p < .05$ . About 44% percent of the sample consists of individuals with one or more major chronic conditions. Bivariate statistics indicate that people with two or more chronic conditions are less likely to adopt a preventive health check behavior. A Spearman's rank-order correlation was run to assess how the health status relates to the routine preventive health-check behavior. Results indicate a modest positive correlation,  $r(400) = .16$ ,  $p = .001$ , showing that those with numerous chronic conditions take less frequent routine preventive health-checks. No significant relation was found between the routine preventive health-check behavior and number of chronic conditions of relatives and family members.

Chi-square tests of independence were performed to examine the relationship between routine preventive health-check behavior and the exposure to Public Service Announcements. In the case of the 'For a healthy life eat fruits and vegetable daily' PSA, the relation was found to be statistically significant,  $\chi^2(5, N = 400) = 11.33$ ,  $p < .05$ , although 32.5 percent of the people who acknowledged to have been exposed to the Public Service Announcement never took a routine health-check. Exposure to other Public Service Announcements is not significantly associated with the frequency of the preventive health-check behavior. Also, relations between the perceived effectiveness of the PSAs and the preventive health-check behavior were tested. The perceived effectiveness of the PSAs is influenced by the health status of individuals as those who have no chronic conditions are less convinced by the PSA effectiveness. PSAs recognition is influenced to a smaller extent by the number of chronic conditions of the relatives and family members. A chi-square test of independence was performed to examine the relation between a routine (healthy) behavior sequence (At least 30 minutes of exercises/daily) and the exposure to the Public Service Announcements ('For a healthy life exercise at least 30 minutes every day'). The relation between these variables was statistically significant,  $\chi^2(2, N = 400) = 9.163$ ,  $p < .05$ . In this case, the adjusted standardized residuals show that being exposed to the PSA is associated with having a more accentuated routine (healthy) behavior sequence. For assessing if healthy behaviors promoted by PSAs are linked to the routine preventive health-check behavior, a statistically strong significant relation was found, by running a chi-square test of independence, between the routine preventive health-check behavior and a rou-

tine (healthy) behavior sequence ('Take all the important meals of the day in order to be healthy'), with  $\chi^2(10, N = 400) = 24.574, p < .001$ .

So far, our findings indicate mixed pieces of evidence on the effects of PSAs. For shedding more light on their influence on the routine preventive health-check behavior, an ordinal logistic regression model was used. The dependent variable is represented by the time of taking the most recent preventive health-check. Education level and its interaction with the exposure to PSA ('For your health, avoid eating too much salt, sugar and fats') were considered independent variables. The analysis aimed to explore the influence of PSA on the preventive health check behavior at the level of different educational groups. The deviance goodness-of-fit test indicates that the model is a good fit to the observed data,  $\chi^2(20) = 16.692, p = .673$  and no cell was sparse with zero frequencies. The Pearson goodness-of-fit test also indicates that the model is a good fit to the observed data,  $\chi^2(20) = 16.631, p = .677$ . The model statistically significantly predicts the dependent variable over and above the intercept-only model,  $\chi^2(5) = 24.547, p = .000$ , which means that independent variables add statistically significantly to the model, and at least one independent variable is statistically significant. Also, the test of parallel lines shows that the assumption of the ordinal regression model is respected meaning that the odds for each explanatory variable are consistent for different thresholds of the outcome variable – preventive health-check behavior; the calculated Nagelkerke R-Square is 0.062.

Results show that education influences the preventive health check behavior. More precisely, individuals with high school and postsecondary education take significantly more frequent health checks as against those with primary and secondary education, which is the reference category. While taking into account this main effect of education on the outcome variable, the interactional impact of schooling and PSA exposure indicates that the PSA influence on having a preventive health check behavior varies along the three educational groups. Exposure to PSA has no effect on the dependent variable at the level of individuals with primary and secondary education. From the statistical significance point of view, the most evident effect is found for those with high school and postsecondary education. Within this educational category, the positive coefficient registered by individuals who have not often been exposed to PSA indicates that they take less frequent preventive health checks as against those having been exposed (Estimate = .946,  $p = .006$ ). For individuals within the category of higher education, a similar effect is found for a level of statistical significance exceeding by little the conventional threshold (Estimate = .533,  $p = .058$ ). So, our findings offer some support for the idea that PSA exposure nurtures a preventive health check behavior, but only for better-educated individuals; no significant effects have been found in the case of other PSAs.

## 6. Conclusions

While faced with the continuous pressure to rationalize the budgetary allocation, authorities are looking for solutions to improve the health status of the populations while not jeopardizing resources dedicated to other necessary fields. This might be done not only by reducing the allocation for this domain, but also through paying attention to the whole area of health determinants. In this regard, health promotion was seen as a tool of choice by many countries, with PSA campaigns being constantly run. Irrespective of the political doctrine of the parties in power, the expectations are almost the same – to help save some money by persuading people to stop performing unhealthy behaviors and changing to healthy behaviors instead. Although the effectiveness of this approach is not (yet) clear, the perspective of obtaining even a slight improvement in health status of the population without spending governmental resources is worth a great deal of governmental attention.

Study findings provide little support for initial assertions that preventive health check behavior is heavily influenced by sustained PSAs campaigns alone, not taking into account different determinants on deciding on health at the individual level. Understood as operating within the context of various biases depicted by behavioral economics, PSAs might be an important influencer. Personal history of chronic conditions influences the decision to adopt healthy behaviors and a preventive health check behavior. The level of education has a statistically significant effect on the decision to choose routine preventive health-check behavior, thus diminishing the threat of a sudden severe medical condition. Moreover, study findings suggest that the level of education mediates the influence of PSAs; some PSAs seem to be effective in favoring a preventive health check behavior among better-educated individuals and not for those with low education. However, with some of the individual PSAs type perceived as effective and adopted subsequently as a routinized behavior sequence, the gain of the individual's health status might be significant in the long run.

One possible direction to continue the research might be the use of a more inclusive perspective, meaning taking into account the requirement for developing laypeople's risk literacy and health literacy skills, as a pre-requisite of a more efficient PSAs campaign. It might be possible to dramatically improve the efficiency of the PSAs by developing the above mentioned individual skills, while, in the same time, having a more sustained involvement of the GP's as endorsers of the PSAs messages. Now it seems to be a disconnected flow between GPs messages towards patients, PSAs and the health policies general framework for health prevention. A more in-depth study is, therefore, necessary to better illuminate these relationships.

The interpretation of study findings must be moderated with the fact that the current data may limit causal interpretations.

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# A PARTICIPATORY BUDGET AT FEDERAL STATE LEVEL – A FEASIBILITY STUDY FROM BADEN-WÜRTTEMBERG

Robert MÜLLER-TÖRÖK

Arne PAUTSCH

Birgit SCHENK

## **Robert MÜLLER-TÖRÖK**

Professor, University of Public Administration  
and Finance Ludwigsburg, Ludwigsburg, Germany  
E-mail: mueller-toeroek@hs-ludwigsburg.de

## **Arne PAUTSCH**

Professor, University of Public Administration  
and Finance Ludwigsburg, Ludwigsburg, Germany  
Email: pautsch@hs-ludwigsburg.de

## **Birgit SCHENK**

Professor, University of Public Administration  
and Finance Ludwigsburg, Ludwigsburg, Germany  
Email: schenk@hs-ludwigsburg.de

**Abstract.** In 2017 a mixed Austro-German team of legal and computer scientists together with Citizens' Participation professionals wrote a major feasibility study on whether a participatory budget is feasible at the level of a large German federal state of approximately 12 million inhabitants.

When highlighting historical participatory budgets and other participation processes, it became clear that two major mistakes were made, which in themselves nullify any possible results of the respective participation processes: (1) a total lack of a reproducible and valid identification and authentication and (2) a lack of legal provisions, namely in the areas of data protection legislation and procedural legislation. The scientist involved will provide an overview of the study and highlight the status quo of citizens' participation in Germany, for the very first time in English language before an international audience.

**Keywords:** public participation, participative budgeting, feasibility study, federal state.

## **1. Introduction**

Citizens' Participation became 'en vogue' in recent years and numerous projects were started, also citizens' budgets or participatory budgets. Most of them took place on a municipal level, at least in Europe (Baden-Württemberg Stiftung, 2017, p. 9). Such participatory budgets on a level of a larger administrative entity, namely at the federal state level, is the very rare exception whilst on a national level it has not been observed yet (Baden-Württemberg Stiftung, 2017, p. 9). The Federal State of Baden-Württemberg with some 12 million inhabitants is, at least since the change in government from 2011, very much committed to citizens' participation and hence was eager to try participatory budgeting on a federal state level. A feasibility study was considered useful and a team of legal, IT and political experts was formed to evaluate past experiences and analyze whether such a project is feasible or not.

In the following sections, we will describe the major findings of our analysis and the major recommendations in the case such a participatory budget will be implemented.

## **2. The unsolved identification issue and the lack of real deliberation**

The feasibility study analyzed a sample of past citizens' participatory budget projects and, much to our dismay, found that all the projects had some issues in common, which added to our dismay:

- Absolute and relative figures of the participants;
- Identification of the participants;
- Absolute and relative figures of contributions and comments; and
- Dialogue, i.e. whether a real deliberation process took place or not.

Our findings could be summarized under three major headlines, namely identification, rate of participation and quality of participation.

### **2.1. Identification of Participants**

Not a single participation project found had an identification mechanism in place, which complied with the relevant legal provisions for elections and referenda and the relevant technical standards like stipulated by the EU Regulation no. 910/2014 or with simple technical de-facto standards like a two-factor identification.

The self-registration as a participant of a participatory budgeting required not more than a valid e-mail-address and some data, which could of course be bogus. We tried to register as bogus 'citizens' like 'Olga Orlovska' and even 'Donald Trump' and were, after a few seconds, able to actively participate in the Participatory Budget of Cologne, Frankfurt/Main, Gießen and Stuttgart (see Baden-Würt-

temberg Stiftung, 2017, p. 99, p. 115 and p. 122 for screenshots of the respective activities).

This led to the situation that non-citizens participated in these participatory budgets, we found substantial indications that in Stuttgart the participatory budget was compromised by users from outside Stuttgart who lobbied for a legalization of cannabis consumption (Baden-Württemberg Stiftung, 2017, p. 142). Let aside the additional issue that claque and mobs should be eliminated by appropriate moderation, the question arose what value these 'citizens' participations' had in terms of political credibility. It is both notable and very concerning that the press and local politics took the results of this 'citizens' participation' for real, no concerns were raised and the results reported as if they were the voice of the citizens (see Stuttgarter Zeitung, 2017a and 2017b).

In the legal part of our study it became quite clear, that any citizens' participation requires an effective restriction of the participation to citizens, i.e. persons with a defined legal status like citizenship, residence requirements, etc. This restriction needs not to be as strict as at general elections, but it must be effective, i.e. eliminate bogus citizens and it must ensure that a decision like a 'like' can only be made once and not multiple (Baden-Württemberg Stiftung, 2017, p. 173). It needs not necessarily to be a full-fledged electronic ID, but something like the 'Six points of Identification' (see the Official Website of the State of New Jersey for more details) seems unavoidable.

## **2.2. Rate of Participation**

Even if we let aside the non-identification of the participants and assume generously that all of the participants were qualified and real, the participation rate is still very deplorable. If we take e.g. the case of Nürtingen, a town of some 42,000 inhabitants who had two citizens participations projects, one resulted in 6/1000 and the second in 1/1000 of the inhabitants (Baden-Württemberg Stiftung, 2017, p. 87). Note that most of the projects count the clicks on the website, but how do 50,206 clicks fit to a humble 286 registered participants with 482 suggestions and 179 comments? It is highly unlikely that each registered participants clicked the website 176 times, given equal distribution. Is it, sorry for neglecting the presumption of innocence, not more likely that some folks simply used the website as a start side of their browser to enhance web traffic figures? Or that some robots (bots) addressed the website?

All our examined projects provided the same picture: participation in terms of registered users, suggestions and comments which is negligible as compared to the electorate of the respective entity. We were referred to the participatory budget of Stuttgart as an example of far better participation rates. When we examined the

figures, which look more impressive at the first glance, e.g. some 51,875 participants in 2017 out of an electorate of 376,000 and some 610,000 residents, we found unfortunately that:

- Suggestions and motions brought forward per participant are decreasing ever since. When in 2011 one participant brought forward 0.19 motions, a participant in 2017 did only 0.07;
- From 2015 to 2017 the number of participants increased by around 35%, but the total figure of all motions fell by more than 9%; and
- The support given for motions fell significantly. After an all-time-high of 35.29 ratings per participant in 2013 the figure fell sharply to 31.76 in 2015 and 23.73 in 2017.

It is worth being noted that the participants of Stuttgart were neither identified with some seriousness and reliability. We were able to create bogus accounts without any obstacles and to participate in the process.

### 2.3. Quality of Participation

It is remarkable that we did not find any quality discussion. Most of the forum postings were very similar to forums of newspapers, political parties, etc. A real discussion, which includes deliberative development of contributions, was never observed. After having entered the participatory budget of Cologne with the ID of 'Donald Trump', we were able to read discussions and posts. The winning motion had 289 likes, 28 dislikes and only 18 comments, in a town of more than 1 million inhabitants. The 18 comments are, in our translation:

'Rüdiger Krause: Opposing? I cannot imagine how someone can be against this motion!

Hülsi: These are the people who believe that with buying a car they have the right to park it wherever they want.

Mario Grigeleit: Have bikers, who ride on the street instead of using the bike lane, taken away their bikes? This is as unacceptable as driving with a car on the bike lane! Etc.'

It is obvious, that quality deliberation is something totally different. We found that none of the products offered on the German market meets the requirements of a mass online deliberation (MOD), which we had to define as (Baden-Württemberg Stiftung, 2017, p. 142):

- Minimal moderation, simply because of the large quantities of users to expect;
- Elimination of cliques and mobs;
- Handling of many identical or very similar proposals (identification and amalgamation); and
- Decision making support.

With respect to our analysis, the organizers of the citizens' participations were, to some extent, lucky that the participation rates were that low as their software systems could not handle really large quantities, i.e. a serious discussion of some 50,000 active users with some hundreds of thousands of proposals and comments.

### **3. Lack of legal foundations**

According to most of our First World's constitutions the administration is bound by law (principle of the 'due course of law'), hence also citizens' participation projects must necessarily have some legal foundation. Unfortunately we found out, that:

- From a perspective of protection of personal data, where e.g. § 4 LDSG-BW requires a legal foundation when an administration uses personal data, there seems to be none: when e.g. the City of Stuttgart uses its Residence Register Data to verify user registrations, this is highly illegal, simply because the city is not authorized to use this data (Baden-Württemberg Stiftung, 2017, p. 178).
- The participation process itself needs some legal foundation as it is not enough to state that citizens should participate. Especially when it comes to budgeting, a fundamental right of any parliament, there are serious constitutional considerations to be observed. For the main issue of our feasibility study, the question of a participatory budget at the federal state level, we found that a two-third majority in the Federal State Assembly would be required and, probably even then, could be in doubt (Baden-Württemberg Stiftung, 2017, p. 170). Recent legislation of State Supreme Courts in Germany suggest, that consultative, i.e. non-binding referenda (like the famous Brexit referendum in the UK) are questionably from a constitutional perspective, because they in fact put serious pressure on the lawmakers to comply to them (see BayVerfGH, Entsch. v. 21.11.2016 – Vf. 15-VIII-14, Vf. 8-VIII-15; Bayerische Staatskanzlei, 2016).

We recommended to think over a 'Citizens' Participation Law', regulating all this open issues and establishing a legal and processual framework of the more than 1,100 municipalities in Baden-Württemberg as well as on the federal state level.

### **4. Conclusion**

With a view on the technical and legal issues of a participatory budget on the level of the Federal State of Baden-Württemberg we found that such an endeavor requires definitely more than what is currently available both in the law and on the market.

The legal framework is lacking a stable basis for such projects in its present state and the systems offered are not fit to match the requirements of a mass on-



line deliberation. The participation projects, especially the citizens' participatory budgets lack participants and these participants can be doubted to be citizens – probably they were bogus, bots, whatsoever – to a lack of sufficient identification.

To conclude, we recommend developing a serious legal framework for such projects and a software system which fulfills the requirements of real citizens' participation.

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# THE IMPACT OF LABOUR MARKET POLICIES TO REDUCE UNEMPLOYMENT — COMPARATIVE STUDY

Anca Maria Elisabeta ODOBLEJA

## **Anca Maria Elisabeta ODOBLEJA**

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-742-139.332  
E-mail: ancaodobleja@gmail.com

**Abstract.** In recent years, there has been a growing interest in so called active labour market policy as a mean of fighting the persistent unemployment.

On the one hand, demand faces the risk of primarily increasing inflation with small effects on employment; on the other hand, supply-side reforms have been difficult to implement or appear to produce only slow results.

In this situation, active labour market policy seems to be regarded by many as the solution to the unemployment problem.

The purpose of this paper is to make a realistic appraisal and for this, one of the most relevant studies in the field is that of 2002 by Kluve and Schmidt who, through a quantitative analysis of observations from different assessment studies have been able to achieve binomial outcomes to show whether the study has a positive or negative effect on the person who followed the active measure program.

The study research focus on analysing the phenomenon of unemployment and labour market from Kluve and Schmidt meta-analysis European study research and as well from the active measures undertaken by the Romanian National Agency for Employment providing a comparative review of the impact of active labour market policies on unemployed.

**Keywords:** active and passive labour market policy measures; unemployment rate in Romania; employment; labour market.

## 1. Introduction

The labour market is the place where supply and demand meets, in which employees provide the supply and the employers the demand. Today's global and rapidly changing economic environment has a significant impact on the labour market structure.

Unemployment is by far the most frequently reported indicator of the labour market. The definition of "unemployed" as mentioned by the International Labour Organisation (ILO) "comprise all persons above a specified age who during the reference period were: (a) "without work", i.e. were not in paid employment or self-employment; (b) "currently available for work", i.e. were available for paid employment or self-employment during the reference period; and (c) "seeking work", i.e. had taken specific steps in a specified recent period to seek paid employment or self-employment (ILO, 1982, p. 10).

Without going into the controversy of defining "unemployment", in general when we think about the concept, we can limit to the fact that unemployment refers to persons that are inactive, but they are capable or have the desire to work. In other words, people that are without work while actively searching for employment.

The present article analyses the impact of active labour market measures on unemployment in Romania and in several countries in Europe. The first part of the research present different theoretical approaches on active labour market measures as well on the passive (unemployment benefits) labour market policies.

It is claimed that the person, who lost his job, experiences financial shortage as well as social and psychological problems. The situation of the labour market is proposed to improve by applying measures and methods in favour to avoid the situations described above. Therefore the next part of the study represents a framework for the meta-analysis of different active labour market policy evaluations in Europe, presenting the impact of different active labour market measures on unemployment used in Romania and in the European Union.

The praxis of some European countries show that there is a variety of labour market regulation and unemployment support measures, but the measures that determine a positive effect on labour market in one country not definitely appear as active in other countries. Most often the emphasis is on economic studies that evaluate the trend in unemployment. For this matter, the present study brings new insights on the research subject and focuses on observing the situation at the moment, to see what can it be change and improve in this regard in order to provide a more clear and comprehensive picture of the situation of unemployment and better ways of reintegration on the labour market for jobseekers.

## **2. Data and research methods**

The multiple causes of unemployment represent a topic of extensive research that has been and continues to be in the attention of researchers. Generally speaking, the causes influence directly employment and implicitly the methods of combating unemployment (active and passive measures).

The study will include qualitative and quantitative research, pursuing the analysis of the scientific literature and as well statistics methods. The data used for the specific present study case come mostly from official documents, relevant studies and articles on the subject.

The aim of this study is outlined according to its objective and follows to highlight the need and success of measures for reintegration into the labour market of the unemployed at national and European level, focusing, as mention before, on the active measures undertaken by the agencies for employment in Romania and several Member States of the European Union.

The content analysis and the overall case study strongly underline the similarities and the differences between the management of active measures for the unemployed at national and European level.

Thus, I will pursue primarily, through data analysis, to observe what are the means and methods of implementation of active measures for reinsertion on the labour market for the unemployed in Romania and in the European Union countries, then establish similarities and differences that stand out from their implementation on the targeted population (the unemployed), taking into account the fact that among the benefits stipulated by the existing reports and relevant literature, are reducing the duration of unemployment, increasing employment, improving the prospects wage of unemployed and of the persons participating in these measures and increase productivity.

## **3. Contribution to knowledge**

### **3.1 Theoretical approach**

It is known that unemployment is a complex, social phenomenon, which had and still has effects in various areas (social, psychological, economic). The spreading of the phenomenon and the increased number of unemployed has focused the attention of the European institutions on the issue of labour market and employment and developed a number of strategies (*European Employment Strategy* – Amsterdam Treaty in 1997, European Commission Lisbon Strategy in 2000 in Lisbon, European Employment Strategy in Stockholm in 2001, Lisbon Strategy in 2005, Brussels Strategy in 2010). Nowadays we have the European Employment Strategy which has the primary purpose to combat unemployment in the European Union (EES, 2017).

As mentioned before, some of the most common labour market problems include, for instance, a mismatch between supply and demand for labour, long-term unemployment, lack of income support, skills, shortages, and discrimination towards 'disadvantaged' labour. To address these problems, public employment services evolved and took on functions like job brokering, information analysis and dissemination, payment and administration of unemployment benefits, job search assistance, training and education programmes, and direct job creation programmes (Bredgaard, 2015, p. 438). All of the mentioned measures are in fact active measures.

In other words, the labour market consists of a supply side and a demand side. The labour market supply side consists in the population, referred to as the economically active population or labour force that has two components: employed persons and unemployed persons. The labour demand side consist of enterprises and other units that can too be divided in two components: jobs (filled posts) and job vacancies (unfilled posts). In practice, the number of unemployed persons is larger than the number of jobs. In theory, we have the overall policy framework and the specific measures and interventions.

In general, the increase of unemployment rate have inevitably brought labour market policies back into spotlight, where we can find two types of social policy, namely:

- passive policies – unemployment insurance and related welfare benefits paid to the unemployed and
- active policies – whose objective is to support the unemployed in finding a job (Osoian, 2005, p. 156).

According to others, expenditure on labour market policies comprises on two types of intervention, especially:

1. active labour market policies aimed at helping jobseekers return to employment; and
2. passive labour market measures aimed at guaranteeing security of income for those temporarily outside the labour market (del Monte, 2014, p. 11).

Originally, the concept of activation was viewed in a very narrow sense: it meant increasing public resources going into a range of active labour market policies as opposed to spending public resources on so-called "passive labour market policies", particularly unemployment insurance and related welfare benefits (Martin, 2014, p. 3).

Typically a distinction is made between passive (compensatory) and active (interventionist) labour market policies. Passive labour market policies comprise income benefits given to the unemployed like unemployment insurance, social assistance, disability benefits, and early retirement benefits. The passive labour market measures temporarily compensate losses (Bredgaard, 2015, p. 438).

Active labour market policies on the other side are applied in order to assist people to employ. Their main objective is to reduce unemployment and improve the employment opportunities of participants. The spotlight is on the potential of so-called “activation strategies” (active policies) to help the unemployed, especially the long-term unemployed and other at-risk groups (Martin, 2014, p. 3).

Active labour market programmes are typically classified into four categories in the literature:

1. Job Search Assistance,
2. (Labour market) Training,
3. Private sector employment incentives and
4. Public sector employment (Kluve, 2010, p. 2).

In brief, job search assistance refers to job search courses, vocational guidance, counselling and monitoring, in order to increase the efficiency of the job matching process. Labour market training offers classroom training, on-the-job training, and work experience. Training includes both general education and training in specific vocational skills to improve the qualifications, productivity and employability of participants. The private sector incentive programmes are wage subsidy and self-employment grants that aim at creating incentives to alter the behaviour of employers and/or workers. Direct employment programmes in the public sector include the production and provision of public works or other activities that produce public goods and services. These measures are typically targeted to the most disadvantaged workers and aim at keeping them in contact with the labour market to prevent the loss of human capital (Bredgaard, 2015, p. 438).

We can encompass the four categories mentioned into several activities undertaken by the active policy measures like improving the matching between vacancies and unemployed, trained unemployed persons and job creation.

Since the 1990s there has been an increased acceptance of the need for activation measures to strengthen the link between social protection, labour market policies and employment. Today, these policies are widely regarded as an important tool in fighting unemployment (Escudero, 2015, p. 1).

The underlying idea was to shift the balance from public spending on labour market policies towards spending on active labour measures, in order to help to reduce unemployment.

The objective of an effective activation policy for jobseekers and other disadvantaged groups of the population (OECD, 2013) is to bring more people into labour force and into jobs. This requires in particular:

- ensuring that people have the motivation and incentives to seek employment;
- increasing their employability and helping them to find suitable employment;
- expanding employment opportunities for jobseekers and people outside the labour force;

- managing the implementation of activation policy through efficient labour market institutions.

It means that active labour market policies are being implemented to increase employment opportunities for jobseekers and improve the balance between available jobs and qualified employees.

From a theoretical point of view, the traditional justification for active labour market policies has been to reduce labour market imbalances and counteract rigidities and distortions of passive labour market policies (Escudero, 2015, p. 1).

This comes from the acceptance of the governments that they cannot address sustainably unemployment through demand expansion alone (Bellmann and Jackman, 1996a). Active labour market policies are therefore needed, first, to facilitate the matching process between the supply and demand for labour market so that a given number of jobseekers are associated with fewer vacancies; second, to maintain the level of effective labour supply by keeping the long-term unemployed and other groups of “outsiders” tight to the labour force (Layard and Nickell, 1986; Layard *et al.* 1991); third, to change the demand for labour therefore increase the number of available jobs (Pissarides, 1990); and fourth, to boost the productivity of the labour force, both through the direct consequence of activation measures on programme participants, but also through general increased productivity associated with externalities (Escudero, 2015, p. 3).

The motivation behind choosing to analyse the active measures that decrease unemployment and increase occupancy comes from the fact that passive measures (given of course, with good intentions) support psychologically and substantially for the assisted or the unemployed person, the passivity – as it is defined in dictionaries (Dictionary, 2016) – lack of activity, of initiative, of interest, inertia, indifference or resignation.

From my point of view, an attitude of passivity as such is not at all beneficial in the process of trying to help unemployed people looking for a job and even more, will not help achieve the stated objective of social policy assumed by Romania and the other EU member, which states: raising Europe’s employment rate – more and better jobs, especially for women, young people and older workers; helping people of all ages anticipate and manage change through investment in skills and training; modernizing labour markets and welfare systems. (Inclusive growth, 2012). For certain, the passive measures will not help the EU member states to fulfill one of the five targets listed in Europe 2020 Strategy that states that “75% of the 20-64 year-olds to be employed by 2020” (Targets Europe 2020, 2010).

I will add to the previous that an educated person (either in school, through apprenticeship, through training or through re/integration programs for workers in the labour market to ease the transition from school to work) is more likely to re-

duce long-term unemployment or cyclical unemployment, than a person to whom the money is allocated for a specified period of time.

This point of view is strengthened by the fact that at European level, the Member States have shared competence in promoting a high level of employment and social protection. This means that in areas such as employment, social affairs and inclusion, the European Union shall take action only if the objectives of the proposed action cannot be sufficiently achieved by the Member States. This is known as the Principle of Subsidiarity and is one of the ways in which the Member States governments legislate and any attempt of harmonization is excluded. Still, it appeals to stimulate collaboration between Member States on policies of incentives and support by implementing programs and projects aimed at stimulating unemployed persons engaging in various activities.

In this sense, the new *Employment and Social Innovation (EaSI) programme* (EaSI, 2014-2020), brings together three areas that support employment, social policy and labour mobility across the European Union (PROGRESS, EURES and Progress Microfinance). Added to this is the Social Investment for Growth and Cohesion Package which among other effects promotes a more efficient management of expenditure to ensure adequate and sustainable social protection, for example by attending training courses, investing in skills and on the ability of citizens to increase their chance of integrating into society and on the labour market (Investment package, 2013).

Based on the ideas raised above, I believe that this research will reveal new data that will be useful both theoretically and in practice. On the other hand, it will highlight that special attention that needs to be given to national active measures programs of labour market, as well as to the process of risk management and high levels of unemployment, which must undergo several steps to achieve convergence towards possible existing and successful European models. In this way we can rally to the 147 article, of the IX Title, *Employment*, of the Treaty on the Functioning of the European Union (TFEU, 2012, p. 66), which states that “the Union shall contribute to a high level of employment by encouraging cooperation between Member States” in order to facilitate exchanges of information between Member States and especially to the exchange of best practices in combating unemployment.

### **3.2. Qualitative analysis – Review of existing evaluation studies**

The primarily purpose of this chapter is to draw up examples of good practices concerning European and Romanian labour market programs. The basis of this study is testified by the relevant studies and expert assessments made over the years, able to provide a future perspective that answers the questions: what types of programs work best? Under what conditions? And for whom? On the other



hand, the above-mentioned questions try to find out the possible effects of these programs on the labour market for the unemployed persons.

The most beneficial framework in this matter is the meta-analysis process, a statistical tool that involves synthesizing, analysing, and summarizing different research results that analyse the same problem in the same or comparable way in our case – the impact of active measures on employment. The idea was implemented by Jochen Kluve and Schmidt in 2002, and can be found in the specialty literature as a summary of 53 European active labour market programs taken from 1986-2002.

Thus, the related literature lists numerous relevant studies that disclose hundreds of appraisals of the effect of a specific program on a subgroup of participants at a given time. The top element of the analyses of the outcome of active measures on labour market and the clear delimitation between the variance of the expected consequences is not the sample or the magnitude of the effect of the different measures but the time element that makes it difficult or even diminishes stability and perpetuation of the results of various specific studies, as it follows.

A substantial number of analyses have been carried out over a short period of time (1-2 years), looking at the effectiveness of active measures for the unemployed population, without taking into account other effects that may occur on the labour market due to active measures, such as: the supply of jobs and their quality, the social interaction between two labour market participants (one active / one inactive), political, economic events that can take place during the conduct of a research, subjective elements related to the person concerned, the motivation behind each participant in the labour market, the regulations that can influence the employer's desire to hire participants of active labour market measures and the willingness of the participants to take a job, etc.

The approach used is a meta-analysis and results in an analysis of the various post 1986 studies in different European countries on a set of different program data. The final outcome was in principle an indicator that point out whether the program had a positive or negative effect on the person going through active measures programs. The ultimate goal was to relate these results to existing quantitative information on the nature of the core program, including the economic environment and the institutional features in which it was provided, as well as the methodology used to determine the estimated impact. The significant advantage of meta-analysis in this area is that it can identify the systematic differences between different types of active measures while taking into account other factors such as economic conditions during the assessment period or the methodology used to obtain the estimated impact.

European labour market programs mostly combine two of the broad categories of the active and passive measures. For example, in Denmark, combinations of dif-

ferent programs (l.g. education combined with on-the-job training) offer greater effects to participation in single programs. Also, the motivational effect is important and implies that an unemployed person looks more actively for work in the period immediately before they have to participate in a mandatory activation programme (DeBeer and Schils 2009, p. 60). While in Germany, there is a complex system based on a ternary system that is successfully implemented: investment in education, labour market policies and social policies (DeBeer and Schils 2009, p. 133). Last but not least, the main characteristics of the Swedish system, refers to active labour market policies that can be divided into different groups. The demand-side programmes used to be mainly programmes of employment in the public sector for the unemployed, but have gradually shifted to subsidized employment (often with training content) in both the public and the private sectors. The supply-side policies include mainly training programmes with vocational training in special training establishments, but also non-vocational education and training in companies (DeBeer and Schils 2009, p. 37).

As in many other countries, the net effects on the participants in activation programmes are disputed. The reason is that such programmes can have both positive and negative effects on the future employments prospects of the individual participants.

In Romania, employment policies focus on two directions of action, namely passive policies that include financial support and active policies measures that improve the functioning of the labour market that are directed towards the unemployed. The measures adopted are in line with the objective of the European Union's employment policies, especially to increase the employment of the active population and implicitly to maintain the unemployment rate to a minimum level.

Kluge and Schmidt (2002) investigate European evaluation studies covering programs conducted during the time period 1983-1999. They conclude that studies on active labour market policies show a large heterogeneity regarding their effects. One of their main results emphasizes that training programs seem likely to improve the labour market prospects of unemployed workers. Furthermore, direct job creation in the public sector has been of little success, whereas subsidies in the private sector might show at least some more positive effects (Effectiveness of European Labour Market, 2006, p. 8).

It should be noted, however, that other available general studies from authors like Bergemann and Van den Berg (2008), Carcillo and Grubb (2006), Card and colleagues (2010), Heckman *et al.* (1999) and Martin and Grubb (2001) present empirical evidence summarizing the effects of active measures. Thus, the aggregation of the results of these studies shows positive effects on returning to the labour market for job-seeking assistance participants, while the effects on the vocational training measure are relatively positive for the participants.

There is a large variety of programs with different design and focus on different target groups. Furthermore, as mentioned above, across countries it is clear that labour programs take place in differing economic environments against a backdrop of specific institutional settings (Kluve, 2006, p. 9).

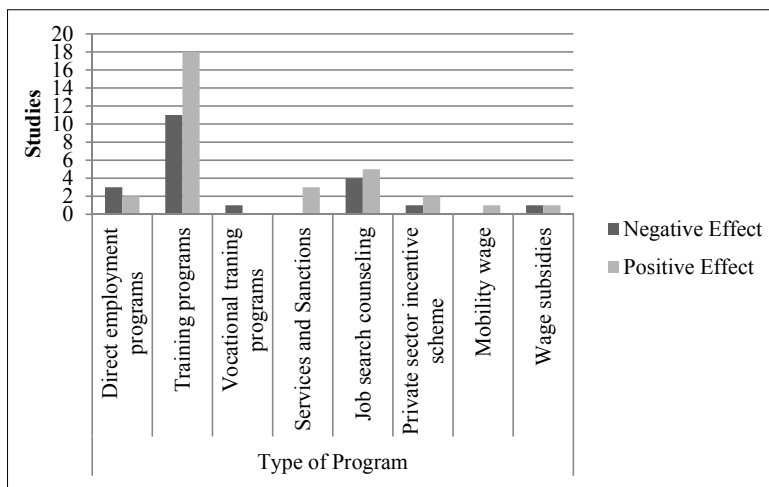
### 3.3. Quantitative Analysis – examples of good labour market practices at European level vs. Romanian level

The previous section of the present article has given a concise summary of a number of studies based on the effectiveness of active labour market policies across Europe. Several preliminary assumptions can be suggested as follows.

As formerly mention, the basic idea of the present subchapter comes from the construct of the meta-analysis that analyses a data set in which each observation represents a particular program evaluation. For each observation in the data set the outcome of interest is an indicator for whether the active measure program was found to have a positive or negative effect on the participants.

As can be seen in the table below, labour market training programs have the highest positive effect on the participants, followed by job search assistance.

Firstly, the net effects of active programs on unemployment by estimating the employment phenomenon reveal that the effects of active measures is much smaller in the short term (less than one year post-programs), more positive effects in the medium term (1-2 years post-program) and long-term (for more than 3 years after participating in the program). Although this information is useful, it doesn't



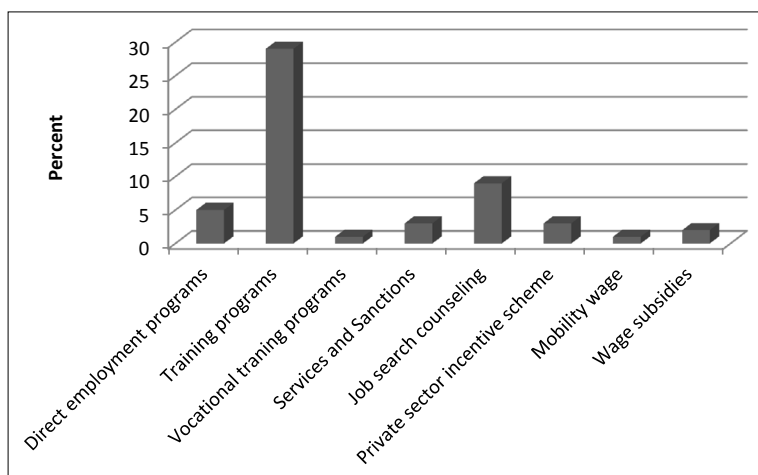
**Figure 1.** Type of active measures programs and their effects

Source: Meta-analysis synthesis, Kluve and Schmidt (2002).

answer to the question of whether the active measures programs ‘works’ or not for the participants.

An obstacle in evaluation of the methods used is the ‘instability’ of the set of active programs offered by public European labour bodies. They reduce and change the mix of active measures programs continuously. This leads to an increased overlapping and proliferation of programs that are costly to manage.

Second, the time factor varies depending on the type of active measure. For example, job search assistance on average has a relatively large impact in the short term. Vocational training and private sector incentives to employ have a lower impact in the short term, but higher in the medium and long term. The financial allocations for employment allocated by the state tend to have negligible or even negative effects over all time horizons. Training programs are the most widely used active labour market measure in Europe (Kluve, 2006, p. 10).

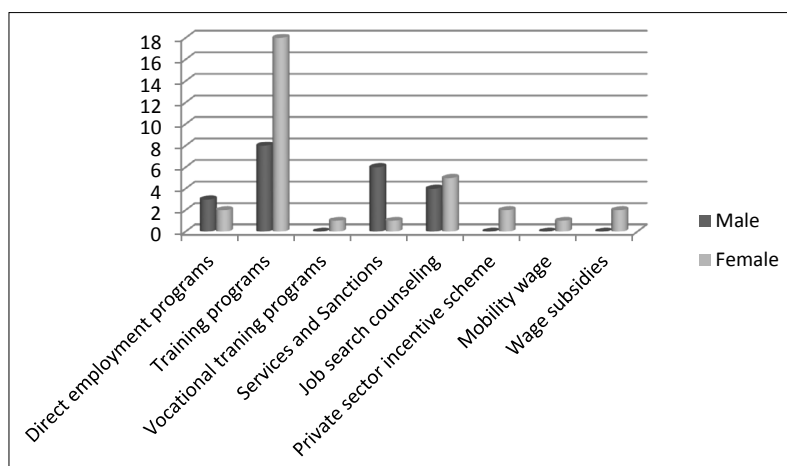


**Figure 2.** The dynamic of active measures programs used during 1986-2002 period

*Source:* Meta-analysis synthesis, Kluve and Schmidt (2002).

The assessment of active measures programs regarding their effectiveness shows rather mixed results. Vocational training programs effects are negative in a few cases, and often insignificant or modestly positive. Still, there are several indicators that training programs do increase participants’ post-treatment employment probability, in particular for those participants with better labour market prospects.

In contrast to the positive results for private sector incentive programs, direct employment in the public sector rarely shows positive effects. The evidence across countries suggests that effects of public sector job creation measures on individual employment probabilities are often insignificant and frequently negative (Kluve, 2006, p. 9).



**Figure 3.** Gender based participation to active measures programs

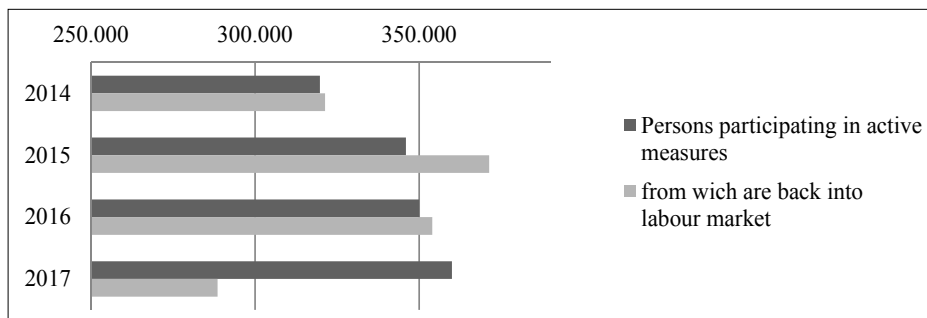
*Source:* Meta-analysis synthesis, Kluve and Schmidt (2002).

In the above figures, different active measures programs from the 2002 study by Kluve and Schmidt were compared, with emphasis on their effects on women or men. It is worth mentioning that the 53 active labour market studies from different European states identified and analysed included the research of dozens of people in different periods of time. However, the most visible result is the training programs have an effect on the employment rate especially for women.

The findings are generally positive regarding private sector incentive programs. Virtually all studies that evaluate private sector wage subsidy programs – such as several studies from Denmark, but also evidence from Sweden, Norway, Italy, etc. – assert beneficial impacts on individual employment probability. In contrast to the positive results for private sector incentive programs, direct employment in the public sector rarely shows positive effects. The evidence across countries suggests that treatment effects of public sector job creation on individual employment probabilities are often insignificant, and frequently negative. There are some indications that services such as job search assistance or counselling mainly work for individuals with sufficient skills and better labour market prospects, but less so for the more disadvantaged individuals. This pattern, however, is not entirely clear, since some studies conclude that the opposite is the case. (Kluve, 2006, p. 10).

Each year, the Romanian National Agency for Employment is proposing to employ a number of people by implementing active measures. The results collected show that there is a larger number of persons employed than the number of persons who attend active measures programs. The reason behind this is that the number of persons that are back into labour market relate to the total number of unemployed persons.

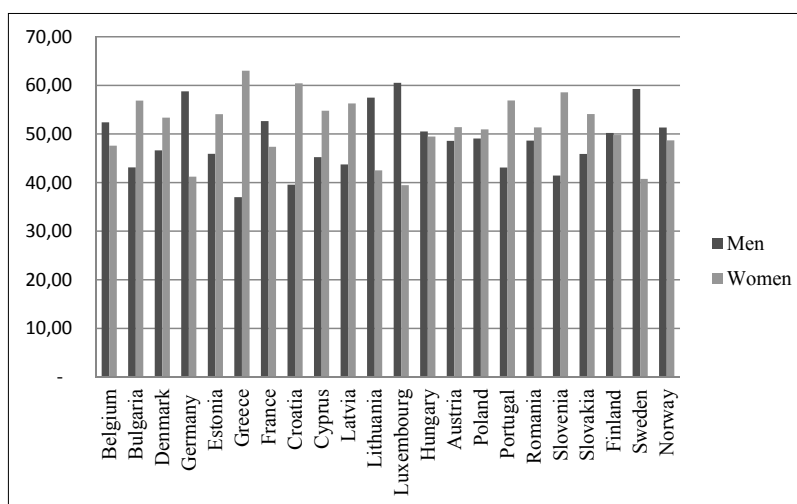
In Romania, the data provided by the National Agency for Employment for the period 2014-2017, shows that the number of persons participating in active measures programs increased while the persons who have been employed increased during 2014-2015 and significantly decreased in 2017.



**Figure 4.** Number of persons employed after participating in active measures programs

Source: ANOFM, 2014-2017.

The group from which the unemployed person originates, on average influences the effectiveness of active measures programs, they have a greater effect on women participating in measures and less effects on men, but it should be noted that this may be the case because women participate in a larger number on active measures programs offered by different European states as can be seen in the table below.



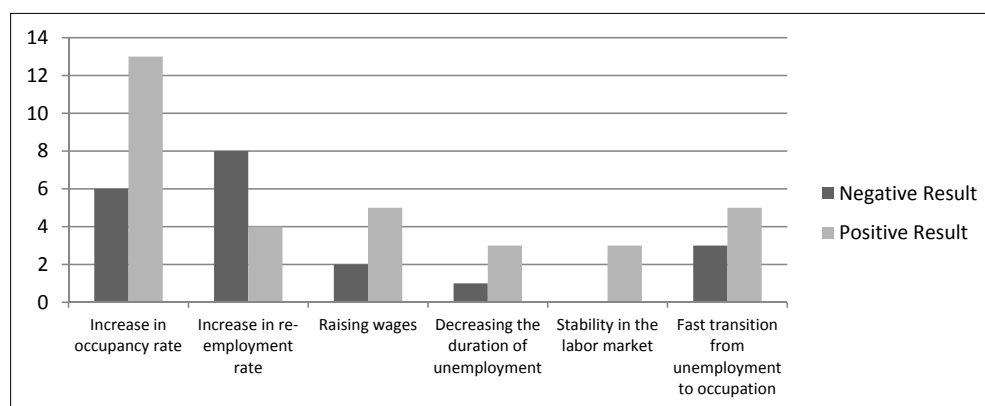
**Figure 5.** Labour market policies participants by type of action – summary table

Source: Eurostat, 2017

Bergemann and Van den Berg (2008) were the first to look at the results of the evaluation (for all types of active measures) according to the gender of person. They consider that the effects are higher for women than for men, and that the difference is higher if a nation's economy has many women as unemployed persons.

With regard to the state of the labour market, we find that active labour market policies tend to have larger impacts in periods of slow growth and higher unemployment (Carad *et al.*, 2015, p. 25).

Concluding, a series of preliminary assumptions can be suggested in this first phase: Job Search Assistance seem to be relatively effective in combating unemployment, (Labour market) Training appear to have relatively small effects in general but with longer term impact and last but not least the creation of jobs in the public sector has an insignificant or even negative effect on the participants. Given the program heterogeneity and the difficulty of comparing programs across European countries, is difficult to give concrete answers to the fundamental questions such as: what works, for whom and under what conditions?



**Figure 6.** Results (positive / negative) on impact of active measures

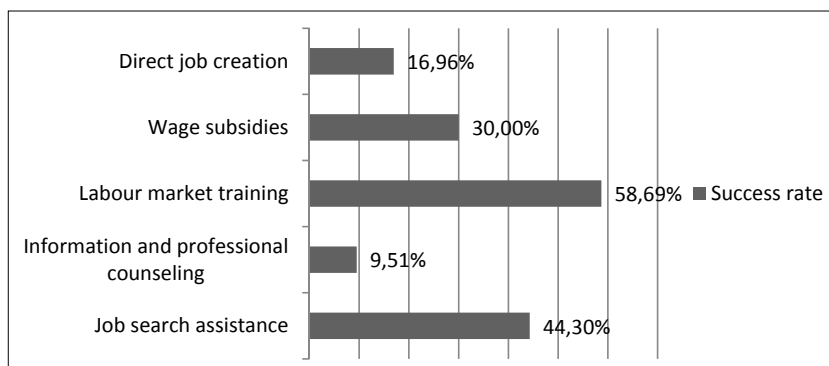
Source: Meta-analysis synthesis, Kluve and Schmidt (2002).

Thus, the conclusions of the Kluve and Schmidt's 2002 study show that the impact of active measures are mainly on the duration of the unemployment period, with important results on increasing the occupancy rate, and on increasing the re-employment rate. On the other hand the impact of active measures is lower in terms of providing stability on the labour market.

In Romania, from the analysis of the forecasts gathered in the reports and newsletters of the National Agency on the situation of the labour market policies for the period 2014-2017 and from the description displayed on the official pages of the county agencies for employment, it is clear that the same active / passive measures are offered with a few minor differences. The differences evolve from another

aspect that could be decisive in adopting certain active measures in detriment of others and that is the level of unemployment registered in each Romanian county, an important aspect to which I think it is fundamental to reach.

As can be seen in the figure below, labour market training and job search assistance are the core employment policy measures that have made a significant contribution to the integration of people into the workforce.



**Figure 7.** Success rate of active measures programs

Source: ANOFM activity reports, 2014-2017.

The most commonly used active measures in Romania during 2014-2017 are labour market training and job search assistance. Undoubtedly, these measures seek to establish a direct link between the employer and the employee by providing information, counselling and training services in job search techniques.

The importance of policies to reduce unemployment comes both from the adaptation to the labour market trends, in relation to the economic, political and social situation of the states, as well as in the transposition of the European directives to the each national specificity. The need for certain measures results from both their use and their success, in particular the number of people employed by them. The reorientation of passive to active policies emphasizes the effectiveness of policies in the labour market, especially their positive factors that contribute to improving the quality of the workforce, increasing labour supply and involving more people in active measures of the unemployed labour programs in the process of searching for new places for work.

#### 4. Final considerations and conclusions

Labour market is a complex structure not only for its semantical content, but also for its functioning in different economic cycles. These reasons may be the base of labour market uncertainty, which complicates the employability of individuals.



Disproportion between labour supply and demand determines the unemployment problems, which can be solved through the different measures: active or passive.

The interest for active policy drives from the fact that through them, the intervention on the labour market is direct, concerning to increase employment to the upper limit. These policies are individualized and are sketched around three main types, such as:

1. efforts to facilitate the contact between the supply and the demand side of jobs;
2. programs and training courses for unemployed;
3. creating jobs.

Combining both quantitative and qualitative research methods, I intended that beyond the actual examination, to bring a series of answers to questions such as: What kinds of measures are used in the European Union and how are they implemented? What is their success on the labour market in terms of reintegrating people into work? What are the differences in implementing these measures in Romania and other countries in the European Union? How could these methods be improved especially in Romania?

The results show that in Romania the emphasis is on labour market training programs, while labour market training programs are the most used active labour market measures in Europe as well. Second, at European level, labour market training has the highest positive effects on the participants, followed by job search assistance while in Romania, the measures mentioned have made a significant contribution to the integration of people into workforce, and are the most commonly used measures in 2014-2016. An thirdly, in Romania the number of unemployed persons who have been employed significantly increased during 2014-2016 period of time, while in Europe, the conclusions are that the group from which the unemployed person comes from, influences the effectiveness of active measures programs (with major effects on women and less effects on men).

Specialized studies show that a prolonged period of unemployment can lead to difficulty or even impossibility of finding a job. Towards the main subject of the research, the time factor shows a special importance and is reflected in many areas, from the economic to the social one. Likewise, the present study is timely and relevant and its results correlated with the answers to the above questions could be a starting point in this matter, given the fact that most of the time, reports on active measures are made only on short term and solely to current trends and services needed on the labour market, while the attention of the authorities should be long-term oriented.

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# THE IMPORTANCE OF NEEDS ASSESSMENT STUDIES ON PUBLIC ADMINISTRATION STUDENTS' CAREER SERVICES EXPECTATIONS

Anișoara PAVELEA  
Andreea VOINA

## **Anișoara PAVELEA**

Associate Professor, Ph.D. Department of Communication,  
Public Relations, and Advertising, Faculty of Political,  
Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
E-mail: pavelea@fspac.ro

## **Andreea VOINA**

Teaching Assistant, Ph.D.(c), Department of Communication,  
Public Relations, and Advertising, Faculty of Political,  
Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
E-mail: voina@fspac.ro

**Abstract.** The present study aims to analyze the extent to which the institutional policy of FSPAC on career guidance services for students overlaps with the students' needs and expectations. The research combines quantitative (survey) and qualitative methods (interviews and focus-groups) in order to gain an in-depth image of the main issues related to the career services offered to Public Administration students in the university. Career services represent a major strategic orientation for the Romanian universities, given the recent legislative framework, and there is a significant support among the management of the academic institutions for the growth of this student-oriented segment of services.

**Keywords:** needs assessment, Public Administration students, career services, expectations, institutional policy.

## 1. Introduction

Needs assessment is a well-established method for determining the effectiveness of service delivery in higher education settings (Rimmer and Burt, 1980). Reasons for conducting this kind of studies vary significantly across studies. From identifying barriers to student enrollment (Belcher, 1996) to overseeing the needs dynamics throughout their academic journey, all these studies are trying to identify critical needs of the populations to whom career centers provide services (Astramovich, 2011).

Needs assessment is a flexible tool designed to obtain information from a population (Altschuld and Witkin, 1999, cited in Hammond, 2001). In educational settings, it can be useful for analyzing the situation and drawing institutional programs and policies. In universities, it is very important for Career Centers to periodically assess students' counseling and guidance needs, as Kuh (1982) and Upcraft and Schuh (1996) show, in order to ensure the delivery of high quality programs that meet the needs of students. Also, in a competitive academic environment in which institutions compete for candidates and resources, needs assessment can play a central role in advocating for funding and resourcing career services (Astramovich and Hoskins, 2009).

Even though career services are essential to developing 'career savvy' students, several studies have shown that college students do not use career services provided by their university's career center at their full potential (Patterson, 1995; McGrath, 2002; McCorkle *et al.*, 2003). Therefore, universities should pay special attention to promoting and advertising these services to students, fully engage with career guidance program, and not only attend to specific activities.

Students' population is very diverse, and Career Centers should pay increased attention to differences between students when designing programs for them. Studies have shown significant differences in counseling needs between male and female students regarding different stressors (Murphy and Archer, 1996), problem-solving techniques (Elliot, Johnson and Jackson, 1997), or personal values (Chuenyane, 1983).

In career guidance needs research, *satisfiers* such as information, advice, professional guidance, and comprehensive career curriculums (Witko *et al.*, 2005) have been identified. Other studies (Chuenyane, 1983) mention assistance in finding a job, understanding the guidance programs, developing self-understanding and career awareness, interpersonal skills and relationships, decision-making and problem-solving skills, identification and clarification of personal values, etc. Career Centers usually set two types of aims:

1. to assist students in making effective academic and personal decisions; and
2. to assist students in attaining proper volunteering, internship or employment opportunities (Hammond, 2001).

Still, in our country it is a trend to have a Career Center that encompasses all services one should provide to students, from assessment to workshops and train-

ings, career fairs to career counseling (where specialized staff is available). But as Lehker and Furlong (2006) show:

*'[t]here is no one-size-fits-all approach to career services for graduate students. What works at one institution might be impractical at another for a variety of reasons. Several factors, including the resources of academic units and the strengths of a career services unit, determine the effectiveness for each situation.'*

Apart from this centralized services approach to provide career services to students, Lehker and Furlong (2006) identify three more approaches: (1) academically-based career services, where faculty bring expertise in the discipline and close relationships to students, which constitute an advantage for the advertising and promotion of these services, but at the same time bring the disadvantage of limited staff with few experience, without the ability to develop robust services and strong intervention programs; (2) campus collaborations:

*'[i]n all likelihood, a campus will not employ only one model of career services, either through a centralized office or academic units. Instead, career services might be accessed from a variety of sources. Collaboration and communication become the keys for this approach to be successful. Staff and faculty who provide career support must be aware of each other and offer services that reflect the strengths of each unit in a complementary way. Career services providers can also look for other natural collaborators on topics related to career and professional development for graduate students, such as counseling and psychological services. Smart collaborations can stretch campus resources and provide a more coherent package of career-related services for students.'* (Lehker and Furlong, 2006)

and (3) developmental approaches: *"Regardless of how services are provided, graduate student career issues must be placed in the context of other developmental and life issues that students face; career decision factors like age, life experiences, family issues, financial, identity, etc. "* (Lehker and Furlong, 2006). It seems to be difficult for a Career Center that is at the beginning of the road to fit precisely into one of these categories, as it is usually a dynamic process of moving from one to the other and adapting to particular situations.

## **2. Students' expectations**

Evidence shows that in the United States, a significant numbers of students enter graduate studies as a way to explore career options (Luzzo, 2000). The situation is not much different from Romania, as in a previous study we have shown that indeed a large proportion of graduate students follow a master program in order to postpone the decision to enter the workforce (Pavelea-Răduleț, 2013).

The realities of the job market stand in contrast to student expectations (LaPius, 1995, 1998; Golde and Dore, 2001). Nerad and Miller (1996) show that the implications of this mismatch for students' perceived career options is contributing to student attrition. Therefore, we should ask ourselves: how should career services be developed to ensure that they are meeting the needs of undergraduate and graduate students? And which are the primary needs of students' population that the Career Center should address?

Career Centers do not usually carry out needs assessment, as they consider it to be "an overwhelming project, that requires significant effort and statistical analysis" (Hammond, 2001). However, needs assessment is one of the best tools used for the purpose of identifying the needs of students in order to draw suitable programs for them. The main advantages of this method, as Kuh (1982, cited in Ramsey, 2000) suggests, involve: an opportunity to identify students' needs that have been historically ignored or unknown by career services and management; a good way of identifying changes over time in students' needs; a way of improving retention and success of "high risk" students; a means of identifying future goals and objectives for career services; a way of identifying "unsatisfactory conditions, or challenging situations with which students must contend" (Kuh, 1992) in order to design new program goals or planned solutions; or a useful tool for making policy adjustments and program changes.

### **3. Needs assessment as a process**

Cline and Seibert (1993) mention three stages of a proper needs assessment:

1. planning phase: identification of the possible usage of data, setting criteria and goals, familiarizing with the topic, determining the sources of data and identifying the methods;
2. data collection: interviews, group discussions and gathering of hard data;
3. data analysis: data compilation, statistical analysis and reporting data.

Or as Haile (1993, cited in Hammond, 2001) says, needs assessment involves planning, gathering and analyzing data, and doing something with the results.

#### **3.1. Research questions**

Which are the needs of students for career services?

Which is the most suitable way of providing career services for students?

Does university management meet the needs of students regarding career services expectations?

How should services be developed to ensure that they are meeting the needs of undergraduate students?

### 3.2. Method

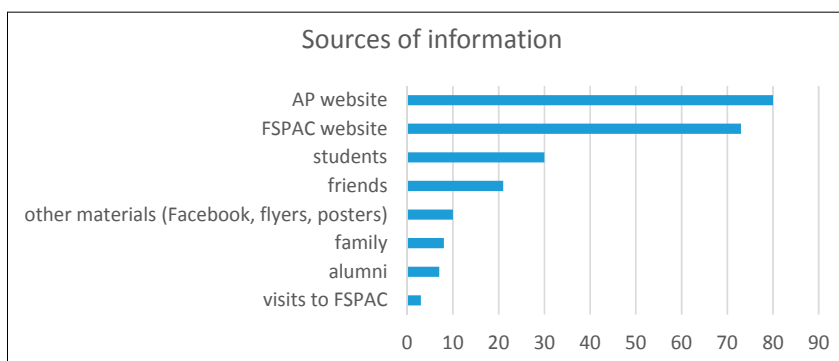
Based on a mixed-method approach, combining quantitative data (from survey) with qualitative input from interviews with faculty and document analysis, the present study aims to identify the relationship between students' needs and the institutional policy and programs designed for Public Administration students at Babeş-Bolyai University of Cluj-Napoca.

The authors started with a needs assessment survey on Public Administration candidates, using an instrument developed by the University of Wisconsin-Stout. The survey was administered to PA candidates (N=117) during the admissions session and completed the sample with undergraduate students at all levels (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year students, n=144).

### 3.3. Survey results

We started with a pilot survey administered to Public Administration candidates during the admission to college sessions (N=117), with a distribution of 27% male and 73% female students. Two-thirds of them were admitted to state-funded spots and the rest of them to self-funded.

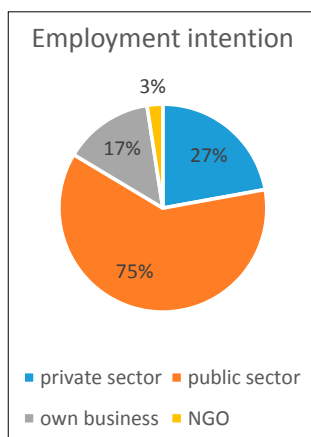
31% of the surveyed students opted for a different university major before coming to FPACS, choosing mainly a variation of social science majors: letters, law, psychology, sociology, European studies, etc. The main sources of information used when seeking data for academic options, as Figure 1 shows, were mostly on-line platforms, such as the FPACS website (73%) and the website of the Public Administration Department (80%). Strikingly, less than 10% of the candidates used other materials, such as Facebook, flyers, posters. FPACS and friends made up 30%, respectively 21% of responses, followed by Alumni (17%), family (8%), and visits to the college, an option considered by only 3% of those aiming to become Public Administration students.



**Figure 1.** Sources of information used by PA candidates

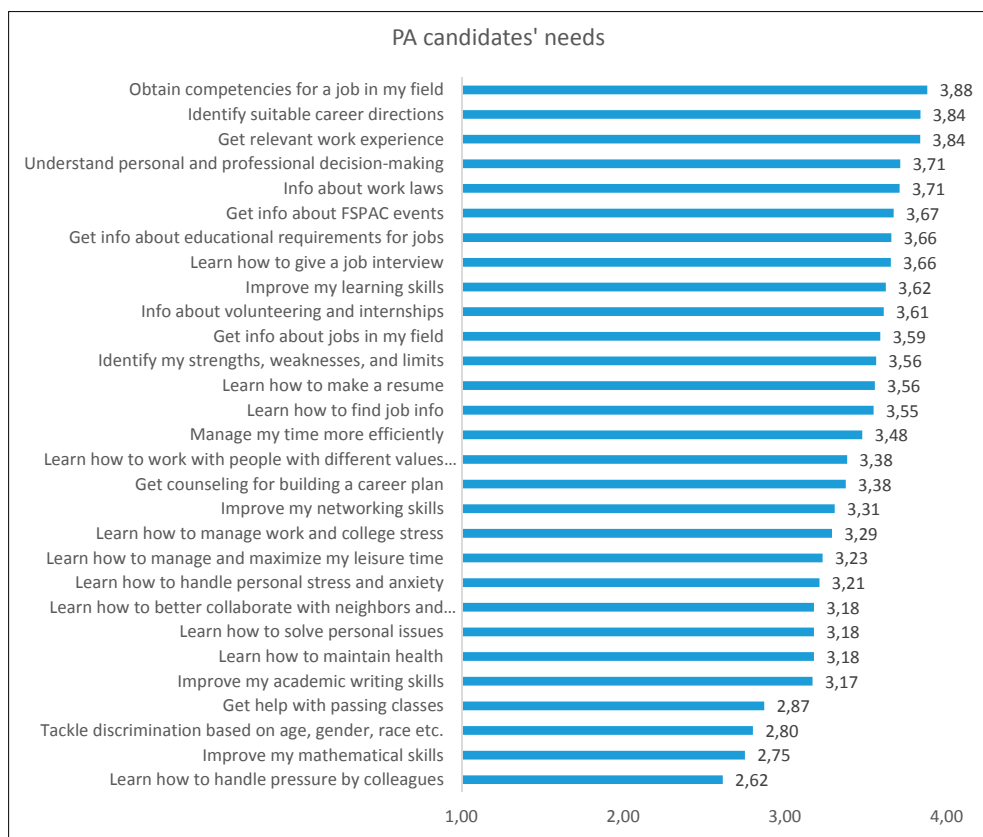


Regarding counseling experience, 52% of those inquired claimed not having had any counseling in high school, while only 48% stated having experienced it; thus, more than a half of the PA candidates did not undergo counseling before college, in their educational environment. As for expectations, few (7%) candidates surveyed expressed their preference for individual counseling in college, while 21% only selected group counseling, and an overwhelming majority of 72% of the respondents opted to experience both types of counseling services. Surveyed with respect to employment intention after graduation, a nearly equally overwhelming majority, of 75% from the candidate pool, expressed their interest in pursuing a public sector career, while 27% opted for private sector, and 17% for starting their own business; however, only 3% of the respondents marked NGOs as a possible career choice (Figure 2).



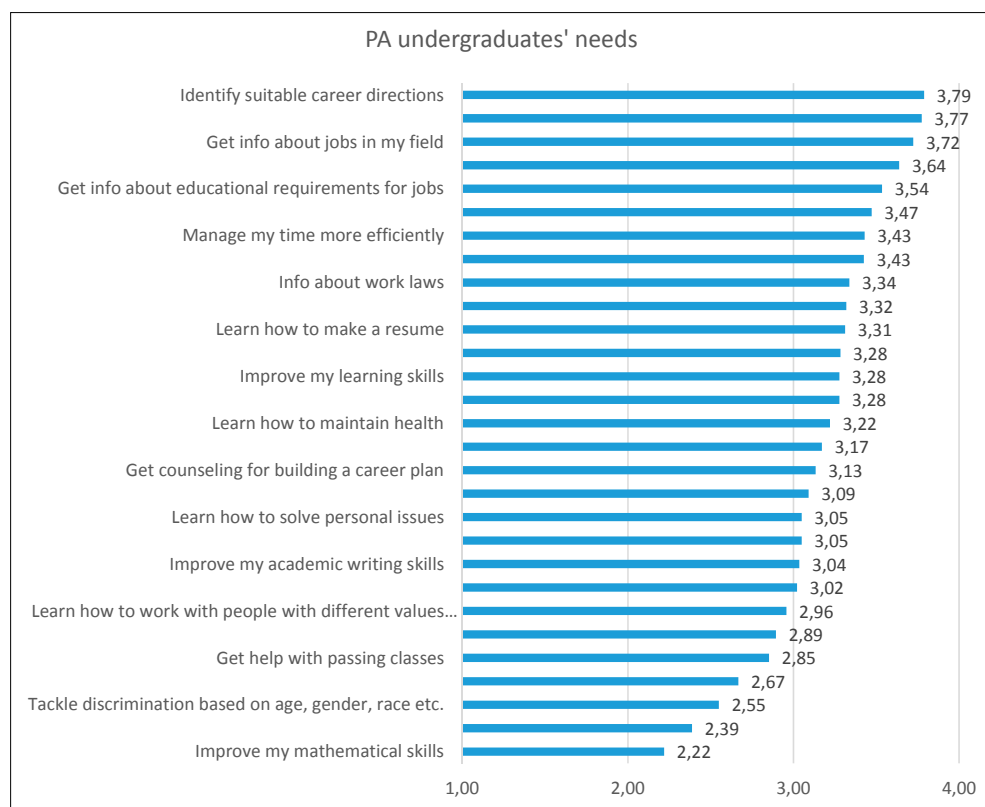
**Figure 2.** Distribution of PA candidates' employment intention

Of the 29 needs assessed among the PA candidates, a wide majority (25 items) were assigned a score of 3 or 4, translating into an important or very important aspect for the candidates surveyed. Moreover, PA candidates have a very ambiguous understanding of the career decision process. They know that the academic degree should enable them to obtain competencies for a job in their field, to identify career directions, and get relevant work experience, but they mix all the other needs. Least important according to their opinion are: getting help with passing classes, tackle discrimination, handle pressure from colleagues or improving writing and mathematical skills, showing that they do not expect to encounter this kind of issues during university. At the same time, they are focused on their personal development, scoring high on pragmatic needs, such as learning how to give a job interview, information about volunteering, learning how to make a resume, how to find job information, etc. (Figure 3).



**Figure 3.** Distribution of PA candidates' needs

Further, we used the same instrument to survey undergraduate PA students enrolled at FPACS; the survey was administered to a number of 144 students, trying to identify whether and how their needs differ from the 1<sup>st</sup> to the 3<sup>rd</sup> year of study. Third-year students place importance on the same needs categories as PA student candidates (Figure 4). Their main needs are career-oriented, whereas personal skills and development are last on their priority list. Among top-scoring needs, identifying suitable career directions, competencies for the field, information about jobs and relevant work experience are some that rank highest, similarly to the candidates' scores. Skills related to tackling discrimination, handling pressure, and mathematical thinking are less signaled as bearing importance to the individuals surveyed.



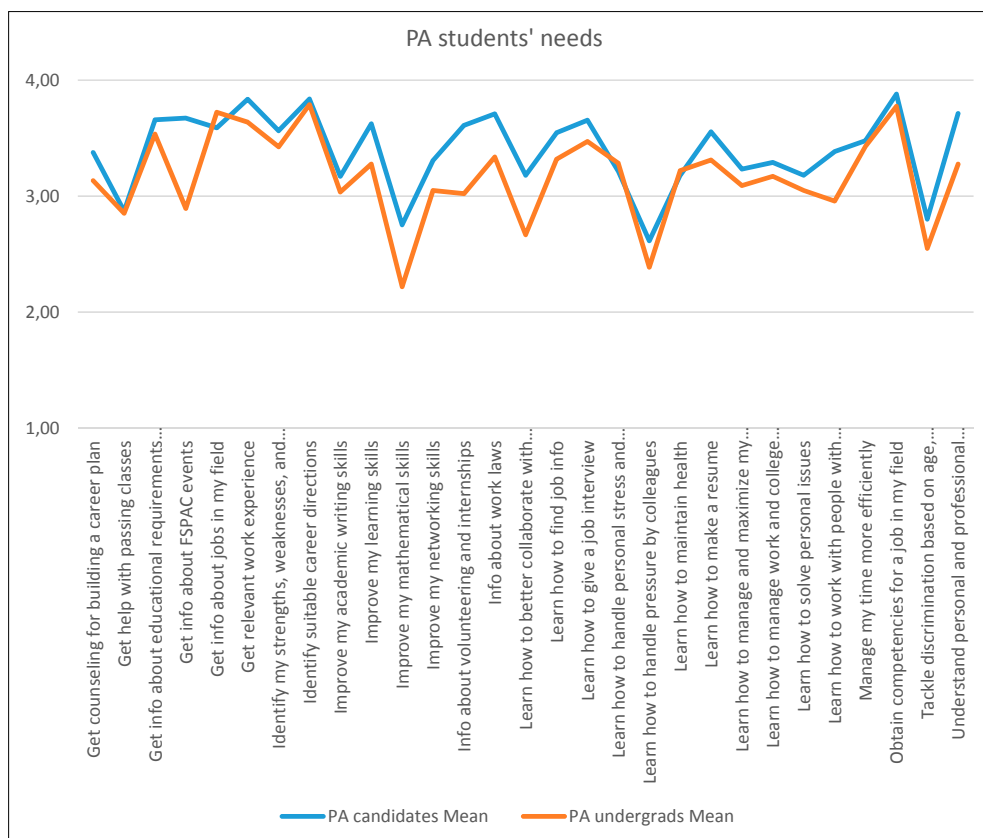
**Figure 4.** Distribution of Public Administration students' needs

Last, we more systematically tried to compare the needs of PA candidates with those of the undergraduate students, and we found many similarities in their responses. As shown in Figure 5, trends in assigning values to needs are virtually the same for Public Administration candidates and undergraduate students, yet the former seem to consistently assign higher scores, which may be caused by them already experiencing college and heading towards building careers.

### 3.4. Institutional policy for developing career services for students

In the strategic plan of FPACS for 2012-2016, we identify the operational objective of developing a clear and efficient policy for students, including: developing the offer of extracurricular activities, developing career services for students, developing the alumni network, and involving students in the main activities and managerial decisions of the college on a permanent basis.

After setting up a Career Center in 2013, focused on career assessment for students, FPACS targeted two main directions in its Operational Plan for 2017:



**Figure 5.** Distribution of PA candidates and 3<sup>rd</sup> year undergraduate students' needs

1) maintaining a good relationship between the university and alumni, by involving alumni in projects and activities, establishing an efficient communication strategy with alumni, setting up a database with alumni records, updating information through social and professional networks, workshops; and 2) offering career guidance services for current (Romanian and international) students.

In the current operational plan, FPACS's objectives include building and maintaining a functional relationship with students, the development of extracurricular activities, research activities and support services for career guidance, and set as an evaluation point the number of support-programs and students participating in these programs. The objectives are quantified by the number of students involved in the activities of the Center.

FSPAC has a series of programs designed for students, such as: *Preparing for a career*, *First steps in a career*, *FSPAC Speak UP*, *Career Days*, and *InSight – Volunteering and Internship Fair*. Most of these programs promote and maintain a good relationship with alumni, professionals, and organizations and institutions.

### 3.5. Interviews with faculty

Building on the qualitative dimension of this research, we conducted four interviews with faculty members from the Public Administration Department, people who are in charge of internships and professional programs for students from the bachelor's and master's levels. The questions addressed issues such as: students' career paths, organizations, fields and jobs that students' access after graduation, traditional partners for internships and criteria for their selection, students' needs and expectations concerning career guidance, the link between offered curricula and professional trajectories of students, development programs for career services in the Public Administration Department, and recommendations for the Career Center.

The answers offered by the faculty were quite consonant to one another, and concerning managerial decisions, nearly congruent to the operational plan of FPACS. We have come to understand that Public Administration students usually work in public administration, NGOs, management services from different fields and multinational companies.

The main partners for professional internships and programs of the Department come from local and central public administration offices (city halls, county offices or ministries), NGOs and consulting firms, through project managers looking for specific skills in students. The relationships with these partners were facilitated by alumni working inside them. Apart from public administration institutions, the Department is arguably an important pipeline for NGOs, which is quite different from the candidates' expectations regarding initial employment intentions.

The Department already has a tradition in organizing networking event for students and alumni, such as Zilele Carierei (Career Days), 10<sup>th</sup> anniversary graduation reunions, or workshops, conferences, and informal meeting with students. They represent a good means of getting valuable feedback from students and identifying students' special interests and needs.

Asked about whether they have observed a link between the offered curricula and students' career decisions, the faculty provided answers that confirmed students' rather common decision to pursue a career in management, human resources, or data analysis, both in the private and the public sector, starting from a particular course they have been enrolled in. "NGO-related topics offer students a new perspective of the field, many of them targeting this area as well," as one of the professors told us.

At the moment, the Public Administration Department does not make career services a priority, as they have been the focus of previous EU-funded projects carried out in the institution studied. Concerning the advice for the Career Center's development, valuable input came from the faculty, mentioning permanent contact with the employers, with the market, and the workforce, in order to better adjust the supply and demand of knowledge and skills between what university provides and what the market seeks.

#### 4. Conclusions

Career services can help students by enabling them to overcome transitions in education, develop self-awareness, and enhance decision-making skills to gain personal and professional success. Together with other institutionally offered services, such as academic advising, personal counseling and educational planning, Career Centers facilitate students' transitions to next phases in their educational, career, and life journeys (Nevarez and Wood, 2010).

Systematic replications of students career counseling and guidance needs are very important, as Bishop *et al.* (1998) noted, for two reasons: 1) they are helpful in building ongoing support for and understanding of such services, as well as identifying changes that may occur in time; and 2) for comparing institutions when designing service delivery systems by taking into consideration local factors.

Thus, Career Centers are a must for any university, in order to anchor the students' experience into the reality the market poses, and customize the experience based on student profiles. *"Regardless of how career services are provided, the campus must make efforts to develop and communicate services and resources that speak directly to the graduate student experience"* (Lehker and Furlong, 2006).

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# THE STATUS OF THE ROMANIAN NONPROFIT SECTOR AND ITS READINESS FOR SOCIAL ENTREPRENEURSHIP

Claudia PETRESCU

Martin BALOGH

Natalia Monica BALOGH

Paula BEUDEAN

## **Claudia PETRESCU**

Professor, Dean of Graduate Education,  
Oakland University, Rochester, USA  
Tel.: 0040-264-431.361  
E-mail: cpetrescu@oakland.edu

## **Martin BALOGH**

Associate Professor, Public Administration and Management  
Department, Faculty of Political, Administrative and  
Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: marton@fspac.ro

## **Natalia Monica BALOGH**

Lecturer, Public Administration and Management Department,  
Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: natalia@fspac.ro

## **Paula BEUDEAN**

Ph.D. candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: beudean@fspac.ro

**Abstract.** During the communist regime, which ended in December 1989, the nonprofit sector was non-existent in the Romanian society. The Romanian nonprofit sector is still in its early stage of development, and yet it is experiencing an explosive growth due to the rapid political changes taking place in the region. Presently, there are over 90,000 nonprofits with one third active. This exploratory research has two objectives: to provide an understanding of the capacity needs of nonprofit organizations, and the sector's readiness for social innovation and social enterprise.

**Keywords:** non-profit sector, Romanian NGOs, social entrepreneurship, social innovation, social enterprise.



## 1. Introduction

In modern societies, nonprofit organisations are important players. Through their expertise and potential for innovation, the nonprofit organizations work like an awareness mechanism for community problems, actively participating in finding and implementing the right solutions to these problems. Activities implemented by the nongovernmental sector have a positive direct impact over the community social services offer, community human capital, and social capital and these changes contribute to a positive economic environment. For these reasons the nonprofit sector' economic value should not be ignored. Even though the size and the dynamics of the Romanian nonprofit sector cannot be yet compared with the traditional nonprofit sectors from other European countries, still there is an upward trend (Barna, 2014) both in quantitative (i.e. number of organizations) and qualitative (involvement in very diverse societal issues) aspects.

Almost ten years after the fall of the communism, a study conducted under the auspices of the John Hopkins Comparative Nonprofit Sector Project (Șăulean and Epure, 1998; Johnson and Young, 1997) found that the sector was beginning to gain standing in the Romanian society. Twenty years later, in 2010, a study done by the Fundația pentru Dezvoltarea Societății Civile (Foundation for Civil Society Development (FDSC)) shows that presently there are over 62,000 nonprofit organizations registered, out of which 21,000 are active. Nowadays, after 25 years from the fall of the communism, there are 100,000 nonprofit organizations (according to the National Nonprofit Organizations Register accessed at February 20, 2017). However many of these organizations are inactive.

The large number of inactive organizations (about two-third), the dependence on external fundings and donors, and the lack of professionalization of the sector are probably the most important challenges facing the Romanian nonprofit sector. In the latest years, according to FDSC and USAID (2014), the lack of private funds, the decreasing public funds, the poor government management of European funds, and the challenges in retaining personnel made NGOs to reduce their services provided to the community (p. 2). However, the nonprofit succeeded to survive and find alternative funding sources (FDSC and USAID, 2014, p. 2).

At the same time, in the last years, social economy and social entrepreneurship became relevant issues for the Romanian nonprofit sector. Based on the European agenda, social entrepreneurship is one of the main priorities of the European programs developed for 2014-2020 in Romania: the social enterprises are meant to become change agents for community, promoters of social innovation, and of inclusive and sustainable economy (Barna, 2014). Besides European funds, nonprofits use private funds received from private companies to develop social enterprises. Moreover, a legal framework for social economy and good practice models have

been developed, and organized conferences and trainings for social entrepreneurship are being provided.

## **2. Research objectives**

The purpose of this research is to build on the literature findings:

- to assess the organizational capacity of the Romanian nonprofit organizations for growth and development, with a focus on their financial and human resources capacity;
- to understand Romanian nonprofit organizations' potential for social innovation, respectively if they have the organizational capacity to understand social needs (i.e. how well they understand the needs of their clients) and to establish new and effective ways to address them; and
- to understand the strengths and weaknesses of nonprofits' capacity from the perspective of social enterprise, respectively if and how they use and apply business practices.

## **3. Literature review**

### **3.1. Nonprofit organizations' capacity for growth and development**

Capacity building is defined as 'actions that improve nonprofit effectiveness' (Blumenthal, 2003, p. 5). With the decline in the economy, there is a need for wiser investments in the nonprofit sector; funders, for example, are investing in the organizational capacity of nonprofits to enhance their program outcomes (Connolly, 2007). The importance of capacity building is well documented. The ultimate purpose of capacity building is to increase the effectiveness of nonprofits and ultimately create greater social impact (Light, 2004; McKinsley, 2010; Finch, 2009; Herman and Renz, 2008). Sobeck found that funding for capacity building projects focuses mostly on larger nonprofits and nonprofit management 'with little reported evidence for its [program's] efficacy or generalizability in working with emerging community based organizations' (Sobeck, 2008, p. 50).

In terms of what organizations do to build capacity, Light (2004) surveyed several nonprofit organizations and found that the most common forms of capacity building, in order of importance, were investment in new technology, strategic planning, staff training, fundraising, board development and reorganization. Based on the results of the survey, and the fact that the majority of nonprofit organizations are much smaller than those covered in his survey Light extrapolates that 'activity levels among smaller nonprofits may be lower' (Light, 2004, p. 52). In an analysis of the capacity building in nonprofit organizations, the consulting firm McKinsey found that many nonprofits focus on creating new programs and keep-

ing administrative costs low instead of building the organizational capacity necessary to achieve their aspirations effectively and efficiently. Further, their analysis identified that nonprofits should select which elements of capacity to fix, because attempting to fix all of the elements of capacity could lead to institutional paralysis for the duration of a capacity-building project (McKinsey, 2010).

Understanding nonprofits capacity for growth and development is very important, mainly from the perspective of their impact over society. The nonprofit sector's potential for impact and society transformation is supported by the economic theories of the nonprofit organizations, which claim that nonprofit sector develops because of government and business sectors' failures, and that it is capable to deliver public goods that the other sectors cannot provide (Hansmann, 1987). The third sector or the nonprofit sector is perceived more and more 'not as an alternative to government but as a fully-fledged partner in the effort to promote economic development, active citizenship and social cohesion in Europe' (Third Sector Impact Project, 2014).

Looking to the literature on the Romanian nonprofits (NGOs) organizational capacity, we identified the most important challenges of the sector: the lack of private funds, the decreasing public funds, the poor government management of the European funds, and the challenges in retaining personnel (FDSC and USAID, 2014, p. 2). Thus, 74% of the NGOs declared that the most serious problem for them was the lack of funds, while 39% mentioned the lack of interest of public institutions towards their activities, and 36% are worried about the constantly long payment delays within the European funds programs in which the organizations were involved (FDSC and USAID, 2014, p. 4). These led in the last years to a decrease of services provided. Nonprofits survived by looking for alternative funding sources (FDSC and USAID, 2014, p. 2). Moreover, few NGOs use strategic approaches for organizational capacity, or basic management procedures and tools, because of the complexity of the strategic planning process, and because of the limited long-term funding resources (FDSC and USAID, 2014, p. 3).

In their article from 2011, Bibu and Lisetchi look on how NGOs 'have come to embrace the language, the management practices, even the culture of the business world', and how they use 'management tools and models in the hope of finding solutions to real or perceived financial challenges' (Bibu and Lisetchi, 2011, p. 24). However, they conclude, based on their over twenty years of experience in the sector, that in the case of Romania, 'in most of the cases, there is no strategic management within the NGO sector' (Bibu and Lisetchi, 2011, p. 27). They also insist that in the best case 'there is a strategic approach consisting in formulating the organization's general purpose and some desired long-term objectives' (Bibu and Lisetchi, 2011, p. 27).

### **3.2. Social innovation**

Previous studies that scanned the Romanian nonprofit sector did not explicitly focus on the nonprofits' capacity for social innovation, respectively on their capacity to understand the social needs and to establish new and effective ways to address them. There is some information about the trust that general public, thus including the beneficiaries of nonprofits, have in the nonprofit sector, and very little data on how much nonprofit organizations interact with their clients.

FDSC (2010, p. 84) shows that in 2010 only 32% of the general public trusted much and very much nonprofits, while 50% expressed their lack of trust in the nonprofit sector. Since 1998, the level of trust increased from 19% to 32%, still is low (FDSC, 2010, p. 84). The nonprofits, which provides social services, are the organizations that have the strongest contact with the community, and have the capacity to mobilize people, for instance in fundraising or advocacy campaigns (FDSC, 2010, p. 83).

In regards to the capacity of NGOs to work with their clients for better understanding their needs and for improving their services, there is almost no information. FDSC and USAID (2014) study show that only 20% of the social services nonprofit providers consult their clients in regards to the quality and the efficiency of their services.

However, the Romanian NGOs seemed to be more willing to find innovative ways of funding. In the context of decreasing private or public funds, and of increasing difficulties in managing European funds, the nonprofit organizations are forced to find alternative funding sources (FDSC and USAID, 2014, p. 2), and be more creative in this aspect. Income generating activities, or social entrepreneurship could be these alternatives (FDSC, 2010; Barna, 2014).

Analyzing these studies, a gap can be identified in finding out if the NGOs have the capacity and the willingness to understand the social needs of their clients, to find innovative ways to address these problems, and to find alternative funding sources for their projects. These questions are very relevant, mainly in the context in which there are worries about Romanian NGOs' capacity for social innovation. One out of three organizations (FDSC, 2010, p. 59) declares that its main funding sources are represented by European funds, Romanian government, and other institutional donors, which have their own agenda towards ways of positively impacting the society.

### **3.3. Social entrepreneurship**

According to the Romanian Social Economy Atlas (Barna, 2014), in 2012 there were almost 40,000 active organizations included in which is considered to be the Romanian social economy. Their total annual incomes were approximately US \$3 billion, and they hired more than 130,000 people. The majority of these organiza-

tions (85%) are associations and foundations, and these own 63% of the total annual incomes of the sector, and hired 59% of the total number of employees from the sector. Comparing to the data from 2011, there has been an upward trend on all these aspects (an increase, in average, of 10%), even though the number of the organizations slightly decreased (-2.6%). The social enterprise – cooperative – was one of the main types of organizations, which contributed to this upward trend. In 2012, there were over 2,200 cooperatives in Romania and their activities represented 14% of the total social economy annual incomes, and they hired 24% of the total number of employees from the sector.

All these indicators demonstrate the continuous development and increasing visibility of the Romanian social economy, and these could be used as the necessary proofs for government and the European funds future allocations for the sector, more precisely for domains such as social services or micro financing. The social enterprises have good potential for multiplication at the macro economic level, leading to sustainable socio-economic development.

Previous studies on Romanian nonprofit sector, such as the FDSC (2010), FDSC and USAID (2014) and Barna (2014), included general information about the NGOs' capacity from the perspective of social enterprise. FDSC (2010) looks to the size of the income generating activities of the NGOs; thus, the income generating activities represented approximately 16.52% of the NGOs' incomes in 2008, being a steady source of incomes, with small variations over the years (FDSC, 2010, p. 60). However, comparing to the income generating activities of the nonprofits from OECD countries, which represent 53.4% of the total budget of the organizations (FDSC, 2010, p. 60), Romanian NGOs' income generating activities are three times less developed. Moreover, some specific sectors of activity are better represented than others in selling services and products, such as private schools, sport clubs, medical/health foundations, and agriculture organizations (FDSC, 2010, p. 62).

Barna (2014, p. 52) shows that in 2012, approximately 12% of the active associations and foundations were selling services and products, using thus income-generating activities. While in the forest sector and agriculture sector 51%, respectively 31% of the organizations generate this type of income, in civic, culture or education activities – only 9% of the organizations use this method of raising funds (Barna, 2014, p. 55). Barna compares the financial situation of the NGOs with income generating activities and NGOs that do not conduct such activities: the NGOs that use this method of raising funds have approximately eight times higher incomes, and six times more employees (Barna, 2014, p. 59).

FDSC and USAID study from 2014, based on expert's opinion, suggests that Romanian nonprofit organizations are more and more interested in developing social enterprises because of three main factors: the good reputation of the social entrepreneurship, the existence of European Funds for starting social businesses, and the interests of the corporate donors for such activities (FDSC and USAID,

2014, p. 7). The same study quotes a survey that showed that 88% of the questioned NGOs declared that they were interested in starting a social enterprise (FDSC and USAID, 2014, p. 5). However, the financial sustainability of the social enterprise still depends a lot on European funds (FDSC and USAID, 2014, p. 8).

These few studies, which scan the social entrepreneurship capacity of the Romanian nonprofits, focus on the NGOs' intention to start social businesses, and on the financial results and effects of income generating activities, which can be associated with social entrepreneurship activities. However, none of these studies focuses on the real capacity of the NGOs to use and apply business practices, and to be market-oriented.

#### **4. Research methodology**

A capacity building assessment instrument created and tested as part of a Capacity Building grant received by Petrescu and Clifford (2009-2011) was used for this study. The instrument measures the capacity of the nonprofit organizations in five areas: (a) leadership development, (b) organizational development, (c) program development, (d) collaboration and community engagement, and (e) program evaluation. The instrument was translated into Romanian, and it was adapted to the characteristics of the Romanian nonprofit sector. In order to understand the differences between the US and Romanian nonprofit sector, interviews with five executive directors of nonprofit organizations were done in summer of 2014. These executives were provided with a rough translation of the survey and were asked to make changes to it along with a general discussion about the state of the sector. The revised survey was administered online through Survey Monkey in the period August-October 2015.

The Romanian team of researchers identified fifty-five active nonprofit organizations that were then invited to take the survey. With 33 organizations responding, we have a return rate of 66%. The survey was sent to at least two senior level managers in each organization. We received one response per organization. The respondent organizations are from all parts of Romania, but the Nord-Western and Central Regions are better represented, as in these regions (beside Bucharest, the capital) we have a higher density of nonprofit organizations.

#### **5. Research findings**

##### **5.1. Characteristics of the respondents**

The nonprofit sector began its revival and development after the 1989 revolution. Few organizations revived the parent organization that existed prior to the WWII. We had among our respondents one of such organization that provided the answer '1924' to the question 'When were you established?' The other organiza-

tions are young, as expected: eight (25%) were established right after the revolution (1990-1999), 17 (53%) between 2000-2009, and six (19%) after 2010.

The organizations vary in size in terms of staff, board, and volunteers.

Staff size:

Out of the 29 that provided this information, we have:

- five (17%) with no staff;
- twelve (41%) with less than ten staff members;
- six (21%) with 11-20 staff members;
- five (17%) with 21-50 staff members; and
- one with over 50 staff members.

Although the Romanian nonprofit board of directors does not have, yet, exactly the same responsibilities as their US counterpart, there is a clear tendency for nonprofits to adopt the US model of the board. The size of the board and the responsibilities of the board members are an indication of this finding. Twenty-nine organizations shared with us the size of their boards:

- 12 organizations (41%): less than five members;
- 16 organizations (55%): five-eight members; and
- one organization has more than eight members.

In terms of volunteers, we see that the phenomena of volunteering took roots, and it is developing. Twenty-seven organizations answered the question: 17 organizations (63%) have less than 25 volunteers, two (7%) between 26 and 49, two (7%) between 5 and 100, and six (22%) over 100.

To understand the size of the respondents from a budgetary perspective, we faced some challenges. Some organizations did not provide the information (one said that it is 'secret'), others provided it into Romanian, or euro or dollars, while others just provided a number without the type of currency they referred to. Most of the respondents said 'approximately' this much. The (approximate) budget provided into euro and dollars was converted into Romanian currency (leu). The rate used was the one from November 14, 2015. Based on this information, we have among our respondents:

- ten organizations with budgets under 1 million lei (\$242,000);
  - twelve organizations with budgets between 1 million and 10 million lei (\$2.4 million); and
  - two organizations with budgets over \$2.4 million.
- It is important to note that the budget of these organizations might be not representative for all Romanian nonprofits. Out of all the approximately 90,000 organizations that form the nonprofit sector in Romania, most of them have small budgets.

## 5.2. Romanian nonprofit organizations' capacity for growth and development

For an organization to grow and develop, the environment has to provide the needed ingredients that support growth. In addition, the organization has to apply business practices, and to be market-oriented. Based on the data we collected from these organizations, we assess that they have a good mix of ingredients that would allow them to expand.

- Out of 29 organizations that provided information about their budget trends, 24 organizations (89%) said that their budgets increased in the past five years, three (10%) decreased their budgets, and two organizations did not know the answer to this question.
- 19 organizations (66%) out of 29 that responded to this question said that they had a diversity of sources. These sources were external to the country, private sector, state and local government, a combination of private and public funds, and donations. Only 10 organizations (25%) relied on one source of funding.

Given that the sector is relatively young (25 years old), these data are informing us that the best practice of having a diversity of funding sources has already been adopted by the Romanian nonprofit organizations. However, this might be based on necessity, rather than on knowledge of the best practice. As the literature review shows, the most important challenges for the Romanian nonprofits funding refer to the lack of private funds, decreasing public funds, and the long payment delays within the European funds programs (FDSC and USAID, 2014). Therefore, as the FDSC and USAID (2014) study indicates, diversity of funding is a way of survival during the economic crisis (2008-2010).

In terms of internal managerial practices, these organizations are adopting business practices prime to support growth and development. Twenty-six organizations (90%) out of 29 respondents have a strategic plan. Table 1 presents a summary of how organizations perform on certain practices that create an infrastructure, and a culture of growth and development. Organizations were asked how well they perform on different business practices.

In terms of budgeting, we see that most organizations reported that they prepare an annual budget very well (46%), and that they do budgeting for each project (60%). In terms of personnel management, we see that organizations are taking steps in right direction:

- Clarity of assignments: 44% of the respondents have job descriptions for their staff (doing it very well), and 48% do it with some room for improvement.
- Use of staff strengths and knowledge: 24% of the respondents use performance evaluations for establishing work objectives, and 48% do it but with room for improvement.



- Succession planning: 13% of the respondents say that they do this very well, and 42% say that they should do it better. It is however an area of challenge given that 33% say that they do not have a succession plan.

In terms of volunteer management, we see that more progress is being done in the area of recruitment than retention. In Romania, volunteering is a new phenomenon; therefore, these results indicate a change of culture not just in the organization, but also across the nation.

In terms of seeking out funding for new projects or programs, we see that the board and the staff are being involved in efforts of seeking out sources of funding but that more work needs to be done in this area. 48% of the respondents say that their board should be better at seeking funding opportunities vs. 8% who say that their board is doing it very well. 52% of the respondents say that their staff should be better at seeking out funding opportunities vs. 30% who say that they do this very well. Based on these responses, we see that the staff is leading the fundraising efforts.

Our data shows that 90% of the 29 respondents use strategic planning. The majority of them reported that they prepare their annual budget very well, and they are budgeting for each project. These findings contradict the previous studies (Bibu and Lisetchi, 2011; FDSC and USAID 2014) that support the idea that most of the NGOs do not use strategic planning and other basic management tools and procedures. These results have the potential to ‘destroy’ what now might be considered a myth, the one that Romanian NGOs are not professional enough. Experts

**Table 1.** Organizational practices for growth and development

Organizational practice	Total respondents	Performance level (% of the respondents)				
		We do this very well	We should do this better	We don't do it but we should	Does not apply to us	I don't know
Organization prepares an annual budget.	22	46	46	9	0	0
Organization does budgeting for each project.	25	60	28	8	4	0
Organization has job descriptions.	25	44	48	8	0	0
Organization uses staff performance evaluation to establish work objectives.	25	24	48	28	-	0
Organization has a volunteer recruitment plan.	25	28	28	28	16	0
Organization has a volunteer retention plan.	25	24	28	32	16	0
Organization's staff networks to seek out funding opportunities.	23	30	52	9	9	0
The board is involved in creating fundraising strategies.	25	8	48	32	8	4
The board has connections with a variety of sources of financing, including philanthropic organizations.	25	16	28	28	24	4
Organization has a succession plan for leadership positions.	24	13	42	33	8	4

Source: Authors

from the sector might have continuously perpetuated this myth, as little empirical data exists on the topic.

### **5.3. Findings regarding the nonprofit sector's potential for social innovation**

Bibu and Lisetchi (2011) argue that there is no strategic management within the NGO sector, but 'there is a strategic approach consisting in formulating the organization's general purpose and some desired long-term objectives' (p. 27).

Our data obtained from 22-25 organizations, show that there are inklings of strategic management: organizations are seeking to understand the community needs, collect information from their stakeholders (community members, funders, clients) to understand the type of services they need to provide or develop, and analyze the external environments (such as public policies). These information is being used to determine what programs need to provide and to whom. Then NGOs make strategic decisions by seeking funding through partnerships.

Table 2 provides a snapshot on how organizations are doing all these elements of strategic management, and how well they are doing it. In terms of gathering information, we see that organizations agree overwhelmingly that they should be better at meeting with the community to understand its needs (67%), to analyze on a regular basis the community needs (67%), to consult with community leaders (71%), and to understand community's perception and public policies (58%). However, 29% of them consider that they are doing all these activities very well. Organizations are seeking out information from funders and clients in order to make strategic decisions, but only 19%, respectively 18%, of them say that they do these very well.

It is important to note that the funders, rather than the clients, are driving the strategic agenda for these organizations. These results are in accordance with the FDSC and USAID (2014) study, which shows that only 20% of the social services nonprofit providers consult their clients in regards to the quality and the efficiency of their services.

It is important to note that 67% of organizations say that they are very good at seeking grant partnerships to provide programs that they do not have the capacity to provide alone. The partnerships with the private sector seems to be strong: 38% say that they do this very well, and 38% say that they can do it better. Seeking partnerships through grants is due to the push from the grant making agencies. Many of them impose partnerships and collaborations as a condition for receiving a grant.

**Table 2.** Organizational practices for understanding social need

Understanding Organizational Needs: Organizational practices	Total respon- dents	Performance level (% of the respondents)				
		We do this very well	We should do this better	We don't do it but we should	Does not apply to us	I don't know
Staff and board members meet with the community to gather information about the community needs and priorities.	24	29	67	4		
Organization analyzes on a regular basis the community needs in order to develop services and programs.	24	29	67	4		
Organization consults with the community leaders about the needs of its clients to understand the needs that need to be addressed.	24	29	71			
Organization gathers information about the community perceptions and public policies.	24	29	58	13		
Strategic decisions are based on the information received from the clients.	26	19	65	15		
Strategic decisions are based on the information received from the funders.	22	18	73	9		
Organization seeks grants partners to provide programs that it cannot provide alone.	24	67	25	8		
Organization partners with the private sector to diversify resources.	24	38	38	25		

Source: Authors

#### 5.4. Nonprofit sector's capacity for social enterprise

Vinke, Orhei and Bibu (2012) argue that the 'social entrepreneurship' is a novelty for the Romanian nonprofit sector, and that the visibility of the social enterprises is very low. They identified that the knowledge required for Romanian social entrepreneurship consists of legal, financial and organizations management, product promotion issues, staff recruitment, time allocation, and investment.

Our findings show that the sector is seeking this knowledge by understanding the needs of the community, and that is engaging in partnerships in finding ways to address the needs. Furthermore, Table 3 provides more information about the steps that the organizations are taking towards becoming entrepreneurial.

Organizations are making strides in developing internal practices that align with the knowledge that Vinke, Orhei and Bibu (2012) argue that is needed. In term of personnel management, we see that the staff's job descriptions are updated on a regular basis based on the changes in the tasks needed to be performed. 32% of the organizations do this very well, and 44% of the organizations say that there is room for improvement. Strategic decisions and planning is being done by taking

into consideration:

- organization's mission (69% organizations do this very well);
- past organizational performances (54% organizations do this very well);
- outcomes of the program evaluation (19% organizations do this very well and 50% do it, but it needs to be done better); and
- environmental factors, respectively socio-economic-technological-legal factors (19% organizations do this very well, and 62% do it, but it needs to be done better).

The planning and strategic decision-making seems to be done with best practices in mind. The executive director monitors the achievement of the strategic goals (12% of the organizations do this very well, and 72% do it, but it needs to be done better). The strategic plans include long and short term objectives (35% of the organizations do this very well, and 50% do it, but it needs to be done better); and the organizations have an efficient system for monitoring grants administration (56% do this very well). The staff is involved in seeking resources to implement the strategic decisions (40% of the organizations do this very well), to collaborate with other organizations on various projects (67% do this very well), and with the private sector (38% do this very well).

**Table 3.** Organizational practices for strategic decision-making

Strategic decisions: Organizational practices	Total respon- dents	Performance level (% of the respondents)				
		We do this very well	We should do this better	We don't do it but we should	Does not apply to us	I don't know
Take into consideration the organisation mission.	26	69	23	-	-	-
Take into consideration past performances.	26	54	39	8	-	-
Take into consideration outcomes of the program evaluation.	26	19	50	27	4	-
Based on the information provided by the board, volunteers and employees.	26	39	54	8	-	-
Take into consideration socio, econ, techical and legal factors.	26	19	62	12	8	-
Take into consideration financial trends and situation.	26	19	58	8	12	4
Include long and short term objectives.	26	35	50	8	4	4
ED evaluates on a regular basis the achievement of the SP goals.	25	12	72	8	8	-
Job descriptions are updated on a regular basis.	25	32	44	20	4	-
Staff seeks public and private funding sources.	25	40	48	8	4	
Org has an efficient system for monitoring grants administration.	25	56	36		8	
Org creates partnerships with private sector for resource diversification.	24	38	38	25		
Org partners with other organizations on projects.	24	67	25	8		

Source: Authors

This is a new finding. The previous studies did not look at how the organizations prepared themselves for entrepreneurial activities. They only measured the value of the income-generating activities of the sector, and surveyed the interest of the NGOs in social entrepreneurship.

## **6. Summary: The portrait of the Romanian nonprofit sector**

Our exploratory study of 33 active nonprofit organizations indicates that we are looking at a very young and agile sector that adopts business practices, is market oriented, and exhibits the incipient characteristics of an innovative and entrepreneurial sector. The caveat of our study is that we based our analysis on self-reported assessments.

The international force formed of international foundations and nonprofit organizations that played the major role in the Romanian nonprofit sector birth or re-birth (as in the case of one of our respondents) after the fall of the communism regime, laid the foundation for the managerial thinking and practices used by the sector. The withdrawal of the international funding that helped create and launch the sector, Romania joining the European Union and therefore the joining of a larger pool of competitors for the European funding, shaped the sector.

Our findings indicate that Romanian nonprofit organizations have the capacity and the willingness to understand the social needs of their clients, to find innovative ways to address these problems, and to find alternative funding sources for their projects. Diversity of funding is the main way of survival for these organizations. The staff mostly led the search for new sources and partnerships, while the board played a role, albeit a smaller one.

Previous studies (FDSC and USAID, 2014) found that only 20% of the social services nonprofit providers consult their clients in regards to the quality and the efficiency of their services. Our study shows that the organizations are actually consulting with their clients to understand their needs, collect information needed to improve services, and use this information to seek out grants and partnerships.

The fact that the Romanian nonprofit organizations have volunteer recruitment and retention plans indicates that the sector has been playing an important role in changing the culture of the Romanian society. Under over 40 years of communism regime, volunteerism was not part of the societal life.

Our study complements the studies of the Romanian non-profit sector, and provides a picture of the real capacity of the non-profit organizations to use and apply business practices and to be market-oriented. Our data shows that there are inklings of strategic management: organizations are seeking to understand the community needs, collect information from their stakeholders to understand the type of services they need to provide or develop, and analyze the external

environments. Then strategic decisions are made by seeking funding through partnerships.

The fact that a large majority of our respondents use strategic planning, prepare their annual budget very well, and budget each project contradicts the previous studies (Bibu and Lisetchi, 2011; FDSC and USAID, 2014) that support the idea that most of the non-profits do not use strategic planning and other basic management tools and procedures. These results have the potential to 'destroy' what now might be considered a myth, the one that Romanian NGOs are not professional enough. Experts from the sector might have continuously perpetuated this myth, as little empirical data exists on the topic.

The planning and strategic decision-making seems to be done with best practices in mind. This is a new finding. The previous studies did not look at how the organizations prepared themselves for entrepreneurial activities. They only measured the value of the income-generating activities of the sector, and surveyed the interest of the NGOs in social entrepreneurship.

Therefore, we conclude that the young Romanian nonprofit sector is growing fast and emulates in its thinking and practice the established best practices developed by mature and older organizations.

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# STRATEGIC PLANNING OF ROMANIAN UNIVERSITIES FOR BETTER INTEGRATION OF STUDENTS INTO THE LABOR MARKET

Elena-Camelia POTCOVEL (CIOCAN)

**Elena-Camelia POTCOVEL (CIOCAN)**

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-752-909.011  
E-mail: potcovel.camelia@fspac.ro

**Abstract.** The present paper presents a methodology analysis for identifying the Romanian students rates of integration into the labor market; it is also aimed to increase the educational performance of young graduates to access the labor market by analyzing direct relations between parties from the point of view of pre-university education, Universities curricula, educational legislation and assimilating the needs of the private sector.

Improving performance is at the heart of strategic planning and the importance of organizational performance lies in three aspects: theoretical, empirical and managerial. In the theoretical aspect, the concept of organizational performance is at the heart of strategic planning, including when the strategy is chosen. From an empirical point of view, this is adopted in strategic research to build business performance if quality can be improved. The importance of organizational performance management has the role of improving the students' integration rate, such as research and organizational transitions.

Strategic planning is a very important aspect in making a plan with clear objectives, goals and performance indicators, in order to ensure that the necessary resources cover components such as: physical, human, informational, financial, and time-consuming, necessary for the organization.

**Keywords:** strategic planning, performance evaluation, universities, students, labor market.



## 1. Introduction

Strategic management is defined as a continuous, interactive process in order to maintain an organization which is properly adapted to its environment (Certo Samuel, 1995). The strategic management process works in stages; so the first stage represents the beginning and the last represents the end.

The strategic approach is not an absolute 'novelty'; it has been used since antiquity in the military field (Strategic means General in Greek), as well as in the fields of politics and economy (Hintea, 2008). A strategy is a plan or action plan that is of vital importance, pervasive or continuous for the organization as a whole (Sharplin, 1985). The strategy is the means of achieving objectives set with similar activities in different ways within the organization. An effective strategy is clear, with decisive objectives, in order to maintain the initiative, through concentration, flexibility, coordinated and dedicated leadership, by surprise and maximum security.

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy. Strategic planning became prominent in corporations during the 1960s and it remains an important aspect of strategic management. It is executed by strategic planners or strategists, who involve many parties and research for sources in their analysis of the organization and its relationship to the environment in which it competes (Wikipedia.org, 2017).

Venkatraman and Ramanujam have described organizational performance as a continuous theme in most management areas and strategies, with the goal of achieving organizational performance (Venkatraman and Ramanujam, 1986). Financial performance is very useful for achieving organizational performance because all the major factors that affect the organization can be eliminated with financial support. One of the first studies, which linked formal strategic planning to financial performance, was made by Thune and House researchers (1970). They have examined thirty-eight companies from six industries. The authors confirmed a positive relationship between formal planning and financial performance.

### 1.1. Current situation

In the current situation a number of organizations and institutions have roles in creation and supporting students. In the case of Romanian Universities, the basic role they play for student integration into the labor market, as opposed to the role of private sector (employers), is an educational one. Indeed, employers are the basic economic unit in society and therefore they play an important role in Romanian gross domestic product (G.D.P.) growth.

The overall aim of this priority is to provide basic resources and natural conditions for increasing the capacity of young people with a direct impact on the insertion into the labor market of students from Romania. Young people in Romania hardly integrate into the labor market because they do not find a job for a long time and require a period of six to 12 months only for adaptation to the work environment, or they find a job in another field than the one they want or simply leave the national system which funded them.

In the present there are governmental policies, public policies, a national strategy for the period 2014-2020 and initiatives on the integration of young people into the labor market, policies developed by people from the Government, not by the Universities of our country. A weak point is that there is no close communication between policy makers and universities for developing the curricula. The relationship between universities and the decision-makers (politicians and central public managers) is essential for a good implementation of these plans and laws.

The 2014-2020 National Youth Policy Strategy, which addresses the situation and policies for young people aged 14-35, is not basically a strategy dedicated to students in Romania, but rather a general national youth strategy, with no specific impact on students or graduates of higher education.

The youth sector is a very important one for any functioning society, and the last years have had a relevant impact on this social category, especially in terms of the negative economic context and the related social effects.

There are 95.2 million young people (aged 15-29) at EU level, many of whom are actively involved in society. At the same time, it is evident the emergence of a threat to the young generation, defined mainly by the lack of a job and the risk of poverty.

Romania is among the countries least investing in education. In general, the public sector finances education either directly, through the current and capital expenditures of educational institutions (direct expenditure for educational institutions), or by supporting students and their families with public scholarships and loans, as well as by transferring public subsidies for educational activities to businesses or non-profit organizations (transfers to households and firms). Both types of transactions together are reported as total public spending on education.

The mission of Higher Education is to generate and transfer knowledge to society by: (a) initial and continuous training at university level for the purpose of personal development, professional insertion of the individual and satisfaction of the need for competence of the socio-economic environment; and (b) scientific research, development, innovation and technological transfer through individual and collective creation in the fields of sciences, engineering sciences, arts, letters, by ensuring performance and physical and sports development, as well as the capitalization and dissemination of their results (Ministry of National Education, 'Law of National Education'.

Students' integration into labor market has become an important issue in our society, turning into an important source of workforce, and the key-actors of the employers means of production flow and turnover rate increase.

## **1.2. Main issues**

Until now, sustained programs have been developed for students, most of them developed with European funds in order to train a certain number of students by participating in public and private practice internships and providing real career development opportunities, but the impact is very minor compared to the number of students and graduates from Romania looking for a job.

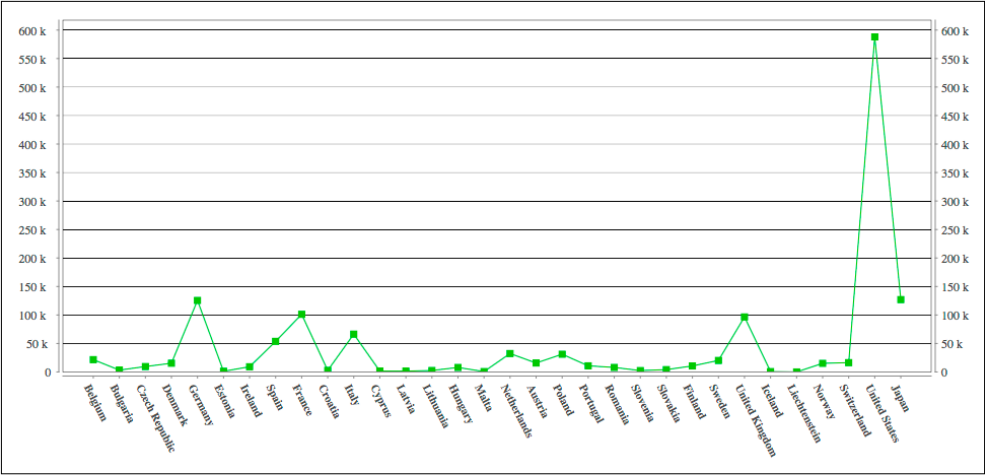
At present, one of the biggest problems concerns the inability of Universities to meet the needs of the Romanian labor market. Recently, in a newspaper article, Public Administration specialization was considered useless, mainly because graduates find a job later in the context of budget cuts. Also, employers tend to have a negative perception of the outcomes of university activities, and this is true both in research and the training of students whose knowledge and skills are not considered relevant in the light of labor market requirements. Another problem is that schools generally tend to narrowly define the jobs and the fields that can be occupied by their graduates (Waldo, 1980).

We should not define the success of a specialization only by the number of graduates who work in the field. A program should be considered a success if it is capable of educating graduates whose skills, abilities and knowledge enable them to use them in a professional way in their field of choice; they should be the employees who are able to bring their contribution in the functioning of the organizations and / or community they are part of (Hintea, 2013).

The University programs should provide distributed attention to strategic planning so that the offer (preparing students) coincides with the demand of the labor market and certain areas need to be clearly defined and developed with the help of universities. As van der Berg, Jenei and Leloup (2002) told us that it is advisable to develop partnerships between universities and the private sector.

Assessing the performance of universities is an important part of the quality of higher education, and for this reason a method of assessment should be developed at faculty level because the standards established by a national body would be too general. In conclusion, a specific evaluation methodology and its use for an annual evaluation is the right solution for self-checking of the curricula used and their impact on students.

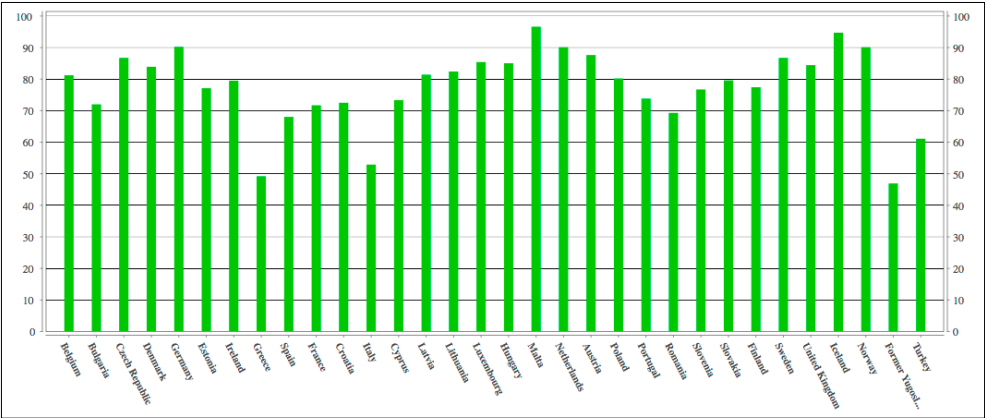
According to public data on wikipedia.org, UBB has 38,000 undergraduate, master and doctoral students in 516 study programs in Romanian, Hungarian, German, English and French. While, according to public figures on the official website



**Figure 1.** Total public spending on education [tps00158]  
*Source: Eurostat*

of [www.snsipa.ro](http://www.snsipa.ro), the total number of students at National School of Political and Administrative Studies (SNSPA) in 2014 was 5600, of which 3002 undergraduate studies, 2316 undergraduate students and 282 doctoral studies.

Current situation: the employment rate for young people is 50% within three months of graduation, and this project aims to increase the employment rate by 50%, that is to reach 75%.



**Figure 2.** Employment rates of recent graduates [tps00053]  
*Source: Eurostat*

Young people consider it is hard to find a job immediately after graduation, and they are forced to work on sub-qualifying jobs just to have a monthly income,

or simply leave the national system that funded them. We consider it is very important for Romania to pay special attention to students who need guidance on integrating into the labor market.

In 2011, Romania invested 7970.6 million in education, while Malta, Iceland, Liechtenstein did not invest in education, and United States invested the most, that is 588019.20 million.

The figure number 2 shows us the occupancy rates of young people between 20-34 years in 2016, who are fulfilling the following conditions: employees in accordance with the ILO definition have attained at least one higher level of upper secondary education (ISCED three), didn't receive any education or training during the four weeks prior to the survey and four who successfully completed the highest educational level with one, two or three years prior to the survey. The indicator is calculated on the basis of data from the EU labor force survey. As we can see, Romania had a 69% employment rate in 2016, while Macedonia ranked the last with 46.9%, and Malta ranked first with 96.6%.

## **2. Communication between the four parties**

In the whole process of insertion on the labor market there are four parties which will be in direct contact and affect each other's decisions on behalf of the beneficiaries – students.

### **2.1. Students**

Beneficiaries are the students which are fulfilling the requirements, the eligibility criteria set out in the implementation procedure of the process of insertion on the labor market, aspects which will be published as a final result of the study.

The student's role is essential for a qualitative insertion rate financed by Governmental funds. They need to be ensured by a fair and effective market research from the beginning to the end of the studies, and by the submission of applications for the jobs desired, in accordance with the requirements of established contacts. In this regard, it is desirable that the students be familiar with the law, with the individual employers and with the areas studied in Universities such as strategic planning, project management and financial management, or if they are useless to do it, they can make additional remarks.

The successful result of the process financed by the Government budget depends on the communicative capacity and relations of the students to carry out the activities.

## **2.2. Universities**

Universities objectives are educational, technical and financial frames of process and the support programs for foundation of new employees by connecting students with new employers. They also have the purpose to support the development of relations between students and universities, both at a local, and at national level, according to the governmental strategies for supporting the development of students as it was mentioned in the governing program – legislative framework for education. The Universities and their own internal procedures will select the best students to be financed in accordance with the number of demands for jobs and for good students, which is continuously increasing, the funds being not sufficient for all students.

## **2.3. Government**

By providing those funds, the Government supports young people in the establishment and development of good employees and confirms once again the ability of an education law to be flexible, able to adjust and constantly adapt procedures and internships in line with the labor market.

Depending on their internal procedures and on the protocol with Universities, Government provides funds for students, from its own sources, with a variable interest rate consisting of good student insertion on the labor market.

The Government's aim is to facilitate through Universities the access to the labor market with their special criteria (internal procedure) by providing guarantees to the educational system and financial instruments contracted from G.D.P. or from other sources such as European Funds.

## **2.4. Employers**

Employers expect a good educational system which can provide the new employees in the right position in their companies with minimum knowledge, bringing profit to them in the minimum time spent as a practice period.

The establishment of the Employers Commission can be motivated by the importance of the student rate of insertion in the sector of the national economy and its potential to participate to the GDP, the establishment of new employees and the creation of new jobs. Also, it contributes to the development of new small and medium enterprises (SMEs) through guaranteeing quality education ensured by Universities subject to a quick and good insertion rate. For the guarantee provided, a performance study must be made to establish the grade, to detect the problems and to create the solutions.

### **3. Methodology analysis**

#### **3.1. Methods to fix weak links between the parties**

One possibility of improving the current situation is that the priorities should be put into practice, but in harmony with the requirements of the labor market, for a correlation between educational plans and what is required on the labor market. In other words, the development of education should aim to achieve the following five objectives: (1) professional guidance on sources of job search and identification, professional counseling based on abilities and attitudes; (2) initial training of young people, attracting young Romanians from abroad to Romanian universities and integrating them into the labor market; (3) improve social security measures to encourage employers and students to use various forms of work, especially remote work, part-time work and homework; (4) develop a system to facilitate the implementation of acquired educational skills; and (5) creating regional databases with potential insertion employers.

#### **3.2. Strategies that respond to identified issues**

It is very important to use a proper strategy which could be applicable to the problems identified above because when making a strategic planning, our first concern is to have both an inside and an outside look in order to observe the influences in order to obtain the desired results.

The overall objective of this paper is to increase the educational performance of young graduates to the labor market by analyzing them from the point of view of pre-university education, Universities curricula, educational legislation and assimilating the needs of the private sector.

Specific objectives and directions for action: (1) facilitating access to information, the labor market, the rights and obligations of employees and employers, for all students, especially those with fewer opportunities; (2) stimulating and facilitating the participation of graduates in the development of workforce and lifelong learning; (3) organization of information and counseling meetings for students – selection of potential students for practical training, counseling students in order to choose the optimal training course; (4) stimulating youth mobility in the internal labor market; (5) developing a system to facilitate the implementation of acquired educational skills; and (6) developing a counseling and guidance system.

#### **3.3. Quality interaction grades**

The problem is related to communication between the four parties, monitoring the relationship between them by using questionnaires and centralizing and correlating these reports in a chart in order to ensure superior quality.

The quality of control is the decisive factor that offers, together with the performance, a clear description of the evolution system through the internal efficiency which is provided in the process. The main objective of the present methodology is to classify the system relevant factors (students, universities, government and employers). This method is normally developed from the students' point of view.

Independent analysis of factors is made from the point of view of each stakeholder. The values recorded from the point of view of the parties are taken as the starting point for the graphic analysis. In order to determine the relevant factor classification, the performance levels (classification) of each factor must be recorded on the questionnaires and to be classified separately. These records relate to educational performance and relationships with the other three parties.

Defining and maintaining a high performance, by recording objective data and good interpretation, ensures a high quality of the proposed objective. The social rational support evaluation is that the process inputs needed to be evaluated on the basis of their impact opportunities and the process outcomes, the availability of students to objectively confirm them as they get a job quickly after graduation.

The analysis horizon for this project is 24 months, depending on the responses. The educational performance is confirmed by the student's own employment rate and is determined by indicators classified according to the grading scale (classification) and factors.

Calibration of the entire system is done by considering grade ten (in the center) for 100% employment rate. The relationships of the described stakeholders serve to ensure a higher performance of the process, but also to send reliable data to the system, which carries out the verification of the essential factors. These data are confirmed by parallel communication with three different parties. By taking over such data, it is easy to apply the methodology for determining the level of each factor and implicitly, accomplishing the Students, Universities, Employers and Government (SUEG) graphic.

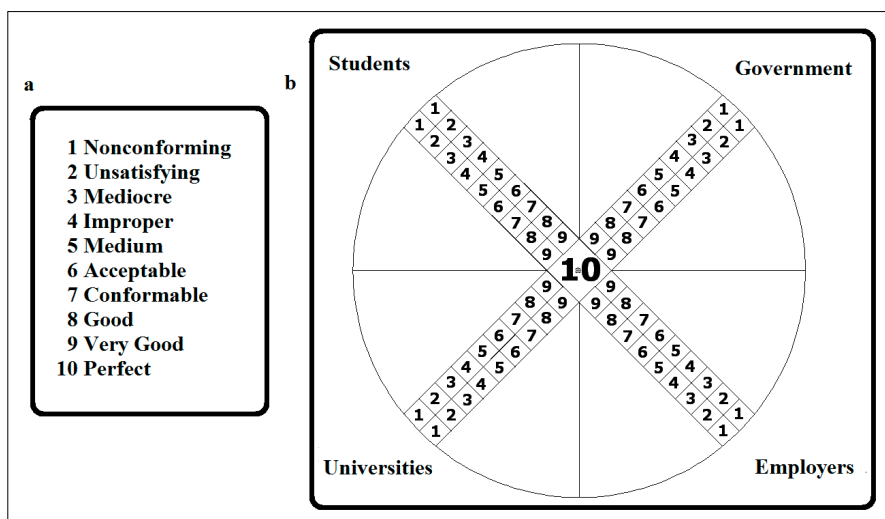
In the next figure there are four parties and every side can mark with tree different points, on its scale, the relation with the other three parties with a grade from one to ten.

The methodology involves establishing four axes for the four important factors, such as students, universities, government and employers. For each factor separately, tree marks are assigned, which is noted with one for nonconformity and with ten for perfect (Figure 3 a).

A mark is recorded with a point on one axe (left, right or center) on the scale for each factor separately, ten being the center point and one most distant point (on the radius of the circle).

After scoring three marks for each part, and twelve for all four, the 12 points are united the result being a geometric figure inside the circle (Figure 3 b).





**Figure 3.** (a) Quality interaction grades; (b) SUEG Quadrant model

This figure which can be highlighted, should decrease as surface every time when the evaluation is made with questionnaires, by emphasizing decisions with direct effects on the lowest mark and of the tree other factors.

Educational performance using superior efficiencies is achieved using the quality interaction method, which will be available for additional evaluations and in this regard, approximate efficiency predictions can be made and which will be considered linear.

### 3.4. Example of quality interaction evaluation

In the process analysis are considered the next variables: the number of surveyed students was appreciated as a critical variable, the existing Universities curricula, the employers job offer but also the legislative frame made by the Government and their variations influence was studied with +/- one on the grading scale (class) on the obtained results. We can observe that the variation of the indicators is significant at the modification of these factors.

In the example of the following figure, we have set for the first recording, by the Students mark 6.00 for the Employers, mark 7.30 for Government and mark 7.30 for Universities, characterizes the situation of the accomplished Students point of view. We have set for the first recording, by the Universities mark 7.00 for the Government, mark 7.90 for Students and mark 8.60 for Employers, characterizes the situation of the accomplished Universities point of view. We have set for the first recording, by the Employers mark 8.00 for the Students, mark 8.80 for Universities and mark 8.80 for Government, characterizes the situation of the accomplished

Employers point of view. We have set for the first recording, by the Government mark 7.00 for the Universities, mark 8.50 for Employers and mark 7.90 for Students, characterizes the situation of the accomplished Government point of view (Figure 4).

We can observe that the highlighted area framed by the joining the 12 points from the 12 axes is lower, as the marks given to each factor is higher. In this case, the lowest mark will reflect the interaction quality, indicating the main problem. Thus, the solution will be correcting the process for ensuring the main factor (Students) and correlating the secondary factors (Universities, Government and Employers). Simultaneously with these corrections, the opposite factor's conservation will be the actual objective. This repetitive verification system has a cyclic character for the period of time set (one year in our case).

Following the graphic analysis, we conclude that the methodology is relatively set, even for important changes in the process.

The individual project is closely linked to strategic objectives and to the observer strategic planning priorities and yearly recording of the factors.

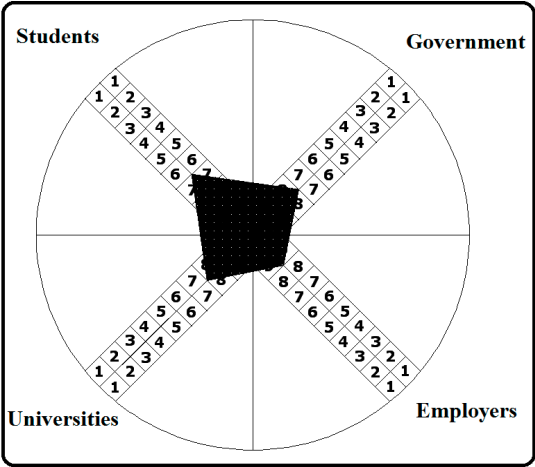


Figure 4. SUEG Quadrant example

The specific character of the process performance related to interaction quality involves the creation of a control-evaluation pattern directly, both in the correction stage and in the operation for achieving the best results. In the correction stage, evaluation questionnaires are created directly, by drawing up a methodological process chart with graphic support. The efficiency of the necessary methodology during data collection depends on the observer's decision to keep the system objective, especially made with questionnaires and collect real records.

## 4. Impact analysis

### 4.1. PEST analysis

The environmental analysis is very important in developing the strategy by keeping stakeholders aware of the influences on the external environment. Political, economic, socio-cultural and technologic (PEST) analysis includes political, economic, social and technological external factors that commonly affect activities and performance. The environmental analysis in the strategic plan helps making the right decisions at the right time by analyzing different factors and predicting the future by looking at the present, and where some of the next subjects will be discussed (see Table 1).

**Table 1.** PEST analysis

Political	Economical
Direct employment of certain students through direct financial assistance for the population; The interests of the various parties; Government youth policies; The current educational legislation; New employment laws; The degree of political stability; Legislative framework in the field of taxation and business; Educational policy, monetary, budgetary, fiscal and exchange of state; Political risk: ethnic tensions, trade unions, corruption.	Universities annual budget; Economic situation; Economic situation of the students; Dynamics of macroeconomic indicators (G.D.P., interest rates, inflation, unemployment); A competitive economy.
Social	Technological
The desire of young people to integrate into the labor market; Shift in educational requirements and changing career attitudes; Lifestyle changes; Demographic indicators (number of students, age structure); Student national mobility; Levels of education.	Retrofitting and adaptation to E.U. standards; E.U. cohesion policy supports access to information and ICT (information and communication technology); Laws targeting technology (environmental protection); Replacement Technology (finance); Technological innovation rate; Automated processes in the industries; Universities spending on student counselling services; Attractive Universities curriculum; Quality technical education and employment.

### 4.2. Performance evaluation

As a result, control evaluation mainly consists of reviewing and performance evaluation in relation to the strategies, tactics, and operations used in correction of the relationship between the stakeholders. This control is fundamentally a bench-

mark that moves the problem to an optimal level of operation by controlling the specific elements of operations through strategy and tactics (control levels, [Online] at [www.boundless.com/management/control/types-control/levels-control-strategic-tactical-operational/](http://www.boundless.com/management/control/types-control/levels-control-strategic-tactical-operational/) accessed December 9th, 2017). Benefits identified:

- Cost savings: direct employment costs; search costs, selection and recruiting employees; and training costs incurred during practice.
- Facilitating access to education: easy access to information.
- Reduction of unemployment;
- Improvement of social security measures; and
- Stimulating the mobility of young people on the internal labor market.

The results of the project will be obtained if:

- There will be sufficient funds available for financing and next investments;
- If universities will get the necessary authorizations and approvals to execute the new investments;
- There is the ability to execute the investment over time;
- The implementation process will be in accordance with technical and quality requirements during the allocated time;
- There will be sufficient materials and resources to ensure quality and price; and
- The stability of the legal framework (legislation) and existing standards (typologies) at the time of the project will be maintained.

## 5. Conclusions

We present in this article a methodology analysis and a template for evaluation with four axes for the most important factors, such as students, universities, government and employers, in order to improve the process of integrating students into the national labor market. Through this process of correction of the weak points, a system of interaction between students, graduates, young people, the business community, Universities from Romania and the Government will be improved and will increase the number of graduates counseled in the employment steps.

The efficiency of the necessary methodology during data collection is dependent on the observer's decision to keep the system objective, especially made, using questionnaires, interviews and collect real records. It is necessary to invest in today's young people who will lead Romania tomorrow, because education in the near future will form the basis for future economic development.

Using strategic planning with this applied methodology improves performance, helps improve management efficiency that develops the ability to identify and benefit from market opportunities, and encourages students to have a positive

attitude towards the labor market. They help to develop the available strategy in order to be operational.

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**Abstract.** In this paper, we explore the development of civil service in Romania after democratization, and how EU accession has influenced its evolution in the last two decades. We conducted this research based on the literature review, the analysis of legal framework, and analysis of National Agency for Civil Servants, Central Unit for Public Administration Reform, EU and OECD reports, and reform strategies during the time. We found out that in the last two decades the preparation for the European integration has been crucial for the establishment of the Romanian civil service, by adopting a legal status of the civil servants, as a condition for creating a stable, professional and neutral civil service. After the accession of Romania to EU, the reform of the civil service has continued, but not in the same rhythm. A new generation of reforms have been implemented such as shifting to the new rules for staff recruitment in the civil service, recognition of experience in the private sector, reduction of the working-experience for the leading position, development of the civil servants training system, introduction of personal evaluation and of a promotion mechanism based on performance, not only on tenure, informatization of civil servants management. In the last decade, we observed an increasing number of civil servants in the local public administration due to new mandates delegated to local administration, an increasing number of public employees on contractual base, a reduction in the public servants number in 2009, followed by another increase in number. Decentralization, public management reforms, financial crises and European structural funds are important factors contributing to these evolutions. The Operational Program for Administrative Capacity Development (2007-2013) had a crucial contribution to the implementation of these reforms. Nevertheless, other reforms have to be pursued for a better transparency of recruitment of all the staff and an effective human resources management in Romanian civil service.

**Keywords:** civil service, reform, career management, EU accession, Romania.

## ACHIEVEMENTS AND CHALLENGES IN ROMANIAN CIVIL SERVICE REFORM IN THE LAST TWO DECADES

Alina Georgiana PROFIROIU  
Constantin Marius PROFIROIU

**Alina Georgiana PROFIROIU**

Professor, PhD, Faculty of Administration and Public Management,  
University of Economic Studies, Bucharest, Romania  
E-mail: alina\_profiroiu@yahoo.com

**Constantin Marius PROFIROIU**

Professor, PhD, Faculty of Administration and Public Management,  
University of Economic Studies, Bucharest, Romania,  
E-mail: profiroiu@gmail.com

## 1. Context of civil service reform

After the first phase of democratization, CEE countries asked to join the European Union, as a crucial step in their evolution. Despite the fact that public administration system did not explicitly make the subject of *Aquis communautaire*, EU has considered several core aspects that should have been taken into account such as the establishment of a civil service system, decentralization, principle of autonomy of local communities, concepts of e-government and establishing a system of financial control needed by European funds absorption (Nemec, 2009, pp. 343-344).

Within European integration process 'civil service was been identified as one of six core capacities requiring special attention' (Goldschmidt *et al.*, 2005, p. 31), established by SIGMA baseline assessment indicators (OECD/SIGMA, 2003) such as policy-making and coordination, civil service, public expenditure management system, public procurement, internal financial control, and external audit.

A professional and neutral civil service was considered as a factor contributing to the establishment of 'European Administrative Space' (SIGMA/OECD, 1999). In addition, the European Commission was preoccupied to have professional and stable interlocutors in negotiation process with CEE candidate countries. That was the principal reason for EU preference for career model instead of contractual model in public administration of candidate states.

In this context, all candidate states had to approve a legal statute of public servants defining their rights and duties, the principles of their actions (legality, responsibility and accountability), a transparent and competitive admission in the civil service based on merit, and performance based promotion of the civil servants. Integrity and impartiality had been ensured by legislation and anti-corruption policies, while appointment of civil servants for indefinite term had the role to ensure the stability and professionalism of the civil service, and the protection from political interference. The negotiation process required also a high level of qualification of the civil servants and stability. In this respect, a special training system has been developed to ensure civil servants capacities in the European integration area.

## 2. Objectives and methodology

The overall goal of this research is to explore the development of the Romanian civil service after the democratization with the focus on how EU accession has influenced its evolution in the last two decades, and anticipating the challenges of civil service reform in the future.

The research objective and the main research question are the following:

- To analyze the evolution of the legal framework regarding the civil service and the number of civil servants between 1999 and 2015: How is the evolution before and after accession? Is there any major change?



- To analyze the achievements regarding the major objective of the reform strategies regarding civil service before and after EU accession of Romania, and the implementation of such strategies during the four electoral cycles: 2001-2004, 2005-2008, 2009-2012, and 2013-2016: Which were the priorities of the civil service reforms? What was the effectiveness of the reform strategies? What were the contextual factors affecting the implementation of the first generation reforms of the civil service in Romania? Which were the obstacles to implementation in the last two decades, and what are the challenges of the next generation of reforms that have to be implemented?

We conducted this research based on literature review, content analysis of legal framework and reform strategies between 1999 and 2015. An analysis based on the reports of National Agency for Civil Servants (NACS), Central Unit for Public Administration Reform (CUPAR), European Union (EU) and Organization for Economic Cooperation and Development (OECD) was also carried out. The empirical data in this paper were collected through a series of discussions with top – decision-makers of public administration reform during the time (2001-2004, 2005-2008, 2009-2012, 2013-2016), and the research is also based on our professional experience, on the discussions within the working group for the elaboration of the Administrative Code (2012-2016), where we participated as experts and stakeholders from civil society.

### **3. Romanian civil service reform – some achievements**

As candidate state since December 1999, Romania had to fulfill all these requirements and to initiate a first generation of reforms. ‘Establishing a modern and efficient public administration, friendly with the citizens’ has been one of the priorities included in the strategies preparing the accession process of Romania to EU. Romania has a hybrid civil service model between position-based and career based systems, where the accession in the civil service is done through an open competition based on examination. The candidate has to apply for each available post from different institutions, and to pass for each of them a written test and an interview.

The Act regarding the Civil Servants Statute was passed in 1999, and its implementation began by the establishment of National Agency of the Civil Servants in charged with the management of public servants and civil service, but not with the evidence of the contractual personnel, counsellors employed in the prime-minister, ministries and mayors cabinets and other categories working in the public administration. Out of this fact, NACS did not have a big picture of the staff, and some categories of personnel were out of control.

It was the first time when a compulsory open and competitive system of recruitment was introduced in Romanian public administration, but the implemen-

tation did not always respect these principles because the announcements of competitions were not always published in a journal of large audience. Only later, the NACS has begun to announce the competitions organized by itself on its own webpage, but this is not a real portal for public jobs recruitments.

The year 2001 marked a turning point regarding public administration reform by approval of the Strategy to Accelerate Public Administration Reform 2001-2004. Establishing and consolidating a professional, stable and politically neutral corps of civil servants was considered a priority of this strategy. Such objective was supported by the implementation of a unitary and coherent legal framework, by cohesion between the strategies of human resources management and of professional training, and by whole commitment of ministries, agencies and other governmental bodies.

Notwithstanding new legislation had been approved, it had not been fully implemented at the very beginning. 'The causes can be traced to the lack of the resources (material as well human), characteristic for transition economy, but also the path dependency within society and within the political system, that needs more than official legal documents to be changed.' (Mihai, 2005, p. 1). Also, as Papadimitriou and Phinnemore (2004, p. 635) remarked in their analysis, the contextual factors played an essential role to the Europeanization of the public administration of new member states. SIGMA/OECD (2002) Assessment Report of Romania revealed that state capture, poor capacities for policy-making and policy-analysis, low professionalism in the civil service, high political influence in the public administration and corruption, were the main challenges facing public administration reform. Using the phrase of Mungiu-Pippidi (2006) 'Romania exceptionalism' for describing the transition from communism, Gheorghe and Common (2011) argued that we cannot ignore these 'special features of the Romanian system of public administration when analyzing reforms'.

Hințea (2011, p. 181) explained these delays of implementation through classical resistance to change, lack of political will and technical expertise. In addition, he considered that 'the pressure for reform from within administrative system has less significant ... and the external pressures had come not so much from the citizens but rather from international organizations'.

In 2003, the statute of civil servants has been amended by legislation package regarding anti-corruption, mentioning incompatibilities of public positions (Law no. 161/2003), and by the Code for Conduct of the Civil Servants (Law no. 7/2004). 'The new version includes real improvement of the law, but requires implementation and uniform application across government' (European Commission, 2004).

The first norms regarding Civil Service Statute, which classified civil servants in three categories (A, B, C) dependent on level of education, two grades, three classes and 18 steps of remuneration, were simplified over time. Actually, the public servants are grouped in three classes dependent on level of education, three

categories (higher civil servants, leading and executive civil servants) dependent on function, task and qualifications. Executive public servants are classified in four grades (debutant, assistant, principal and superior).

The category of high civil servants was created in 2004, including general and deputy secretary of Government, general and deputy secretary of ministries, governmental inspectors, prefects and sub-prefects, directors and deputy directors of the ministries and at the local level, general secretary of the county (*județ* in Romanian). The last two categories were eliminated over the time; nowadays, the recruitment system displays different legal frameworks for high civil servants and general directors/deputy general directors.

The accession to high civil servant position was conditioned of having five-year experience in the field, graduation of specialized programs for high civil servants organized by the National Institute for Administration (NIA). They are appointed by a special commission, whose members are appointed by the prime-minister, after a centralized and standardized exam specific for each.

In the 2004 Romania's Country Report, European Commission stated that civil service management system was not based on 'modern methods of recruitment, promotion and evaluation of civil servants that frequently ... were not based on the principle of political neutrality and increasing the transparency of this process' (European Commission, 2004). Even if there was an attempt to assure neutrality in the completion procedure, the ethical attitude related to the recruitment was questioned because the members of the recruitment commissions often favored certain candidates, especially those who already occupied the position in question. Certain potential candidates even refused to participate to the contest because they presumed an unfair competition that, often, was the case.

However, a professional civil servants body requires an attractive remuneration system based on performance. 'During 2000-2004, due to low salaries of civil servants' (Andrei *et al.*, 2009, pp. 57-70) there was an intensive flow of migration to the private sector. It is also important to remember ... big discrepancies between employees' salaries in various fields of activity. A new approach of the rapport between the fix and the variable share of the public administration wages is needed (Profiroiu *et al.*, 2009).

Otherwise, the Monitoring Report of the European Commission (2004) revealed no progress regarding the career's structure, assessment and promotion procedures, and lack of clarity and transparency of these procedures. That situation imposed a mechanism of guarantee for the reduction of the level of discretion of the entire process. Another problem was the lack of mobility between institutions and levels of governments.

A huge contribution to the reform success had the PHARE program 2001-2009 that financed projects for capacity building, such as support for elaboration of sec-

ondary legislation of civil service, for development of institutional capacity and informational system of NACS, for the implementation of necessary mechanism (remuneration, training and personal development, recruitment, selection, promotion based on merit, statistics of civil servants and programming of public position). In this period there were several attempts to unify the system of remuneration of civil servants, to develop a merit-based system of recruitment, promotion and remuneration, a professional competency-framework and informatization of report system.

The amendment of the Civil Service Status since 2004 has given a special attention to the professional training, by including a special section, where is stipulated that the public servants have the right and the obligation to improve continuously their skills and professional training. In 2004, National Institute for Administration (NIA) was created, as it was inspired by French *Ecole Nationale d'Administration*; but it was abolished in 2009 during the time of financial crisis. There were eight regional centers for training of public servants and local elected people. After 2007, the training system was provided by many private training companies, whose training programs were not subject of any accreditation. Public authorities and institutions have to allocate in their annual budgets resources for seven days of professional training for each civil servant, organized out of the initiative or in the interest of public authority or institution; but unfortunately there is no sanction if the public institutions do not fulfil this obligation. In addition, in the most cases participation to training programs is viewed as a reward because many such programs take place at the seaside or in the mountainous areas, and do not really fit the needs for training of the participants. In addition, the public institutions do not evaluate the real effectiveness of the training programs and do not facilitate the internal dissemination of the knowledge acquired during training.

Between 2003 and 2005, an important role for implementing managerialism reforms had the Program for Structural Adjustment financed by World Bank, through which monitoring indicators for practices and quality management of civil service were developed. PHARE Program had contributed also to financing four training cycles of 'Young Professional Scheme', a project aiming to develop a managerial body of civil servants, named public managers, whose principal mission was to modernize public administration. Public managers are civil servants with special statute, selected from young persons aged under 30 years, without experience in the public administration, who were trained two years in universities from Western countries after participated in internships in Romanian public institutions, or young civil servants under 35 years, who had one-year internship in public institutions in European countries (Great Britain, Ireland, France or Belgium). Between 2003 and 2009, 395 out of 431 graduates of such programs were employed in public administration. However, the public institutions were reticent to employ such

persons due to the envy for their high salary and position or because they did not perceive their importance. Six years after the ending of these programs, according to an analysis conducted by NACS (2015b), only 293 public managers were still employed in the public administration, contributing to the management of the projects financed by structural funds, to the elaboration of strategies and public policies, to the implementation of quality management, and internal managerial control in their institutions.

Also, a consistent proof for the civil service professionalization is the creation of public administrator position (by Law no. 286/2006 modifying the Law no. 215/2001 of the local public administration). According to the legislation, mayors, county (*județ*) council presidents or inter-community development associations' presidents have the option to hire by public contest a public administrator, using a management contract. They could delegate to the public administrators diverse responsibilities (the role of budgetary credit responsible, coordinator, dialogue with local stakeholders, project management), as it is demonstrated by the results of CUPAR's study (2011). However, this function was insufficient developed and spread in the local public administration.

During 2005 and 2008, the Sectorial Strategy of Ministry of Interior and Administrative Reform was approved, aiming to develop a practical guide regarding public servants' deontology, to complete the Training of Trainers Program in the field of Structural Funds and European Affairs, to establish National Commission for Posts' Assessment, and to amend the law of Civil Servants Statute.

A PHARE Project aimed to enhance the coordination capacity of NACS on human resources departments of central and local public administration, and to ensure an effective transfer of professional knowledge to the local level. In 2008 the norms regarding the organization and development of the public servants career were approved (Government Decision no. 611/2008).

#### **4. Romania civil service reform process after the accession**

##### **– the second generation of reforms, but an unaccomplished process**

After the accession, the EU pressure for reform achievement disappeared, but the process became somewhat voluntary (Nemec, 2009). The role of international donors have diminished, but EU has continued to support financially the enhancement of administrative and institutional capacities by operational programs financed by European funds, but as Nemec (2009) observed, in Romania like in other CEE countries 'the impact of adhesion process on the public administration reform is more evident, important and limited'.

Open competition determines generally career advancement, but some promotions were temporarily made on an uncompetitive base, particularly for manage-

ment or high civil servant positions. For example, in 2015 there were 3,050 temporary promotions to management positions and high civil servant positions, as OECD report (2016) highlighted.

Due to a generally automatic career advancement through three grades depending on the seniority and performance, the majority of the civil servants achieved their highest grade, and that is one of the main reasons for the lack of motivation in the civil service to achieve high performance.

Although the stability in civil service is ensured by the Civil Servant Status, 'the influence of political realm upon administration represented another obstacle in the way of building operational administrative structures' (Hințea *et al.*, 2002, p. 54). Two years after accession, in 2009, after the parliamentary elections, there was a huge attempt of politicization, through an Emergency Government Ordinance no. 37/2009 that tried to allow political appointment of the chiefs of ministries' deconcentrated services. Due to this fact, there was a massive change of leaders of territorial state administration, but in the end, this normative framework was abolished by Constitutional Court. 'This phenomenon was seen in a form more or less evident in all periods of government; the ways of politicizing the civil service were different' (Andrei *et al.*, 2012, p. 18).

Moreover, for high civil servants the conditions are more restrictive, such as it is forbidden to join political parties, organizations to whom applies the same legal status as political parties, or foundations or associations that works besides political parties. Since 2006, the Law of the prefect institution has stipulated the professionalization of the prefect function as high civil servant. However, it should be noted that most of the newly – appointed prefects in 2006, who claimed to be politically non-alignment, were in fact persons previously associated with National Liberal Party and Liberal Democrat Party, and who graduated the training course for Higher Civil Servants organized by National Institute for Administration. Moreover, for the period 2006-2010, as Munteanu (2010) mentioned, 'the functions of the prefect and deputy prefect with temporary practice prevails, to the detriment of the definitive ones'. The statistical data for 2006-2010 period highlighted a high frequency of political appointment in the prefect and deputy prefect functions (Andrei *et al.*, 2012, p. 17).

The situation is the same in the case of General Secretary of the Government, who, in principle, is high civil servant, but the law on Government organization stipulates that he can also be political appointed with rank of minister. In the case of General and Deputy Secretary of Ministries, they are appointed by the Commission for Appointment of High Civil Servants, but parties sent to the contest only preferred persons, based on rather their competencies than on their political affiliation.

Nowadays, by a new draft law for modifying the Civil Servants Status, the prefect and deputy-prefect functions, which are occupied since 2006 by high civil

servants, are subject to an attempt of politicization, being transformed in political ones. Instead, it is stipulated the recreation of the secretary of prefecture, as belonging to high civil servants category.

Another sensitive problem is the lack of coherence of the legal framework regarding the civil service and public servants. We found a multitude of special regulations and a diversity of approaches on civil servants' regulations. We could observe that the existence of some specific public jobs does not involve a special statute for the persons who occupied them. Special statutes are justified only in areas where tasks and responsibilities are different, complex or unique, according to NACS study (2013). There was an increasing number of categories of civil servants with special statute and often, these special statutes establish new rights for some categories of civil servants, most of them regarding salaries, and contain regulations of poor quality.

Within special statutes, there are no mechanisms of career management, personal evidence, right and legal protection in the situation of institutional reorganization. We found a lack of harmonization between these special statutes and general legal framework regarding civil servants. In this context, we recommend that the general legal framework to be reanalyzed, including the institutional collaboration process.

Romania delegates HR authority to the line ministries and agencies such as: recruitment of contractual staff, duration of contract, dismissals, and flexible working conditions, but a lot of functions are shared responsibilities between the central authority and the line ministries, that it generates significant differences between the ministries and autonomous bodies as regards pay levels as has shown OECD Romania' Country Report (2016).

Also, the World Bank's analysis (2011) drew attention to some issues of recruitment in the civil service such as: recruitment and selection focusing on procedural aspects that almost ignores the linkage between necessary skills and institution's tasks.

This situation requires long and medium term measures for improving recruitment and performance assessment process of public servants, such as (NACS, 2015a):

- Rethinking the exam's procedures and the way of testing, focusing on testing competencies and practical skills;
- Informatization of recruitment process; and
- Training of the staff involved in skills and performance evaluation.

Civil servants' payment is regulated by the law on unitary pay in the public sector, which takes into consideration the type of public administration (ministry, agency or local government), the job content and seniority, but not the performance and the previous experience or the type of territorial-administrative units

(counties, big cities, small cities, towns and communes). We noticed big disparities between different public administration bodies, a problem that needs to be addressed in the future.

Romania lacks standardized and centralized administrative data regarding public jobs and its public employees. NACS gathers data only about civil servants (not about contractual employees) regarding number of employees, type (e.g. grade, junior and senior staff, etc.), function and profession, age, gender and level of education. Other data points related to human resource management are not available (OECD, 2016). Due to this fact, there is practical impossible to conduct a strategic human resources' planning process. In addition, there is no correlation between the real needs of the institutions and the demand of the personnel. The workforce planning is not based on need of competency, but on maximum number of functions/posts approved.

## **5. Challenges to the third generation of reforms**

### **– uncertain future of the reform**

Taking into consideration all these weaknesses, 'The New Strategy for Civil Service Development' (approved by Government Decision no. 525/2016) has been articulated for the period of time 2016-2020, aiming to develop a new strategic approach taking into account internal forecasting. The strategy will contribute to increase transparency and neutrality of the recruitment, promotion and executive functions, by clarifying the legal framework, the job descriptions for each category of personnel, by improving recruitment publicity and elaborating new guides for recruitment and promotion processes.

In addition, competency frameworks and occupational standards for strategic functions will be introduced until December 2018, and a General Accountability Framework for managers will be developed by defining the main managerial standards and targets. Other objectives of under-named strategy are aiming to improve the performance management and the career systems, and to strength the role of the ethics counsellor.

As we already mentioned, civil servants' training is regulated by the law. Each central public administration institution should annually develop a training plan and communicate it to NACS, which establishes the main training priorities each year. The '2016-2020 Strategy on Training for Public Administration' (approved by Government Decision no. 650/2016) calls for developing a system to ensure training quality and tools to measure impact, but 'a modern human resource management should be based on concepts such as training needs analysis, personal development, career planning, concepts still less used in the Romanian public administration' (Profiroiu and Profiroiu, 2010, p. 15).



In 2016, there was an attempt to modify the law regulating the Statute of Civil Servants; the proposed solutions did not really address the signaled issues and were not in accordance with the objectives of those strategies. For instance, even if the draft law introduces the National Electronic System of Evidence of Public Administration Employment, it could not have a real utility if it is not a real instrument for human resource management in the public administration, contributing to the enhancement and consolidation of NACS's role in the management processes of the public service and public servants.

Competence, competition, transparency and performance are the four new general principles regulating the employment and exercising the public function, but such principles do not appear to be transposed into the legislation. By contrary, we can notice an attempt to avoid these principles. The proposed art. 16 stipulates that the employment for high civil servants functions could be done 'by recruitment and selection contest, promotion contest, mobility, temporarily exercising them or by the redistribution from the reserved corps', the decision of choosing one of these options belonging to 'the person that has the competence of appointment, at the proposal of leader of public authority or institution where is the vacancy'. This could give birth to the wrong application of the law, by using frequently the temporary appointment instead of normal way of recruitment by contest, which was in fact the case of last five years.

There is a lack of clarity of roles associated with different functions/categories of functions, sensitive functions are not regulated enough, and the conditions and fixed rules for establishing the specific functions are not specified.

The draft law proposed the use of competency framework, which can be general and specific, and will be detailed by a Government Decision. The different recruitment contests will verify the general/specific knowledge, but also the general/specific competencies necessary for each public job. However, it would be necessary to detail and correlate that with other dispositions in order to induce a real change of the current approach of the examination. Even if the previous professional experience demanded for different categories of functions was redefined by recognition of professional activities executed within labor contract or as liberal professionals, the activities taken into consideration are generally those proved in graduated studies' domain. The competencies acquired in other domains, which could be recognized according to the regulation of National Framework of Qualifications, are still ignored. In addition, NACS has to do some changes regarding the way of testing general and specific legal knowledge.

It was also introduced a distinction between the contest organized for national and territorial public functions, on the one hand, and local public functions, on the other hand. For the central and territorial public administration, there is a national contest, named 'recruitment', organized by NACS in accordance with a recruit-

ment plan for maximum three years. Those candidates who will pass this contest, testing the general knowledge and competencies 'have the rights to participate to the contest for a specific post, named selection, for a period of maximum three years', organized by different public authorities and institutions in order to test specific knowledge and competencies. For the local public administration, there is no national contest, the two phases of the contest (recruitment and selection) are combined and are organized by the public authorities and institutions concerned.

Unfortunately, these changes will be put in place only after 1st of January 2020, with the exception of the debutant grade within central public administration and functions for high civil servants, which will be the subject of a pilot project before. Also, we are not sure about the reason the local public administration was excepted from the national contest, and why some stipulations consolidate and generalize the exceptions permitting to avoid this system by temporary appointments for vacant posts.

Eligibility conditions for the managerial posts were modified, by increasing the seniority demanded in the specific domains (5 years for the chief of office or service, and 7 years for other managerial positions), but no conditions were established for the initial training for each function, post or activity.

Mobility, voluntary or compulsory, is subject to different treatment comparatively with the recruitment processes, because it does not guarantee transparency and equal access to the career and competencies development. This double standards could encourage the use of less transparent ways and less exigent procedures regarding the competence.

Regarding the appraisal and promotion system, we could not be sure that there is a real correlation between activity, performance, payment system and promotion. The draft law reintroduces a number of two or four steps of remuneration depending on the seniority, not on the performance, existent before 2009. In addition, the actual system of promotion in executive functions will continue to be independent of the structure of the functions of public authorities and institutions, the posts being automatically transformed in posts with a superior grade. Such a system reduces significantly the capacity of public administration to sustain and promote performance because the promotion is guaranteed during the time, accordingly with tasks execution with minimum effort, but in accordance to the superiors' dispositions. This situation will aggravate the current problem of 'inversed pyramid' that affects increasingly the budgets of public institutions. Only for promotion in managerial positions, the draft law introduces the mandatory requirements to achieve specific conditions, in addition to the educational (training) conditions.

In addition, the proposals regarding the professional training do not assure a real linkage between competence development and career (assessment, promo-

tion, mobility), or a significant increase of interest/demand for trainings that are of good quality, relevant and useful for the participants. It is proposed that the candidates for promotion contest have to have minimum three days of training in the last four years. The credits system necessary for promotion have to refer directly to the competence necessary to be acquired through the training.

We notice that there are legal solutions that could generate, by their nature, the risks of subjective interpretation and application, not always in the spirit anticipated by the initiator. For instance, the managers of public institutions can decide unilaterally and arbitrary on some subjects such as: choosing one option from different ways of employment, maintaining in the activity for maximum three years or hiring civil servants who exceed the legal age for retirement, maintaining in activity or hiring the civil servants for whom there is a decision for invalidity of third degree, modifying the work time for an existing occupied function, developing or not of a transfer procedure or a financing procedure for the participation to the training programs.

We could also observe that, contrary to the principles of promotion of equal access and treatment and merit based recruitment system, the civil servants occupying managerial positions have the priority to occupy an inferior vacant position and in the case that the vacant executive function does not correspond with the education and/or seniority in specific domain of the leading public servants, the function will be transformed into an adequate function. Such proposal creates a window of opportunity for the personalized and arbitrary decisions, an instrument for continuing politicization that does not correspond with the principles and objectives of the strategic documents assumed by the Government.

In addition, the significant limitation of NACS role in prior control on law application could open new opportunities for arbitrary actions and reduce the authority and capacity of this institution to achieve its key role of improving human resources management in Romanian public administration.

In conclusion, we consider that it is necessary a sustained effort for reform, that would address the key challenges of the two strategies such as: limited capacity of NACS to implement the reform, lack of data available regarding civil servants, pay discrepancies between different bodies of public administration, civil service politicization, and capacity building of the public administration to implement a competency model.

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# SIMULATION-BASED ANALYSIS OF DEVICE AVAILABILITY UNDER THREE MAINTENANCE STRATEGIES

Alexander PROSSER  
Lakshika Dilshan WIJAYALATH

**Abstract.** One part of the Smart Cities concept is smart logistics to ensure high availability of spare and consumption parts in the city infrastructure at low storage costs. Very similar to the manufacturing industry, concepts of 'Industry 4.0', that is the combined usage of affordable sensors, the Internet of Things and cloud services, are used by city administrations to streamline their logistics.

The main purpose of the research is to present a platform to quantitatively compare infrastructure availability under different maintenance strategies. Under Industry 4.0, maintenance strategies have become vital. This research models three main maintenance strategies, namely Corrective Maintenance, Scheduled Maintenance and Condition Based Maintenance to compare their performance quantitatively. Simulation modelling tries to present the infrastructure availability under selected maintenance strategies for varying maintenance threshold values with respect to a normally distributed spare part supply chain. Additionally it presents a model to calculate related cost in achieving a particular availability level. This model is presented in order to enable organizations to make fact based decisions on the maintenance systems after customizing the simulation models to their own cost and supply chain structures.

**Keywords:** maintenance strategies, modelling, device deterioration, logistics, infrastructure, smart cities.

## Alexander PROSSER

Professor, Department of Information Systems  
and Operations, Institute for Production Management,  
Vienna University of Economics and Business, Vienna, Austria  
E-mail: alexander.prosser@wu.ac.at

## Lakshika Dilshan WIJAYALATH

PhD Candidate, Department of Information Systems  
and Operations, Institute for Production Management,  
Vienna University of Economics and Business, Vienna, Austria

## 1. Introduction

With the evolution of technology, machine, device and infrastructure maintenance strategies also have evolved and enriched with new theories. It has evolved from a reactive approach to a proactive approach and has developed to a predictive state through condition based maintenance strategies. In highly automated environments, machine availability becomes an important factor for the efficiency and effectiveness of a technical environment. This increasingly applies to the complex infrastructure environment of (smart) cities, applications include public transport, public lighting, 'smart' infrastructure devices, public loading terminals for electric cars or public WLAN devices (for some examples, cf. Mobley, 2004, NASA, 2000). Hence, the maintenance strategy plays a key role in maintaining infrastructure availability. Further maintenance itself generates considerable operational costs. Different maintenance strategies may have their own advantages and disadvantages based on the features and the cost structure of the system employed. Hence proper strategy selection has become challenging. Improper strategy could adversely affect the cost and availability parameters of the infrastructure. Assessing the performance indicators can help the organization to select the appropriate maintenance strategies (Levitt, 2011; Mobley, 2004).

There is a lack of researches conducted to present a quantitative comparison of the performance indicators of different maintenance strategies. Hence this research provides a platform to assess infrastructure availability under different maintenance principles through a simulation model such that the reader can adjust the parameters and decide the best strategy for his or her own case (ProModel, 2017). Anylogic® was used for the simulation model (Grigoryev, 2015). The three main strategies discussed here are Condition Based Maintenance (CBM), Scheduled Maintenance (SM) and Corrective Maintenance (CM). In this research, Maintenance Threshold Point  $(D_0)(D_0)$  is introduced as the point where the preparation for a maintenance measure is initiated under CBM and SM (Barata *et al.*, 2002). Selection of this point influence the availability and the maintenance cost. Hence all the performance indicators considered in the research, are presented against the maintenance threshold value as it varies from 0 to 100% of the machine deterioration level. This paper is an abstract version synthesized from a final year master thesis conducted at Vienna University of Economics and Business.

## 2. General restrictions

In order to maintain the focus around the key objective of the research some of the exceptions that could take place in a real system are purposely neglected. For instance, the situations such as spare part stock-outs at the supplier end and absence of the maintenance staff are not considered. Component replacement and



the spare part lead times are modeled to follow normal distributions to even out the impact of excluding such exceptions.

When condition based maintenance is considered, there could be different methods and technologies employed for continuous monitoring. These could have different installation and maintenance cost structures. The simulation model used here does not particularly depict any CBM technology and does not contain its cost structure. Further to reduce the complexity of the study, model is developed to depict the lifecycle of a single component device. The component should be ordered and replaced as a block in case of a failure. It does not include all the maintenance activities of a real system. Intermediate overhaul or repair work is excluded as such operations do not deal with the spare part supply chain.

Due to the unavailability of real time data and the time constraint, the model is developed on conceptual data which were assumed based on the findings in the literature review and the information gathered through the expert interview. Further the model is enriched with capabilities to change modelling parameters in simulation runs to adopt the model to best known realistic values.

In designing this function, deterioration range is divided into 10 sections and a probability is assigned to each bracket to depict the probability of failure. At the end of each time step, the function will be called with the current deterioration level. Then the function will check in which bracket the current deterioration lies and it will return a true value with a probability corresponding to the probability assigned to the relevant bracket. Table 1 describes the deterioration brackets and the corresponding failure probabilities. This probability distribution is manually defined to fulfill the simulation requirements. Users of the simulation model can redefine failure probabilities based on their own maintenance experiences.

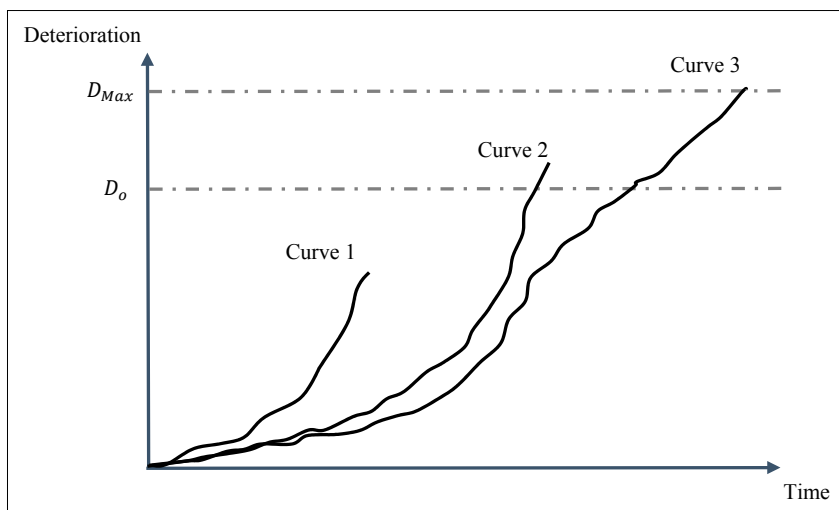
**Table 1.** Failure probabilities

<b>Bucket</b>	<b>Deterioration level</b>	<b>Failure Probability</b>
<b>1</b>	$D < 10$	0.005
<b>2</b>	$10 \leq D < 20$	0.009
<b>3</b>	$20 \leq D < 30$	0.018
<b>4</b>	$30 \leq D < 40$	0.032
<b>5</b>	$40 \leq D < 50$	0.049
<b>6</b>	$50 \leq D < 60$	0.075
<b>7</b>	$60 \leq D < 70$	0.110
<b>8</b>	$70 \leq D < 80$	0.152
<b>9</b>	$80 \leq D < 90$	0.218
<b>10</b>	$90 \leq D < 100$	0.331

### 3. Model introduction

During the lifetime of a piece of infrastructure ('device'), it can reach its functional failure either by reaching the maximum allowable deterioration  $D_{max}$  or due to a sudden failure that can be triggered irrespective of the deterioration level. When the device fails, it will stay in the current deterioration state until the repair is done. Figure 1 shows three deterioration curves with three instances of functional failures that could be defined with respect to  $(D_0)$  and  $D_{max}$ . Curve number 3 shows the device failure after reaching the maximum deterioration level. Curve 1 and 2 corresponds to the sudden failures while in operation. Curve 2 describes a situation where some kind of preparation has taken place for the maintenance measure. Curve 1 corresponds to a sudden failure without any pre-warning. As the system is non-repairable, there will be no overhauling or restoration activities which may leads to partial reduction of the current deterioration level. Only when a component fails, the whole unit will be replaced with a new component having a zero deterioration level.

The main distinction introduced by different maintenance strategies is how the replacement unit (spare part) is handled. Handling policy plays a major role throughout the model as it directly influences the device availability and the cost of maintenance. Further it is assumed that there is no deterioration when a spare part is kept in inventory. Table 2 summarizes the assumptions made on the spare part inventory under each maintenance strategy (Chopra and Meindl, 2004; Kob-bacy and Murthy, 2008; Rowbotham, 2015).



**Figure 1.** Deterioration curves

**Table 2.** Spare part inventory under different maintenance strategies

Condition Based Maintenance	Scheduled Maintenance	Corrective Maintenance
Zero inventory is kept in-house	Zero inventory is kept in-house	One additional unit is kept in-house
Spare Parts are ordered either when the maintenance threshold is reached or if the device breaks down before the threshold point	Spare Parts are ordered either at the first device inspection after reaching the maintenance threshold or if the device breaks down before the threshold point	Spare parts are ordered when the device repair is started after a break down

Model parameters are introduced as below (Kobbacy and Murthy, 2008; Dufuaa *et al.*, 1999)

$T_{it}$  = Mean Spare part order lead time (Ordering to receiving)

$\sigma_{it}$  = Standard deviation of the Spare part order lead time (Ordering to receiving)

$D_0$  = Threshold deterioration (Warning level)

$D_{max}$  = Maximum deterioration level

$D_t$  = Deterioration at any time "t"

$T_{max}$  = Recommended Life time of the spare part

$T_{sim}$  = Total simulation time

$T_{rt}$  = Mean spare part repair time

$\sigma_{rt}$  = Standard deviation of the Spare part repair time

$T_{dt}$  = Machine down time

$t_{max}$  = Time at which the maximum deterioration is reached

$t_o$  = Time at which the threshold deterioration is reached

$t_{sm,d}$  = Time at which the first schedule maintenance falls after  $t_o$

$t_{lmr}$  = Time at which the last machine repair took place

$c_{dt}$  = Unit cost of down time

$c_{or}$  = Unit cost of ordering

$c_{rt}$  = Unit Cost of replacement

$c_{ho}$  = Unit Cost of system inventory holding

$C_f$  = Sudden system failure cost

$C_{sc}$  = Cost of conducting a scheduled maintenance inspection

$C_{tm}$  = Total Maintenance cost

$C_{dt}$  = Represent the cost incurred for resource idle – Downtime cost

$C_{rt}$  = RExpenses incurred in replacing a failed component with a new one – Repair cost

$C_{sf}$  = Cost incurred when the machine fails without any warning – Sudden failure cost

$C_{ho}$  = Spare part holding cost

$C_{sc}$  = Scheduled maintenance in – spection cost

$\theta$  = Random fractional value between 0 and 1

$P_d$  = Probability of system failure at any deterioration level  $d$

Following binary valuables decide whether a particular action is being executed at each time step

$H$  = Spare part inventory. 1 when there is a item in stock. 0 if not

$R$  = Machine Repair. 1 when there is a repair ,0 if not

$D$  = Machine down. 1 when the machine is idling 0 if not

#### 4. Modelling device deterioration

Let's assume that we have a device component with zero deterioration level (i.e.  $D_{t=0} = 0$ ). It deteriorates when it is in operation by a random amount at the end of each time step as given in the below equation (1). This equation is designed such that it exhibits randomness and the exponential nature of deterioration. The random variable  $\theta$  will incorporate randomness. Then it is multiplied by the current deterioration level to show that the change in deterioration increases rapidly when the current cumulative deterioration is increasing. The deterioration at any time  $t$ , will be equal to the deterioration level in the time (t-1) plus random deterioration level ( $\theta$ ) times the deterioration level in the time (t-1) (see also Blann, 2013; Williams, Davis and Drake, 1994)

$$D_t = D_{t-1} + (\theta * D_{t-1}) \quad (1)$$

According to the Table 2, under CBM and SM spare part ordering and other preparation activities will be initiated when the component reaches  $D_o$  or if a failure occurs before reaching  $D_o$ . In CM new spare part will be ordered when the item in the stock, is used to replace a failed one. The spare part lead time and the spare part replacement time follow normal distributions.

$$SP \text{ Lead time} \sim N(T_{lt}, \sigma_{lt}) \quad (2)$$

$$SP \text{ Replacement time} \sim N(T_{rt}, \sigma_{rt}) \quad (3)$$

Once the replacement is done, the device is considered to be restored to its original state. Again it will follow the above mentioned deterioration process.

#### 5. Modelling Downtime

Let's assume that the device fails at time  $t$ , where  $0 < t \leq t_{max}$ . According to the three types of the curves discussed with respect to the Figure 1, there are three possible downtime cases. Following section discusses difference in down times under each maintenance strategy.

In CBM no spare parts are kept in inventory from the beginning of operation. They are ordered only when threshold point is reached or when a premature failure occurs. Therefore zero stock is maintained until those ordered items are deliv-

ered. If the device fails before  $t_o$ , system will idle for the whole delivery time plus the replacement time. If the device fails as per the curve 2 and 3, after some time of ordering the spare parts, system will idle for the time left until the spare part is delivered and the replacement is done. Table 3 summaries the above discussed downtime possibilities.

Like in CBM, there is no option in SM to identify immediately if the device deterioration level exceeds  $D_o$ . It will be detected only when the first schedule maintenance is carried out after reaching the  $D_o$ . Hence the spare parts are also ordered at the first maintenance operation falls after  $D_o$ . This time is introduced as. Downtime corresponding to the 2<sup>nd</sup> and the 3<sup>rd</sup> case are calculated based on this point. Table 4 summarizes possible down time scenarios under SM.

**Table 3.** CBM down time summary

Curve 1	Curve 2	Curve 3
$\forall t, t < t_o$	$\forall t, t > t_o$	$t = t_{max}$
$T_{dt} = T_{lt} + T_{rt}$	$T_{dt} = T_{lt} - (t - t_0) + T_{rt}$	if $T_{lt} < (t_{max} - t_0)$ $T_{dt} = T_{rt}$  Else $T_{dt} = T_{lt} - (t - t_0) + T_{rt}$

**Table 4.** SM down time summary

Curve 1	Curve 2	Curve 3
$\forall t, t < t_o$	$\forall t, t > t_o$	$t = t_{max}$
$T_{dt} = T_{lt} + T_{rt}$	$T_{dt} = T_{lt} - (t - t_{sm_d}) + T_{rt}$	if $T_{lt} < (t_{max} - t_0)$ $T_{dt} = T_{rt}$  Else $T_{dt} = T_{lt} - (t - t_{sm_d}) + T_{rt}$

Corrective maintenance strategy does not depend on the maintenance threshold. A spare part is always kept in the inventory except during the time interval from ordering a component to its receipt (Sondalini, 2001). For modelling purposes ordering point is considered as the time step where the repair starts. Until the goods for an order is received, spare part inventory will be zero. If a failure happens during this period the idle time will be the time left until the delivery of the SP plus the replacement time. This is common for all the three scenarios as the ordering point is independent of the  $D_o$ . Table 5 summarizes possible down time scenarios under CM. first it checks whether a spare part is available. If so the down time is equal to the replacement time. If not it is the sum of waiting time for the spare part plus replacement time (cf. the general discussion in Rowbotham, 2015).

**Table 5.** CM down time summary

Curve 1	Curve 2	Curve 3
$\forall t, t < t_o$	$\forall t, t > t_o$	$t = t_{max}$
$if I_{sp} = 0$	$if I_{sp} = 0$	$if I_{sp} = 0$
$T_{dt} = T_{lt} - (t - t_{lmr}) + T_{rt}$	$T_{dt} = T_{lt} - (t - t_{lmr}) + T_{rt}$	$T_{dt} = T_{lt} - (t - t_{lmr}) + T_{rt}$
<i>Else</i>	<i>Else</i>	<i>Else</i>
$T_{dt} = T_{rt}$	$T_{dt} = T_{rt}$	$T_{dt} = T_{rt}$

Finally the device availability is calculated as per the equation (4).

$$Availability = \left( \frac{\sum_0^{T_{sim}} (1 - D)}{T_{sim}} \right) * 100\% \quad (4)$$

During the simulation time, if there are  $n_f$  failures and out of them  $n_{sf}$  are sudden failures and the number of scheduled maintenance inspections are  $n_{sc}$ , total maintenance cost during the simulation period for different maintenance strategies could be written as per the equation (5), (6),(7).

Total cost of failure under **condition based maintenance** amount to:

$$= n_f * C_{or} + n_{sf} * C_f + \sum_0^{T_{sim}} D * C_{dt} + C_{rt} * \sum_0^{T_{sim}} R * C_{rt} + \sum_0^{T_{sim}} H * c_{ho} \quad (5)$$

Cost of failure under **scheduled maintenance strategy**

$$n_f * C_{or} + n_{sf} * C_f + \sum_0^{T_{sim}} D * C_{dt} + C_{rt} * \sum_0^{T_{sim}} R * C_{rt} + \sum_0^{T_{sim}} H * c_{ho} + n_{sc} * c_{sc} \quad (6)$$

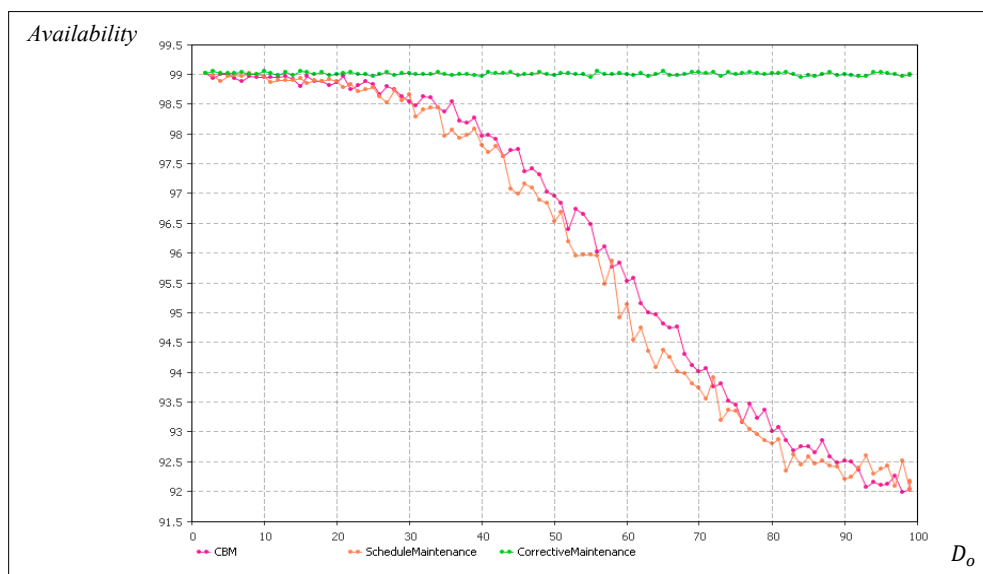
Cost of failure under a **corrective maintenance** approach. Here all the failures will be considered as sudden failures. ( $n_f = n_{sf}$ ).

$$n_f * C_{or} + n_f * C_f + \sum_0^{T_{sim}} D * C_{dt} + C_{rt} * \sum_0^{T_{sim}} R * C_{rt} + \sum_0^{T_{sim}} H * c_{ho} \quad (7)$$

## 6. Results

Above model was implemented in AnyLogic simulation software and simulated for a time period of 5 years after setting the average life of a component is to be 1 year. Figure 2 presents the behavior of the availability as an average of 100 runs for each  $D_o$  value when it varies from 1 to 100 by one unit.

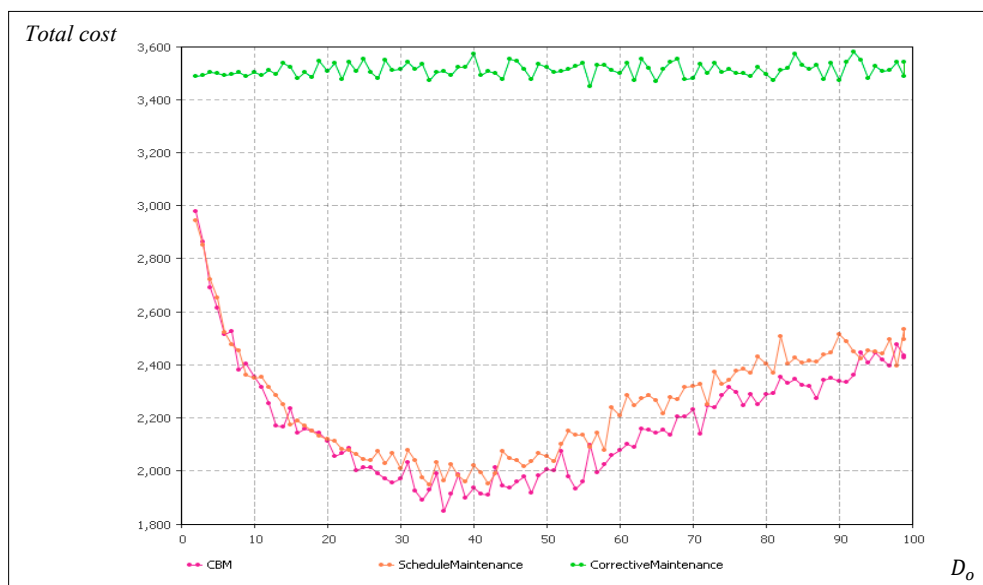
As the corrective maintenance strategy does not depend on the threshold deterioration value, it remains almost constant at 99% for varying  $D_o$  values. When the CBM is considered, device availability reduces from 99% to 92%. Even though the



**Figure 2.** Behavior of the device availability

SM follows the same pattern as the CBM, in general it tends to have slightly lower availability than CBM.

Figure 3 present the behavior of the total maintenance cost for varying  $D_o$ . The total maintenance cost of CBM and SM reduces at the beginning with increasing



**Figure 3.** Behavior of total maintenance cost

$D_o$  values. Then it reaches a minimum when  $D_o$  is in between 35-42. And again it increases. Further the CBM tends to yield the lowest total maintenance cost while CM yields the highest maintenance cost for all the values of  $D_o$ .

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# THE CRYPTOGRAPHIC REQUIREMENTS FOR PREDICTIVE REMOTE MAINTENANCE SCHEMES

Alexander PROSSER  
Domenica BAGNATO  
Robert MÜLLER-TÖRÖK

## Alexander PROSSER

Professor, Institute of Production Management,  
Department of Information Systems and Operations,  
University of Economics and Business, Vienna, Austria  
E-mail: alexander.prosser@wu.ac.at

## Domenica BAGNATO

Hierodiction Software GmbH, Gänserndorf, Austria  
E-mail: domenica.bagnato@hierodiction.com

## Robert MÜLLER-TÖRÖK

Academic Professor, Faculty of Management and Law,  
University of Public Administration and Finance Ludwigsburg,  
Germany  
E-mail: mueller-toeroek@hs-ludwigsburg.de

**Abstract.** Predictive maintenance is a main efficiency tool in providing better spare part availability to customers of machinery and equipment, and to reduce costs, particularly those of capital bound. However, it pre-supposes 'intelligent' sensors and a communications channel to maintain an overview of the equipment state. This paper analyzes options for designing secure channels for such communications.

**Keywords:** predictive maintenance, IoT, cryptography, after Sales.

## 1. Rationale

Three technology trends have started to cause major shifts in many areas: (i) the Internet of Things (IoT), (ii) ubiquitous (mobile) Internet that offers substantial bandwidth, and (iii) massive cost decreases in sensor and ICT equipment. All enable innovative concepts and business models ranging from home automation to smart mobility. One of the areas this has been applied to is industrial manufacturing, also known as 'Industry 4.0'. The value chain of the manufacturing industry however does not end when the product is delivered but also covers After Sales. Particularly, in the domain of investment or infrastructure goods, 'After Sales 4.0' may achieve a substantial value added, especially when applied to condition-based maintenance (CBM) (Gopalakrishna, 2013). Under a CBM scheme, each spare part that is subjected to wear and tear but also replacement parts, such as filters, are equipped with a sensor measuring the wear and tear of the part; when a certain degree of wear has been reached, the machinery issues a warning that can be fed into a logistics system, either locally at the shop floor or directly via a global logistics interface into a maintenance application of the original manufacturer. The IoT may give manufacturers a hitherto unmatched insight into the 'life' and usage conditions of their products as IoT enables manufacturers to monitor machinery elements in the real world, and to feed data into analytical applications providing learning effects for design, manufacturing and after sales in general.

It is not just enough to be able to know if parts are immediately on hand to be able to continue uninterrupted operations, but the monitoring of the condition of these parts is critical in order to continue to meet worldwide safety standards in some industries where safety and performance is vital to its survival as an operational entity. Such an example would be the aircraft industry in general, but also each modern aircraft, where information on the operating state of the aircraft is communicated to maintenance centers in real time. Knowing that all parts in operation and in stock are in the best condition possible and replacement is on hand at any given time is crucial, and where one cannot afford to wait to rebuild specialized segments of machinery in the advent of repairs and maintenance, but need to keep machine segments in stock on hand at all times, ready to be deployed. Industries dealing with chemicals and their safe storage would benefit greatly from a condition-based maintenance system to monitor the state of the chemicals in stock and their rate of change, hence deterioration over time. Relevant industries would include that of the pharmaceutical industry and any industry that would need to monitor chemical changes for safety reasons. This brings us to another application that of the monitoring of toxic waste for its safe disposal and breakdown over time, which condition-based management would greatly service in the protection of our environment.

The essential aims of predictive maintenance schemes can be summarized as: (i) providing spare parts on time when they are needed without maintaining the burden of a huge spare part storage, (ii) receiving (near) real-time information on the operation state of the machine, and (iii) to feed the data obtained into a learning feedback on all levels, from design to after-sales support.

These scenarios however require to 'open up' traditionally closed shop floor systems and thus to make them vulnerable to Internet attacks. If the Internet channel is used for software update operations on the machinery's control software, additional attack vectors are opened. This contribution focuses on the information security issues of such schemes. In the next section, the general model is presented and the threats are defined. In Section 3, standard protection measures are detailed, and requirements for a remote CBM solution derived. The typical scenario that is considered in this paper is an investment good, such as a textile machine or a paper mill, running under a maintenance agreement of the manufacturer at an installation location possibly thousands of kilometers from the manufacturer's plant. The manufacturer faces the issue to ship the necessary spare parts to the installation location as fast as possible, and to minimize downtime of the machinery. The user of the machinery tries to minimize both downtime and the local stock of spare parts.

## **2. Threats**

### **2.1. Lieu**

Fundamentally, there are two physical channels to attack such CBM systems – locally (whether at the machine location or the manufacturer's premises in general) or via the Internet (which does not preclude that the attacker is present locally). 'Locally' may also refer to the exploitation of near field communications, such as RFID (Radio Frequency Identification)<sup>1</sup>. This paper does not focus on local attacks and only considers attacks via the Internet, even though the attacker may be physically situated on or near the premises.

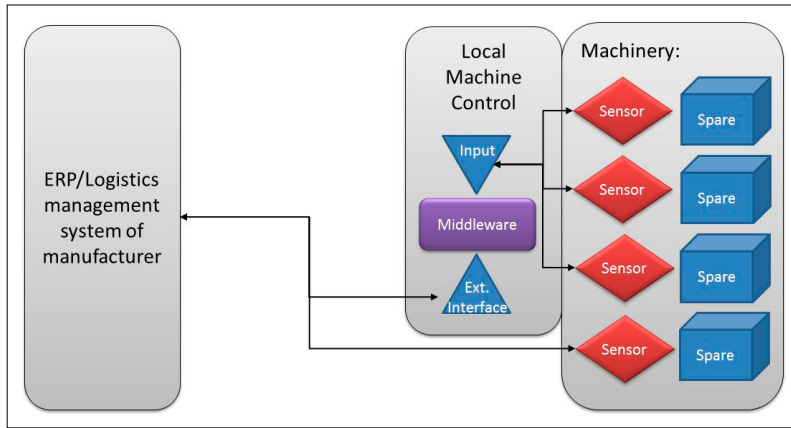
### **2.2. General model**

Consider Figure 1 detailing the general model view of the machinery and the CBM performed. Spares or other maintenance parts are equipped with sensors that provide data for the local machine control (LMC). 'Provide' may mean to send threshold or routinely sampled data from the sensor to the LMC (push model), for instance, when a certain maintenance threshold is reached; or to enable the LMC

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1 For an introduction, cf. Weis (2001), for the original patent, see Walton (1983).

to poll sensors for state data either on demand or at regular intervals (pull model). LMC may be installed on each individual piece of equipment or for a group thereof. Remote maintenance/logistics applications may then communicate with the LMC again either in push or pull mode. Alternatively, sensors may also be directly connected to the maintenance application, however, this does not only pose additional security issues but one may also question the efficiency of such a procedure. Figure 1 does not show actuators that may be controlled remotely (typically via the LMC) that do not just monitor the equipment but enable remote performance of the actuators either in routine or maintenance mode. Here, the separation to ‘software defined machines’ (Quintero *et al.*, 2015) becomes fluid. In this paper, we do not consider actuators, as they are not the primary concern in a typical predictive maintenance application, and also introduce a wholly new class of threats.



**Figure 1.** General predictive maintenance model

As outlined in Section 1, predictive maintenance may come in two general formats:

1. Sensor data is monitored (typically through the pull model) and the individual or combined state of the sensors indicate possible maintenance needs; and
2. Sensor data is only moved on to the LMC when a (typically sensor-specific) threshold is reached and a maintenance requirement issued.

These two scenarios pose different ICT security environments, as the first requires constant connectivity of the equipment whereas the second requires connectivity only on demand.

Also, two levels of security have to be distinguished: the interface between the remote maintenance management system of the manufacturer (either with the LMC or a directly connected sensor) and that between the LMC and the sensors.

### 2.3. Assets and threats

The assets at stake are fundamentally all data items residing on or flowing from/to the IoT-enabled equipment. This includes:

1. Equipment meta data;
2. Equipment customizing/profile data;
3. Equipment state data;
4. Communications-related data including directory information; and
5. Logistics process data.

Following a general taxonomy, one may distinguish the following threats (Table 1).

**Table 1.** Threats

Attack against ...	Description	Example
A. Authentication and non-repudiation	Ensuring the authenticity of the sender	Feed corrupted data into the sensor – LCM – logistics application
B. Confidentiality	B.1: Confidentiality of data residing on LMC and (possibly) sensors	Equipment data is read out via maintenance interface
	B.2: Confidentiality of communications	Eavesdropping on sensor – LMC communications
	B.3: Software confidentiality	Software reverse-engineered
C. Integrity	C.1: Integrity of data residing on LMC and (possibly) sensors	Equipment data is manipulated
	C.2: Integrity of communications	Measurements from the sensors are manipulated
	C.3: Software integrity	Malicious software installed
D. Availability	Availability of system and communications	Denial of service attack
E. Auditability	Protection of all elements guaranteeing auditability	Manipulate log files

Exploiters of the respective leaks may include criminals (for instance demanding ransom), terrorists, competitors or even state powers in a hybrid warfare situation attacking sensitive infrastructure or production equipment. As more and more industrial IoT equipment is exposed to the Internet, the risk has increasing drastically. On the other hand, predictive maintenance schemes are economically that advantageous that in the era of increased competition it is not feasible to forgo this technological edge in after sales support. The solution can hence only be to harden the devices and interfaces to an extent that at least in a commercial, criminal or terrorist context the equipment will be adequately protected.

The following section goes through the issues presenting viable design options.

### 3. Measures

#### 3.1. Possible communications protocols

Measures essentially depend on the type of connectivity between (i) the logistics control application and the LMC, and (ii) the LMC and the sensors in a distributed environment (i.e., when the LMC is a dislocated entity controlling several pieces of equipment). Here are a large number of possible protocols (a good overview can be found in Postscapes, 2016) whereby some are vendor-dependent. General types include:

1. Web services (SOAP<sup>2</sup>) which are arguably the most complex to develop, and also require the most complex implementation particularly of the LMC; the advantage is a universally re-usable interface.
2. Messaging protocols, among whom the Advanced Message Queuing Protocol (AMQP) appears to be the most notable, as it has been approved as international standard (ISO/IEC 19464<sup>3</sup>) and by OASIS-Open<sup>4</sup>. AMQP addresses management of connections and communications partners, message formats and (de)serialization in communications. It directly builds on TCP sockets and also manages sessions and flow control.
3. Data Distribution Services (DDS)<sup>5</sup> following a publisher – subscriber paradigm, DDS is an Object Management Group Standard, whose Version 1.4 was published 2015<sup>6</sup>, which handles document/data transfer from publisher to subscriber including maintenance of a directory of subscribers to a publisher's information, (de-)serialization and flow control; DDS offers APIs for the user application interface and is geared to real-time systems.

There are a large number of further, industry-specific solutions, however, in the following discussion we focus on these three options based on international standards.

#### 3.2. Protecting communications

The first measure that may come to mind in the LMC – logistics server communications is TLS/SSL<sup>7</sup>. TLS is designed to provide protection against attacks on A,

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2 See <http://www.w3.org/TR/soap/>, accessed on August 27, 2016.

3 Download from [http://www.iso.org/iso/home/store/catalogue\\_tc/catalogue\\_detail.htm?csnumber=64955](http://www.iso.org/iso/home/store/catalogue_tc/catalogue_detail.htm?csnumber=64955), accessed on August 27, 2016.

4 See <http://docs.oasis-open.org/amqp/core/v1.0/os/amqp-core-complete-v1.0-os.pdf>, accessed on August 27, 2016.

5 Cf. the DDS portal <http://www.omg.org/spec/DDS/1.4/>, accessed on August 27, 2016.

6 See footnote above.

7 For the currently valid version, see <https://tools.ietf.org/html/rfc5246>, for the upcoming draft see <https://tools.ietf.org/html/draft-ietf-tls-tls13-14>, accessed on August 27, 2016.

B.2 and C.2 in Table 1. There are however some caveats concerning TLS:

1. It has been exploited in the past at least in one known example, presumably however by a state actor, the Heartbleed attack<sup>8</sup>.
2. TLS does not stop access to nodes and only protects the communications from eavesdropping and illicit modification/insertion of messages.
3. TLS does not contain access management in any way; hence in a network of LMCs, TLS in itself does not prevent a compromised node from reading out data of other pieces of equipment.
4. TLS is not multi-node, which again makes it vulnerable in a network of LMCs.

Usage of TLS can hence only be an – albeit necessary – starting point in securing the environment. In the communications between LMC and logistics management system, TLS works well with all three options described above, of course, SOAP Web services provide ‘native’ support of TLS functionality. However, support (including a reserved port) has been defined for AMQP over TLS<sup>9</sup>, which can hence be readily integrated. In the case of DDS, matters depend on the transport layer used; any transport system that can handle TLS will make it available to DDS as well. DDS may be used over UDP<sup>10</sup> and other ‘connection-less’ protocols (cf. Footnote 5); in such cases, DTLS<sup>11</sup>, a TLS service for datagram-oriented protocols, such as UDP, that unlike TCP do not provide any transport layer connection, may be used to provide encryption and authentication with certificates.

As for the communications between LMC and sensor, two scenarios can be distinguished:

1. Both are on the same machine/equipment; then their communication is handled locally.
2. Several pieces of equipment use the same (remote) LMC; then at least a rudimentary TLS protection (for instance with a privately generated certificate or simplified key handling) has to be implemented.

### 3.3. Protecting content

These mechanisms provide protection for B.1. A generally applicable protection method would be to distribute the public key of the logistics management system to the sensors<sup>12</sup> and to asymmetrically encrypt all data provided by the sensors to the LMC with the public key of the logistics management system; the data would

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8 The attack has its own web site at <http://heartbleed.com/>, accessed on August 27, 2016.

9 [https://www.ibm.com/support/knowledgecenter/SSBJCR\\_1.0.0/com.ibm.mqlight.doc/rmqpl\\_sec\\_ssltls.htm](https://www.ibm.com/support/knowledgecenter/SSBJCR_1.0.0/com.ibm.mqlight.doc/rmqpl_sec_ssltls.htm), accessed on August 27, 2016.

10 Cf. <https://tools.ietf.org/html/rfc768>, accessed on August 27, 2016.

11 Cf. <https://tools.ietf.org/html/rfc6347>, accessed on August 27, 2016.

12 Assuming that they have an embedded system, e.g. programmed in a Java Virtual Machine.

also be stored encrypted on the LMC in a way that makes said data only readable to the holder of the private key of the logistics management system (typically only the system itself). Any view or other usage of the thus encrypted data would require the logistics management system to provide/apply its secret key to make the data generally accessible. X.509 certificates<sup>13</sup> may be used for public key distribution with the additional advantage of standardization. The X.509 certificates may be issued by a trust center or – if no external validation is required – may also be privately generated certificates.

Symmetric data encryption may only be an option, providing the symmetric key (e.g., AES256<sup>14</sup>) could be stored in a secure place, e.g. a hardware security module, where it may be applied from but not read out of. However, that may add substantial cost to the equipment, which may not be justified. Also, in contrast to public key distribution, symmetric key distribution is complex and risk-prone as knowledge of either the encryption or decryption key (typically the same) also confers knowledge of the other.

### **3.4. Authentication and access**

There may be several users and/or user processes accessing data on an LMC, not all of which may have the same privileges. TLS may not handle this as it is only concerned with the machine-to-machine connection, not access to specific data items on a machine. Additional mechanisms have hence to be implemented. If the LMC is not accessed on operating system level but on an application level, the access mechanism can be implemented in the application. With Web services, this can readily be implemented in the SOAP interface using the <ClientAuth> block<sup>15</sup>. Also more advanced authentication, such as domain authentication, would be available, of course, depending on the server capabilities to handle complex authentication methods (the ‘server’ is a piece of equipment after all). If there is a database application behind the Web service, standard application – and database-based authentication and authorization may be used like in any other application accessed via a Web service. Again, the question of the degree of complexity the server may be able to handle arises. However, if the server (i.e., the equipment) can handle such applications, they are definitely the tool of choice to handle data retrieval from the LMC by the logistics management system or any other external user. Also, there is

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13 Cf. <https://tools.ietf.org/html/rfc5280>, accessed on August 27, 2016.

14 Federal Information Processing Standards Publication FIPS 197, see <http://csrc.nist.gov/publications/fips/fips197/fips-197.pdf>, accessed on August 27, 2016.

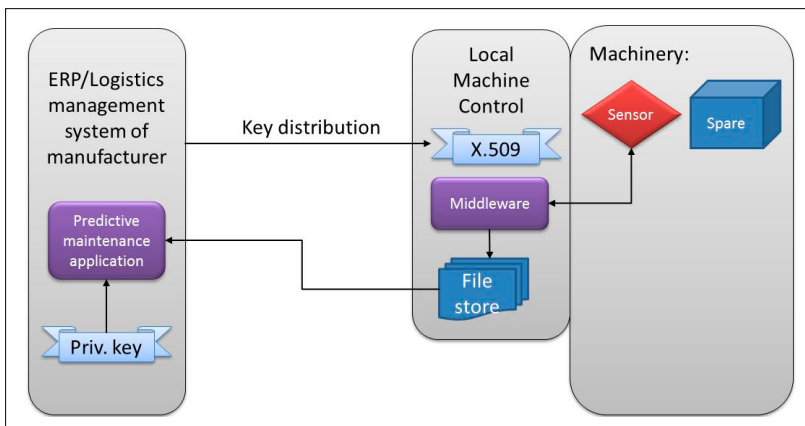
15 For the (quasi) normative reference, see <http://www.w3.org/TR/soap12-part2/>, accessed on August 27, 2016.



a lot of experience available how to harden Web services against standard attacks, such as buffer overflow, etc. In many application development environments protection from such attacks is even implemented as a standard feature without the programmer having to implement it<sup>16</sup>. Handling capabilities on the server aside, Web services hence appear to be the prime implementation option in this regard.

On the other hand, messaging and DDS protocols access the data on an operating system level, which makes access control more demanding. Depending on the operating system capabilities, one may distinguish access privileges by the login user used. Other than that, an access schema needs to be implemented detailing which client has access to which data. In this context, a document-oriented standard, such as DDS, has a clear advantage, whereby message-oriented systems and also Web services need to implement this in the file system of the accesses system separately. How this is done depends on the abilities of the operating system of the sensor and the LMC. Another option, popular with DDS is the usage of a permission file-based access control, which however becomes cumbersome when the number of users increases (cf. Soroush *et al.*, 2016 for an example of a permission file authenticated by a certificate). Also, it pre-supposes ‘good behavior’ of all accessing processes respecting the permissions given in the permission file. On the absence of an application actually enforcing the restrictions, it does not appear to be a robust method.

Another method is shown in Figure 2. The user application, here the logistics management or ERP system holds a private key and distributes the public key to



**Figure 2.** Encryption-based access control

<sup>16</sup> Of course, the respective exception has to be caught, for an example in Microsoft .net, see <https://msdn.microsoft.com/en-us/library/system.io.internalbufferoverflowexception%28v=vs.110%29.aspx>, accessed on August 27, 2016.

the LMC using certificates. The latter encrypts all incoming sensor data with the public key and holds the data in the local file system. Only the holder/s of the respective private key are/is able to read the data.

If there are several reader applications with potentially different access privileges, two options arise:

1. Key escrow or cascading mechanisms (Beutelspacher *et al.*, 2005); and
2. Multiple key distribution and corresponding data encryption by the local middleware on the LMC.

It is apparent that such methods do not scale well.

### **3.5. Protecting functionality**

Access to the LMC on the file system level also enables to swap the software code for some corrupted module (C.3), but also to siphon-off intellectual property (B.3) by reverse engineering the software on the LMC, particularly the middleware.

A 'base' protection against B.3 can be achieved by extensively obfuscating the software with state-of-the-art obfuscation systems (for an overview see Mateas and Montfort, 2005), which at least make it very cumbersome and uneconomic to reverse engineer the software.

Protection against C.3 is more complex. The secure way of ensuring software integrity is to sign the software and its parameter files on installation of the equipment before it is even sent out to the customer. On every login or at regular intervals, the logistics management system verifies the signature and checks whether it (or the parameter files) has been corrupted. While this procedure appears rather straightforward, some issues may arise:

1. The LMC should be customizable, hence a lot of information will be transferred into parameter files which should also be changeable; signing the changed parameter files can be an organizationally demanding process. Technically, the parameter file can be sent to the logistics management system and signed (e.g. using a hardware security module), but that needs to integrate into the customizing processes of the user of the equipment.
2. The same applies to software upgrades, where the LMC as such needs to be exchanged. Here, standard mechanisms of operating system upgrades in the PC or smart phone industry may be emulated, however, limitations as to the capabilities of the LMC hardware and system software may apply.

### **3.6. Resilience**

As in any system design, the creation of single points of failure should be avoided. For the ERP/logistics management system, standard redundancy features can be applied including database mirroring and application virtualization. They are

however a lot harder to implement on the LMC, which for each set of sensors is arguably the single point of failure. In this context LMCs common to several pieces of equipment have a distinct advantage – they can be designed redundantly if the sensor application in a piece of equipment does not ‘find’ its primary LMC on the bus connecting the equipment in the production facility, it starts sending to an alternate LMC. Also completely redundant data dissemination on the production bus is a possibility. This flexibility comes at a price:

1. As sensors and LMC are on different machine platforms, security measures as described above have to be applied also for the communications between sensor and LMC which requires a lot more complexity and computing capability in the sensor platforms; and
2. Consequently, the equipment holding the sensors becomes more complex and hence more expensive.

Whether the price difference really matters depends on price and criticality of the equipment and a careful trade-off has to be sought between these design aims. No general recommendation can be given here.

Correct functionality of the sensors can only be checked to a certain degree. It is of course possible for the LMC middleware to regularly poll the sensors and see whether they are ‘alive’. Correct functionality and measurements however will typically be very difficult to ascertain for the LMC. Nevertheless incorporation of such functionality is highly recommendable and should be included in the LMC logging facility as well as an analytical application on the logistics management/ERP system side regularly checking the LMC. For this issue also see the following section.

### **3.7. Auditability**

Logging facilities need to be robust and secure to ensure auditability. Two events need to be distinguished:

1. Protection from manipulating the logging facility which is a subset of ensuring software integrity (C.3); and
2. Protecting logging content from manipulation (E).

The first issue was dealt with in Section 3.3. The second issue can be ensured by using a public/private key mechanism as shown in Figure 2. In any case, logging has to be dealt with the local middleware installed on the LMC.

In general, logging systems may be designed in two ways:

1. As a simple flat file with linearly concatenated messages; and
2. As a structured (ideally database-based) logging system.

The latter is definitely preferable in terms of flexibility and analytics but requires a certain system overhead, which may not be (economically) appropriate

for an LMC. A solution to this design issue can be to store logging data in a flat file system with XML tagging, and to read out the records into the logistics management system and its analytics component at regular intervals. In this case, complex business intelligence methods can apply and a complete data warehouse may be built from this linear data retrieved from the LMC logging facilities. This would enable complex predictive maintenance algorithms to run.

#### 4. Summary

The paper discussed some design options for protecting the communications in predictive maintenance schemes. Secure communication channels are obviously possible; however, they heavily depend on the messaging technology chosen and the protection methods and tools available for it. It can only be recommended to plan for predictive maintenance schemes in a holistic way in that securing communications channels becomes one of the primary design objectives from the beginning of the planning process of the entire predictive scheme. Putting it onto an existing scheme may lead to suboptimal design characteristics and inherent vulnerabilities.

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# REGIONAL INNOVATION SCOREBOARD – METHODOLOGICAL CONCERNS

Sorin Dan ȘANDOR

**Abstract.** Innovation has become in the last twenty years one of main priorities in European policy, its growing importance being translated into a flagship initiative at the heart of the Europe 2020 strategy (European Commission, 2011).

Innovation is seen as being less and less an individual and isolated enterprise and more and more a systematic character (based on cooperation and collaboration between a multitude of actors – including governmental ones) heavily influenced by national and regional innovation systems (Tödtling, Tripl, 2005).

A multitude of indicators concerning the state of national innovation capacities or systems were developed over the time. Some well-known examples are World Economic Forum's Global Competitiveness Report, started in 1979, Global Innovation Index (Cornell University, INSEAD, WIPO – since 2007) and European Innovation Scoreboard – EIS (available since 2001).

As at national level high levels of variance in innovation capacities was met, the focus moved towards sub-national levels. In the case of the European Union, in which regional policies are increasingly aimed at contributing at smart growth through innovation (European Commission, 2010), the existence of a Regional Innovation Scoreboard can be used in order to assess regional innovation systems and guide innovation policies.

The goal of this paper is to analyze the methodology of the Regional Innovation Scoreboard and its possible use for regional innovation policies.

**Keywords:** innovation, smart growth, regional innovation policies, measurement methodology.

**Sorin Dan ȘANDOR**

Professor, Department of Public Administration and Management,  
Faculty of Political, Administrative and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: sandor@fspac.ro

## 1. The Regional Innovation Scoreboard

The 8th edition of the Regional Innovation Scoreboard (RIS) provides a comparative assessment of innovation systems performance across 220 regions of 22 EU Member States along with Norway, Serbia, and Switzerland. In addition, Cyprus, Estonia, Latvia, Lithuania, Luxembourg, and Malta are included at the country level, as in these countries, NUTS 1 (country) and NUTS 2 (region) levels are identical.

The first edition of the RIS dates from 2002. The RIS is a more limited (due to lack of certain innovation data at sub-national level) variant of the European Innovation Scoreboard (EIS). It uses only 18 out of the 27 indicators of the EIS; for eight indicators the variables used were different than those in the EIS (European Commission, 2017b, pp. 4-5).

The indicators are grouped in four dimensions (see table 1 below).

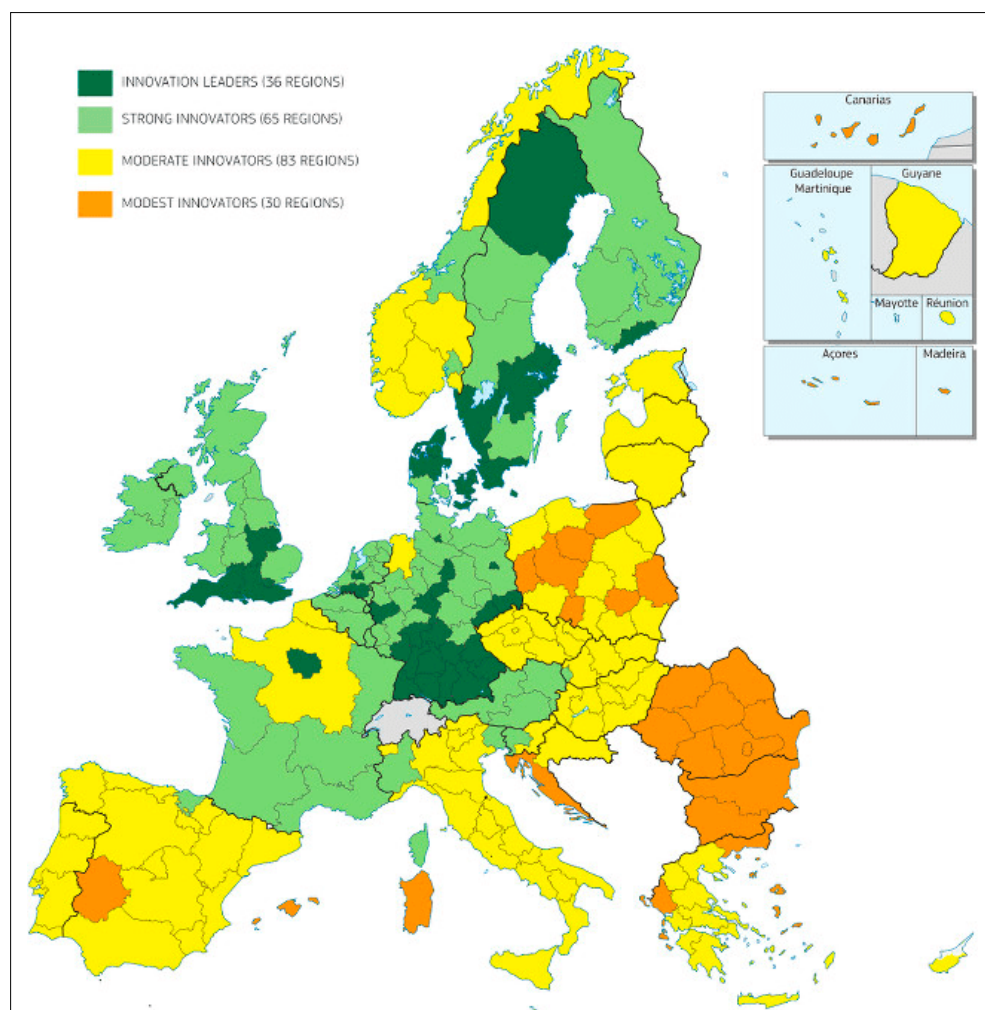
**Table 1.** RIS Dimensions and Indicators

FRAMEWORK CONDITIONS	INNOVATION ACTIVITIES
Population with tertiary education	Product or process innovators
Lifelong learning	Marketing or organizational innovators
Scientific co-publications	SMEs innovating in-house
Most-cited publications	Innovative SMEs collaborating with others
INVESTMENT	Public-private co-publications
R&D expenditure public sector	European Patent Office applications
R&D expenditure business sector	Trademark applications
Non-R&D innovation expenditures	Design applications
IMPACTS	
Employment in medium and high tech manufacturing & knowledge-intensive services	
Exports in medium and high tech manufacturing	
Sales of new-to-market and new-to-firm innovations	

Based on the data collected from Eurostat, Community Innovation Surveys and other sources, a Regional Innovation Index (RII) was computed as the unweighted average of the normalized scores of the 18 indicators. Due to the more restricted set of indicators in the RIS, countries' performance relative to the EU average in the RIS is different from that in the European Innovation Scoreboard so a correction is applied for a better representation of the countries' performance (in accordance to EIS).

Regions are classified into four innovation performance groups: Leaders, Strong, Moderate or Modest according to RII values.

The results are presented in Figure 1.



**Figure 1.** RIS results

The most important findings mentioned (European Commission, 2017a) are:

- The most innovative regions are in the most innovative countries (typically in the Northern and Western Europe), but there are some exceptions. Also, even in the most innovative countries some regions are lagging behind.
- For almost 60% of the regions performance has been increasing, especially for the regions with better performances. At the periphery of the Union, the performance is decreasing (a special case being Romania in which this is happening for all the regions).
- Innovation is strongly and positively linked to competitiveness, as measured by the European Commission's Regional Competitiveness Index.

## 2. Methodological concerns

A good indicator, according to Jaffe (1999, pp. 6-7), should meet the following requirements:

- It should be as precise as possible i.e. providing a true measure of the underlying concept;
- It should be unbiased, meaning that characteristics other than those in the concept should not influence the measurement;
- The relationship between the indicator and the concept should be stable over time;
- An indicator should be comparable across different environments;
- An indicator should be not susceptible to manipulation;
- An indicator should be subject to aggregation – we want that the value of the indicator for the whole to be the sum of the values for each part.

This represents an ideal – the more complex the indicator and the more data is a proxy for a dimension or a variable used in the indicator, the construct becomes less and less valid. The first step in building an indicator is always the most difficult one, defining the concept to be measured. As mentioned elsewhere (Şandor, 2018), defining innovation is not an easy task and many definitions might lead to very different measures.

RIS is using an innovation framework, in which we have conditions, investments, activities and impacts. Such an approach is not a problem *per se*, as we are discussing about a system but adding different dimensions in one scoreboard surely is. More elaborate frameworks should be build and the relationships between different dimensions should be carefully analyzed – which is something that is missing in many of the studies done until now.

The theoretical model for the RIS and the relationship between its dimensions are presented below.

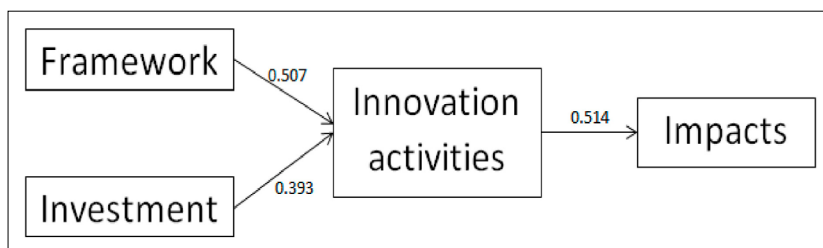


Figure 2. RIS Theoretical model

The theory behind RIS suggests that framework conditions and investments are supporting innovation activities which have an impact. The correlation coefficients



for the relationships in the model are suggesting that the model is actually working (while the size of the coefficients indicated moderate relationships).

If we take the data from RIS 2017 and analyze all possible relationships, the data is showing that all four dimensions are highly inter-correlated, 67.5% out of their variance being explained by one component (principal component analysis). Is this component the capacity of the innovation system or something else? A strong contender might be economic development – the map from figure 1 suggests that economic development and innovation (as measured) are very similar (and Regional Competitiveness might follow the same logic).

Bias might be an issue with all the cross-country indicators – the choice of the items which are forming the indicator is all the time providing better scores for some countries, while decreasing the scores for others. For RIS another source of bias might appear from the use of Community Innovation Surveys for some indicators. While statistics might not be bias-free, surveys surely have more validity issues, including bias (see Cirera and Muzi, 2016). For indicators like scientific publications (which are collected through Web of Science) English speaking authors are in clear advantage but there are other factors that can influence the output – like the importance of such publications in the career of members of academia.

The stability in time of the RIS is another issue. The scoreboard has an increased regional coverage over the time – which impacts the results as they are based on data normalized. Also we have an increasing number of indicators – which makes it less comparable over time. Hollanders (2007) indicates that RIS 2002 had only 7 indicators for 148 regions. The changes in the latest editions is making RII available only since 2009. Data availability is also better for each edition, which also might impact the stability of the indicator.

The concern for aggregation has a manipulation effect. Because some of the EIS data is not available for RIS adding the RIIs of one country's regions will not match the country's score in EIS. The correction applied in order to better represent countries' performance (in accordance to EIS) leads to a changing weight and significance of the indicators used in RII. A regression in which the dependent variable is the corrected RII and the independent ones are RIS indicators is showing us that some indicators have a higher weight in RII after the correction. Their Beta coefficients are:

**Table 2.** Indicators with a higher weight in the RII

Innovative SMEs collaborating with others	,225
EPO patent applications	,231
Lifelong learning	,219
Marketing or organizational innovators	,184
SMEs innovating in-house	-,134
Public-private co-publications	,122
Exports medium and high tech manufacturing	,118

We also have indicators that lost significance (they are not related to the new RII):

- Scientific co-publications;
- R&D expenditure of the business sector;
- Non-R&D innovation expenditures;
- Trademark applications;
- Design applications;
- Sales of new-to-market and new-to-firm innovations.

Some of these are considered to be very important for the way in which innovation works – can we measure innovation input without taking into consideration R&D expenditure from the business sector?

The biggest corrections are for countries like Romania, Croatia, Poland, Italy, Bulgaria, Greece while the smallest are for UK and Sweden. The correction might seem as being biased against a certain group of countries, but plenty of data is showing that we are speaking about countries which are actually lagging behind the rest of the EU (Veugelers, 2017).

We have to remark that while the correction is influencing many regions, the corrected RII is strongly correlated to the computed (before the correction) RII ( $r=0,964$ ).

### **3. Implications for the regional policies**

Gault (2010) finds five possible uses for such indicators for policy purposes: monitoring, benchmarking, evaluation, foresight (for which composite indicators are considered to be less useful) and policy development.

Monitoring best use means to compare values over time, but for such a purpose it needs stability – when edition-to-edition variance is explained (at least in part) by methodological changes or when we have only several waves it is difficult to observe some trends.

Benchmarking is done by comparing your results with targets (like the Lisbon target of 3 per cent of GDP to be allocated to R&D by 2010) or with other cases in order to draw lessons from more successful cases. The RIS approach is favoring the latter use, but stability is an issue. RIS 2012 placed Bucharest among Moderate Innovators – a possible source for good practices from the rest of the Romanian regions, but RIS 2017 downgraded its status to Modest.

An important part of evaluation is to try to understand the reasons behind certain evolutions and the outcomes of the policies in place.

One big question is: does innovation lead to economic development? If we take a look at the growth for a two year period, 2013-2015 (which indeed may be too little) we observe that innovation leaders have a bigger growth – which seems to confirm our idea (see table 3 below).

**Table 3.** Innovation and Growth

Performance group	Growth 2013-2015 (GDP/capita). (%)
Leader	5.82
Strong	3.34
Moderate	2.40
Modest	4.22
Total	3.62

Still, the effect of the performance group on growth is considered to be medium (Eta squared=0.139) and only about half of the effect is linear (R square=0.62) as Modest Innovators have the second biggest growth in that period.

If we take the growth and we try to see how it correlates with past values of RII we observe that the strongest is with RII 2017, not with past values of the index (is economic growth influencing innovation?).

**Table 4.** Innovation and Growth II

		RII2009	RII2011	RII2013	RII2015	RII2017
Growth 2013-2015	Pearson Correlation	.178*	.211**	.170*	.193**	.224**
	Sig. (2-tailed)	.012	.003	.016	.006	.001
	N	200	200	200	200	200

Another question that such indicators might or should answer is: Which innovation indicator is contributing most to economic growth? And an answer to such a question could be used in order to develop policies meant to improve these indicators and to better allocate funds. If we take a look at the indicators that are correlated to growth we find the following results:

**Table 5.** Innovation indicators and their relationship with growth

Indicator	Pearson's r
Sales of new-to-market and new-to-firm innovations	,381
SMEs innovating in-house	-,322
Exports of medium and high tech manufacturing	,313
Innovative SMEs collaborating with others	,253
Employment in medium and high tech manufacturing & knowledge-intensive services	,243
R&D expenditure business sector	,190
Population with tertiary education	,182
Product or process innovators	-,159

The most important indicator seems to be related to impacts, especially the sales of new innovations – an issue in which policies are hard to be designed (there are claims that public procurement might help, but there is no proof that this might help; the inclusion of public procurement in the innovation system is basically un-

explained). Similar issues are regarding exports. The existence of indicators negatively correlated to growth is baffling – in-house innovation or the number of innovators cannot have a negative influence – rather this result might be explained by the unreliability of the Community Innovation Surveys that produced the data.

#### 4. Conclusions

RIS is far from doing a good job in measuring the regional innovation systems performance. The model itself is debatable, as the supposed relationships in the model (conditions and investment are leading to innovation activities with impacts) seem right only if we omit the fact that all the dimension of the model are highly correlated.

The choice of the indicators is also an issue of debate – compared to EIS we have fewer data, in which some indicators are only remotely linked to innovation (education or scientific publications are examples for this).

The quality of the data is another concern – the data from Community Innovations Surveys is not reliable. Galindo-Rueda and van Cruysen (2016) are showing that many concepts are not properly operationalized and measured in such type of research.

Finally, RIS is not stable over time – new indicators and extended coverage are actually changing the results each wave of measurement. Corrections, while necessary in order to match the capacity of the national innovation systems as an aggregate of the regional systems to the image generated by EIS, are actually a manipulation of the data which distorts the data obtained, increasing the weight of some indicators while others are rendered not significant. It is true that Sajeve *et al* (2005) showed that different weighting schemes are not influencing the ranking of the countries for EIS, but the fact that indicators like R&D expenses of the business sector has lost any weight in the RII defies logic.

The analysis made in the previous section indicate that RIS is not able to provide many insights on the state of the innovation in Europe. The data presented in Figure 1 is actually not something new and unexpected – regions from the East and South are trailing behind those in the North and West.

As Foray and Hollanders (2015, p. 216) remarked regarding the EIS, the use of RIS data for policy purposes is ‘subject to severe limitations’. Analysis such as those performed in this paper can be considered as over-interpretation but the counter-intuitive results are showing that except Impacts (related directly to economic activity) RIS indicators are not a good predictor for economic growth, while some supposedly key indicators for innovation system are related to economic growth in unexpected ways.

Apart from indicating (some) strengths and weaknesses of regional innovation systems, RIS data cannot be used as a base for Regional Policies concerning in-

novation. In order to “develop research and innovation capacities across Europe, based on smart regional specialization strategies” (European Commission, 2010) policies should be based on other data than the existing ones in RIS. Such kind of data should be used to try to identify the particular way in which innovation is influencing growth in each region, as regional specificities might influence this relationship in many ways. The development of differentiated regional innovation approaches (versus the “one size fits all”) has to be based on the understanding of the way things are working in each region.

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# THE ROLE OF KNOWLEDGE MANAGEMENT IN PUBLIC SECTOR: NEW DIGITAL PERSPECTIVES

Ruslan SEITKAZIN

**Abstract.** The article reviews the role of knowledge management in public administration. It is well known that public authorities should have knowledge of concerns, desires and aspirations of people they serve. While knowledge is a new imperative in public domain, knowledge management plays several roles and each of them serves specific constituencies and implemented differently. This article argues that knowledge people possess must be used by all political actors in order to improve public policy, since literature suggests that a large group of ordinary people is assumedly smarter than a single expert, however opportunities to gauge or generate all people's opinions are complex. In the era of the Internet, public administration is now overwhelmed by e-mails from citizens, for example. Therefore authorities have to either dedicate more staff for dealing with that challenge or set up a new online way to bridge connection with people. A proposed solution is e-petitions. Presently, this online way is getting popular across the world and people with different beliefs, education, backgrounds actively promote e-petitions. It is argued that e-petitions have little policy impact though. The possibility to project people's concerns through this platform has not widely examined yet, especially in local government, therefore, the article is intended to suggest targets for future study in-depth examination of e-petition.

**Keywords:** knowledge management, e-petition, representative democracy, Wikipedia, political participation.

## Ruslan SEITKAZIN

PhD candidate of Doctoral School  
of Public Administration Sciences,  
National University of Public Service, Budapest, Hungary.  
Tel.: +36 20 392 6794  
E-mail: seitzkazin.ruslan@gmail.com

## 1. Introduction

Knowledge Management (KM) started in the middle of the 1990s in the private sector, triggered by new information and communication technologies (ICTs). Knowledge came to be considered a significant source within the new knowledge economy (Powell and Snellman, 2004). Public administration started to exploit ICTs under the framework of e-government, and KM played an essential part since political and social scientists argued that online applications would make democracy more democratic by involving users into decision making. They also argued that people could collaborate in new ways using ICTs and thus gain confidence in the society's actions, directions and capabilities. Wiig (2000) states that successful involvement of public predicated on their understanding of, and agreement with political decisions and their implications. If people are not involved in political processes, then democratic government tends to be poor (Wiig, 2000).

The knowledge people possess must be available to authorities if they are driven by the desire to utilize an intellectual capital to augment good governance. However, public entities have a hard time maintaining pace with online audience today through. Members of the US Congress receive around 80 million e-mails annually, or about 4,500 e-mails every week (Washington Post, 2001). Respond to all these queries requires dedicated more staff. Still, scholars contend that decisions taken by a large group, even if some individuals are not intelligent, are often better than decisions made by experts. In the *The Wisdom of Crowds*, for instance, the author argues that leadership by an individual is unlikely to be superior to utilizing the full available knowledge of citizens (Surowiecki, 2005). In the similar way the Wikipedia operates which is determined itself as the free encyclopedia that anyone is able to edit. It must be outlined that the Wikipedia launched in 2001, and the website contained about 20,000 entries in the first year, but in 2008 the number of articles in English language was increased to 2.6 million, and by 2009, to 3 million (Nix, 2010). Importantly, an editor of such encyclopedia could be a 15-year-old or a professor, a housewife or a tenured doctor. Therefore, there is a large potential that is unused in the wisdom of crowds, but if the government knows how to tap onto this potential, a decision-making is improved, since the ability to manage knowledge in public realm is vital nowadays.

## 2. The Role of Knowledge Management in public sector

No definition of KM is accepted universally. Uriarte (2008) argues that KM is just transformation of tacit knowledge into explicit knowledge via sharing within an institution. How an institution defines knowledge, therefore, defines its approach to KM. Table 1 gives an overview of perspectives and implications for knowledge management.



**Table 1.** Knowledge perspectives and their implications

<b>Perspectives</b>		<b>Implications for Knowledge Management (KM)</b>	<b>Implications for Knowledge Management Systems (KMS)</b>
Knowledge vis-à-vis data and information	Data is facts, raw numbers. Information is processed/interpreted data. Knowledge is personalized information.	KM focuses on exposing individuals to potentially useful information and facilitating assimilation of information	KMS will not appear radically different from existing IS, but will be extended toward helping in user assimilation of information
State of mind	Knowledge is the state of knowing and understanding.	KM involves enhancing individual's learning and understanding through provision of information	Role of IT is to provide access to sources of knowledge rather than knowledge itself
Object	Knowledge is an object to be stored and manipulated.	Key KM issue is building and managing knowledge stocks	Role of IT involves gathering, storing, and transferring knowledge
Process	Knowledge is a process of applying expertise.	KM focus is on knowledge flows and the process of creation, sharing, and distributing knowledge	Role of IT is to provide link among sources of knowledge to create wider breadth and depth of knowledge flows
Access to information	Knowledge is a condition of access to information.	KM focus is organized access to and retrieval of content	Role of IT is to provide effective search and retrieval mechanisms for locating relevant information
Capability	Knowledge is the potential to influence action.	KM is about building core competencies and understanding strategic know-how	Role of IT is to enhance intellectual capital by supporting development of individual and organizational competencies

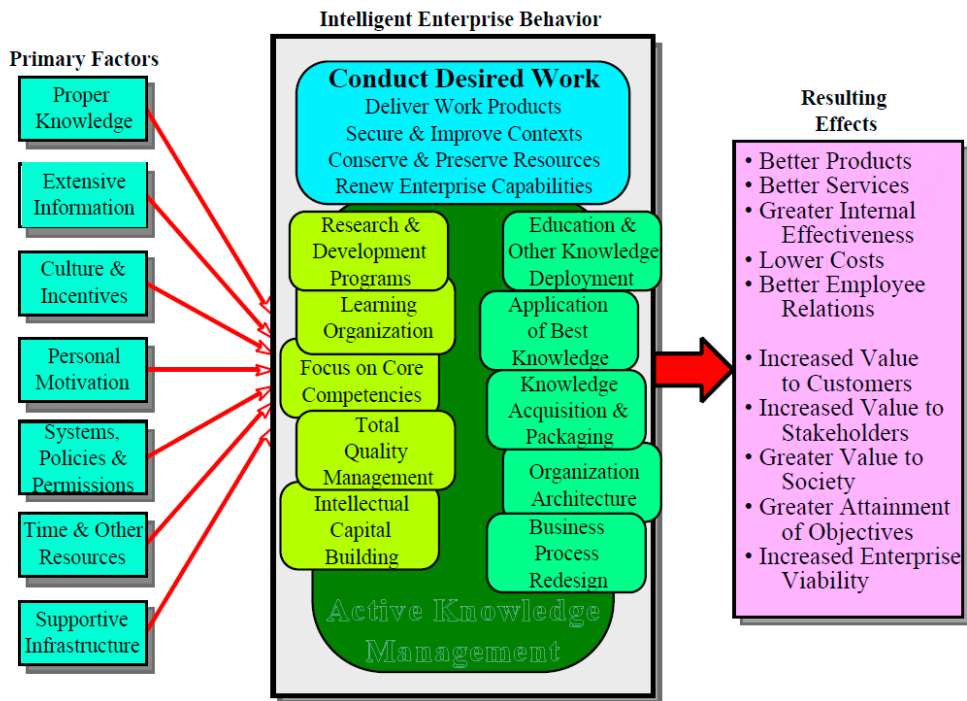
Source: Alavi and Leidner. 2001, p. 111.

Recently the role of knowledge and understanding for institutional performance has become obvious, where earlier managers considered observable or tangible productive. Expertise and tacit knowledge impact the quality of work, as do the ways in which employees utilize knowledge. Rationalization that excludes employee knowledge as a factor, therefore, is unlikely to result in a desired outcome.

It is argued that the question of similarities and differences between private and public sectors has long been a classic topic in management. It is said that transformations in business realm are complex, they arise from a progressively demanding market place, a better understanding of knowledge-intensive work, and shifts in how workers acquire, think about, and use knowledge (Damasio, 1999; Halpern, 1989; Nonaka and Takeuchi, 1995). Administrative staff in the private sector generally manage knowledge in systematic and deliberate ways. Moreover, KM, however, provides approaches for leveraging and creating intellectual capital into busi-

ness equation (Reich, 1991; Allee, 1998). It makes the functions of public managers in modern, democratic society sophisticated rather complicated. It is difficult to balance engaging the needs of public and developing new ideas, for instance, but KM can provide insight how to proceed in a collaborative manner.

Generally speaking, public servants either possess expert knowledge in their sector or co-operate with professionals who do. It is believed that civil servants thus provide leadership to ensure local inhabitants are served appropriately. They also interact with legislatures and the business community to secure resources, define opportunities, and coordinate initiatives. Without adequate knowledge, actions likely will be ineffective. Public authorities therefore require KM to harmonize people's objectives. Figure 1 indicates examples of common KM activities in this area.



**Figure 1.** Primary Factors Needed to Deliver Desired Work

Source: Wiig, 2000, p. 8.

Creating and supporting professional public services is complex. The efficiency of authorities relies on individual efficiency, which in turn is predicated on intelligent behavior by its citizens. It relies on the applicability of policies, and on the maintenance of online infrastructure. KM provides approaches to these problems, using methods that create competence and increase people's motivation by en-

larging their understanding of society. Public managers use information channels to demonstrate planned actions, and then utilize interaction platforms to engage in constructive dialog. There are countless other knowledge suppliers with an intimate knowledge of something; Internet users could also contribute into policy decision and act as online experts. Thus, '... if new knowledge and new uses of knowledge have profound implications for the policy-making, it would seem apparent that a new policy or policies are needed for the management of knowledge, if for no other reason than to assure that information is applied intelligently in the analysis and rectification of public problems' (Henry, 1974, p. 191).

### **3. E-petition as a concept of interaction between government and its residents**

E-petitioning is controversial. Some argue that it is the most successful e-democracy online application ever (Chadwick, 2012); others emphasize its ability to improve representative democracy (Bochel, 2013) and empower ordinary people (Cotton, 2011). Wright (2012a) notes that tens of thousands of electronic petitions are created on state-led websites every year. Of course, e-petitions are simply a new way to deliver the centuries-old and comparatively unchanged petition to the monarch.

It has to be noted that e-petitions operate in many different ways. Usually though, this online platform does not generate e-mails; instead any citizen in the country can author and post e-petitions. There are, however, government-led platforms to moderate or block petitions before publication. Such procedures are of course controversial, for they can be seen as censorship (Wright, 2006). Proponents believe that there is a necessity though, even in countries where freedom of speech is strongly protected. Editing petitions can stimulate free speech and improve the chances their success. Banning others can prevent frivolous elections that cost millions to hold, for instance, or protect minorities (Wilhem, 2000). In the U.S., for instance, controllers impose terms of participation alongside a user-led system to prevent e-petitions that would violate the law. In the U.K., a web-team in the Prime Minister's office moderates e-petitions (Wright, 2006), while in Germany over eighty staff members run the system (Linder and Riehm, 2011). Transparency can be a problem, since some examiners removed several petitions without any elucidations (Coleman *et al.*, 2002). Downing Street publishes every e-petition, but sometimes only after editing.

It is possible to shape the agenda of e-petitions in other ways though, for example, by determining how many signatures must be obtained in order to receive an official response from government, and how long is given to reach this. With Downing Street petitions, only 500 signatures are needed to get a reply and online users may select to leave a petition open for a year or more. The WeThePeople plat-

form does not allow a petition unless it gets 150 signatures in one month, and to get a reply a petition must have 100,000 signatures within the month. The chance of getting a reply in this system is less than 0.5 percent (Snider, 2013). The *epetitions.direct.gov.uk* website requires 100,000 signatures for consideration of petitions in Parliament, but signatures may be gathered over a year. Nonetheless, only a small number of petitions have met the requirement. Out of 26,672 closed petitions, for instance, only thirty-two had 100,000 signatures, and only 211 obtained the 10,000 signatures needed to get a reply (Wright, 2015).

These platforms remain popular nonetheless. *PetitionOnline* generates more than 5,000 petitions from different countries and has some 30,000 unique visitors every day. In the last eighteen months, this portal has collected over 3 million e-signatures (Washington Post, 2001). There is no doubt that e-petitions have an impact on agenda-setting. Cotton's (2011, p. 38) examination of Scottish e-petitions unveiled that '...12.7 percent of E-petitions were closed as a result of the issues raised being implemented, indicating that E-petitions do have the ability to affect policy formulation, that the Scottish Parliament takes E-petitions seriously, and that E-petitions have the ability to become or change laws'. Successful e-petitions attract media attention, thus a wider audience is aware of the message (Clark *et al.*, 2017).

#### 4. Conclusion

Knowledge management is still in its infancy, particularly in the public sector, evidenced by little discussion in the literature. It is apparent that authorities are realizing its significance despite on the fact that there are some challenges, problems and opportunities in the process. It is true that all levels of public sector have to establish their own e-government channels to better serve the citizens and simultaneously to improve government efficiency. In fact, the integration of public services must be done through a customer's point of view thus a suggested in the article option, e-petitions, has to be taken into account. While e-petition is remained controversial, empirical studies argue that it is popular with people and have had positive effects on politics. However, there are important variations among e-petition websites, and how they are institutionalized and designed are critical. There is no doubt that Scottish well-substantive, resourced e-petition platforms have had a successful impact on agenda setting, since the system is entirely embedded into the parliamentary process, and e-petitions are taken forward by a panel of Members of the Scottish parliament who know how the system operates. Yet, there is a certain need to research the use of e-petitions by local government, but this task is for future research.

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# QUALITY TIME AND ONLINE TRAINING INNOVATION FOR THE PUBLIC-SECTOR MANAGERS

Oana Mara STAN

**Abstract.** This study aims to explain public administration managers' strategies for engaging in quality time, with a focus on productive time dedicated to innovative e-learning modules. It dwells on a qualitative discourse analysis with primary data obtained by conducting 28 interviews with public administration representatives who hold managerial appointments across several public institutions. Among these, 12 are communal mayors or vice-mayors and 16 are assigned managers across regional institutions subordinated to the Ministry of Education, at County Inspectorates (7 participants) and Romanian Police Inspectorate (9 participants). The half-structured interviews reveal empirical evidence on the elements of innovative interactional techniques) that enhance quality time through the interpretive lens of measuring impact of e-learning time.

It is epistemologically and methodologically challenging to capture quality time devoted to (on-line) learning due to the evasiveness and spontaneity of its unfolding. Furthermore, it relies on filtering and selective evocation effects generated by *a-posteriori* narratives. Quality time is investigated through connections to experiential episodes related to preferred learning style. Results suggest quality time as an important dimension of productive time and indicator of e-learning effectiveness. The study formulates recommendations for instructional designers who develop e-learning modules targeting public administration trainees.

**Keywords:** quality time, quality productive time, organizational temporality, e-training, e-learning.

**Oana Mara STAN**

Lecturer, PhD, Faculty of Sociology and Social Assistance,  
University of Bucharest, Bucharest, Romania  
E-mail: Mara.Stan@sas.unibuc.ro

## 1. Introduction

The study aims to measure the perspectives of informants who hold managerial positions in various public sub-sectors on the quality of time devoted to work, family, pastimes and education through online courses. Its main focus aims to understand discursive tropes that explain managers' representations on quality time in relationship to three categories: productive time, learning time and free time. A secondary research objective is to address complaints on lack of time by means of coping tactics related to downshifting options and deliberative considerations thereof, as reflections that resurge across informants' discourse. The research questions ensue:

1. What are the procedural (i.e. practices) and emotional (i.e. evocative rhetoric) elements of quality time for public-sector managers?
2. What arguments do they use to support their intentions for or against downshifting?
3. How does informants' discourse expose the argumentative and persuasive dimension of quality time, in connection to three dimensions, namely: productive time, learning time and free time?

## 2. Theoretical insights

### 2.1. Mapping quality productive time

Quality time has been investigated especially from a work-life perspective, in relationship to family-friendly corporate policies and with dimensions of free time (Kim and Wiggins, 2011). However, it has been under-research on the important dimension of productive time, either on its contracted or engaged sub-segment. Contracted time refers to remunerated activities, employment, entrepreneurship or other for-profit projects and pastimes. Conversely, engaged time is non-remunerated, e.g. dedicated to household chores, care activities (e.g. children or elderly), running errands, formal and extra-curricular education or volunteering (Norgate, 2006).

The concept of 'quality time' has become influential especially as layman language and omnibus catch-phrase across media discourse and advertising, but it lacks conceptual clarity and empirical evidence in Romanian context. This coherence, consistency and data-driven insights are factors much needed to construct and fundament explanatory models. By this conceptualization, complemented by a purpose-built methodological toolkit, the current study intends to bridge this gap and to elucidate quality time use practices that public-sector managers deploy, in connection to their reflection on downshifting options.

From a commodification outlook, quality time is approached as moment or interval – however long or transient its duration – that is wisely invested to bring the



highest return on investment in terms of psychological benefits. It thus strengthens subjective wellbeing across its metacognitive indicators of self-concept, namely: self-efficacy, self-image, self-esteem and self-trust. However, simultaneous and successive scientific outlooks on productive quality time have been scarce and insufficiently articulated so far. Furthermore, quality learning time, time mindfulness and time agency, as concepts that the current research proposes as having original impact, have not been directly and explicitly addressed so far in the area of Romanian management and public administration.

## **2.2. Chronemics and time use**

Quality time associates across accounts of administrative staff (both at managerial and non-managerial level) with perception of family-friendly policy availability (Kim & Wiggins, 2011). Administrative staff inquire about family-friendly facilities such as child care centers near the workplace, work-life programs, telework or telecommuting, and benefits such as: life insurance, health insurance, long term care insurance. Autonomy for selecting alternative schedules, in line with family synergies, counts as driver for organizational commitment that counter-acts the intention to quit. The flexicurity paradigm shifting more from security to flexibility even in the case of state employees, traditionally considered as more conservative and stability-oriented.

From the perspective of organizational temporality (Ballard and Webster, 2008; Hassard, 2002), commodification, construction and compression are tropes or thematic categories used as semiotic assets for analyzing members' descriptions of their interaction flow from a time frame. In public organizational settings, as well as in private ones, time is traded, streamlined under pressure and re-constructed to encompass projects, tasks and on-going preoccupations in an over-arching time budget.

Hassard (2002) envisions organizational temporality as the essence of productive time devoid of hedonistic use. The latter finds expression in contemplation, reflection, reverie, enjoyment of duration, in contrast to productive time wherein only delivered results are worthwhile. Hence emerges a vocabulary of speed, accumulation, multi-tasking, superposed or interposed activities within a rationally structured organizational time that is formalized and commodified.

Update, upshift and upgrade are paradigmatic notions for transactional time based on simultaneity, just-in-time delivery, scarcity and squeeze, added to an accumulative logic of time parsimony. This semiotic field is antagonistic to relational time, based on duration, succession and downshifting in the context of time prodigality. Considering time restraints and the pressure to squeeze more output with less resources and zero waste, enacting managerial agency set on the backdrop

of unpredictable agendas, fluid time and shifting priorities signal the need for designing, implementing and assessing time management training for managers (Kisa and Ersoy, 2005; Sabelis, 2002).

**Table 1.** Semiotic assets of hedonistic and productive time

<b>Hedonistic (expressive) time</b>	<b>Productive (instrumental) time</b>
Contemplation, reflection, reverie	Squeeze more output with less resources and zero waste
Enjoyment of duration, time prodigality (Hassard, 2002)	Speed, accumulative logic, time scarcity and parsimony (Hall and Hall, 1990)
Uni-tasking, monochronic time use – succession, long-term duration	Multi-tasking, polychronicity, fast-forward rhythm, simultaneity, superposed or interposed activities
Discretionary, non-profit time	Formalized organizational time
Downshifting, slow living	Upgrade, upscale, update – time squeeze, voracious time consumption, just-in-time agile management

*Source:* Author's synopsis

Chronemics studies the cultural construction of time structures and boundaries, time use styles and patterns across communication and organizational behavior in general (Hall and Hall, 1990). It includes time as marker of status, culturally ascribed interpretations of punctuality, patience, scheduling practices, work time or wait time, and contrasting social outlooks on slow versus fast living. Productive time views scheduling and deadlines as paramount and quasi-sacred, in a paradigm of time tangibility generally encountered in monochronic societies (Hall and Hall, 1990). Time commodification translates in a vocabulary of economic transactions, e.g. waste, investment, return on investment, spending, cost, price, profit, efficiency, productivity, profit and loss.

### 2.3. Explanatory models on downshifting

Downshifting as transition from monochronic precision and scarcity normatively coerced by strict control within a time austerity paradigm, towards a more fluid, versatile polychronic orientation. In Hofstede's terms (Hofstede *et al.*, 2010), downshifting can be analogically explored by the transition from individualistic to collectivist, from masculine-competitive to feminine-affiliative, from uncertainty avoidance to its embracement, from asymmetry to symmetry of power relations, with a reduced distance from the source of authority. This road from fast-forward to slow living ultimately shifts perspective from a modern outlook based on productivity and rational improvement, to a post-modern life philosophy that involves authenticity, mindfulness, self-reflection and self-determination.

The quantitative onset of re-balancing work-life views downshifting attempts as time recovery through more vacation time off devoted to personal and family

pastimes. The qualitative outlook considers the learning process behind downshifting directed towards reshaping attitudes towards time as symbolic capital (Preda, 2013), not only a transactional commodity to trade, invest and spend (Honore, 2004). The degree of overspill between discretionary and productive time favors the latter, inasmuch as productive remunerated time is less permeated or permissive of interference from personal time, whereas free time is often transgressed by work assignments (Sabelis, 2002). Paradoxically, free time is more planned and rationally predictable than work time, whereas performing contracted time often associates with emergencies outside of regular schedule. As such, managers are more likely than their subordinates to assume the on-call status of 24/7 availability outside work hours (Southerton, 2006). This research area highlights a paradigm of adversity and conflict in the work-life balance (WLB) discourse that depicts issues of scheduling, overlapping, stressful transitions.

Polychronicity refers to parallel activities performed simultaneously, usually when the employee commutes or zaps between them through multitasking (Hall and Hall, 1990). Permanent Internet connectivity and the emphasis on instantaneous content co-creation and sharing technologies facilitate polychronicity. This is supposed to erode quality time because of diluted interest and transgression of built-in limitation of bodily, neuronal, emotional, motivational and cognitive processing capacities (Kennedy *et al.*, 2013). Discursive practices of successive time use are considered as more appropriate for socially constructed quality time (Urry, 2000). However, the relationship between polychronicity and quality time is so far controversial in literature and needs further clarification.

## **2.4. Flow experiences and mindfulness**

Quality time is discretionary and expressive in that it escapes the transactional logic underlying the cult of efficiency. As such, quality time contradicts orientations toward time commodification and gentrification marked by a socially desirable busyness as badge of honor for a productive person that calculates return-on-investment for every moment gone by (Southerton, 2006). From this utilitarian viewpoint, time is strictly measured and calculated, even when it is free to be spent at will. By contrast, quality time values introspection, self-awareness and reflection, by withdrawing from the race against the clock means to maximize productivity (Norgate, 2006; Schor, 1998).

Quality time reflects the flow-like optimal experience that is intense, immersive, effortless, memorable and significant to the point that it causes timelessness: 'You merge with the activity, everything goes smooth, on automatic pilot, you contribute like you could go on and on, relentlessly' (Csikszentmihalyi, 1990, p. 5). This frame of mind consists of concentrated mental, emotional and physical energy with ab-

sorption into activity in the context of a temporal suspension of all other thoughts and preoccupations. In flow experiences, time passes unknowingly, and pursuing goals marks a persistent trajectory streamlined by clarity, harmony and serenity.

Mindfulness rests in this internal coherence and consistency in goal-directed behavior that blends expressive and instrumental dimensions in a unifying life philosophy commonly referred to as *savoir-vivre* (Schor, 1998; Honoré, 2004). This concept refers to the capacity to contemplate and meditate on the meaning of life with non-obtruded attention. Mindful persons are fully concentrating on the here and the now, they are captivated by a single object of focus that they visualize from a multi-faceted perspective. Moreover, mindfulness means isolation from any distractors, interruption or interference, as self-determination of the content of one's conscience marks the utmost expression of autonomy.

Organizations strive to harness the elusive flow experience (Csikszentmihalyi, 1990) of memorable 'high' wherein everything goes smoothly and effortlessly, while aiming to maximize performance. From this viewpoint, the managerial role is to optimize workplace conditions to allow flow to occur and endure. In a state of flow, challenges are viewed as opportunities for growth to allow the person to attain one's true potential. Mindfulness contributes to the attainment and persistence of flow experiences by means of an enhanced state of non-judgmental awareness using relaxation for arousal relief, imagery, and self-visualization when dealing with everyday ambiguities and adversities. As Table 2 indicates, flow experiences emerge when challenging tasks are performed that surpass the person's current coping capabilities, however this discomfort is productive because it leads to a higher end: self-enhancement.

**Table 2.** Flow experience at the meeting point between high skills and high challenges

Challenge level/Skill level	Low skills	High skills
Low challenges	Boredom, apathy	Control, relaxation, stagnation
High challenges	Worry, Anxiety	Arousal, Flow

Source: Csikszentmihalyi (1990, pp. 4-5)

Flow as stimulation of all mental, emotional and physical resources is thus different from apathy and stagnation, but also from anxiety caused by overly difficult tasks. The psychologist Michael Csikszentmihalyi studied musicians, composers, artists and top sports performers to highlight empirical evidence of the state of flow and optimal experiences, and found that it relates to spontaneity, as well as an automation technique for people who master an area. Hence, flow occurs in a post-voluntary stage wherein attention is floating, and self-identity is temporarily suspended. Flow states imply a 'highly disciplined mental activity or strenuous physical exertion [wherein people] stop being aware of themselves as separate

from the actions they are performing' (Csikszentmihalyi, 1990, p. 4). The author discusses mindful flow experiences that create a new reality based on intense flow experiences conducive of happiness. This is inspired by the etymology of 'ecstasy' in Greek, which means to stand at the side of something extraordinary and, by extrapolation, witness the fabulous side of everyday facts.

## **2.5. Controversies regarding quality time and downshifting**

Confronted with accelerated life rhythm and chronic time pressure within the work-spend consumerist lifestyle, social actors with above-average educational and professional attainment begin to value time capital more than financial or material accumulation of wealth (Preda, 2013; O'Carroll, 2008; Schor, 1998). Also contingent with the persistent global financial crisis that imposes austerity-prone cut-backs, downshifting and slow living movements are associated to conceptions of quality time (de Graaf *et al.*, 2001).

Downshifters are change makers in the area of time budget ownership, who wish to adjust their income-rich, time-poor lifestyle (Sullivan, 2008) in an attempt to pursue holistic authenticity and self-determination goals. Downshifting implies valuing time more than money, with implications for work-life balance in favor of the second. As such, downshifters work less, earn less, spend less, they are happier with immaterial possessions and choose social and human capital over material assets. This counter-reaction to mainstream consumerism associates with sense-seeking philosophies that link self-identity, quality and life and ultimately happiness more with knowledge expansion and self-development experiences, than to material possessions (Urry, 2000).

When quality of life is equated more with who you are, translated as what you do and how you spend your time, rather than what you have (Voicu *et al.*, 2015), there is a shift from material to symbolic capital that is, in its essence, intellectual, psychological, relational, time-bound and oriented towards meaningfulness. Time structuring choices stem from the will to acquire a higher degree of empowerment and ownership to reclaim one's time budget and to realign priorities to gain quality time that is inwardly gratifying and appealing (Kennedy *et al.*, 2013). However, there is a conceptual trap here, hence voluntary simplicity forfeits its 'less is more' belief, insofar as it follows also the consumerist paradigm, the very one from which it strives to dissociate. Downshifting promotes the exact acquisitive rationale it refutes by constantly wanting more quality time, more intensity, more genuineness, from an accumulative logic of amassing more lived quality experiences by maximizing time use (Schor, 1998). In turn, this multiplicity weakens the significance of quality time defined by contrast to time pressure, as evanescent interval devoid of pressure, hustle and bustle.

Downshifters benefit from the freedom to choose between the opting-up or opting-out rationale through the influence of upstream determinants such as inherited material capital, family background and attributed social standing (Kennedy *et al.*, 2013; Grisgby, 2004). Downshifting occurs at a turning point in one's employment history, usually when dealing with family responsibilities or discovering a vocational interest that, if pursued, would imply reorientation and re-professionalization. Partial occupational withdrawal means shifting from full-time to part-time appointments or shifting towards more laid-back, permissive and less work-intensive climates. Voluntary simplicity can be also interpreted as post-industrial echo of the protestant ethic (Weber, 2007) claiming temperance, austerity and caring to avoid prodigal or conspicuous consumption.

Employers provide facilities for work-life balance such as flexible schedules, paid time off for volunteering, personal projects or family events, as well as on-campus kindergartens and daycare (Ballard and Webster, 2008; Kim and Wiggins, 2011). However, the search for more meaningfulness in organizational time is less about control over vacation, undersized work volume, better timing or technological aids, and more about the need for a cultural shift in today's time world (Adam, 2004). From fast-track living to meaningful and mindful *savoir vivre* that is less commodified, carrying more focus on process over end-product, and quality over quantity.

## **2.6. Time management and public administration e-training**

Digitalization across training and other organizational processes is criticized because it potentially elicits over-reliance on technology and simplification to the point of cancelling social interaction as well as memory and other cognitive functions outsourced to an automated device (Kisa and Ersoy, 2005). E-training accommodates storytelling by visual techniques and figurative sites of narrative construction (Papacharissi, 2015). These narrative modalities lend well to visual and text discourse analysis, and they emphasize the importance of e-learning impact for their affective public.

An indirect aim of every online training program is to enhance digital skills and the familiarization with various platforms, software or online applications. E-training is the product of a joint venture between instructional designers (i.e. scriptwriters of e-training scripts), graphic artists and programmers who implement verbal assets and imagery into the e-training framework. Hence, e-learners' feedback suggests the perceived utility and value of e-training programs of government online learning facilities depends predominantly on content design and interface design where improvement efforts should be directed (Elbahnasawy, 2014).

As empirical insights show (Arcidiacono *et al.*, 2010; Ossiannilsson *et al.*, 2015; Evans *et al.*, 2016), participants to online courses mostly appreciate coherence, concision, dynamic and impactful presentations with multiple interactive applications, as well as an accessible and attractive interface. A comfortable, user-friendly experience is conducive to persistent learning take-aways especially if the presentation is captivating, drop-down menus are intuitive, instructions are clear and the content features graphical assets such as: animations, info-graphics, matrices, workflows, diagrams and other schematic or technical drawings.

The quality of online training services has been investigated in various contexts, among which: e-government and its contribution to the anti-corruption fight (Elbahnasawy, 2014), e-learning programs used to facilitate stakeholders' participation in community development intervention (Arcidiacono, 2010) or the connection between research, theory and practice in designing and assessing collaborative e-learning by communities of learning (Evans, 2015) and online course completion predictors (Keramidas, 2012). Discussions on collaborative professional learning focus on the advocacy for customization and context-specific techniques that are workplace-dependent. Discourse analysis thereof emphasizes the role of the learner autonomy rhetoric, set against a background of inward *versus* outward control (Evans, 2015). From this viewpoint, on-the-job training is shared and co-generated by communities of online professional learners, and it is also sensitive to change and evanescent because key facts and figures, corporate landmarks such as operating principles or even business strategies and organizational charts need to be updated to keep pace with market demands and competitive moves.

The content being passed along in online professional training is, therefore, contingent, responsive, fluid, based on enhanced inter-connectivity between users. Learner supremacy and trainee-centric instructional design reflect not only in mainstream conceptions on self-directed learning. Shaped around self-regulated learners, these techniques for content elucidation and presentation management illustrate the emergence of adaptive personal learning environments that adjust incrementally to each user's learning capacity and interests, using artificial intelligence and augmented reality (Evans, 2015). Traditional participant feedback as tool for training evaluation is criticized for the distortion effects caused by subjectivity of evocation and post-factum interpretation, and its practical implementation is largely hindered by low participation rates. Hence the need to apply alternative approaches and substantiate concurrent validity on e-training outputs and outcomes (Ossiannilsson *et al.*, 2015; Evans, 2015).

The expansion of online learning programs is attributed to a variety of inter-connected factors such as: cost-cutting objectives, staff geographical dispersion and mobility, fast-paced uptake of technological innovation and in particular process digitalization and automation (Keramidas, 2012). E-training has optimistic

prospects of development due to human resource dynamics based on outsourcing and non-standard employment patterns such as part-time schedules, tele-work, project-based and fixed-period work, fluctuating schedules, increasing staff turn-over rates.

Readiness for online learning represents an issue of scrutiny and debate in distance curricular education at undergraduate and postgraduate levels. Empirical evidence suggests online students struggle with deadlines and under-developed time management skills more than students that attended classes in traditional settings (Ossiannilsson *et al.*, 2015; Keramidas, 2012). Self-directed training is challenging when competing tasks dictate a tight schedule. Under these circumstances, a learning coordinator who endorses normative control brings about a more organized and altogether less stressful learning environment. The analysis of a panel dataset of 44 Massive Open Online Courses (MOOCs) enhances this conclusion, by revealing that students were more likely to complete the course if the course design was directive rather than facilitative and based on quantitative evaluation rather than on a qualitative or auditing track (Evans *et al.*, 2016).

Since their initial conception and implementation, MOOCs acquired support from top tier institutions, fact which grants them legitimacy and credibility as performance benchmark to study in terms of curricular design. Major brands in online education, Coursera and Udacity are produced by Stanford University faculty staff, and edX began as a partnership between Harvard University and MIT. In addition, the completion of some courses even earns college credit (Evans *et al.*, 2016). However, this new educational setting undoubtedly poses major challenges in terms of engagement, persistence and completion.

E-course drop-out rate is highest in early post-enrolment stages (Keramidas, 2012), with a similar trend to that of new hire on-boarding, when the highest attrition rates concern the first six months of activity. As such, the strongest predictor for steady engagement and completion is early significant commitment, as self-reported in the pre-course survey (Evans *et al.*, 2016). The typology of disengagers is evident since the course launching, with explorers and samplers out-numbering actual completers. However, this typology only refers to e-learners who do not need a formal recognition of e-course attendance and completion to use directly as employability booster or academic credit or other forms of certification. The same study (i.e. Evans *et al.*, 2016) capitalizes on the key issue of trainees' experience of time use across e-learning. The concrete practices of time allocation, expectations thereof and beliefs about the transactional value of instrumental time devoted to e-learning are contextual factors that surface across trainees' reflection on knowledge, attitudes and know-how or skills acquisition.



### 3. Method

The study relies on an inductive, primary data-driven methodological approach within a qualitative and exploratory model. Discourse analysis explores persuasive and argumentative rhetorical mechanisms that social actors employ unknowingly, as implicit or procedural knowledge that forms a system of embedded beliefs, contextualized assumptions and emotion-infused representations (Creswell, 2005). Discursive tropes are linguistic anchors and semiotic devices that carry individualized meaning-making strategies aiming to frame managers' working definitions and common sense attributions about quality time. Discursive repertoires are purpose-built vocabularies and symbolic communicative realms that operate at individual or organizational level. They are acquired and activated across interaction, and represent reiterated justifications and explanations, whose declarative significance is relatively remote from actual practices confined to different institutional repertoires, as Toth (2016) found in the case of school counsellors.

The convenience sample was selected on grounds of availability, and consisted of 28 public administration representatives who hold managerial appointments across several public institutions, among which: 12 are communal mayors or vice-mayors, and 16 are assigned managers across regional institutions subordinated to the Ministry of Education, at county inspectorates (7 participants) and Romanian Police Inspectorate (9 participants). The inclusion criteria were to have at least 5 subordinates (or direct reports), as attested by the organizational chart, and to have participated to at least one online training (as either personal or organizational assignment) during the last two years. As such, 19 interviewees declared having enrolled in and completed one course in the reference period (on various topics e.g. compliance, anti-corruption, time management), 7 declared attendance to two courses, and the remaining 2 managers took part in three such programs roll-out.

Concerning the regional distribution of responses, all interviewees come from 6 counties in the South-East of Romania, as follows: 8 interviewees are from Bucharest, 7 from Buzău, 5 from Prahova, also 5 from Giurgiu, 2 from Ialomița and 1 from Călărași. Other demographical differentiators testify to quasi-equivalent gender representation (15 male and 13 female interviewees). The informants' age ranges from 34 to 62, with an average of 47 years old. The majority (22) are married, and 21 interviewees are parents to at least one under-aged child. This family aspect is relevant for the discussion on family vs. career options and the attempted work-life balance tactics to accommodate e-learning in their schedules. Their parental and managerial status makes them a vulnerable target to time budget precariousness and ensuing strain.

Data collection took place during January-February 2017. The approximate interview duration was between 20 minutes and one hour, with an average of 30-35

minutes. The qualitative approach relied on convenience sampling according to availability; Sociology students from the second year of study gathered empirical data for a course assignment. The half-structured interview guide included questions about quality time and intentions to downshift among public-sector managers, and evocative stances as rhetoric devices. The interview items were formulated as to elicit responses structured on two dimensions:

- procedural knowledge – i.e. informants' working definitions of their own time use patterns, and representations on time mindfulness, time agency and quality time involved in productive, learning and free time; and
- evocative and emotional cues – i.e. narrative examples and particular autobiographical accounts that serve to contextualize replies and pinpoint spontaneously activated meaning-making tactics.

As this research is exploratory and thematic in nature (Creswell, 2005), broad themes were narrowed into subcategories to elicit a deeper structure of relevant sub-dimensions. Aiming to offer empirical insight for the research proposal, resulting data was classified and investigated by means of the following analytical sub-categories:

- representations on three-fold quality time (i.e. productive working time, productive e-learning time, free – discretionary time);
- procedural (i.e. practices) elements of quality time;
- emotional (i.e. evocative, narrative) elements of quality time;
- discursive stances of time mindfulness;
- discursive stances of time agency;
- rhetoric construction of arguments in favor of downshifting; and
- rhetoric construction of arguments against downshifting.

Informants' discourse provides insight that is coded according to these thematic categories to identify recurring trends and patterns.

## **4. Findings**

### **4.1. Experiential and self-reflective accounts on downshifting**

The orientation towards time commodification translates in a vocabulary of economic transactions that informants use extensively, e.g.: waste, investment, return on investment, spend, cost, price, profit, efficiency, productivity, profit and loss. Performative time rests on mindfulness and agency in exerting self-determination over time budgets. However, time agency remains only a desirable, still unattainable and distant purpose. In terms of emotional rhetoric on time deficit, informants feel frustrated on account of deliberative dissonance. They feel antagonistic pressure coming from the opting-up versus opting-out rationale, and they

feel their work-life balance is threatened because there is no plausible or feasible middle way between 'up vs. out'; 'upshift vs. downshift'.

Public managers' career track credentials leads to multiplied opportunities, but also more burdensome pressure on time, on-going commitments that linger without closure and prevent quality moments from occurring because of competing tasks that seem never-ending. As such, time agency, time mindfulness and downshifting are not yet, at least, on the agenda of consciously assumed lifestyle change. This is because informants do not establish an action plan to shift from the uncomfortable fast-forward living which they notice to be currently immersed in, to a more laid-back, slow living style which interviewed managers deem desirable, but unattainable under the present-day circumstances.

#### **4.2. Quality e-learning time**

Informants' beliefs about choice-based design of self-paced learning reflects a paradigm of democratized knowledge access aimed to overcome geographical and economic barriers by technology-enhanced lifelong learning. Interviewed public-sector managers enjoy gamification that draws on collaborative learning, as well as competitive drivers of peer-to-peer knowledge co-creation. In order to enjoy quality time during online learning, public-sector managers argue for the importance of a learner-centric pedagogical frame of reference that allows for personalized content delivered in a self-reflective manner that induces a strong rationale for signing up, completed by adequate assessment and quality benchmarking.

Learning design and learning environment are equally important factors, since the learner needs to know that he/she is allocated enough time off during work hours to complete the e-training, without feeling pressure from the accumulation of regular tasks. Somewhat counter-intuitively, and divergent from the perspective of choice-based learning, managers want to be directly told what is expected of them, and what trainings they should take up and complete, in what time frame. This simplification tendency relevant for learner engagement reflects their need to find timesaver shortcuts in choice patterns. Interviewed public managers try to avoid cognitive dissonance that occurs in the deliberative process of prioritizing and following through actions in the context of time deficit and work overload. Hence, since too much choice (and too much to choose from) breeds misery, they outsource the responsibility for selecting among training alternatives to specialists who decide for them what is most useful and relevant.

Another key asset in e-learning design that public-sector learners stressed consists of a mobile-friendly e-course that is readily accessible during otherwise empty time intervals such as commuting or waiting for a doctor's appointment. Interviewees gave examples of features that differentiate smartphone-based from

computer-based learning, as follows: texts are more concise, so as to make key-information parcellable to accommodate 2- to 5-minute skimming. Navigability is also a key feature for smart phone e-learning applications, implemented by hot spot buttons, with icons, drop-down menus and buttons that prevent information overcrowding.

*'It's comfortable to learn on my mobile, I feel, because I can access information on-the-go. It's simple, I can tap, swipe and flick, it's all there, at my fingertips. And my smartphone is always on and easy to carry with me, unlike my laptop.'* (F, 42)

E-learning experiences can be considered as quality time when they are devoted to oneself, learner-centric and set aside from distractors. Concerning procedural insight, assignment intranet platforms, chat rooms, discussion boards, interactive tools such as quizzes and role-plays and gamification are deemed useful. Networked affective publics organized around a learners' community prompt feelings of togetherness and cohesive belonging. In turn, these latent ties contribute to quality time.

#### **4.3. Quality productive and free time**

The evocative rhetoric of quality free time rests on soothing rituals such as preparing and drinking savory coffee, slow-paced, undemanding family meals, or holidays spent in secluded countryside cottages. Finding quality time for everyday rituals resonates to informants' impressions that:

*'Time seems to come to a standstill during these family treats, and afterwards we realize it is much later than we thought, because time flew unknowingly.'* (F, 56)

Interviewees' feedback echoes in Csikszentmihalyi's conception of self-oblivion as nurturing the energetic stimulation pre-requisite of flow experiences: 'When not preoccupied with ourselves, we actually have a chance to expand the concept of who we are. Loss of self-consciousness can lead to self-transcendence, to a feeling that the boundaries of our being have been pushed forward'. (Csikszentmihalyi, 1990, p. 3).

Procedural or evocative, denotative or connotative, factual or metaphorical, these rhetorical tropes are synthesized from interviewees' accounts to paint the discursive picture of the duality between fast-paced and slow-paced time use styles:

**Table 3.** Interviewees' discursive repertoire regarding fast-forward and slow-forward living

<b>Fast-forward living</b>	<b>Slow-forward living</b>
Multitasking (superposed, interposed, simultaneous tasks)	Uni-tasking (successively solved tasks)
Happiness = what I possess, what I boast to impress others	Happiness = who I am, what I feel, what I think and know, how I act
<i>I wish I could do more or anything else right now! What next?</i>	<i>I live in the here and the now.</i>
<i>Why me?</i>	<i>I am right where I should be.</i>
Exclusive concern for material capital	Emphasis on social capital and human capital (education, self-transcendence, positive relations)
Pressure, anxiety, aggression	Serenity, harmony, mindfulness
<i>I want more, I want it all.</i> (consumerism)	<i>I take joy in simple pleasures.</i> (downshifting)
Subdued by external constraints	Self-determined
<i>Work hard, play hard</i>	<i>Don't overdo it!</i>
On auto-pilot	Mindful, paying attention to details, connected to one's own energy
Fragmented time slots	Uninterrupted time duration spent doing significant things with/for significant others (e.g. oneself)
Thirst for outbound stimuli, time compression, time pathology	Meditation, contemplation, time for inner consciousness reflection (soul-searching), slow food, slow living
Individualism, selfishness	Cohesion, care, cooperation, generosity
Prejudice, exclusion	Friendship, openness, acceptance for diversity
Profitably invested time	Significant time
Instant gratification	Waiting, duration, delayed gratification

Participants' accounts highlight a negative perspective on multitasking as a self-debilitating practice incompatible with quality time, as it risks to contaminate all parallel activities because distributive attention can turn to diffused or fuzzy task involvement, at a point where the level of concentration and span of attention cannot cope with excessive stimuli.

*'Doing more things at a time is a recipe for disaster because you cannot do any one of them right and you feel miserable about it.'* (M, 48)

Within a conceptual framework extended to incorporate instrumental, as well as expressive temporal dimensions, quality time remains an open signifier and conveyor of meaning:

*'My mantra is: Every day is the miniature of life. When you want to change your life, you need to explore what is happening at everyday level. When you feel you've achieved some healthy habits, beautiful productive days keep coming. Eventually, life is made up of a sum of days and experiences'.* (M, 46)

This assertion contains a life philosophy closely linked to flow experiences, which require time agency as intended involvement and assumed autotelic experience that is a purpose in itself. It is self-sufficient and unself-conscious. The mantra for recurring optimal experiences relates to purpose, resolution, and harmony that unify life and give it meaning (Csikszentmihalyi, 1990, p. 6). As any mantra, it sounds simple and even simplistic, but is vibrantly pertinent.

The study investigates discursive affordances about the categories of quality time devised for the semantic mapping of quality time across managers' experiential and self-narrative accounts. Managerial narratives ascertain flow as particular type of quality time – an optimal experience of unplanned enjoyment, deep, emotional and effortless involvement, within the context of a temporarily suspended concern for self-identity and self-monitoring censorship in favor of authenticity and spontaneity.

## **5. Conclusions and implications**

To conclude, the main thematic categories identified for the three examined temporal dimensions were the following:

- For free time: maximized time use, without waste, boredom or over-stimulation; deep involvement in pastimes, family and personal experiences; insert meaning in everyday routine; stick to soothing rituals (e.g. bedtime massage); set time off for oneself, in a relaxed, intrinsically rewarding way; get active rest by shifting between intellectual and physical work to achieve harmony between body and mind; maintain healthy lifestyle habits; find balance and comfort within;
- For productive work time: focus on priorities; make inspired decisions, discuss long-term projects; perform challenging tasks; and
- For productive learning time: bonding, social interaction that induces learning (especially by mentoring), knowledge exchange and expansion; receive strokes (achievement-based rewards); involvement that is simultaneously fun, exciting and useful.

Self-assessed quality time spent on an online course constitutes a salient indicator of e-learning effectiveness, as social actors search for more meaningfulness in organizational time that forms the most consistent part of their active life. As such, making quality time count seems more of an emotional than a cognitive decision, infused with considerations of lifestyle choices, underlying beliefs, embedded representations and self-fulfilling prophecies.

In terms of practical implications for the design and implementation of online organizational courses, stakeholders should take into account a set of benchmarks. They should provide enhanced learners' experience by monitoring metrics for ob-

jectivity and actionable intelligence in a data-driven approach. This framework would lead to on-target managerial decision-making about e-training budget allocation and the utility and return-of-investment of pursuing online courses. To overcome technical shortcomings, upgraded tracking functionality needs to be incorporated in CMS (content management system) and LMS (learning management system) platforms.

It is also advisable for the rate of knowledge transfer in online courses and the ensuing impact thereof to be quantified using reporting analytics and educational data mining of time management strategies, e.g.: login duration or time-on-task, login frequency and regularity of login interval. Developers should bear in mind the potential drawbacks of this measurement approach, and overcome technical limitations. For instance, login duration should be set to exclude inactive intervals when the browser tab remains open, but the user switches to a different online activity.

Other valuable add-ons to online training, as per interviewees' perspectives, refer to navigability and interactivity enhancers such as: gamification schemes, isometric design of flow charts, infographics, and the use of visualization techniques that account for the ocularcentric culture we are immersed in.

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# COMMUNITY DEVELOPMENT AND LOCAL IDENTITY IN NORTH- WESTERN COMMUNITIES FROM ROMANIA

Viorel STĂNICĂ

**Viorel STĂNICĂ**

Associate professor, Department of Public  
Administration and Management, Faculty of Political,  
Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Email: stanica@fspac.ro

**Abstract.** The main focus of this study is to analyze the main concepts such as community development and local identity, by analyzing different communities from the North-Western region of Romania. Using 3 established dimensions we selected our communities, and after this we looked at different indicators such as demography, connectivity, infrastructure, key strategic factors, strategic problems and strategic directions, and also we looked at the culture and traditions in order to identify the local identity of the communities, and in the end we want to use this paper as an example for other communities.

**Keywords:** community development, local identity, cooperation, rural areas, planning.

## 1. Introduction

The scope of this study is to look over the literature regarding the concepts of community development and local identity and after this to analyze the chosen communities in order to highlight the importance of local identity in the process of community development, but also we paid attention to the existence or to the losing of local identity at the local level. We focused on the importance of cultural role that communities have, and how it is expressed by the local identity. We will present some case studies of communities which passed through community development processes, and we will try to offer them as examples for other communities which are now in the process of community development or need to go through this process in order to develop.

In the actual context, community development is a modern process which appears in a lot of communities, it is coming from the inside of the community, or from outside, being conducted by different organizations in some places in order to reduce poverty and to provide an efficient delivery of basic services. The World Bank describes some community-driven developments which took place all over the world and have great success. In our country, the community development process came from inside the community (from people or local authorities) or from outside of the community using specialized people which after they have done special analyses they can establish some objectives that community should follow in order to develop. People from inside the communities became aware of their problems or of their competitive advantage and they want to pass over the problem, or use the competitive advantage in order to become developed.

Using different approaches from the literature we will be able to provide a paper which focuses on identifying and valuing the local identity, because it is an important component of community development, without it being impossible for many communities to develop. As we will see, community development didn't look only at the economic growth of the communities, but it also looks at the social growth, at human networks and at the presence and level of social capital, because those concepts are interrelated. Local identity is another aspect which was analyzed during this paper, because, it takes into consideration people's feelings, emotions and symbols which are in a specific community.

Using qualitative research methods, the study takes into consideration how the theoretical part can be applied in our research part. We chose to work with communities from North-Western part of Romania, which are considered to be big (they have over 3,000 inhabitants), and we grouped them in 3 categories that we thought to be important. We chose communities which are near cities, communities which are isolated and communities which are settled on a European road. This differentiation will be relevant when we will look at the local identity but also at the development of the communities and what influence them to develop. What

we want to point it out is the fact that with a part of the analyzed communities we work closely, having different projects with them, but also we were part of the working team which were developing the strategic plan.

We started with some research questions, and in the end of this paper we will answer to them, based on our analysis. We want to know which is the role of local identity in the community development process, which is the role of local identity in communities, how local identity can be identified and valued, how it influence the community development.

In the following the paper will present some theoretical aspects regarding community development and local identity, what they are, some features of them.

## **2. Context**

During the last decades, Romania has passed through many political, economic and cultural transformations, being until 1990 a communist country. After the regime was removed, Romania was in a continuous transformation from various points of view. This transformation of the country affected not only the national economy and culture, but also the local economy. Another aspect that needs to be taken into account is the industrialization period. Romania has had a lot of big companies, but following the collapse of the communist regime, industrialization started to decline, and currently the industrial sector decreased considerably.

When the communist system had the power, urban areas were characterized by the existence of industry factors, and rural areas were known by their lands, which passed through a collectivization process which was based on transforming individuals' properties into collective properties, which were represented by specific organization of collective farms. Even if people were obliged to give their lands to the state, this process had also some good parts, in terms of cooperation, because people learnt how to cooperate and how to work together, even though they were obliged to give almost everything from what they have produced to the state. Concerning the cities, they passed through an industrialization process, attracting a lot of people from rural areas in the cities, in search of a job. This industrialization of the cities, led to a decreasing of the population in rural areas because the labor force was necessary in the cities.

Rural development was sustained after the communist period by a lot of programs. One of this is the model of the Romanian Social Development Fund, which started in 1998 based on a law, and its aim was to sustain disadvantaged people and communities by promoting a participative approach. Another model is the LEADER program, which was integrated in different European projects, because the country is a European Union member starting with 2007, and before this European Union sustains with different pre-accession funds the country. After becoming

ing a member of EU, Romania had the possibility to access a variety of European funds in order to develop its rural areas.

According to the World Bank measurements, in 1960 in Romania the rural population consisted of 65.79% from all the population, and until 2016 it decreased to 45.25%, which means that in Romania the urban and rural population are similar, around 50% each of them, so there is a balance between them (World Bank, 2018). With respect to the administrative organization of Romania's territory, we find out that there are 8 development regions (at the regional level), 41 counties plus Bucharest Municipality (at the county level), and at the local level there are 8 metropolitan areas, 217 cities, 103 municipalities, 2861 communes and 12957 villages in Romania, in 2017 (National Institute of Statistics, 2018). With the passing of the years, rural and urban areas arrived to have similar percentages of inhabitants, each of them trying to develop from different points of view. The North-Western region, included in our research, is composed of 6 counties and we analyzed communities from 2 of the counties.

### **3. Community development and local identity**

Community development became a fashionable phrase recently, being a topic which is taken into consideration by a lot of authors. Looking over the literature, we identified a series of theories of this concept, most of them explaining the role of community development, but also its assets and functions. By looking at this theories we may understand that community development's assets are based on social, economic growth functions, social participation and control, but also on mutual support (Warren, 1963, p. 13).

In order to understand the process of community development we looked at some definitions regarding this concept. We identified definitions which see this process as an educational one, focused on people's involvement in solving their problems or as a process of gaining some improvements in the community's life. Others considered that community development should be seen as an outcome and not as a process, which can be met in local decision-making and programs which improve the community life and quality of life. Community development may be seen as a process which is based on developing and improving the ability of inhabitants to work together, whose outcome are the collective actions taken and the result of actions for improvement in different domains such as: economic, cultural, social, environmental (Phillips and Pittman, 2009). Putting all the definitions together, we may conclude that community development is a process, which takes place in a certain area, and is initiated by the members of the specific community or by external ones, who take into account the growing of the community, from the economic, social, cultural points of view. In other words, people from the

community may realize that they are confronted with specific problems, and either on their own or by using external help, they initiate different activities in order to develop their community and to increase their quality of life.

Local identity or rural identity in our case is a wide concept, which takes into account different physical and emotional factors from a specific area. This concept is used by the people in order to express their belonging to a community/group. Physical factors include: landscape, buildings, architecture, while emotional factors can be considered human networks, the presence of social capital, the relationship between people, and the common culture (Molnárová *et al.*, 2017).

Rural identity can be found seldom in traditions or folkloric customs, where people can see local or national signs. In some spaces, the cultural elements are created or controlled as a physical environment, in order to attract tourists or investors in the community ((Marsden, Mooney and Cloke, 2006). This rural identity becomes of real interest for many people, especially for inhabitants and local authorities, because in this manner a lot of people are attracted into the community, using their cultural features.

Many times the relationship between community development and local identity or cultural identity, which consists of traditions, and their role in the community development process has being neglected by a lot of authors. From Stacey-Ann Wilson (2015) we understand that the community development process should take into account local identity or cultural identity, because it should be kept and also incorporated in the newest initiative taken in the process. The assumptions of the author are that including local identity and culture in the community development process are related to the social capital, which is an important feature in the process, which can't be left outside. Also, the identity is composed of the traditions, values, and common understandings of the inhabitants, those being important components for improving the quality of life of the inhabitants. The author claims that there is a difference between urban and rural in terms of keeping alive the local identity. While the cities are developing using technology and forgetting about the local and cultural identity, the rural areas are developing by using their local identity and culture (Wilson, 2015). By focusing on technology and developing through it, cities forget about their identity and culture and develop using different tools, which in rural areas are not so developed or are not developed at all.

### **3.1. Community development**

While consulting the literature we identified a series of dimension which are taken into consideration in a community development process. Leader Observatory program identified a 'European rural model' of community development which is focused on 5 aspects of communities. The first one, in related to local

diversity, which takes into account that all communities are different, and facing different problems, which of course need different solution. The second one takes into account that rural problems are crossing, which means that problems can appear to a regional level for example, and for this should exist other solutions. The third aspects consist of local identification and mobilization and it assumes that the members of the communities are relevant resources in the process of development, and they should be involved in solving some problems in order to develop the community. The fourth aspect is related to the process of adding values to local resources, whose role is to identify the local resources and the competitive advantage and transform them into key strategic factors and opportunities for communities. The last aspect, the fifth one, is considered to be a new one and it regards the globalization process, and it is called defense against globalization. This looks at the local identity and how it should be developed using quality products and services (Moseley, 2003).

In this study, when we refer to community development, we take into consideration rural development, because in the research part we analyzed some rural communities from Romania. Using a definition provided by Moseley, we find out that rural development is 'a sustained and sustainable process of economic, social, cultural and environmental change designed to enhance the long-term well-being of the whole community' (Moseley, 2003). While the economic part is looking at the production or distribution of goods or services, the social part takes into account the presence of an increased level of social capital, the cultural part is looking at the sources of local identity.

### **3.2. Local identity**

We find out that local identity is composed of a lot of features coming from different domains such as geography, history, culture or politics, extracting from these different characteristics which are important for a community. When we are talking about cultural identity we think of a set of values or symbols which are present in a community in our case, and those values are important for the inhabitants, being considered rules, but unwritten ones. This legacy of the community is kept alive by transmitting it from generation to generation. Cultural identity of a community describes us that community, its past, but also how it started, what values or symbols characterize that community but also its inhabitants. Furthermore, we can understand the inhabitants of the community by understanding or knowing their culture. Historical identity is related to the cultural one, and it looks at the past of the community.

Geographical identity looks at the natural landscape and people's creations. Thought this dimension we can observe what impact have people over the land-

scape, but also how they use the landscape in order to create their settlement. The cultural geography can tell us a lot about the past of the community, but also about the inhabitants.

Looking over the literature, we saw that the majority of the authors wrote about national identity. Smith identified some elements of national identity such as the territory, the community, the inhabitants, but also a series of common values, culture, ideologies and traditions, all of these forming the national identity and defining a nation, or a community (Smith, 1991).

Many authors considers that culture and history are part of the local identity, and these two aspects increases the quality of people's lives, furthermore, these two elements being considered important tools to be used in the process of community development, developing the social and economic skills of the community, but also having a role in designing the community future.

In his article, Alan Kay considered that culture and history are tools of community development process, used by the inhabitants in participatory arts projects, these being part of local identity. The author claims that the art can determine people or groups of people to become more aware about their role in the community, moreover, they become more employable, more active and involved in the community, all of these been given by the art, which in this case it refers to fine and high arts, or to produced artefacts. The author looked at four art projects in Scotland and found out after his research that the art has a positive impact over the revitalization of an area in terms of economic, social, environmental and cultural aspects. The findings of the research highlight that art is important in increasing individuals' personal development by improving their confidence, skills and motivation, but also in social development, improving the local image and increasing the quality of life in the area (Kay, 2000). From this study we understand that art, as a component of local identity has a role in the community development, but it needs to work hand in hand with other component of the community development in order to have positive impacts, but also arts motivate people in working together for their community, in order to develop their cultural features and use them in the community development process, but these activities need to be sustained and encouraged by the local authorities. We want to highlight using this example that the cultural component is important in community development process, and if it is used it can lead to a development of the community.

As an example of how local identity can be understood we chose to briefly present a case study in which is presented a community named Jalos, from Mexico, which has a long history regarding migration to the United States. The study wanted to analyze and understand the local identity of Jalos community, and what does it means. Jalos is a community unified by religion, language, traditions, values, but



also by the migration, people leaving it. Through this study were questioned both people from the community and people who left it, in order to identify why they perceive Jalos as 'home', and why they have a sense of identity regarding it. As findings, the author identified that people want to turn back in their community because of the existing holidays, which are specific to it, but also because they are proud of them and want to make them well known. The existence of those unique holidays is a result of the religious, history and traditions, those elements helping at creating these holidays in the past. A big impact on the community identity has the parish, because it lead to creating different networks both inside the community, but also outside the community, networks which facilitated in this case the community development process (economic and social development especially) (Mirandé, 2014). We may see that looking at the literature review the local identity is connected to the sense of 'home', people having the tendency to link their local identity with the cultural identity of the community, which is given by the traditions, values, customs, etc.

We found out that the people who are involved in different cultural projects and keep the local identity alive tend to be active in different activities such as civic, religious or political, indifferent of their income. Also, people who are involved in these activities for many years tend to participate more than younger people. Furthermore, people tend to be part of their own local identity activities, which are based on traditions and history rather than the modern activities; they prefer to attend events which took place locally and not in other places. Not least, people's involvement in this types of activities which promote local identity express the presence of an increased social capital in the community, it expressing the existence of strong relationship of the community level (Walker, Scott-Melnik and Sherwood, 2002).

Being a part of people, and also a legacy, local identity plays an important role in people's lives and for the community, because this identity makes them feel being part of the community. A huge problem appears in the actual context because of the globalization and because of the development of the communities. In many cases local identity is affected by them and in many cases it is destroyed. People are opposing to the development many times because they are afraid of losing the only legacy and the only good they have. It is not mandatory that during a development process, this legacy to be affected, because, those who are sustaining the development of the community have to understand the importance of it and its role, moreover they have to value it as inhabitants do, because it defines the community and guides it. In our paper, we will look at local identities of the analyzed communities and we will focus on them.

#### **4. Description of the analyzed communities**

We decided to analyze communities from the North-Western part of the country, from two counties: Cluj and Salaj. The communities were selected because they are well known and were analyzed before by the authors. We decided to take into account some indicators before choosing the communities. Those indicators are related to connectivity of them (if they are on a national road or they are isolated), if they are near a city or not, but also, if they have over 3,000 inhabitants. Using these indicators, the authors decided to choose 3 communities from Salaj County, Crasna (isolated, around 6,000 inhabitants), Sarmasag (on national road, around 6,000 inhabitants), Hereclean (near a city, around 3,900 inhabitants). The communities from Cluj County are Mociu (isolated, around 3,300 inhabitants), Bontida (on a national road, around 4,800 inhabitants) and Feleacu (closed to the city, around 3,900 inhabitants).

#### **5. Methodology**

In order to identify some specific aspects related to the community development and the local identity of the chosen communities, we will analyze all the communities looking at the demography, connectivity, infrastructure, key strategic factors, strategic problems, strategic options and strategic concept. In order to conduct this practical part we used data provided by the National Institute of Statistics, but also, where possible, we used the strategic plan of the communities. Communities from Salaj County all of them have a strategic plan, but in Cluj county only one community have a strategic plan. This strategic plan plays an important role for the community development process, because in some ways it guides the community in this process.

In terms of local identity, we have mapped the elements that give identity to the communities, from three perspectives. The first one is the geographical perspective which includes the physical-geographical elements which differentiate the community or area such as: settlement, landscape elements, natural resources, view. The second one, the sociological perspective includes all the particular features of social or ethnic groups. The third one is named the ethno-cultural perspective which includes local culture in a broad sense, such as: traditions, customs, costumes from a specific area, specific folklore, community's history, local myths. We also have followed how communities use these elements in nowadays local development and also the awareness and mobilization opportunities which in the future lead to a transformation of all these features into a competitive advantage.

## 5.1. Demography

From the demographical point of view, we used data provided by the National Institute of Statistics, and we analyzed the number of population during period 2011-2017. For every chosen community we tried to identify a trend. A positive trend which is increasing in the analyzed period is present in Crasna, Hereclean, and Feleacu. For the other communities it is a decreasing in the number of population, but not a huge one. Concerning this aspect, we may see that 2 communities with the same feature – proximity to the city registered an increasing in the number of inhabitants. This can be explained by the proximity to the cities, people migrating from the city to the rural communities for different reasons. Also an isolated community registered also an increasing in the number of population. Even if this community is an isolated one, the increase can be explained by the fact that being a big commune, the access to different services is easier than for other isolated communes with a small number of inhabitants.

## 5.2. Infrastructure

We looked at the infrastructure of the analyzed communities. We took into account the road infrastructure (connectivity to national or European roads, railways, airports, etc.), access to utilities (public lighting, source of heating, sewerage, current water, access to internet, etc.).

Sarmasag community is connected to the European Road E81 (Halmeu-Constanta), but also to the County Road DJ 108F. Also, the community is connected to railways, being a railway hub. In the community there is a current source of running water and sewerage, but there is not methane gas.

Crasna, which is an isolated community, is connected to the county roads DJ 108G and DJ 191C. The current water and sewerage networks are present almost in a proportion of 99%, but the methane gas is present only in a small percentage, only in one village from the commune.

Hereclean, which is near Zalau city, is connected with European Road E81, and it has direct access to railway, same as Sarmasag community. At the level of community, there is a water and sewerage and methane gas distribution.

Bontida is crossed by National Road 1, but also by County Roads DJ 161 and DJ 109, the commune being also a railway node. The water and sewerage distribution are not present in all the villages of the commune, the project being in operation. At the level of the community the methane gas distribution is present.

Mociu commune is situated on the National Road DN 16, but there is not present a railway infrastructure. The water and sewerage distribution are present in 3 villages from the commune, they being in the process of development.

Feleacu commune is situated on the crossing of National road DN1 with European road E 60. There is no railway infrastructure in the commune. There are a few houses which use the current water distribution, because the water infrastructure is not so developed yet. The sewerage infrastructure is not in place in the community.

### **5.3. Key strategic factors**

While analyzing the key strategic factors we looked at the strategic plans of the communities where they were presented in the strategic plans, and where there is not a strategic plan we identified ourselves the key strategic factors. Key strategic factors are the ones that will affect the community over a long period of time. The number of key strategic factors should be no more than 5 and in the following we identified for every community the key strategic factors.

For Crasna, the key strategic factors identified in the strategic plan are community participation, local economic development and the polarization capacity of the adjacent rural area. The first key strategic factor is related to stimulating of local participation in order to identify the competitive advantage and valorization of traditions. The second one is related to a diverse economy which is based on using the competitive and comparative advantage of the commune, while the last one is related to the development of commercial and administrative services (Crasna Strategic Plan).

In Sarvasag there were also identified 3 key strategic factors, which are connectivity, diverse local economic development and quality of life. The first one is related to the access of the community to a European road and railway. The second one takes into account the local economic development based on different sectors such as agriculture, services, industry. The last one is based on the involvement of different nonprofit organizations, initiative groups, and sportive teams which leads to an increased quality of life (Sarvasag Strategic Plan).

The key strategic factors identified in the strategic plan of Hereclean commune are the valorization of the proximity near the Zalau Municipality on long term and quality of life. The first one is related to a common development of the commune and city and the second one is related to the increasing of quality of life through quality services (Hereclean Strategic Plan).

The identified key strategic factors for the Bontida commune are the connectivity with a national road and railway station, the cooperation between public and private sectors (for example in promoting different events) and local economic development through agriculture.

In Mociu, the key strategic factors identified are the local economic development through agriculture and the stimulating of local participation in order to identify the competitive advantage and valorization of traditions (the existing of fair).

Feleacu's key strategic factors are the proximity to the city and the quality of life.

#### **5.4. Strategic problems**

Forwards we will look at the strategic problems of the analyzed communities, because those problems need to be taken into consideration in the future. For Crasna, the strategic problems are identified in the strategic plan and they consist of infrastructure (roads quality, lack of methane gas), local economic development (even if the economy is developed, the investors and inhabitants should focus on other types of activities, for example tourism) and reduced capacity of maintaining quality human resource (because some important sectors such as IT are not present in the community) (Crasna Strategic Plan).

Sarmasag encounters the following strategic problems: the decline of demography because of the migration, the lack of some local products well defined (even if the commune have a lot of industries, they are not known at the regional level because of the lack of publicity) and limited local cooperation (although people are cooperating, they are doing it in a limited way, in different sectors) (Sarmasag Strategic Plan).

The strategic problems identified in Hereclean are marked by the lack of economic attractiveness (there are not so many economic activities), quality of life (not having an increased quality of life people will just sleep in the commune, and all the others activities will took place in the city) and low cooperation between local authorities and inhabitants (Hereclean Strategic plan).

In Mociu strategic problems may consists of lack of human local cooperation (in order to create different agricultural associations), lack of cooperation between local authorities and local farmers in order to promote the fair more, and make it well known at least at the county level.

Bontida strategic problems are related to the road quality infrastructure, low cooperation between local authorities and inhabitants in order to promote their work, lack of promoting local traditions and culture.

Feleacu's strategic problems are related to the infrastructure (quality of roads, sewerage and water distribution), lack of attracting investors (attracting investors, the commune will have jobs and people will work here and will not be obliged to go in the city) (Feleacu Strategic Plan).

#### **5.5. Strategic directions**

The strategic directions take into account the understanding of strategic problems and the sources of competitive advantage, and based on them, the strategic options are created for a long term. For each community we will describe the strategic directions.

The strategic options established in the Strategic Plan of Crasna are: coherent development of local economy, encourage the development of integrated tourism,

developing a territorial marketing strategy, continuous development of quality of life indicators and measures to limit social exclusion but also to integrate disadvantaged groups into community (Strategic Plan of Crasna). All of these strategic directions are established in order to strengthen the networks between inhabitants but also between them and public authorities, but also to keep the people into the community and to develop the community from the economical point of view.

Sarmasag's strategic options present in the strategic plan are related to the increasing quality of life indicators, create a diverse economic development, increase the level of cooperation inside the community but also to develop a marketing strategy (Strategic Plan of Sarmasag). Through these strategic directions, the community can solve its strategic problems and can develop by solving them.

In the Strategic Plan of Hereclean, the identified strategic directions are industry services and agriculture, infrastructure, administration and private services, education, culture and social services (Strategic Plan of Hereclean). We can see that the strategic directions of this commune are different from the first communes, because of its proximity to the city. Those strategic directions are related to the infrastructure, because being near the city, a lack of infrastructure development may determine people to move in the city.

In Mociu, the strategic directions could be attracting young people in the community, increasing the capacity of local authorities in order to write projects for financing, developing the community cooperation.

Bontida's strategic directions identified by us are related to the infrastructure, improving the relationship between public authorities and community, improving the administrative capacity of the town hall employees.

For Feleacu commune, the strategic directions established in the Strategic plan are related to the infrastructure, improving the department related to the attracting European funds, developing the business environment, rehabilitation of some public buildings and improving the social networks from the community (Strategic Plan of Feleacu). As we can see, those objectives are similar to Hereclean commune, both of them being characterized by the proximity to cities.

By analyzing the demography, connectivity, infrastructure, key strategic factors, strategic problems and strategic options, we may be able to say that all the communities are passing through a development process, all of this dimensions being part of the development process. In the literature we identified 5 aspects which are relevant for communities. One of them being the rural problems that the rural is crossing and related to this we have identified the strategic problems and strategic directions. Another dimension is the process of adding values to local resources and related to this one we looked at the key strategic factors. Another aspects is related to the community identification and mobilizations, and for this one we looked also at the key strategic factors and infrastructure. Local

diversity dimension was explained by the infrastructure and connectivity, but also demography, all of these showing the differences between the communities. The last argument takes into consideration globalization this being related to the local identity. Above, we concluded that the local identity is taking into considerations different features from different domains, but in this case we choose to look only at the culture and traditions of the communities, in order to identify their local identity, which help the communities to develop. For each commune we will try to present briefly a part of their history, culture and traditions, this being a topic that will need another research. We will present the year when the communities appear, which are their important historical monuments and the traditions for those communities in which there are kept some traditions.

Crasna commune was mentioned for the first time in history in 1213, during the time its name being changed for many times. As historical monument, in Crasna we can visit the Reformed church build in 14<sup>th</sup> century and the monument from the front of the Romano-Catholic church, named "Cserey Farkas". In commune, there are 4 folkloric dance bands, 4 theater teams, they being known at the international level. The community has its own cultural events (around 3 annual events), whose role is to keep alive the traditions, the traditional costumes, but also to put together the inhabitants in order to socialize, but also to work in team and voluntary, because those events are organized by local associations in cooperation with local inhabitants. Another important aspect of the community, related to diversity is marked by the presence of different confessions (around 10 different confessions). This diversity creates smaller cultures, by their involvement in the community. For example one of the two reformed priest has the archpriest rank, this rank attracting a lot of people in the community for the local church. We may say that the local identity of the commune is known by its inhabitants, but they didn't value its importance because they are used with it, but for people from outside their community can be considered a special one.

Sarmasag was mentioned for the first time in history in 1355 under the name "Sarmasagh". The cultural wealth of the commune is marked by the presence of Hungarian poet Ady Endre, who was considered one of the most important poets of 20<sup>th</sup> century. His house named "Sera home" is a tourist objective today and a sculpture of him is found in the reformed church yard. Also, in the commune there is "Kemeny Mension" which was built in 1745, nowadays being a library, museum and a place where took place cultural activities. Other mansions such as "Gencsi" build in 18<sup>th</sup> century and "Leitner" build in 1863 can be visited. Reformed church is also a touristic objective, it being built since 1806. We have to mention that this community has a past in mining industry, it being an important source of coal. In the commune there is a cultural association which's objective is to promote and organize cultural events or art expositions. At the level of the community if func-

tion a folkloric dance band. There are also specific holidays which took place every year in the commune, the most known ones being Hungarian Culture days, Wine Festival, etc.

Herecelan appear in the history for the first time in history in year 1415, under the name Harakyan, it being under Hungarian occupation. In this commune there are historical monuments such as: monument of Michael the Brave, The Wooden church "The Archangels", and Sebes Mansion. Concerning the local diversity, in the commune there are nine churches, for different confessions (orthodox, reformed, catholic). A significant event is related to the commemoration of the Battle of Michael the Brave. Within the commune there are two natural reserves, "Stejerisul" and "Stejerisul de balta", both of them having a touristic potential. Also, in all the villages there are celebrated the Village days, when people came together and celebrate theirs villages.

Mociu is mentioned for the first time in history in 1219 with the name "villa Mochy". Also, the diversity of the commune is marked by the various confessions existing here (around 8 confessions). As touristic objectives, there are 4 churches, 2 of them being from wood and 2 of them being from the 14<sup>th</sup> century, and a heroes' monument. Also, there is an ornithological reservation Lake and Valley of Law. In the commune there are organized different festivals such as "Seek Fair" and "Game on the plain", both of them being organized every year, but also there are some folklore festivals. A legacy in this commune consists of traditional costumes which are specific to the communes. Also, the commune has a folkloric band dance.

Bontida appears for the first time in history in 1263, under the name "Terra Bonchhyda". The most known touristic objective from the commune is Banffy castle, build in 1652, but also "Dujardin" Mansion (18<sup>th</sup> century) or Monumental ensemble from Tauseni, "Signs to heaven for rain and rainbow", Ethnographic museum Kallos Zoltan-Crossroads, or memorial house of Alexandru Chira. There are some relevant personalities which should be mentioned, such as Miklos Banffy, an Austro-Hungarian politician, but also Lajos Farkas and Stefan Emilian university professors. The community has its own folkloric dance band which became known at the international level, not only at the national one. Every year, in Rascruci village took place a camp which promoted folkloric dances, especially the ones which are specific to the commune. As local events, we have to mention "Electric Castle Festival" which took place in Banffy Castle and it took place every year starting with 2013, the event being know at the international level. Every Sunday in the month took place local fairs. Also, there are organized events every year, such as "Castles Days" or "Commune sons".

Feleacu commune was mentioned in history, for the first time in 1367. As touristic objectives we can mention the Orthodox Church which was built in 1681, natural reservation "Morilor Valley" and Feleacu ski slope. The diversity of the



community is marked by several confessions (orthodox, Greek-Catholics, Roman Catholic, Reformed, Baptist, etc.).

## 6. Conclusions

The aim of this paper was to analyze different rural communities from North-Western Region of Romania, looking at their development process, which we assumed that it was possible within different ways, but also with the usage of local identity.

Firstly, we looked at the demography of the chosen communities, and we noticed that communities which are in the proximity of a city have an increased number of population. This can be explained not only by the access to better service, but also because cities tend to grow more and more, and they don't have enough space for this growth, so they are obliged to grow with the help of surrounding communities. Practically, we have here a simultaneous growth of cities and communities because of the lack of space in cities and the free space of rural communities. Urban has a big influence over the rural, because in same manners it produces different changes, for example the urban influences the rural in improving public services' quality, but also there can be negative examples, such as, people will tend to live in rural areas because of the lack of space in the urban, but all their activities will take place in the urban area.

Then, we looked at the infrastructure of communities, in terms of road infrastructure and access to utilities. We couldn't identify some patterns in terms of proximity to the city, or isolated communes, because the situation in this case is a controversial one. Sarvasag, which is not near to the city, but neither isolated, is connected to a European Road, but it is also a railway hub, and in terms of utilities it is developed. Crasna, which is a relatively isolated commune is connected to some county roads, and in terms of utilities is similar to Sarvasag, both of them having access to water and sewerage distribution, but not to methane gas. Herecelan, which is in the proximity of city, from the utilities point of view it is developed, having methane gas too, but also being a railway hub too.

Looking at the communities from Cluj County, we can observe that Bontida is the only one which has access to railway. Regarding the access to utilities all 3 communes, have not developed their water, sewerage and methane gas in totality. Even if Feleacu is close to a big city, the access to infrastructure is not so developed, one explanation being that city developed with others communities around it such as (Baciu, Floresti, Apahida), and Feleacu was not in their attention until now.

Regarding the key strategic factors we tried to see what will affect communities over a long period of time, and for many of them we saw that cooperation is not so well developed between inhabitants, but also between them and public au-

thorities. Increasing the cooperation and stimulating it in communities is the most valuable good, because once that at the level of community there is an increased social capital people will want to cooperate, to do things together, and to associate in order to enterprise different activities. Another aspect that should be taken into consideration is related to local economic development which can be stimulated in various ways, but also it should be sustained by local authorities in order to help people to develop different businesses. Connectivity is another aspect which should be taken into consideration, because this connectivity not only that attract people to leave here, but also attract investors which will want to open their business in an area which is not only connected to important roads or railways, but which has also access to utilities.

Looking at the strategic problems we wanted to highlight the most important things that needs attention, because they will affect the community. The common problems identified are related to the infrastructure (road and utilities), but also to the social life of inhabitants, here talking about theirs relations, networks and cooperation. We may say that in isolated communities, there is an increased cooperation and an increased level of social capital, because people tend to help each other and cooperate in order to do something, while we compare with communities which are in proximity of the city, where people tend to go in the city for solving their problems and the social capital is very low or is missing, the same being with the cooperation. If we look at the cultural events which happens every year, in communes such as Feleacu and Hereclean we don't have this type of events, because the traditions was lost because of the proximity to the cities.

We have also seen that communities have a competitive advantage, and if they don't have it or didn't realize that they have it, they can create their own competitive advantage in order to develop. Having a competitive advantage and transforming it into a strategic direction will lead the community to a process of development, but also will make it well known by others, and all of this will lead not only to an increased economy, but also to an increased level of trust of inhabitants in their community and in theirs forces that they can to something better or different.

In order to understand why those communities developed through or with the help of local identity, and which the role of local identity is, we shortly analyzed the communities, looking at their past and culture. What we have noticed is the fact that proximity to the city has a big influence over the traditions and culture or the communities, in our case, Feleacu and Hereclean, which comparing with the others communities lost their traditions. With other words, cities lead to loosing traditions in the villages which are in the proximity, because they tend to develop once with the city, and lose their own values and take from cities values.

Isolated communities have preserved best theirs traditions and values, maybe because other influences from the outside was hard to enter in the community,

but also because, being isolated people lived as they was learn in the past, valuing theirs legacy which was left by theirs predecessors. In rural communities, culture and values are the most important things, of course the church being another valuable thing. Church put together at least once o week people from the community, and after the celebration people can talk to each other. Also, in this type of communities, the level of social capital being increased, because people know each other and they have relations based on trust and cooperation. Based both on the theoretical and practical part we are able to answer to our research questions. As we find out from this research paper, community development is a process thought a community increased its quality of life, by improving different aspects such as economic, social and cultural. The last component, culture, we assume that it is given by the local identity, which is characterized by physical and emotional features citation traditions, customs, holidays in our case forming the emotional feature. In a community development process, local identity is an important piece, because it defines the community, it is the link between people from the community and other members which left the community, but thought this local identity they are still linked to their community. Also, local identity defines the community and help people to understand it and value it. For the community local identity as we stated before is the link between people, but also it determine people to cooperate and work together in order to maintain it, but also to value it and make it visible for others. In our case, local identity can be identified by looking at the customs, symbols and holidays from every community, those forming the local identity, they being considered as business card of the community. In our view, local identity influence community development, because in those cases in which it exists, the community development process are more easily to spread and also, it can be the base of the process, community development happening around the local identity.

What we wanted to do with this paper was to present different communities with different stories and different features, but which develop almost in the same manners because of their connectivity, proximity to the city of isolation. We want to continue this article and analyze each community by looking at their local identity in order to be able to write down their own story. In the end, we wanted to highlight the importance that local identity has in the community development, but also, that knowing and valuing the local identity, communities can attract more people in order to visit them, or even staying here, because what really matters is the sense of home, and people want an increased quality of life, and in some cases it can be more easy to find in rural areas, which are described by beautiful landscape, increased social capital and unique stories, traditions and values which make rural communities to be different.

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# THE CHALLENGES OF ANTICORRUPTION IN A DEMOCRATIC SOCIETY. ROMANIA – PITFALLS AND ESCAPE ROUTES

Laura STEFAN

**Abstract.** Corruption and anti-corruption have been central to the debates about pre and post accession reforms of the public sector in Romania. For neighboring non-EU countries the challenges and pitfalls encountered by this young EU member state are extremely relevant. After the adoption of relevant legislation and the set-up of anti-corruption institutions Romania moved to the implementation stage. As criminal investigations reached the courts, challenges regarding the appropriate scope of the criminal offence of 'abuse of functions' and its interaction with the other forms of liability for political officials arose. In the area of evidence gathering wiretapping and more generally the role of intelligence services in relation to the criminal justice system were also highly disputed. These issues reached the Constitutional Court which, through a series of decisions, clarified the concepts under dispute and made use of standards established by the Venice Commission. Rather than having a political solution to these public policy debates, Romania has opted for a legalistic approach relying on the Constitutional Court. Countries in the region could learn from the Romanian example that it is preferable to deal with these sensitive issues while the international leverage pro-reform is still high rather than leaving them unresolved for a later stage.

**Keywords:** anticorruption, wiretapping, abuse of functions, immunity, Venice Commission, GRECO, Constitutional Court of Romania.

## Laura STEFAN

PhD candidate, Faculty of Political, Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania;  
Anti-corruption expert, Expert Forum (EFOR)  
Bucharest, Romania  
Email: [laura.stefan@expertforum.ro](mailto:laura.stefan@expertforum.ro)

## **1. Introduction**

For countries in Eastern Europe corruption is a serious problem. Year after year respondents to the Eurobarometer in the EU say that this is one of the most pressing issues in their societies. Governments and legislators are searching for policy solutions while the citizens are demanding better performance from the judicial authorities.

The situation is even darker in the countries that are still not part of the EU such as Serbia, Moldova or Ukraine. Discontent with the political leadership has fueled street protests in demand of quick fixes and harsh sentences against graft. Politicians now have to make a choice between introducing serious reforms that would allow law enforcement and the judiciary to independently prosecute and adjudicate corruption cases and keeping the status quo with a hope that protests in the society would fade out. Skepticism and disappointment are on the rise particularly in countries where there is a low trust in the state and the longer it takes for solutions to be pushed forward, the deeper the social cleavage.

## **2. Romanian background**

For the Eastern European and the Western Balkans countries regional experiences in the anticorruption field are particularly relevant and Romania is one of the reference points. In the past 15 years, Romania has embarked in a large-scale process of concomitantly reforming the judiciary and tackling high-level corruption. This 15 years development allows observers to notice both successes and failures of anticorruption policies, traps to avoid and tips to overcome challenges. Before accession to the EU rampant grand corruption and deficient functioning of courts and prosecutors' offices were on the list of most stringent problems to be addressed by the Romanian government.

EU accession was widely agreed upon by the most significant political actors. With this goal in mind, successive governments and legislatures have adopted legal and institutional measures to help advance reforms in these two areas. International conventions in the field were signed, ratified and transposed into national legislation and anticorruption institutions were set-up. The National Anticorruption Prosecution office (DNA from here on) was created in 2002, the National Anticorruption Direction in the Ministry of Internal Affairs in 2005 and the National Integrity Agency in 2007.

The DNA has very distinctive features in the Romanian prosecution landscape – it brings together under one-command prosecutors, police officers and specialists in various fields. The DNA was also equipped with a wiretapping terminal, but still dependent on the wiretapping infrastructure managed by the National Intelligence Service. Surveillance equipment was also put at the disposal of an-

ticorruption prosecutors. The idea behind was that this peculiar organization of a prosecution office should have all the necessary tools and human resources to be able to act independently from other state bodies – an important element in a country struggling with widespread corruption.

The idea of creating ‘islands of integrity’ led to the set-up of the National Anti-corruption Directorate in the Ministry of Internal Affairs. This new unit was meant to have competences over the entire staff of the Ministry and to take over investigative tasks in the field of anticorruption from the Internal Protection and Intelligence General Directorate from the same Ministry. Again, this represented a step towards setting clear boundaries between proper judicial investigations of corruption and intelligence gathering for non-judicial purposes.

The National Integrity Agency in charge of checking declarations of assets and interests of public officials only came to life mid-2007, after accession to the EU. While the disclosure forms were introduced as early as 1996 (for declarations of assets) and 2003 (for declarations of interests), the convoluted and inefficient checking mechanism in effect until 2007 limited their impact on preventing corruption.

Romania joined the EU in 2007 with little more than legislation adopted, institutions set-up and promises that reforms will be continued post-accession. Between 2000 and 2004 the country adopted legislation and has set-up some of the institutional infrastructure. Serious criminal investigations against high-level corruption started back in 2005 and for the first time in Romanian history top officials – prime-minister, ministers, members of Parliament, mayors, local councilors, judges, prosecutors, law enforcement senior officers – were asked to account for the use of public budgets and the exercise of their public duties. Building professional and unbiased investigations was at the core of the anticorruption prosecution office activity. However, at the time of accession, high-level corruption files did not reach the end of the judicial process yet, investigations of corruption in the Police followed a similar path, while in terms of real checks of unjustified enrichment, conflicts of interests and incompatibilities, Romania was still pondering between various institutional solutions.

This deep uncertainty led to the establishment of the Cooperation and Verification Mechanism (CVM) – still in effect today, 11 years after accession. The CVM is a unique creation of an open-ended post-accession monitoring tool for two member states – Romania and Bulgaria. It was a compromise solution that allowed these two countries to enter the Union, though reforms were far from being completed, on the assumption that once on a good track progress will continue post-accession. The four benchmarks adopted for Romania through a European Commission decision (European Commission Decision 2006/928/EC) were:

- Ensure a more transparent, and efficient judicial process notably by enhancing the capacity and accountability of the Superior Council of Magistracy;

- Report and monitor the impact of the new civil and penal procedures codes;
- Establish, as foreseen, an integrity agency with responsibilities for verifying assets, incompatibilities and potential conflicts of interest, and for issuing mandatory decisions on the basis of which dissuasive sanctions can be taken;
- Building on progress already made, continue to conduct professional, non-partisan investigations into allegations of high-level corruption; and
- Take further measures to prevent and fight against corruption, in particular within the local government.

The reality post-accession proved that caution of the European Commission was justified. Romania has undergone profound political crisis mainly linked with the anticorruption agenda – two Presidential impeachments in 2007 and 2012, constant political turmoil around legislative proposals deemed to weaken the legal infrastructure used by courts and prosecutors’ office, deep social cleavage between supporters and critics of the anticorruption campaign. As grand corruption files came closer to completion in courts, the tension increased – with a peak in 2012 when the ex-prime minister Adrian Năstase was sentenced to jail time. This was one of the first high-level corruption convictions and opened the door for many more in the years to come. At present the emphasis in the judiciary moves towards the recovery of proceeds of crime in response to public demand and journalist investigations showing that corrupt officials place their ill-gotten assets in apparently safe havens.

In the heat of the anticorruption campaign questions started to arise as to what kind of behaviors should be dealt with by the criminal justice system as opposed to other accountability mechanisms. The mirage of a system finally able to produce tangible results – convictions to jail time and confiscation of assets – raised the public expectations to unrealistic levels. Almost all aspects of bad management are seen from the lens of criminal behavior, while the other administrative verification bodies and tools to improve governance mechanisms are lagging behind. In addition to that, a long-awaited discussion started about the role of intelligence services in a democratic society, particularly their involvement in the criminal justice. Rather than through legislative solutions adopted by the Parliament, it was the Constitutional Court of Romania (CCR) that pushed for reforms particularly in the area of rule of law and separation of tasks between law enforcement and intelligence. The two debates are presented in the next two chapters.

### **3. Abuse of functions case study**

In the attempt to tackle corruption and its transnational implications, the international community has adopted several legal instruments covering both substantive and procedural issues. The Council of Europe has adopted in 1999 two



conventions in the field – the Civil law convention against corruption and the Criminal law convention against corruption – and in the following years several resolutions on related topics (Council of Europe Recommendation no. R (2017) 2, Recommendation no. R (2003) 4, Recommendation no. R (2000) 10 and Resolution (97) 24). The most encompassing is the United Nations Convention against Corruption adopted in 2003 (United Nations, 2004).

The Council of Europe Criminal Law Convention takes a narrow view at what incriminations fall under the definition of corruption:

- active and passive bribery of domestic and foreign public officials;
- active and passive bribery of national and foreign parliamentarians and of members of international parliamentary assemblies;
- active and passive bribery in the private sector;
- active and passive bribery of international civil servants;
- active and passive bribery of domestic, foreign and international judges and officials of international courts;
- active and passive trading in influence;
- money-laundering of proceeds from corruption offences; and
- accounting offences (invoices, accounting documents, etc.) connected with corruption offences.

The United Nations Convention against Corruption (United Nations, 2004) opts for a different and more encompassing approach. The signatory states must incriminate: bribery – of national and foreign officials; embezzlement, misappropriation or other diversion of property; money laundering; and the obstruction of justice. However, signatory states are only invited to consider if they should incriminate: trading in influence; abuse of functions; illicit enrichment; bribery in the private sector; and embezzlement of property in the private sector.

For the purpose of this case study what is relevant is that for Romania, a state party to all the above-mentioned conventions, incrimination of abuse of functions is optional. Abuse of functions covers the situations where the public official obtains a benefit by exercising his or her function in breach of the legislation: ‘Each State Party shall *consider* (emphasis added) adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, the abuse of functions or position, that is, the performance of or failure to perform an act, in violation of *laws* (emphasis added), by a public official in the discharge of his or her functions, for the purpose of obtaining an undue advantage for himself or herself or for another person or entity’ (United National Convention Against Corruption, art. 19).

By its nature, abuse of functions or position is vaguer than the other incriminations in the UNCAC as it tries to capture illegal behaviors that escape the narrow definitions of other corruption crimes. In practice this vagueness generates differ-

ent interpretations from judges and prosecutors that bring into question the predictability of the incrimination. In criminal law, in order for an incrimination to be deemed constitutional, an essential element is that it is predictable, meaning that all citizens, not only lawyers, should be able to understand if a certain conduct is susceptible to lead to criminal liability. No one should be held accountable if s/he could not have understood from the legal norm that her/his actions were punishable.

The main issue at stake is how to differentiate between situations when criminal liability should be raised for actions of public officials and situations when political responsibility is the proper accountability mechanism for public decisions. In other words, how to delineate between what is illegal and should be punished and decisions that are simply unpopular or bad that should not entail other sanctions than the electoral ones? Moreover, not all illegal decisions are necessary leading to criminal sanctions – legal systems around the globe know various types of responsibility in addition to the criminal one such as civil, administrative or disciplinary liability. In essence the question is how to efficiently police crimes while allowing public officials enough space for conducting their public functions, for making decisions without fear of prosecution? If a proper balance is not reached, fear of prosecution will generate a blockage in the executive power and a counter-selection of individuals willing to take upon themselves public functions.

This issue was at the core of a landmark Opinion issued by the Venice Commission in 2013 on the relationship between political and criminal ministerial responsibility. The authors are exploring not only the set of objective criteria for criminal liability of ministers, but also touches upon the broader issue of the relationship between legal liability and political liability of elected officials.

For ministers, the Venice Commission notes that in Europe there are often special rules for ministerial liability – both substantive (special crimes that may only be committed by ministers) and procedural (special procedures that should be followed in the investigation of ministers). The procedural rules usually involve a process of immunity lifting that is more political, rather than legal. Though a political element is acceptable in this process, immunity should not equal impunity for ministers: ‘more often the special procedures make it more difficult to initiate cases, creating a political threshold, which may in effect function as a kind of procedural immunity, which is also a challenge under the rule of law’ (Venice Commission, 2013, paragraph 22).

When it comes to special crimes committed by ministers, the Venice commission notes that ‘the political approach may also be substantive, as for example when the rules on ministerial criminal responsibility open up for assessments that are of a more “political” nature, as opposed to ordinary criminal law assessments, as for example when the issue at stake is whether a minister has broken a constitutional obligation towards Parliament’ (Venice Commission, 2013, paragraph 24).

In other words that the Parliament becomes the evaluator of whether the minister behaved correctly in his/her position or in fact has breached his legal obligations so severely that criminal liability should be entailed. The Venice Commission notes that for elected officials and ministers there might be a legitimate need to allow for some degree of political decision in relation to investigations of crimes committed in relation with the office as these investigations are bound to have a very serious impact on their political career, but that this should not translate into a de facto blockage of investigations.

This is also relevant in Romania where ministers and members of Parliament enjoy immunity either against criminal investigations for crimes committed in relation to their office (ministers) or against search, arrest or 24 hours arrest irrespective of the crime (members of Parliament). If a person is both a minister and a member of the Parliament, s/he enjoys both types of immunity. Fierce public debates arose around the practice of the Parliament of subjectively deciding to lift or not to lift the immunity of ministers accused of committing crimes in relation to their functions. In the CVM reports the European Commission called for the establishment of an objective mechanism for decisions in these cases: 'Adopt *objective criteria* (emphasis added) for deciding on and motivating lifting of *immunity* (emphasis added) of Members of Parliament to help ensure that immunity is not used to avoid investigation and prosecution of corruption crimes. The government could also consider modifying the law to limit immunity of ministers to time in office' (Report from the Commission to the European Parliament and the Council on Progress in Romania under the Co-operation and Verification Mechanism, 2017). But such a mechanism has yet to be approved by the Chamber of Deputies and the Senate. The Group of States Against Corruption (GRECO) too has issued a recommendation that 'the system of immunities of serving parliamentarians, including those who are also members or former members of government, be reviewed and improved, including by providing for clear and objective criteria for decisions on the lifting of immunities and by removing the necessity for prosecutorial bodies to submit the whole file beforehand' (Group of States Against Corruption, 2017). This recommendation is not yet implemented.

The key finding of the Venice Commission is that 'criminal proceedings should not be used to penalize political mistakes and disagreements' (European Commission for Democracy through Law, paragraph 106). Political decisions may be questioned and fought against by the opposition and the society at large but should not lead to criminal liability. Tempting as it might be in societies where democracy is still in young, the criminal investigation route should not be used as a shortcut to substitute strong political mechanisms: 'Procedures of impeachment or other criminal charges should not be used against political opponents for political reasons, but should be invoked only in those few and extraordinary cases in which the min-

ister is suspected of a clear breach of law' (European Commission for Democracy through Law, paragraph 77).

In fact, these democratic mechanisms will not grow organically unless they have an opportunity to manifest themselves. Bad decisions should be sanctioned by the electorate and the opposition, not by prosecutors and criminal courts: 'It is important for democracy that government ministers have room for maneuver to pursue the policies that they are elected to do, with a wide margin of error, without the threat of criminal sanctions hanging over them. In a well-functioning democracy, ministers are held responsible for their policies by political means, not by resorting to criminal law. (...) In some countries there are special rules on criminal responsibility for offences that only government ministers may commit, such as the breach of constitutional and other legal obligations inherent in the office as minister. The Venice Commission considers that this in itself is not problematic. If a minister gravely breaches a clear constitutional obligation this may have serious consequences for the political system and the public interest, and may legitimately be categorized and treated as a criminal offence. However, to the extent that the constitutional obligation is of a more political nature, then this should first and foremost be sanctioned as an issue of political responsibility, and criminal charges should be considered only as the last resort (*ultima ratio*), to be used only for particularly grave [and clear offences against objective interests of the democratic state])' (European Commission for Democracy through Law, paragraph 79 and 98).

With regard to the particular case of the incrimination of abuse of functions, the Venice Commission notes that 'most of the countries which criminalize abuse of office consider as a necessary condition *benefit* (emphasis added) – personal or of other persons – or *damage* (emphasis added) – or the *intention* (emphasis added) to obtain them' (European Commission for Democracy through Law, paragraph 49). Estonia has repealed this incrimination in 2007 following a European Court of Human Rights decision (ECtHR, Case Liivik v. Estonia, Strasbourg, 25 September 2009) because of the lack of clarity and predictability of the text. While the crime of abuse of functions is applicable to all public officials – civil servants, elected officials and ministers – special attention should be devoted to delineating between the cases where truly criminal liability should be raised with regard to political figures as opposed to those where political liability is sufficient. The scope of application of this incrimination should in fact be different for regular civil servants and elected officials as the former hold no type of political accountability. The Venice Commission urges that the incrimination of abuse of functions in the case of political officials should be used only as *ultima ratio* and thus 'should be interpreted narrowly and applied with a high threshold, so that they may only be invoked in cases where the offence is of a grave nature, such as for example serious offences against the national democratic processes, infringement of fundamental rights, vi-

olation of the impartiality of the public administration and so on' (European Commission for Democracy through Law, paragraph 102). Criminal liability for abuse of functions in the political environment should apply only for intentional or gross negligence cases and if the criminal deed was committed to obtain a benefit. Sanctions for these crimes should be below the sanctions for regular corruption crimes.

In Romania abuse of functions has been incriminated in various forms since 1865, but debates around this incrimination gained a higher profile since 2013 as more and more cases reached the courts. The leading jurisprudence on abuse of functions is mainly generated by DNA investigations on high-level corruption – the statistics presented below (in Table 1) are gathered from the DNA annual reports. They do not reflect the investigations on abuse of functions conducted by other prosecution offices with regard to suspects that do not fall under the definition of high-level corruption.

**Table 1.** Statistics regarding the activity of DNA

Year	Number of indicted crimes of abuse of function against private interests (Criminal Code)	Number of indicted crimes of abuse of function against public interests (Criminal Code)	Number of indicted crimes of abuse of function against public interests (art. 17 lit. d, Law 78/2000)	Number of indicted crimes of abuse of functions against public interests (art.13 <sup>2</sup> of Law 78/2000)	Total number of indicted crimes	Percentage of abuse of functions out of total number of indicted crimes
2017	0	2	0	213	1588	13.53
2016	0	12	0	378	2275	17.14
2015	0	10	0	601	2374	25.73
2014	0	48	0	464	2472	20.71
2013	0	9	5	268	2526	11.16
2012	0	19	4	115	1924	7.17
2011	0	13	7	235	2560	9.96
2010	203	14	1	141	1870	19.19
2009	0	24	9	167	1097	18.23
2008	0	72	18	141	1304	17.71
2007	0	0	28	46	958	7.72

Source: Data collected from DNA Annual reports and compiled together by the author

The constant increase of the numbers of abuse of functions crimes investigated by the prosecutors and the political profile of most of the suspects in DNA cases have led to a serious discussion in Romania as to the scope and limitations of this incrimination. In the Criminal code, article 297, abuse of functions is defined as:

- '(1) The action of the public servant who, while exercising their professional responsibilities, fails to implement an act or implements it faultily, thus caus-

ing damage or violating the legitimate rights or interests of a natural or a legal entity, shall be punishable by no less than 2 and no more than 7 years of imprisonment and the ban from exercising the right to hold a public office.

- (2) The same punishment applies to the action of a public servant who, while exercising their professional responsibilities, limits the exercise of a right of a person or creates for the latter a situation of inferiority on grounds of race, nationality, ethnic origin, language, religion, gender, sexual orientation, political membership, wealth, age, disability, chronic non-transmissible disease or HIV/AIDS infection.'

Apart from the public debate, challenges were lodged to the Constitutional Court of Romania (CCR) that was asked to assess the constitutionality of the existent incrimination. The CCR has issued several decisions on this topic reasoning along the same lines with the Venice Commission. The most relevant is the Decision no. 405/2016 where the Court applies the *ultima ratio* principle to the incrimination of abuse of functions. The decision of the CCR revolves around the wording 'while exercising their professional responsibilities, fails to implement an act or implements it faultily' in an attempt to set a threshold for criminal liability and to differentiate between other forms of liability – administrative, disciplinary or civil. The Supreme Court in its opinion shows that the notion of faulty is understood in practice as any behavior that contravenes with 'a law, a regulation, or the job description' (Constitutional Court of Romania, Decision no. 405/2016). The CCR found this possible interpretation of the legal text is too wide and this means that this incrimination lacks clarity. In its view in order for the predictability requirement to be fulfilled, the interpretation should be limited to breaches duties set by the primary legislation.

Going forward with the reasoning, the CCR shows that not all breaches of legal duties lead necessarily to criminal liability. Similarly with the Venice Commission the CCR recalls that criminal liability should act as *ultima ratio* only for breaches that are serious enough and that cannot be settled by applying other types of liability. Moreover, the fact that other forms of liability are not efficiently applied is not in itself sufficient to apply criminal liability. In other words the state should take steps to improve performance in all oversight and control areas and should not use the criminal justice system as a panacea for all inefficiencies in the administration (Constitutional Court of Romania, Decision no. 405/2016).

In the early days of 2017 the Government has adopted the Emergency Ordinance no. 13/2017 (EGO no. 13/2017) that was weakening the legal framework relevant for the anticorruption fight. Following several weeks of massive street protests the Government decided to abolish the act. The anticorruption prosecutors have opened an investigation with regard to the adoption of EGO no. 13/2017 and this decision was challenged to the CCR by the Speaker of the Senate who claimed that this was a breach of competences by the prosecutors thus generating a legal

conflict of constitutionality bearing between state powers. With this occasion the CCR explored the limits between political liability and criminal liability of elected officials, using again the arguments of the Venice Commission.

In the Decision no. 68/2017 the CCR found that indeed prosecutors have overstepped their competences in attempting to investigate the adoption of the unpopular EGO no. 13/2017. In its reasoning the CCR shows that the Government's right to adopt primary legislation in the form of emergency ordinances cannot be censored by prosecutors through investigations for abuse of functions. Prosecutors continue to be entitled to investigate concrete corruption or other offences committed in relation with the adoption of legislation – for example bribe taking for promotion of amendments where the landmark decision in the case of the MEP Severin is still relevant (Traicu, 2016). By contrast, individual administrative acts might be questioned through a criminal lens if they are issued in breach of primary legislation. Moreover, the CCR is the only authority entrusted with the verification of the constitutionality of primary legislation and this task may not be undertaken by the prosecutors. In other words, unpopular public policy decisions escape the concept of criminal liability and might only be challenged via political mechanisms – either in the Parliament when the emergency government ordinances are discussed and approved or in the street by the citizens.

Later in 2017 the anticorruption prosecutors began investigations regarding the transfer of real estate through a government decision allegedly in breach of the applicable legislation. Again the Speaker of the Senate has challenged this to the CCR asking the court to establish again that the prosecutors overstepped the limits of their competence. In the Decision no. 757/2017 the CCR has found, on the contrary, that prosecutors are entitled to investigate allegations of abuse of functions or any other crimes committed in relation with the adoption of an individual administrative act, such as a governmental decision. However, prosecutors are not allowed to evaluate the political aspects of such acts, in other word the opportunity of their issuance. Also, the concept of *ultima ratio* applies in this case too – criminal liability is only available for serious breaches of legislation that may not be addressed through other liability mechanisms.

The Venice Commission also points out in the same opinion 'the distinction, found in many legal systems, between administrative decisions (*Verwaltungsakte*), where the addressees are private persons or companies, and acts involving political discretion (*Regierungsakte*). It may be argued that for the first category the rules on ministerial criminal responsibility should be stricter and largely analogous to those applying to civil servants, while for the second category the clear emphasis should be on political responsibility. Criminal law should not be used to assess the appropriateness of a political decision' (European Commission for Democracy through Law, paragraph 78).

To conclude, the scope of abuse of functions should be limited to serious breaches of legislation and may not regard issues pertaining to the opportunity of choosing a particular policy decision. When applied to elected officials, abuse of functions should not be construed to block political decisions. For political arguments, political tools should be employed – the criminal justice system does not have a role to play in settling them.

#### **4. Wiretapping case study**

Wiretapping and other technical surveillance methods are among the most intrusive investigative tools at the disposal of law enforcement. In a world where crime has become sophisticated and transnational, where networks operate smoothly and money transfers are made in a matter of minutes through multiple jurisdictions such tools are necessary for an efficient combat of crime. However, equally important is that effective guarantees are given both by law and in practice against misuse and abuse. Authorization by a judge is required in order that the information gathered can be used in judicial proceedings.

In Romania judges too issue wiretapping and technical surveillance authorizations based on requests received from prosecutors. Under the Old Criminal Procedure Code (in effect until 2014) the prosecutor or the police officers were supposed to implement the warrant received from the judge. Under the Criminal Procedure Code effective since 2014 these measures are implemented by the prosecutor, by the police officer 'or other specialized employees within the police or other specialized state bodies' (Criminal Procedure Code, art. 142 paragraph 1).

The last part of the text was challenged to the CCR, the claimants demanding that it is found unconstitutional. In a landmark decision, Decision no. 51/2016, the CCR has indeed found that the reference to other specialized state bodies in unconstitutional as only prosecutors or law enforcement officers may collect evidence in the course of a criminal investigation. The concept of "other specialized state bodies" lacks a definition in the criminal procedure code, thus being too vague to satisfy the clarity and predictability requirements. CCR shows that the constant jurisprudence of the ECtHR demands not only guarantees with regard to the wiretapping warrant, but also guarantees with regard to its implementation. No state body may receive competences to conduct wiretappings other than through a clear provision in primary legislation.

In response to this decision, the Government adopted Emergency Ordinance no. 6/2016 (EGO no. 6/2016) which allows access of prosecutors and police officers to the wiretapping infrastructure held by the Romanian Intelligence Service, the National Center for Wiretapping of Communications. Also, the President of the Supreme Court or another judge may inspect the premises of the Center and the manner in which wiretapping warrants are implemented. It also allows for



secondments of police officers to prosecution offices to be employed in evidence gathering, including by conducting wiretapping.

After 1989 in Romania the wiretapping infrastructure was developed and operated by the Romanian Intelligence Service (SRI). This meant that the wiretapping itself was done by the SRI based on a court warrant and copies of the conversations were provided to the criminal justice system. After the Decision no. 51/2016 of the CCR and EGO no. 6/2016 the wiretapping is done by police officers using the infrastructure held by the SRI. This is a partial solution to the problem. Political debates are ongoing with regard to the appropriateness of setting up a separate structure for criminal investigation purposes only, while the SRI would keep the infrastructure for national security purposes.

The issue of the wiretapping for national security purposes was at the center of another CCR decision that looked at the grounds for which such wiretapping may be conducted. In the Decision no. 91/2018 the Court notes that in this field too, wiretapping may only be done upon a warrant issued by a judge. Intelligence gathered through national security wiretapping may be forwarded to law enforcement bodies should they be relevant in the investigation of a criminal offence, but that ‘the national security law 51/1991 does not grant them evidentiary powers’ (Constitutional Court of Romania, Decision no. 91/2018, paragraph 33). However, the Criminal Procedure Code qualifies as evidence ‘wiretappings made by the parties or other persons when they regard their own conversations or communications held with third parties, as well as other recordings if they are not prohibited by law’ (Criminal Procedure Code, art. 139, paragraph 3). While national security threats might lead to national security offences, this is not necessarily true in all cases. Some instances might remain in the intelligence gathering phase and threats avoided through administrative mechanisms rather than law enforcement ones.

One of the grounds for national security wiretappings is an action ‘that gravely affect fundamental rights and freedoms of Romanian citizens’ (Law no. 51/1991, art. 3 paragraph (1), letter f). The CCR has found this wording to be too wide, encompassing actions that do not necessarily justify such intrusive measures as national security wiretapping. Indeed, discrimination issues, for example, are dealt with by the National Anti-discrimination Council, by the courts or by the criminal justice system, and not by the SRI. In conclusion the court has found that this wording is too vague and too large to satisfy the constitutionality requirements and found it unconstitutional.

## **5. Conclusion**

Our analysis shows that the best moments to promote reforms in sensitive areas (such as the fight against corruption) are before accession to the European Union or before big steps (such as offering a visa free regime) are taken as the leverage

of international partners is significant and this helps internal reform-minded actors push for this agenda. Difficult as it might be, it is important that sensitive issues – such as intelligence role in criminal investigation and the differentiation between corruption and bad management – are tackled early on so. Left unsolved these issues tend to surface later on and share a shadow on the independence and honesty of anticorruption efforts. Post-accession the pressure of the international partners, in particular European ones, decreases. Moreover the lack of uniform standards within the EU encourages some member states to drift away from good pre-accession practices.

Currently the EU struggles with crisis management – the immigration crisis and Brexit – and has little appetite or tools to push self-destructive governments back on the reform path. By and large efforts post-accession are concentrated towards keeping institutions alive and laws in place, not towards advancing the reform agenda. Big policy changes in Romania came through decisions of the CCR, rather than the Parliament, particularly in the area of rule of law.

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## WOMEN IN SPANISH POLITICS – STEPS TO GENDERED QUOTAS

Ada TUDORICĂ

### Ada TUDORICĂ

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
“Babeş-Bolyai” University, Cluj-Napoca, Romania  
Tel: 0040-728-954.993  
E-mail: adatudorica@gmail.com

**Abstract.** This article aims at discussing the steps Spain took in order to institutionalize gendered quotas and reach gender parity in political representation. In 2007, Spain adopted a legislative quota system, after having implemented the ‘incremental track’, as apposed to other European countries, such as Italy, Portugal, France that have opted for a ‘fast track’. This way, women’s political representation reached new levels across the nation. The quotas adopted by left-wing Spanish parties in the late 1980s had already reached parity and triggered a contagion effect within the party system. The incremental track has been followed since 1978, when democracy was reinstated. Although the legislative quota encountered a lot of political and juridical resistance, Spain managed to introduce it without the need for a constitutional reform.

**Keywords:** women political representation, legislative quotas, party quotas, contagion effect, gender parity.

In order to achieve gender equity in representation, institutions have been under pressure to increase women's numbers. Both women's groups and party feminists stand together in their lobby activities aimed at forcing both political parties and institutions to acknowledge the democratic deficit grounded in women's under-representation and to adopt positive action to address it. International events and organizations, alongside transnational sharing inspire national debates, connecting the adoption of specific measures to their previous implementation in other countries (Krook, 2006).

Endorsing positive actions, such as gender quotas, constitutes recognition of the remarkably limited progress women have made in political office despite their increased participation in other arenas such as the labor market and higher education, especially in the Western countries. Women find it extremely difficult to overcome the demand-side factors established by party electorates as the access to political office is one of the most gendered practices (Lovenduski and Norris, 1993).

The increase in women's political representation can take two different routes: the 'incremental track' or the 'fast track' (Dahlerup and Freidenvall, 2005). The incremental track describes a steady increase in the levels of women's representation over a long-time period over which party quotas are progressively adopted. The fast track, which seeks to trigger overnight change through the introduction of constitutional or legislative quotas, has become most popular worldwide in the last two decades (Tripp and Kang 2008).

Incremental track tended to be more common than the fast track across Western Europe. Thus, party quotas, which commit parties to recruiting a certain proportion of women candidates to political office, are adopted in order to gradually improve women's representation (Krook *et al.*, 2009, p. 78). The process entails a few steps. First, political parties, mainly leaning to the left, introduce minimum quotas for women, which they subsequently enlarge (Caul Kittilso, 2006). Second, it is common to find a 'contagion' or 'diffusion' effect; that is, the adoption of quotas by a party or a set of parties induces other parties in the system to follow suit (Matland and Studlar, 1996). Although once a certain threshold of parties with gender quotas exists laws reserving seats for women are more likely to pass (Meier 2004), the incremental track does not inevitably result in the institutionalization of a (constitutional or legislative) gender quota, as the Scandinavian experience shows (Freidenvall *et al.*, 2006).

The success of party or legal quotas is clearly constrained by the electoral system (Rule and Zimmerman 1994, among many others). Yet it also depends on the willingness of individuals within the system to act on new opportunities (Davidson-Schmich 2006; Holli *et al.*, 2006; Murray, 2004; Verge, 2010).

The present work presents the particularities that Spain faced towards the institutionalization of gender equality in the political representation. While some

countries, where the 'incremental track' was considered too slow or too ineffective, have recently shifted to the 'fast track' (such as Belgium, France, Italy and Portugal), Spain adopted a legislative quota in 2007, when women's representation had almost reached 40 per cent in the lower house and regional assemblies. Left-wing political parties had already adopted voluntary quotas in the late 1980s, for both electoral lists and party executive boards, due to lobbying by party feminist activists with strong ties with the women's movement, which eventually reached parity in 1997 and triggered a contagion effect within the party system. (Valiente, 2005; Verge, 2006).

The steady increase in the number of women elected between the late 1980s and the introduction of the mandatory women's quota in 2007 was due to the left-wing parties adopting women's quotas voluntarily. For instance, the center-left PSOE adopted a 25% women's quota in 1988 later raised it to 40% in 1997 and in 2001 submitted a bill to reform the 1985 General Electoral Act. This first proposal was debated and rejected but it paved the way for subsequent reforms and pushed other parties and regions to take steps to increase women's participation, eventually requiring a constitutionality test. In June 2002, the regional parliaments of Balearic Islands and Castile-La Mancha, made zipping mandatory in lists competing in regional elections. At that time, left-wing parties had the majority of seats in both parliaments.

The successful lobbying for quota reforms by the PSOE Women's Committee as well as feminist social mobilization played a crucial role in the entire process of statutory quota adoption. Women's Committees, usually established at the highest party level, often send representatives to party organs that elaborate electoral lists. How did domestic policy makers overcome resistance to innovation, given that women's representation progressed at a remarkable speed? Although the debate on the constitutionality of legal quotas occurred, and one of the two largest political parties (Popular Party – Partido Popular) fiercely rejected them, the fact that Spain managed not to change its Constitution makes an intriguing case.

First, we will be examining and discussing the adoption of party quotas and elaborate on its transnational dimensions. The whole Spanish party system is studied, which allows us to follow diffusion effects. Secondly, we will be presenting the quota law introduced in 2007 and the legislative path followed before its approval, paying attention to the multi-level context as well. Thirdly, we will concentrate on the impact of party and legal quotas on the evolution of women's presence over the entire democratic period at the various levels of government. The final reflections will be on the path followed by this young democracy in attaining high levels of women's representation in a relatively short period. Mainstream explanations such as socioeconomic and cultural factors, the predominant religion (Protestantism), higher levels of education attainment, a more equal share of tasks within the

private sphere, or an early introduction of the right to vote (Mateo Diaz, 2005, p. 63) are not to be considered for the rapid transformation of women's representation in Spain. Instead, it was, the role of party feminists working inside the main left-wing party, the Spanish Socialist Workers' Party (PSOE) that led to women's rising presence in political institutions (Astelarra, 2005; Threlfall, 2007; Valiente, 2008). It was the Party of the Catalan Socialists (PSC), PSOE's sister party in the region of Catalonia which pioneered the introduction of quotas. In both parties, feminist caucuses were created in the late 1970s and immediately focused on the promotion of women in political office. By that time, feminist caucuses were reduced in size so the role of individual women in leading lobbying activities cannot be neglected (Threlfall, 2007, p. 1080).

As suggested by Krook (2006, p. 316), emulation is easier among countries that share historical ties. In Western Europe, party quotas are most common, and this is what party feminists pressed the men in their parties to adopt. In 1979, the French Parti Socialiste invited sister parties to the launch of its quota campaign for the European elections, thereby inspiring Spanish feminists to fight for a similar measure in their own parties. In 1982, the PSC introduced a quota of 12 per cent of party and elected offices for women – the party's female membership at the time. Among the conference delegates who decided on the quota, there was only one woman. Party feminists, supported by the party leader, convinced male delegates to have a floor vote on the quota proposal, arguing it did not stand a good chance of passing but it would constitute a great opportunity to raise the party's consciousness on equality in representation. Surprisingly, the quota was backed by 52 per cent of the delegates. In 1987, male mid-level cadres, headed by the very same secretary of the organization, opposed raising the quota to 25 per cent and it was just updated to the increase in women's membership (15 per cent). That same year the Communist Party of Spain (PCE) adopted a quota of 25 per cent for women.

Ten years after democracy had been reinstated, the PSOE had its first quota approved. As women candidates were making poor progress, the women's caucus, already raised to the status of a secretariat within the party organization, published several statistics on the gendered distribution of office to show the acute imbalance between women members and women officeholders and issued diverse documents which analyzed the experiences of other European Social Democratic parties (Threlfall, 2007, p. 1081). In addition, in 1986, the Women's Secretariat conducted a survey asking party members whether they supported positive actions aimed at increasing women's representation and the inclusion of a gender quota in the party constitution. The questions were positively answered by 87 per cent and 67 per cent of members, respectively (see Verge 2006). In January 1988, after an intense campaign by party feminists aided by members of the Women's Institute, the central-state women's policy office whose directors and advisors belonged (or



had belonged) to the party, a 25 per cent quota in party offices and electoral candidatures was approved (Valiente, 2005, p. 181).

The notion of equality in representation embedded in these three-party quota reforms was that women's exclusion from party and elected positions constituted a democratic deficit (Verge, 2006, p. 168). The Spanish public shared this same belief: 61 per cent agreed that party quotas helped fight women's discrimination and supported their introduction (CIS 1988). In the following years, party quotas were expanded. In 1990, United Left (IU), the multiparty left-wing coalition created and led by the Communist Party in 1986, increased the quota to 35 per cent. It was also in 1990 that the PSC adopted a 25 per cent quota. One year later, Initiative for Catalonia Greens (ICV), IU's sister party in Catalonia, granted women 30 per cent of candidatures. In 1994, inspired by the European Summit of Women in Power (Athens, 1992) and with the help of the Spanish feminist movement, PSOE feminists took up the parity democracy issue and obtained from the party leadership a commitment to achieve parity within four years (Valiente, 2005, p. 183). In the meantime, if women in a local branch constituted more than 25 per cent of the overall membership, the reserved positions would rise an extra 5 per cent, thus introducing an informal 30 per cent quota, the same as adopted by its sister party PSC in 1996.

The most important step towards equality took place in the second half of the 1990s, when several parties committed themselves to the equal representation of both sexes. Whereas Belgium, Portugal, Italy and France elected at the time between 11 per cent and 14 per cent of women to the national parliament, in 1996 Spain already had 24 per cent of women MPs (Uriarte and Ruiz, 1999, p. 210). How did domestic policy-makers overcome the resistance to innovation, given that female representation progressed relatively quickly? In 1995 Socialist women who managed the Women's Institute and those in charge of equality policies within the Ministry for Social Affairs became involved in the preparation of the United Nations Women's Conference (1995) which set the Beijing Platform for Action. In that very same year, while Spain held the Presidency of the European Union, the IV Plan of Action on Equality of Opportunities came into effect. As European states were urged to implement measures to make equality effective, party feminists could again demand new efforts in this direction from their organization. Simultaneously, in 1996, the Socialist International Women claimed that parties which did not democratize their gender ratio were not truly democratic and urged for gender democracy (Socialist International Women 1996).

In 1997, IU and the PSOE endorsed the idea of 'parity democracy', that is a democracy built upon the close or equivalent participation of women and men in political office and translated it into a quota system defined in gender-neutral terms in which any sex is entitled to neither less than 40 per cent nor more than 60 per cent of representation in party committees and candidatures.

The PSC followed suit in 2000 and ICV in 2002. The introduction of the parity quota was only one of the dimensions included in the 'new social contract' these parties assumed, the other two being equal right to paid employment and equal sharing of caring responsibilities (Jenson and Valiente, 2003, p. 92). Since then, some nationalist parties have also adopted parity quotas. The left-wing Galician Nationalist Block (BNG) introduced a parity quota in 1998 and the center party Canarian Coalition (CC) did so in 2000. The left-wing Republican Left of Catalonia (ERC) and the center-right Basque Nationalist Party (PNV) followed suit respectively in 2004 and 2007, having previously established a quota equivalent to women's affiliation. The 'contagion' effect undergone in the Spanish party system is thus evident: in 2004 nine of the 12 parties represented in the national lower house had adopted gender quotas. As will be discussed in the next section, this contagion effect can be also observed with regard to legal quotas.

Among the parties that do not embrace quotas, two groups can be distinguished. First, parties such as the regional left-wing Basque Solidarity (EA) and the center-right federation of Catalan nationalist parties Convergence and Union (CiU) implemented targets for women by the mid-2000s. As Krook *et al.* (2009, p. 784) argue, these targets practically act as 'soft quotas' even if they are not formalized as such and rarely entail sanctions for non-compliance. Second, other parties such as the conservative Popular Party (PP) completely reject positive action. Nonetheless, through a 'response effect' or 'mimetic behavior', the PP has improved its women's representation levels and adopted vague goals for gender balance so as to fend off accusations of sexism (Uriarte and Ruiz, 1999, p. 211; Valiente, 2001, p. 58).

As suggested by Caul Kittilson (2001, p. 1227), women's power within the party hierarchy is a key factor in the adoption of formal measures ensuring women's representation. Parties with a longstanding women's caucus situated high in the party hierarchy are more likely to have gender quotas.

Furthermore, the existence of a women's lobby, besides the women's section, be it formally linked to the party or an external collateral organization, also appears to be relevant. Finally, some parties which introduced gender quotas set up women's training sessions in order to boost the pool of women candidates. As Lovenduski and Norris (1993, p. 8) argue, this measure often precedes and reinforces the adoption of positive action.

Efforts to introduce a legal quota were first made in 1996. However, the chances of success were negligible as, by then, the PP led the national government. The conservatives' notion of equality in representation is based on the idea that only merit should guide candidate selection processes (Verge, 2006, p. 169). Besides, under conservative rule (1996–2004), women's political participation was a topic of very low priority for the Women's Institute (Valiente, 2005, p. 187).

In the 1990s, left-wing parties presented two bills, but on both occasions conservative MPs blocked their discussion. In 1996, IU submitted a proposal to increase

women's presence in political office. In September 1998, the PSOE announced the introduction of a bill which was finally put off until July 1999 in order to foster social debate and, based on the French and Italian experiences where quota laws had been annulled by the Constitutional Court, to obtain expert reports on its constitutionality. In 1998 and 1999, experts on the Constitution engaged in a public debate providing arguments for and against quotas. In May 1999, the PSOE's bill received the support of the Spanish Committee of the European Women's Lobby at a conference with European women politicians and academics.

Under the second PP government (2000–2004), left-wing parties presented three additional bills to make parity mandatory. IU, following the French parity reform of 1999, established a margin of difference between the sexes of one point in party lists; the PSOE advocated a proportion of a minimum of 40 per cent and a maximum of 60 per cent of candidates of any sex; and ICV defended zipping, whereby men and women candidates alternate on the lists. These bills were debated and rejected in the lower house on 8 April 2003 due to the (sole) opposition of the PP, which held the majority of seats.

The reason that left-wing parties introduced quota proposals on multiple occasions even though the chances of passing them were negligible were that through these proposals party feminists aimed to put equality of representation at the forefront of their parties' political agendas. Secondly, left-wing parties forced the PP to publicly position itself against quotas, so they could also obtain potential electoral benefits.

The blockade to gender quotas that took place at the national level was partially circumvented at the regional level. Since 1978, Spain has undertaken a deep political decentralization process which has transformed a previously unitary state into a quasi-federal state. The 17 regions, the so-called Autonomous Communities, now have their own representative and executive institutions (Magone, 2009). Over 1,000 new regional parliamentary seats are opened for each election, constituting the nursery from which national political leaders emerge (Coller *et al.*, 2008, p. 6). In June 2002, the regional parliaments of Castile-La Mancha and the Balearic Islands, in which left-wing parties held the majority of seats, incorporated zipping into their regional electoral laws. Thus, the compounded design of the country opened new windows of opportunity for parity advocates and facilitated the adoption of innovative policies.

Although the national government lodged an appeal to the Constitutional Court, effectively suspending the implementation of the reforms until the judgment was issued, party feminists, as we will see, managed to commit left-wing parties to zipping their candidate lists as the failed law proposal established, thereby producing a significant increase in women's representation in those regional assemblies.

In March 2004, the PSOE won the general elections. The new PSOE government withdrew the appeal to the Constitutional Court, which had not released any judgment yet, and announced the preparation of a bill designed to promote gender equality in different realms, including political office. In order to show the party's commitment to gender equality in political office the Prime Minister, Jose Luis Rodríguez Zapatero, appointed the first national gender-balanced cabinet (eight women and eight men, including a woman Deputy Prime Minister). In the meanwhile, two other regions reformed their electoral laws. In 2005, the Basque Country granted women a minimum of 50 per cent of candidatures on party lists, and Andalusia introduced zipped lists.

Finally, on 15 March 2007, with the support of all parties in the lower house except the PP, the Equality Law was passed. This law reforms the electoral law forcing parties to incorporate a minimum of 40 per cent and a maximum of 60 per cent of either sex into candidates' lists for all elections (legislative, regional, local and European). This proportion must also be respected in each set of five candidates, thus applying a double quota on the initial positions of lists. Electoral authorities do not accept party lists failing to meet the quota requirements, and reports are to be issued to supervise its implementation. The Equality Law allows for more favorable measures for women in regional electoral laws such as zipped lists, including an equal proportion of women and men candidates. The implementation of the quota was eased by the fact that elections at all levels of government are held under proportional representation (D'Hondt system) using closed and blocked party lists, with the exception of the upper house.

As for local elections, the application of the quota was limited to towns with over 3,000 inhabitants but a transition period was established: in 2007 towns with under 5,000 inhabitants were excluded. However, some parties had initially requested higher thresholds (between 10,000 and 20,000 inhabitants), fearing they would not find enough eligible women candidates among their rank and file – which they eventually did.

In contrast to France or Italy, Spain passed its Equality Law when there was already a certain degree of comfort with the notion of gender quotas. Besides, as has been shown, the Left used the language of parity when calling for quotas from the mid-1990s. So, in principle, the leap from party quotas to legal quotas did not require the terminological switch that parity advocates had to make in other countries. Nonetheless, as the PP strongly rejected quotas, legislators advocated a consensual approach using the expression 'principle of equilibrated presence' in the reform of the electoral law, but conservatives still rejected it. Therefore, the Spanish parity movement has been unable to attract members from the Right (Jenson and Valiente, 2003, p. 87).

Immediately after the approval of the Equality Law, the inclusion of quotas raised a constitutional debate exclusively promoted by its most vocal opponent,

the PP, although at the time there was no extensive debate on its constitutionality. Citizens' support was also broad: 75 per cent agreed that gender quotas would help decrease women's discrimination in public office – even 68 per cent of PP's voters endorsed this statement (CIS 2007).

As part of a campaign to discredit positive action, the PP presented an all women list in a small village in which the party had obtained no representation in the previous election. It was invalidated as it exceeded the maximum of 60 per cent for either sex established by the law. The PP then lodged an appeal to the Constitutional Court, which was eventually rejected. Plaintiffs argued that the quota offended several sections of the Constitution regarding political parties (Article 6), the right of association and electoral participation (Articles 22 and 23) and equality (Articles 9 and 14). They also referred to the French and Italian experiences and defended arguments similar to those invoked in the late 1990s, in particular: the distinction of candidates by sex harmed the unity of the electoral body; the restriction on candidates' eligibility violated the right to active and passive suffrage; parties' freedom was hampered; and candidates' merits were neglected.

Whereas constitutional reforms in Europe were motivated by the lack of a clear definition of equality of outcome in constitutional texts and by the need to affirm constitutionally the equality between men and women (Murray 2012; Palici di Suni, 2012), Article 9.2 of the Spanish Constitution does mention political participation among the realms where public authorities not only must remove the obstacles preventing or hindering its full enjoyment but also must promote and facilitate the conditions so that equality of individuals may be real and effective. Indeed, the 'Equality Law' is the short denomination for the Organic Law for the effective equality of women and men. The Constitutional Court argued that quotas could not infringe upon the equality principle since it was precisely equality that they granted and that the Equality Law did not discriminate against men as it established minimum and maximum proportions for either sex. It should also be said that Spanish constitutional doctrine has long accepted positive action when the measure is reasonable and proportionate with the aim pursued, which the Court confirmed in this case. The Court also stated that the unity of the electoral corps was not violated either since candidates, irrespective of their sex, represent the whole electorate during their mandate.

Furthermore, the Court claimed that, given the obstacles traditionally faced by women in politics, it is legitimate to require parties to ensure the balanced participation of both sexes. Since women constitute half the population, the increase of their presence in public office supports the democratic principle requiring the closest identity between elected representatives and the represented. Lastly, the Court recognized that parties' freedom could be limited by the law – it is already the case with other legal ineligibility causes – because it is citizens, not parties, who enjoy the rights of passive and active suffrage.

Spain has taken gradual steps to ensure gender equality in political representation, first with the adoption of party quotas and then passage of a statutory quota. Although the literature suggests that the Nordic countries are the only incremental track cases (Dahlerup and Freidenvall, 2005, p. 309), Spain is an example of the incremental track with a narrower time lag and faster speed. The key difference between Nordic countries and Spain is that in the former targets evolved into recommendations and then quotas inside the parties whereas in Spain party quotas developed into a legislative quota.

The first phase was launched by party feminists through the adoption of voluntary quotas by left-wing parties in the 1980s, which were gradually enlarged until they reached parity. National political actors, mainly party feminists and women's social groups, were inspired by diverse international events and backed in their efforts by a broad array of international organizations which urged parties and institutions to make gender equality effective. In the second phase, a contagion effect spread across the party system, paving the way, in a third and final phase, for the reform of the electoral law. Since the idea that women's under-representation in politics constitutes a democratic deficit permeated the entire quota reform process.

Spain appears to fit in the consociational-corporatist citizenship model identified by Krook *et al.* (2009, pp 789, 796) which aims at fostering equal results and defines this task as a collective responsibility. The fact that Spain managed not to change its Constitution provides an interesting contrast with other countries. As in France and Italy, the constitutionality of quotas was contested, and juridical experts and some political parties challenged them (Murray 2012; Palici di Suni, 2012). In the political arena, the conservatives spearheaded the opposition and eventually brought the quota reform before the Constitutional Court, which rejected the appeal. By then, the majority of parties and citizens were comfortable with quotas and parity. Furthermore, the Spanish Constitution already included a clear definition of effective equality of outcome regarding political participation.

In conclusion, women's representation at all levels of government illustrated a trend from skewed assemblies at the beginning of the 1980s to balanced ones in the most recent elections. Still there is one exception at the local level, which advances at a slower speed, as in most Western countries. Even though the Equality Law does not mandate it, the executive, both the national government and most regional cabinets are now gender balanced. In the absence of a quota law, party quotas have been essential in the feminization of public office. Given that the levels of women's representation were already high, the introduction of the quota law in 2007 did not constitute a critical juncture but a consolidation of the path previously taken. Finally, despite increasing levels of women in political office, some demand-side factors are exceptionally resistant to change. Parties often make use of covert discrimina-

tion in candidate selection processes, such as a gendered distribution of winning positions and turnover, which has limited the effectiveness of quota reforms.

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# PROBLEMS OF STRATEGY MAKING CAPACITIES OF A SMALL MUNICIPALITY'S LOCAL GOVERNMENT: THE CASE OF THE HANDBOOK OF MUNICIPAL LANDSCAPE\*

Laszlo VASS

## Laszlo VASS

Dr. habil. Professor, Rector, Budapest Metropolitan  
University of Applied Sciences, Budapest, Hungary  
E-mail: lvass@metropolitan.hu

**Abstract.** The local government of a small municipality (village, less than 2,000 habitants) has been facing a new task: the making of the 'Handbook of the Municipal Landscape'.

The image is reflecting the geographical and social-economic structures of the community. The image of a municipality is connecting the past, the present and the future visual appearances of the place and, obviously, this is a visualization of the different areas of life of the community within a natural and built environment.

The particular local government in this case-study had to start a collective thinking on the future of the municipality in order to formulate the guidelines of the visual appearance of the place. The process immediately raised the following questions:

- How is the village developing today on the basis of the local architectural rules?
- Are the current and frequently changed architectural rules serving as a tool for generating some local revenues, or as the instrument for formulating the future image of the municipality?
- How does the local partnership work between the local government and the community?
- Is there any connection between the local budgeting and the strategic development, or there is only a permanent crisis management in this underfinanced community?

And there are more questions related to the fundamental issues of local strategy making. The case-study is outlining a list of the missing capacities of the local government, the mayor and the elected body to make a real strategy for the local development.

**Keywords:** local government, small municipality, strategic development, strategic local governance, Hungary.

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## 1. Introduction

The Hungarian government has significantly deregulated the construction of the residential houses in the last years, making the building of the family houses much easier. The government wanted to help families and also to fuel the construction industry with less rigid and rigorous regulations.

The initiative was heavily criticized by architects, environmentalists, artists, different civil groups, etc., who were very worried about the built environment, the image of the municipality, the uncontrolled development of the structure of municipalities.

The answer of the government was the Act LXXIV of 2016 on the Protection of Municipal Landscapes. The main objective of the new regulation was to strengthen the protection of the aesthetic pattern of the built environment with a new tool: the Handbook of the Municipal Landscape. The Handbook of the Municipal Landscape should give norms for the development of the traditional character of municipalities and the local communities can participate in setting those norms. It means that the Act established a democratic process to the making of the local Handbook of the Municipal Landscape, claiming an effective partnership between the local decision-makers and the people. The concept is that the Handbook of the Municipal Landscape should be a professional and also a popular, easily understandable document at the same time, not only a legal document. It is more an orientation rather than strict regulation, reflecting the expectations of the local communities towards the image of the municipalities, villages or cities.

The legislators emphasized that the Handbook of the Municipal Landscape is a brand-new regulatory instrument, helping local communities and local governments to shape their environment in the desired directions. The Handbook of the Municipal Landscape includes a good summary of local architectural traditions, valuable characteristics of the visual appearance of the different parts of the municipality, recommendations for the architectural solutions in order to protect the aesthetical coherency of the municipality. The Handbook of the Municipal Landscape also contains suggestions and ideas to the local residents constructing or developing their real-estates.

Comparing the old and the new regulations on this topic, we may see that, instead of several detailed local regulations, the Decree on the Municipal Landscape, as an integrated legal material based on the Handbook of the Municipal Landscape, orients the actions.

The preparation of the Handbook of the Municipal Landscape should be a very complex process; the starting point and the foundation is the strategy of the municipality development.

The Architecture and Building Policy Deputy State Secretariat at the Prime Minister's Office has released manuals and further teaching materials to the experts

**Table 1.** Regulatory framework evolution

Before 2017	After 2017
Concept and the integrated strategy of municipality development	Concept and the integrated strategy of town development
Town Structure Plan and Local Building Rules and Regulation Plan	New Instruments of the Protection of Municipal Landscapes: - <b>Handbook of the Municipal Landscape</b> - <b>Decree on the Municipal Landscape</b>
Individual Local Regulations	Town Structure Plan and Local Building Rules and Regulation Plan

Source: The author

and the involved civil servants and decision-makers in order to support their work on the Handbook of the Municipal Landscape. Also, a new professional institute, the Lehner Knowledge Center, has been established to support the Prime Ministers' Office in the architecture and building policy-making. This center is playing a crucial role in advising the local governments as well.

The short summary of the preparation process of the Handbook of the Municipal Landscape:

- The work on the Handbook of the Municipal Landscape is based on a wide social partnership;
- The specific architectural and spatial image characters of the different structural parts of the town should be revealed and presented;
- Suggestions on typical architectural elements fitting into the municipal landscape are formulated;
- The Handbook of the Municipal Landscape is the basis for the Decree on the Municipal Landscape;
- A new act on local partnership should also be released for the preparation of the Decree on the Municipal Landscape;
- A Local Chief Architect should be appointed for the period of the preparation of the Handbook of the Municipal Landscape and the Decree on the Municipal Landscape;
- Deadline of the work October 31<sup>st</sup>, 2017.

One-third of the Hungarian towns could not complete the task. The new deadline was the end of 2017. The total number of municipalities is 3,155, it means that more than 1,000 municipalities could not produce the Image Handbook of the Municipal Landscape and the connected Decree on the Municipal Landscape. All of them are below the medium size, these are typically small municipalities.

In the preparation of the case study, the case-writing methods of the Electronic Hallway, UW Evans School of Public Policy and Governance are followed. This method has been developed to write short cases for teaching purposes.

The presentation of the story is focused on those processes and elements which play an important role from the point of view of the final conclusions. In the teach-

ing process, the students may read the story without the final part, they do not know the real end of it when they do the analysis. In reality, our story has not been finished yet, but here not the end of the story is the most important. Our interest is to find whether the relevant capacities of the local community exist – especially the local government – to create their development strategy.

The particular case is a real one, and this practical story gives us a good basis to summarize and discuss the local capacities, competencies and attitudes in a small Hungarian village to have strategic public management. This is why I chose this method for the presentation of the case. We may see this case is a very typical one, and in spite of all specificities, most of the conclusions and lessons may be generalized in this category of the municipalities.

## **2. The Case of Niceplace**

In this paper the case of ‘Niceplace’, a village of 3,000 residents is discussed (the real name has been changed and the exact location is not specified; the information used is based on the author’s personal observations and from the Internet).

Niceplace is located close to a neighboring big city, in a mountainous area. It is a very popular, calm, green and family-friendly place. There is permanent pressure on the municipal government to increase the residential territories, making new people able to move here from the big city. Otherwise, there are only very few jobs in the village, and the local economy is really weak. The vast majority of the active population of the village is working and shopping in the nearby big city, spending their money there, not in the village. Half of the residents are retired seniors, and there is also a significant group of housewives on maternity leave with small children. There is one kindergarten and one elementary school, but most of the youngsters and the teenagers go to the city schools.

The roads and streets are in a very bad shape, including the main road coming from the neighboring big city, ending in this village. On weekends, a huge number of visitors and tourists arrive at Niceplace, they climb up the hills over the village, visit the old fortress ruins in a nearby valley, enjoy the spectacular view from the top of the hills. At that time the village is full of visitors hunting for the few parking places available and they disturb the tranquility of the local community. This situation may change from bad to worse in the following years, because nearby a new highway is under construction, and close to the village there will be a new interchange with exits to the area.

Niceplace does not have the developed infrastructure to meet the demands generated by that volume of tourism, while they cannot even maintain their roads, and the local government cannot cover the usual expenses from their revenue. The residents are very dissatisfied with the extremely high level of local taxes, although the tax revenue is not enough to finance the normal operation of the community.

The local civil associations: the dance group of the school children, the Cultural Association of the German Minority, the choir, the informal youth group for the future of the village, the Early Morning Walking Group of the Women, the local vintners, an open and voluntary Saturday dinner club, and a number of cultural, green, charity voluntary activists represent the different interests of the local community on a very small scale. The local government has quite a weak support and bad reputation because of the fragmentation of the local society. There is no cooperation between the old and the new residents, the German minority is fairly introverted, the few local entrepreneurs are very cautious towards the community and the local governments having bad experiences from the past when everybody wanted to use them.

The local government is led by a mayor and an elected representative body of 6 members. There is also a German Minority Self-Government with 3 elected representatives, but it is not really visible in practice.

During the term of the previous local government, a huge debt was accumulated, and disadvantageous contracts were made between the local government and real-estate agencies. The current local government had to take the consequences of the decisions of the previous one, and the political changes after the last local elections have led to lots of personal conflicts, tensions and disappointments within the community. There is a local proverb saying 'the mayor and the representing body are in the trap of the past'. The most important element of this 'trap-situation' is the traditional way of the solution to local budget problems: selling the available land of the municipality on the highest price possible and making a bargain with the buyer on the building rules of that land. Namely, the mayor offered the most convenient building regulations to the buyer of the land, and the buyer accepted a higher price or gave back a certain part of the land as a gift to the local government. The available land is certainly limited and this kind of 'negotiated rule-making' is permanently raising lots of questions. The transactions happened when the buyers arrived, and the mayor could be very flexible in default of a comprehensive development strategy of the village. The latest strategy document is 15 years old, and it is not updated to the actual and frequent amendments to the local building regulation. The main concern of the mayor is not the strategy but the building regulations, and he does not have any vision on a more effective economy and fundraising resulting in more financial resources for the village.

Under these conditions the local government was facing the implementation of the Act LXXIV of 2016 on the Protection of Municipal Landscapes. The mayor sent a letter to the people of Niceplace about the compulsory exercise of making the Handbook of Niceplace Landscape. He invited the youth of the village to a workshop of formulating the vision of Niceplace 2050, as the start of the preparatory work of the Handbook of Niceplace Landscape. At the same time, he declared that

the connected decree of the long-term Municipal Building Regulations is a future business, and nobody may formulate such a proposal which has an effect on the current building regulations.

Following the Guidelines to the Making of the Handbook of the Municipal Landscapes, the mayor appointed the chief architect and contracted a competent architecture expert to prepare the Handbook of Niceplace Landscape. In his letter, the mayor emphasized that it would be a mistake to deal with the landscape of those territories involved in the previously contracted transactions. The sensitivity of the future Municipal Building Regulations was also highlighted in the letter (as the mayor said, the regulations have been changed 17 times during the last 15 years [...]). The mayor warned the young people that real proposals were needed rather than dreams.

Irrespective of the mayor's initiative, an informal civil group of some local intellectuals was formed when the Act LXXIV of 2016 on the Protection of Municipal Landscapes had been passed by the Parliament. The members of the group recognized the opportunity of influencing the local government in making the Handbook of Niceplace Landscape and also the Municipal Building Regulations. Some members of the group had participated in the previous local governments, others just wanted to change the local policies, and all of them were ready to find a new way of the local governance. The self-appointed voluntary leader of the group is a computer programmer, running his private business and being an expert of network communication. As a first step he created a homepage for the group and a Facebook profile, making the connections easy and fast between the members. The group informally invited the architecture expert contracted by the mayor to an independent discussion on the vision of the Niceplace future landscape, and they offered collaboration with the expert. At the same time, the expert learned about the local interest relations, the divisions among the people, the cleavage between the acting local government and the leading intellectuals of the village.

This civil group decided to transform itself into a formally registered association 'NP' for supporting the future development of their municipality more effectively. They started to formulate the legal documents and the program of the association, including the strategy of the municipality management. The members of the group participated in the process of the making of the Handbook of Niceplace Landscape, and the mayor regarded it as an action of a not-welcomed minority opposition.

The most active members of the young generation had established the informal group 'Niceplace 2050' and they were collaborating with the association 'NP', mutually accepting a common vision of the future landscape. The mayor did not have any communication with the new association 'NP' and he openly titled this group as a problematic minority. The association 'NP' speeded up the operation and made

a decision about a double objective for the future: in the short term, to prepare a comprehensive updated development strategy for the village and, in the long term, to participate in the local elections and run for the local government positions. Actually, the work is slowed down in the association because of too little experience of the members in strategic planning, and new cleavages had been emerging along the professional divisions among the engineers, economists, lawyers and artists. Some key members were not enthusiastic about the political articulation.

In the frames of the local partnership, the appointed chief architect and the contracted architecture expert organized a series of structured discussions about the vision of the future Niceplace. During the discussions, the strategic objectives of the village development and the future visual image issues were permanently mixed with each other. The visions, the objectives and the required practical actions could not be separated because of the unprofessional approach and strongly emotional behavior of the participants. The moderator could not manage the situation, because the different approaches and ways of thinking penetrated the borderlines of a rational debate. Even the leading intellectuals did not understand the differences between the objectives and the visions. The mayor did not participate in the discussions, only observed the process, so did the members of the elected representative body as well. Within a short time, it became clear that without a comprehensive development strategy it is not possible to describe and draw a future municipality landscape, because the future visual landscape highly depends on the future development of the local society, economy and culture.

The necessary partnership could not work on a wider scope either. Important groups of the local society were missing from the processes, because of lack of interests and – maybe – invitation. The German minority, the local entrepreneurs, the local employees, the teachers, the parents, the seniors, etc. were not represented directly or at all.

The architecture expert collected as much information as he could to complete his work on the Handbook of Niceplace Landscape. Even though he did not have the development strategy of Niceplace and he had the vision of the future village agreed by the youth group 'Niceplace 2050' and the Association 'NP', he was working hard on the Handbook of Niceplace Landscape. He recognized that the mayor is not interested in a comprehensive and coherent landscape of the future village, and the residents did not see the close connection between the development of the local economy and the desired future landscape.

The latest development in Niceplace is that the local government ordered the demolition of the most attractive and oldest Schwab house in the village because of its life-threatening condition and invited ideas of the people on how to use the empty place in the future. And at the same time, a significant amount of money was spent on stuffing the potholes on some streets.



**Table 2.** The actors

Actor	Role	Competency
Mayor	Head of the local government and expected leader of the community, representing the municipal interests to outside;	Crisis manager, practical person without long-term thinking and visions, very emotional and non-cooperating;
Notary	Head of the local public service, supporting the mayor;	Legal supervisor, loyal to the mayor and keeps a distance from politics, lacks managerial thinking;
Elected representatives	Majority support to the mayor, weak minority in opposition;	Servile culture, passivity, lack of innovation, weak connections to the constituency;
Civil groups, German minority	Colorful local culture, cultivating the traditions, avoiding politics;	Single issue approaches, lack of capacity in interest articulation and advocacy;
Association 'NP'	Mobilizing the capable intellectuals, putting the local government under pressure, offering alternative in the local politics;	Lack of knowledge and experiences in the public strategy and policy making, wishful thinking, high self-esteem, capacity to organize, low level public support;
Youth group 'Niceplace 2050'	Representing the future generations, maintaining the traditions;	Creativity and enthusiasm, individualism, innovation and readiness to leave the village;
Local business	Taxpayer, CSR, employer;	Business management capacities, expertise, refusing the political participation, advocating the business interests;
Architecture expert	Articulating the architectural visual pattern of the village, balancing between the pressures;	Good knowledge of the local culture and traditions, experiences in policy making, mediation.

Source: The author

The table above shows the current, existing situation. This is the reality, not the desired optimum. If we understand the real positions and capabilities of the actors, we may estimate the possible dynamics of the case.

The first finding may be the weak cohesion in the community of Niceplace. The community is deeply fragmented along different lines, the interests are not visibly articulated and represented in the local publicity. The mayor is controlling the articulation of interests, and the residents are not actively involved in local politics. This has many reasons, like the lack of motivation and prepared public leaders, the frightening budget situation, the uncertain future perspectives. The most critical characteristic of the village is that the active population is working in the neighboring city and go home to sleep on workdays.

In spite of the depressed economic situation of the village, the prepared and competent residents would rather go to the nearby big city to do their business or have a job there than applying for positions in the village governance. The emergence of the Association 'NP' is due to an incidental combination of different factors: the occasion and the motivated members, and what is very important, the appearance of a competent leader.

The issue is the making of the Handbook of the Municipal Landscape, which mobilized the actors and finally provoked them to face the lack of a local development strategy. It is sure that, finally, the contracted expert completes the task and prepares the Handbook of the Niceplace Landscape. It is also very likely that this Handbook cannot fulfill its mission without a comprehensive development strategy in the background, and cannot protect the architectural heritage efficiently.

### 3. Conclusion

The most common definition of the strategy is that it means structured documents including (1) reaching certain goals, (2) the necessary actions are planned (3) for longer term (4) and how the necessary resources for the implementation should be allocated (5) in time during the whole process.

Setting the goals in itself requires a certain level of management culture in the relevant community. In a well-developed civil society, the 'social capital' is a good basis for the start: there is capability of the interest articulations, experiences in recognizing the needs and the obstacles of the development, experiences in mobilization and organization of the collective analysis of the problems and creating a vision about the desired future conditions. Analytical expertise and also mediation capacity is needed to reconcile the different views.

In the case of Niceplace, the most significant problem is the shortsighted approach of problem-solving. The local government, led by the mayor, accepted the very limited space to maneuver for making local policies, and they lost themselves in the struggle with the day-by-day practical problems.

A new cooperation between an open mayor and the local civil society may lead to a higher level of creativity and innovation, and new capacities may emerge which may last for a longer time and contribute to sustainable development.

The missing factors of a strategy making process in Niceplace:

- good quality human resources: public leaders and managers;
- active and well-organized civil groups;
- involved and cooperating opinion-leaders of the community;
- local network of experts and professional advisors around the local government;
- democratic partnership;
- transparency and structured communication of the public decision-making process;
- cooperation between the local government and the local businesses;
- professional local policy-making processes managed by the local government;
- permanent communication within the community between the decision-makers and the different social groups;

- learning best practices from other local communities;
- well-targeted financial and technical support to the local government from outside.

More than 1,000 municipalities could not make the Handbook of the Municipal Landscapes until the deadline. Our case shows that an architecture expert in itself is not enough to complete the task if there is no strategic local governance behind the process. A strategic help might be the education of the personnel involved in the local strategy making, and the associations of the municipal governments and the national government could also help.

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# EVOLUTION OF COMMUNITY FOUNDATIONS IN ROMANIA DURING THE PERIOD 2008-2016 IN THE CONTEXT OF ORGANIZATIONAL PERFORMANCE

George-Florin VLAS

## George-Florin VLAS

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-757.310  
E-mail: george.vlas@fspac.ro

**Abstract.** Organizational performance may be considered utopic in the non-profit sector. An explanation may be that the concept of organizational performance is usually used in the private sector, where performance is in direct connection to profit. Despite these beliefs, non-governmental organizations can measure performance based on various indicators, both financial and non-financial. Community Foundations are non-governmental organizations that have succeeded to mobilize resources from the community and give it back to the community through grants, scholarships or community projects. Performance within these organizations can be measured through their income and support given in the community, because the impact that they have on the community, by changing it with the help of many stakeholders, can be perceived as being performance. This paper is just a preliminary study on what is going to include complex analyses on organizational performance in Community Foundations from Romania.

**Keywords:** organizational performance, Community Foundations, non-governmental organizations, evolution, funds.

## 1. Literature review

### 1.1. Organizational performance

*Organizational performance* comprises the actual result or the output of an organization, measured against its intended results or objectives (Oxford Blackwell, 2002). In other words, it represents everything organizations produce or do for various actors with whom they interact, which include employees of the organization, the leadership or any other internal or external stakeholders (collaborators, specialists, etc.).

Specialists are interested in organizational performance as they perceive it being a complex matter, including processes such as strategic planning, financial and administrative operations within the organization and organizational development.

Another definition for this concept, relatively similar to the first one is that it comprises an analysis of an organizations' performance compared to objectives. In fact, it represents an analysis of the work activities which are expected to be fulfilled by the employees or the organization itself and how well they are performed. Practically, everything the organization does or produces and the way in which does that (at a good rate – qualitatively speaking) is a matter of performance measurement in that organization.

Majority of definitions given to the concept of organizational performance imply an analysis of the organization in which the objectives are measured in connection to the intended results. In other words, the way in which the organization performs the tasks – in terms of efficiency and quality – and reaches to good short-term and long-term results will reflect success and performance; also, this reflection of success will be reflected compared to what the organization initially intended to reach.

Organizational performance was and is being defined in multiple ways, but the essence stands in efficiently performing tasks within the organization, in order to get to those intended results and even overcome them, with a greater level of quality. This concept does not refer only to the financial aspects of an organization, but also implies a set of non-financial indicators.

Definitions of organizational performance which underline the comparative aspect of this concept emphasize the fact that performance depends on a reference, whether an objective or purpose and it is a multidimensional reference when there are multiple purposes (Tripon, Dodu, Raboca, 2013). Altogether, performance means reaching an objective or purpose, taking the shape of a result of an activity within the organization. Without an objective, one cannot get to results.

Reaching performance within an organization constitutes one of the general objectives of the organization, because through this objective, other secondary objec-

tives (which derive from the main one) are fulfilled. And also, it represents the way of reaching the main objective of the organization (Tripon, Dodu, Raboca, 2013). In order to get to organizational performance, organizations have to perform specific objectives, which if they are summed up, would help fulfilling the main objective. One example would be organizing a conference; the general objective is efficiently organizing it and taking care of everything going according the plan. But, in order to fulfill that objective, there have to be fulfilled many other additional and specific objectives, which are delimited in terms of time, space, guests, participants, activities, transmitting information, communication, logistics, use of electronics and others.

Another approach would comprise the nature and variety of organizational objectives, which would define performance (Tripon, Dodu, Raboca apud. Niculescu and Lavalette, 2013), so, it would not depend specifically on these, but rather on fulfilling them.

Same author (Niculescu, 2003) talked about performance by referring to a series of features, characteristic for the concept. But, they would rather apply to the economic area hence to economic performance, which characterizes rather the private sector (profit) than the non-profit. Universality, specificity and personalized quantification for each economic domain and reporting to a referential refer to the concept of economic performance of a company, seen as an unstable equilibrium resulted from the evolution effectiveness-productivity (Tripon, Dodu, Raboca, 2013). Practically, productivity and effectiveness compose economic performance, which exists also in the non-profit sector, but it is not the basis for the organization, functioning and survival of the organization.

M. Lebens (2006) proposed a causal model of performance, because this is what specifically defines performance, a causal relationship between goals and expected-achieved results. This model links these goals, which he calls 'present actions' of 'future results', trying to highlight the results obtained and the way the activities were carried out in order to reach the expected results.

To explain this model, the author uses three generic dimensions that are casually linked: results, processes and fundamentals. Through such a model, Lebens tries to illustrate, but also to capture the extremely complex and changing process through which an organization moves to achieve that major goal of performance. Fundamentals include several types of information feeds such as competencies, market information or the environment in which the organization operates, structures and responsibilities, partners, customers and suppliers, that is, those parts of the organization from which it is set to define objectives and to reach future results.

Processes and their quality generate performance, but they also depend on information flows generated by the organization. The results of these processes come in the shape of products which can be measured to determine how well an

organization is performing. Results appear as attributes of products or services, such as price, quality of services, but also elements such as innovation, flexibility or working conditions. The results are the products of the processes, everything that comes out, delivered inside or outside of the organization as actual products.

In the non-profit sector, organizational performance is roughly the same as a means to use the objectives to measure non-governmental organizations' (NGO) intervention and community services (Ramadan, Borgonovi apud. Lindblad, 2015). Thus, depending on the goals that organizations set, they can clarify or determine to what extent they will turn into actions that will have an impact later on the community they serve.

Many specialists define organizational performance in NGO's as a way of evaluating the effectiveness and efficiency of a program and its impact (Miller, 2007). It is therefore the measurement of the results of activities in the organization and their quality in terms of resources, processes and impact in the community. Moreover, performance measurement is a systematic assessment of the inputs, outputs and impact of a program (Tripon, Dodu, Raboca apud. Caman, 2013). In performing an activity, it is not only the evaluation of the results, but also the resources which are available for the activity (inputs) to be taken into account to see if they are appropriate, if they will reach their potential and have the intended results. It is also necessary to evaluate the outputs, those immediate results of an activity, which result from an activity, which then turn into outcomes, with the intended impact on the community or a group of people to whom it is addressed.

Organizational performance in non-governmental organizations is based on a complex evaluation of the entire organization, from available resources to the process itself (activities, actions), the expected results and their impact on the organization, community or even the society in which it operates.

## **1.2. Community Foundations**

*Community Foundations* (CF) emerge as local initiatives, from the desire to improve the relationship between community members and between them and other actors from local or community level (local public administration authorities, private companies, other NGO's or other stakeholders interested in the community welfare they live in).

There are currently 16 Community Foundations in Romania, that are in different stages of development and there are a few thousand more in the world. Community Foundations operate on simple principles: mobilize community resources and support the community by offering grants, scholarships or organizing fundraising events (e.g.: Swimathon, Bikeathon, Donor Circles). Mission and vision focuses on community development, increasing quality of life, improving the



relationship between citizens and local authorities and among citizens, as well as supporting innovative initiatives that also help to develop the community.

In Romania, the first community foundations were started in the city of Cluj-Napoca (in Cluj County) and Odorheiu Secuiesc (in Harghita County) in 2008. Since then, another 14 CF's began to function as local non-governmental organizations, trying to improve the community by creating and maintaining relationships between the most important stakeholders (citizens, authorities, companies, other NGO's): Alba and Covasna (2010), București and Mureș (2011), Iași and Sibiu (2012), Bacău, Oradea, Prahova and Țara Făgărașului (2013), Brașov, Galați and Dâmbovița (2015) and Timișoara (2016).

In 2016, CF's cover over 46% of the population of Romania, being an important actor at local level. They provide services and products through from funds that they create from fundraising campaigns and events. Their support for the community comes in the shape of grants, scholarships, community projects or health cases, offering more than 15 million RON in eight years, between 2008-2016.

From the point of view of the organizational performance, both financial and non-financial indicators can be analyzed, as mentioned before. For this article, only financial aspects will be taken into consideration (financial evolution of programs, events, income sources, community outreach), because of the data available at this moment, which can be used in analyses.

## **2. Preliminary Data – Analysis of income and outcome in Community Foundations**

### **2.1. Income sources for Community Foundations**

In Romania, in eight years, the majority of CF's have reached maturity related to incomes (as donations and sponsorships) and support given in the community. These NGOs raise money and then invest it in projects and ideas worth implementing, which can have an impact in the community and its inhabitants. Whether they are individuals, other NGO's or themselves, they try to do good things in their community, by giving the money to visionary and worthy causes.

Community Foundations have many sources of income, which guarantees their functioning and possibility to give something back to the community. Income can be divided into two categories, based on the type of source they come from. There are community sources (internal) and external sources.

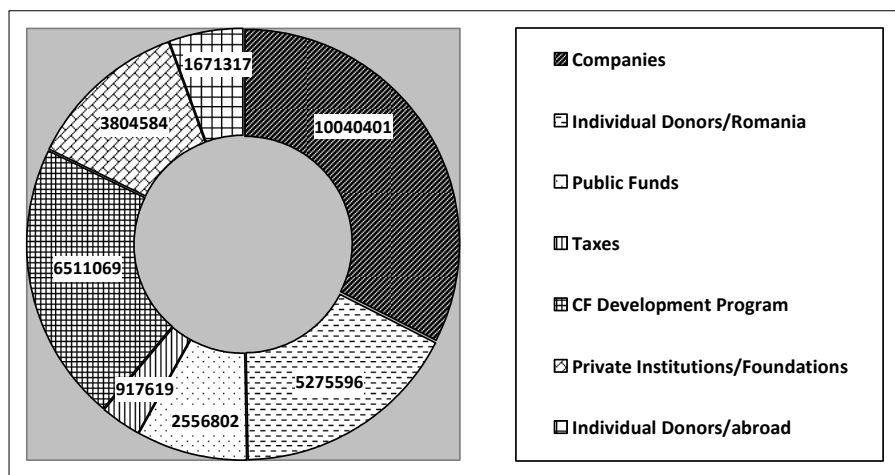
Community sources of income are the ones related to the stakeholders within the community or connected to it, such as public institutions through public funds, companies, individual donors from Romania or other kinds, such as taxes or interests. These sources of income represent 61% of the total income in Community Foundations throughout 2008-2016, meaning more than 18 million RON raised from donations, sponsorships and taxes (from fundraising events). This money

was used for personnel expenses, but most of it for implementing projects and giving it back to the community, in a sustainable way.

In this category of income, the highest amount of money came from *companies* (33%), which also have the highest percentage of sponsorship from the total income, with 10.040.401 RON. Through sponsorships, companies can direct a certain percentage of their annual profit to support a non-governmental organization. This type of action resides also from their CSR strategy (Corporate Social Responsibility), through which they have to 'give away' money and support a cause. *Individual donors from Romania* are also an important source of income for CF's, because NGOs usually cultivate and maintain a good relationship with their donors, through their donor care programs ('thank you' phone calls, emails, newsletters, invitations to future events). Romanian individual donors have given to CF's over 5.275.596 RON (17% of the total income) in eight years (from 2008 to 2016), sponsoring their projects and programs. Their help is very useful, because small amounts of money, gathered from hundreds of donors can have a major contribution to the development of projects, funds or programs. Community Foundations receive donations or sponsorships from *public funds* (8% from total income). Their partnerships with public authorities help them receive some help from there also, from funds that allocate money for projects investing in ecology, education, social work or raising awareness (children abandon, violence, animal care, etc.). From public funds, 2.556.802 RON were allocated to Community Foundations, to sponsor their programs and internal funds. Usually, NGOs seek to establish long-term or project-based partnerships with public authorities, because they conduct awareness campaigns or projects that need many approvals from the City Hall, to organize the actual events in public places, so that they attract people. Also, it is the public authority interest to organize or co-organize such events, because their interest should at least be the welfare of the citizens. An amount of money like this is not a big one, but still having this kind of support, helps CFs in many ways, together with other income. Community Foundations or NGOs in general use another way to raise money, which mostly covers the expenses of organizing an event (protocol, technical equipment, staff, supplies), which is *taxes of participation* to an event. A participation fee is usually a small amount of money, additional to the money raised during the event. From this type of income, CF's have raised 917.619 RON (3% of total income) between 2008-2016, helping them organize events that became tradition in their communities (sports events, such as Swimathon or Bikeathon, marathons, half-marathons). These taxes helped CF's to organize qualitative events, each one of them improving from one year to another, with the help of participants, volunteers and donors.

External income sources include on the other hand, stakeholders from outside the community itself, more like supporting entities that may or may not be in di-

rect contact with the CF's, such as foreign individual donors, private foundations or partners from the Community Foundation Development National Program. The highest percentage of donations came during these years (2008-2016) from the *CF Development National Program*, with a total of 6.511.069 RON (21% from total income), being a source of income that supports CFs from the beginning to help them develop. This program offers both financial and non-financial support, acting as a support tool for creating and implementing projects. Experts offer their knowledge on how the organization should bring something new in the community, on how to develop a strategy and how to reach their objectives. With their financial support, CF's can start a fund, from which to support projects proposed by members of the community, anyone who has an idea to implement. The second highest percentage from the total external income is represented by *private foundations or institutions* (12%). This type of foundations usually donates to certain NGOs with whom they develop long-term partnerships and come from wealthy families (royalties, celebrities). Private foundations give money to non-profit causes, from private funds that they constitute with their own money. Charles Mott Foundations is one of many examples of private foundations that support non-profits, acting at international level. Their funds helped even the Community Foundations, being a long-term sponsor for the movement in Romania and abroad. With a total of 3.804.584 RON, these private foundations helped the Community Foundation Movement to reach important goals in eight years and therefore helped 16 communities to develop. Last but not least, a category of external income source is the *foreign individual donors* (5% of total income). Their donations reached 1.671.317 RON and helped these 16 Community Foundations to be important stakeholders



**Figure 1.** Income sources for Community Foundations

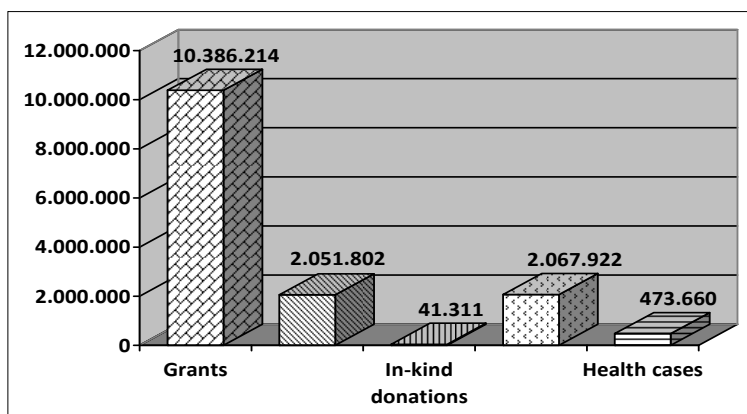
in the communities they function in. Along with the Romanian individual donors, they constitute a powerful and meaningful source of money for the CF's. Their contributions are meaningful in the sense that they help by donating repeatedly/recurring, different amounts of money and their trustworthiness come from the fact that they are consistent in their donations. Even a small amount of money can help building a hospital, because one donor will ask a neighbor or a friend to donate also, and it is this snowball effect that creates precedent and help to build better communities and better relationships.

## **2.2. Investment in community**

Maybe the most important thing for an NGO, in terms of performance is the extent to which they get involved in the community and the impact of their activity on the development of the community. Community Foundations' main purpose is to increase the quality of life of the community members they live in and to support to community and help it improve. In eight years, these foundations have given back to the community grants, scholarships and invested in health cases and community projects worth more than 15.000.000 RON. This figure is just a small contribution of CF's in the communities they function in and represents the connection between active donors, promotion of ideas and implementation of numerous and various projects.

From 2008 to 2016, these 16 Community Foundations invested in the community 15.020.909 RON (approx. 3.338.000 Euros) in different shapes. They supported NGOs by giving them *grants* for projects and programs to be delivered in the communities. The highest amount of money invested in the community is represented by grants worth 10.386.214 RON (approx. 2.308.000 Euros), given away to the community, for different domains, such as environment, health or education. Schools, NGOs, centers dealing with problems due to the lack of money have the chance to benefit of this money and invest it in infrastructure, materials and decent places to perform their activities. This amount of money represents 2405 grants given by the CF's in eight years, so they can help others to help the community and its members.

Community Foundations have invested by developing and implementing *community projects* and involved members of the community in the process. They carried out 219 projects and invested 2.067.922 RON (approx. 460.000 Euros) and brought together actors within the community to debate and implement them. Projects related to science, health or education got the resources to be put into application and involve youngsters and specialists to create products or deliver services for the community. Another category of support includes *scholarships*, given to young people, students or pupils to help them overcome financial difficulties and contribute to skills development, knowledge or competence. Around 2.051.802



**Figure 2.** Investment in the Community

RON (approx. 456.000 Euros) were invested in this category of people, receiving 1114 scholarships during the eight years in which CF's kept on investing in this kind of support. These scholarships helped students undergo trainings related to photography, ecology or IT and developed afferent skills, they did research, developed photo reports or simply bought materials for school. Community Foundations also helped individuals whom needed money for medical treatment due to health problems. They helped 37 *individual health cases* with 473.660 RON (approx. 97.000 Euros), individuals whose financial status did not allow them to buy medication or get proper treatment. Basically, CF's intervened where the state was not able to help and helped to people's health improvement. The *in-kind donations* are a small but meaningful contribution in the community, which means equipment or actual materials for individuals or NGOs, such as office supplies, technical equipment (computers), food or clothing. During these eight years, CF's have given three such kinds of donations, all of them during one year (2015), worth 41.311 RON (approx. 9.200 Euros).

### 2.3. Grants given in the community

Grants are amounts of money given as non-refundable financing in order to fulfill a certain objective ([www.finantare.ro](http://www.finantare.ro)). Community Foundations have given this kind of support for eight years in which they helped other non-governmental organizations to reach their objectives. Through these years, an amount of 10.386.214 RON (approx. 2.308.000 Euros) were invested as grants in very different areas, including sport, social inclusion, environment or culture and arts. This amount is not negligible, taking into consideration that the organizations that invested them in others are also non-governmental and 2405 grants in eight years is very worth mentioning.

The domains in which CF's gave grants are various, the highest amounts of money being given to education, health and culture and arts. *Education* is the top domain to receive grants, with 3.535.013 RON (approx. 786.000 Euros) in eight years. Being a domain in which the public authorities do not invest much, is well represented, with 927 grants being given to renovate schools, to buy supplies, to help disadvantaged children benefit of decent conditions of study. It is a sensible subject, no matter what, because in present time, while technology develops smart phones, smart houses and other smart things, there are still villages and even cities in which proper education is not being delivered adequately or not at all. *Health* is another sensible subject, because in Romania, this domain is underdeveloped, mostly because bureaucracy, corruption hence lack of money. This domain received 1.497.440 RON (approx.. 333.000 Euros), through 211 grants and helped hospitals and individuals have better conditions or access to proper medication or treatment. Romania fights against corruption and bureaucracy, but the medical system is still weak and affected by bad decisions and personal interests of doctors and hospital managers. CF' helped people fight against this poor system and provided the necessary money to renovate hospitals, to buy medical equipment and supplies. Totally opposite to education and health is *culture and arts*, but still representative. Supporting culture and arts meant beautifying communities and cities and giving artists the opportunity to express themselves and to revive communities. This domain has been invested in with 1.227.111 RON (approx. 272.000 Euros), through 367 grants between 2008-2016, in photography, architecture or theatre. It supported young artists to be able to get into acting classes, it gave cities the possibility to reinvent themselves and being modernized (urban furniture, graffiti) or it invested in programs for teenagers, in which to express their creativity and apply it. Many other domains worth mentioning are social inclusion (1.028.177 RON – 228.000 Euros), public spaces (1.144.729 RON – 254.000 Euros) or sport (587.228 RON – 130.495 Euros). These grants helped communities improve their aesthetics and helped their members to be able to get involved in it actively, with their skills and perspectives.

#### **2.4. Sports events as fundraising mechanisms**

Sports Events such as marathons, running or swimming competitions, bike competitions have become a popular way to raise funds. Community Foundations began organizing this type of events in the idea of raising money for various causes and attracted attention from private companies, NGO's, mass-media and potential donors. They brought some successful events from abroad and adapted them to local needs, creating tradition among the communities they activate in. Swima-thon, Bikeathon, international marathons and half-marathons succeeded in attracting thousands of people interested both in doing healthy activities and donating.

The sports events organized by the Community Foundations in Romania have demonstrated their feasibility and sustainability in the medium and long-term, due to the amounts of money collected in the years of organizing these events. This can also be explained by the fact that they attract by their very nature diverse population groups, from the youngest to the elderly, who engage and financially support causes, 'sacrifice' time and fight for causes as volunteers, swimmers, runners or cyclists.

As far as the events in terms of figures are concerned, they have developed consistently over the years, due to the interest of several actors involved, such as local NGO's, people willing to support certain causes, private sector actors and the public sector. Alongside the funds attracted, the diversity of causes proposed for being supported had a major part and the one who got involved in the events (volunteers, swimmers, runners, cyclists). In 2009 was organized the first sports event, in Cluj-Napoca, one year after the first two CF's were created.

Since 2009, 5.131.287 RON (approx. 1.140286 Euros) have been raised during events such as the ones mentioned before, the evolution of these figures being a gradual one. If in 2009 the amount of money raised was 27.000 RON (approx. 6000 Euros), it reached an impressive amount of 1.979.400 RON (approx. 440.000 Euros) in 2016. The model of these fundraising events sought the attention of a larger population of potential donors and also allowed different categories of age to participate, whether as participants, volunteers, supporters or donors. Because of the bigger number of people involved, they gained more popularity among the mass-media and other actors (local authorities, NGO's, private companies, foreign individual donors). One year after the first event (Swimathon), the money raised doubled up to 63.000 RON (approx. 14.000 Euros) and in 2011 doubled again, to 111.681 RON (approx. 24.800 Euros). The municipalities got involved more actively, providing the spaces necessary for organizing the events (swimming pool complexes, stadiums, open spaces), restricted the circulation of cars in certain parts of the cities and answered quickly to this type of events. Also, more and more companies wanted to get involved and give sponsorships, promotional materials and prizes. Many NGO's began participating by promoting their causes within the events, swimming or running for them and eventually raising money. After 2011, the amounts of money raised during these events increased yearly (224.647 RON – 49.900 Euros in 2012), especially in 2013, when it got to 547.462 RON (approx. 122.000 Euros) and after that it kept on increasing to 888.790 RON (approx. 197.500 Euros) in 2014, then to 1.289.307 RON (approx. 286.500 Euros) in 2015 and reached to 1.979.400 RON (approx. 440.000 Euros) in 2016.

Again, the diversity of causes, the will to involve a large number of people over the years and the will to make a change in communities where events have developed made these annual events a tradition in raising money together, for causes that otherwise would not have been fulfilled.

### 3. Conclusion

Community Foundations rely on efficient and secure donation mechanisms that allow significant funds to be drawn in a short time. CF's are born out of a desire to increase the quality of life of inhabitants in the communities they live in and contribute to it by involving them, supporting them and their ideas.

The money raised by these foundations since the first fundraising events made them trustworthy entities, capable of attracting, managing and redirecting important funds back in the community, through grants, scholarships or community projects.

In eight years, they managed to attract almost 2 million RON only from fundraising sport events from almost 30 million RON, along with donations and sponsorships from individual donors (Romania and abroad), companies, national programs or public funds. These NGO's helped across these years (2008-2016) thousands of beneficiaries, whom otherwise would not have been known about. They try to keep the community a safe and encouraging place, in which everyone can bring their contribution for the greater objective, which is to improve and constantly develop the community in which they live.

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# STUDY REGARDING PUBLIC DEBT AT E.U. LEVEL

Paul ZAI

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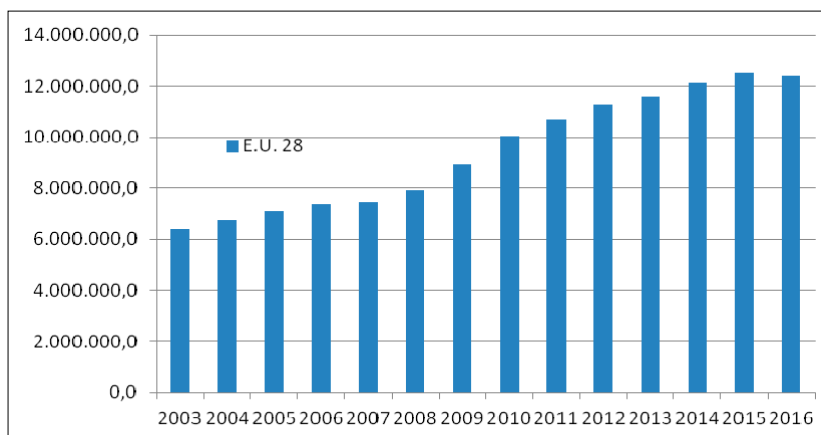
Associate Professor, PhD., Public Administration  
and Management Department, Faculty of Political,  
Administrative and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-264-431.361  
E-mail: zai@fspac.ro

**Abstract.** This paper is trying to present how public debt is evolving at E.U. level. We have used data from the Eurostat database. The methodology that we used is the quantitative method of research, data analysis. The factors of influence that we have studied are: government revenues, total population, gross domestic product, the surface of the state, the public deficit and debt, the expenditures of the government. We have also created an own forecasting model.

**Keywords:** public debt, E.U., factors, forecasting.

## 1. Introduction

According to DEX, 'debt' is a sum of money or other property due to someone, but also a moral or material required task. We define public debt as 'all amounts borrowed by the government, the administrative-territorial units and other public entities, from internal or external creditors of outstanding and at a time' (Pirvu, 2009, p. 179; Hardie, 2012). Also, public debt may result from the payment of interest or fees on loans, can be expressed in national or foreign currency. If we balance the ratio of public debt in the gross domestic product in a specified year, we can calculate through expressing by percentages, a state indebtedness and to what extent it affects debt, allocating sums of GDP next year, in order to repay to creditors (Văcărel, 2007; Benczes, 2014). Payment of amounts due (internal or external) through reimbursement can be sourced, collected taxes, investment income from the financing of income generating for the state or new loans made by the governments in extreme situations (Blanchard, 2010).



**Figure 1.** The evolution of Government consolidated gross debt, E.U. 28, 2003-2016

*Source:* Own processing of data from Eurostat<sup>1</sup>

General government debt is defined as 'consolidated general government gross debt at nominal value, outstanding at the end of the year in the following categories of government liabilities (...): currency and deposits, securities other than shares excluding financial derivatives, and loans. General government sector comprises the subsectors: central government, state government, local government, and social security funds. Basic data are expressed in national currency converted

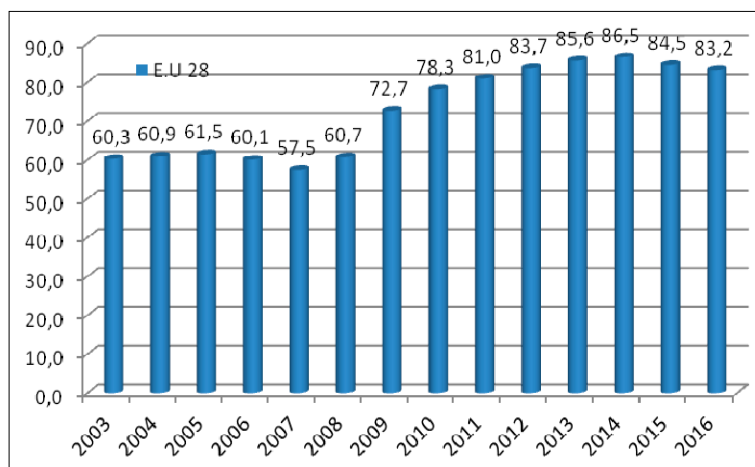
<sup>1</sup> [Online] available at [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/dataset?p\\_product\\_code=TSDDE410](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=TSDDE410), accessed on January 15, 2018.

into euro using end-year exchange rates for the euro provided by the European Central Bank (ECB)'.

'Public debt' is defined as 'consolidated gross debt at end-year nominal value'<sup>2</sup>.

This paper came to show the evolution of the public debt in the E.U. 28 from 2003 until 2016 and, for achieving that, I will analyze the national debt (government consolidated gross debt) of E.U. 28 countries and prediction. In order to analyze the evolution of the investments in E.U. 28, I acquired the information from Eurostat, and from IMF (International Monetary Fund).

In Figure 1 we can notice that the evolution of General Government Gross Debt is in continuous growth, the largest increase is noticed between 2008 and 2010 because of the financial and economic crisis, increasing with more than 2.5 thousand billions EUR compared with 2007. We can notice (Figure 2) that the evolution of General Government Gross Debt is in continuous growth, the largest increase is noticed between 2008 and 2010 because of the financial and economic crisis, increasing with more than 2.5 thousand billions EUR compared with 2007. The highest percentage of government consolidated budget is in 2014, 86.5% and the lowest percentage in 2007, 57.5%. The maximum amounts of debt for our reference period are thousands of billions of euros and lower in the billions and hundreds of millions EUR. The evolution of maximum values over the five years is from 2.090 billion EUR tering growth in 2014 to 4.44% higher than 2010. For our reference years, Germany

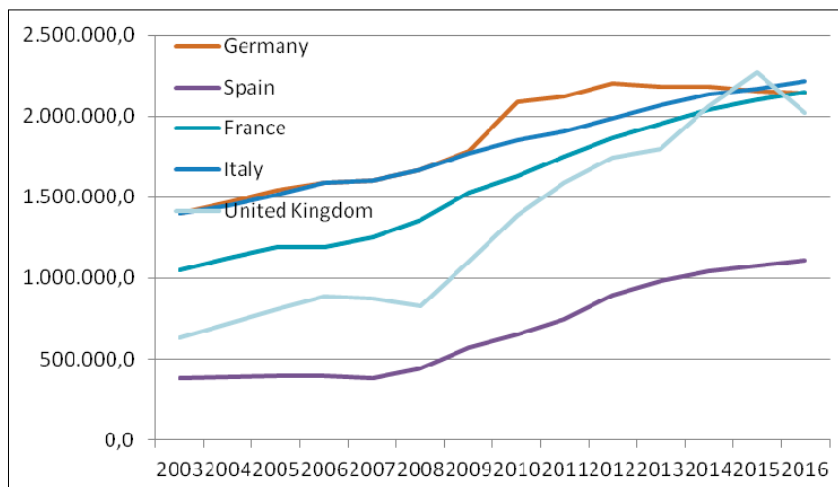


**Figure 2.** Government consolidated gross debt, E.U. 28, 2003-2016 (% GDP)

Source: Own processing of data from Eurostat

2 [Online] available at [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/EN/ei\\_naga\\_a\\_esms.htm](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/ei_naga_a_esms.htm), accessed on January 15, 2018.

(Germany, 2010), to EUR 2.184 billion (Germany, 2014), thus this country registers first in the ranking of European countries in terms of annual gross debt, with increases of 1.34% in 2011 compared to 2010, 3.58% in 2012 compared to 2011 and 0.18% 2014 to 2013 and one decrease, with 0.64% in 2013 compared to 2012.



**Figure 3.** Government consolidated gross debt developed countries, E.U. 28, 2003-2016

Source: Own processing of data from Eurostat

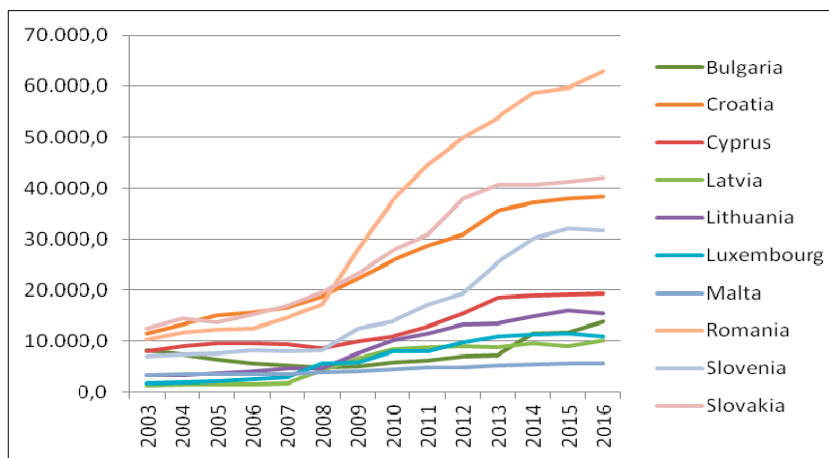
Italy and Germany have almost the same debt, except the 2009-2012 periods, when we see that Germany's debt is slightly higher (over 2 thousand billions EUR). In what concerns United Kingdom we could notice that in 2008 the debt was smaller (796,498.7 billion EUR) than the year before (858,236.8 billion EUR). In what concerns France, in the figure above, we noticed that the evolution of General Government Gross Debt is in continuous growth (from 1 thousand billions EUR to almost 2 thousand billions EUR). And about Spain we can say that it has a somewhat lower public debt. As we can see, Spain's and UK's level of indebtedness doubled in the years after the economic crisis.

United Kingdom's public debt continued to increase because of the 'weak consumer spending and subdued business investment weighed on the economy' (Central Intelligence Agency, undated, a).

Five countries in the first seven of the ranking, recorded a stable position in the European hierarchy. So during those five years, Belgium holds the seventh position, the sixth Netherlands, fifth Spain, Italy second, and the first position rests to Germany. Among other rankings occupying public debt, no other state has failed to maintain its position in the European hierarchy unchanged. We excluded from this ranking unofficial data, those on Greece, whose debts are higher relative to GDP, 160.5% of GDP.

If you want to give a look to Romania, it fluctuates between the positions of 17<sup>th</sup> (2010) and 18<sup>th</sup>. Being in 2014 in a position between the Czech Republic and Slovakia we say that Romania's population is larger than both aggregated populations; moreover, our population is even greater than the sum of any two countries which are on the seven top positions in the top debt. But we should not let ourselves be guided entirely by this because if we look at Romania's deficit (of a state budget deficit is the main cause for which it recourses to loans) as a percentage of GDP (-1.5% representing EUR 2.3 billion), it shows that in 2014 Romania ranked 22 (between Latvia and Sweden). However, Romania has managed to significantly reduce this deficit in six years, from 9% of GDP in 2009 to -6.8% in 2010 and -5.5% in 2011. Ireland is still record holder for explosion in deficit because this country with a net debt of EUR 203 billion and a population of about 4.6 million inhabitants (2014) in just one year has managed to worsen the deficit by 17 percent (-13.9% in 2009 to -30.9% in 2010) as next year and bring him back to baseline by nearly all 17 percent (from -30.9% in 2010 to -13.4% 2011). Currently, only Ireland has a deficit of 4.1% of GDP (EUR 7.6 billion). Also, worth mentioning is that there are only four countries in the European Union, namely Denmark, Estonia, Luxembourg and Germany who managed in 2014 to record budget surplus (0.6% of GDP from 1.2% of GDP).

We tend to think that there is a negative causal relationship between changes in public debt and budget deficit developments, because if our country can be seen the extent to which one increases the other decreases. Perhaps this is due to the adjustment of fiscal policies by the political class and further external borrowing habit.



**Figure 4.** Government consolidated gross debt small countries, new members, E.U.28, 2003-2016

Source: Own processing of data from Eurostat

Luxembourg has one of the lowest public debt percentage compared to GDP in EU 27, after Estonia and Bulgaria.

Public debt percentage is growing worryingly and doubled or almost doubled for Slovenia and, respectively, for Cyprus.

'As a result of the increase in fiscal and current account deficits and the global financial crisis, Romania signed on to a EUR 26 billion emergency assistance package from the IMF, the UE, and other international lenders' (Central Intelligence Agency, undated, b).

The crisis has not remained stranger for the Baltic countries, except Estonia. We notice that the level of Latvia's public debt has significantly increased starting with 2007 period compared with 2003 when we talk about millions of EUR, about 551.1%, but when we refer to the debt-to-GDP ratio chart we noticed that the percentage is considerably smaller, about 176%.

And in what concerns Estonia and Lithuania we noticed from the charts above that these countries have fluctuated a lot, when we talk about millions of EUR, the percentage is about 250%-282%, but when we refer to the debt-to-GDP ratio chart we noticed that the percentage is somewhat lower, about 93% for Lithuania and 75% for Estonia in 2012 compared with 2003.

In Romania we can notice, from the chart above, that after the financial and economic crisis public debt are nearly tripled (from 17 thousand billions in 2008 to 50 thousand billions in 2012) and in what concerns Bulgaria, public debt is not fluctuating very much.

The Czech Republic, Slovakia and Hungary have successfully managed to keep their public debt within the same values despite the world financial crisis. The Czech Republic, Slovakia and Poland are successfully keeping the public debt as percentage compared to GDP to 50%.

The Scandinavian countries were affected, but in a lesser extent. The countries most affected by the 2008 crisis recorded increases of public debt around 100 billion EUR or even more, but when compared to their economic strength it means a lot, more than it can handle.

## **2. Factors influencing public debt**

Further, I will try to find some explanations for the public debt of a state and the factors which may influence it. In this case I chose the following:

1. The revenues of government;
2. Total population;
3. Gross Domestic Product;
4. The surface of the state;
5. The deficit and debt;
6. The expenditures of government.

I considered these indicators as very important in order to correlate the change of public debt in a direct dependence with one or more of these variables. In order to accomplish this goal, I created a database in SPSS, which is a statistical package very useful for my analysis.

In the first scenario I made a bivariate analysis using regression between the dependent variable 'public debt' and the independent one 'revenues of government'. As it can be seen in the table below, the significance of ANOVA tells us that there is a significant model of regression (sig. <0,05), no matter if the link between those two variables is weak, more specific, the revenues of government influences only in a proportion of 5% the public debt of a government. Is very interesting to see further the sign of this relation between variables, because we launch the hypothesis that the sign of regression (beta coefficient) must be negative, in the logical sense that meanwhile one of the variables is rising, the other is decreasing.

**Table 1.** Public debt and revenues of government: regression results

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,622E12	1	2,622E12	6,105	,015 <sup>a</sup>
	Residual	4,725E13	110	4,295E11		
	Total	4,987E13	111			

a. Predictors: (Constant), REV\_14

b. Dependent Variable: Public debt

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,229 <sup>a</sup>	,053	,044	6,55396E5

a. Predictors: (Constant), REV\_14

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-598809,232	414611,876		-1,444	,152
	REV_14	23724,434	9601,958	-.229	2,471	,015

a. Dependent Variable: Public debt

The sign of Beta is confirming our hypothesis, so we can affirm that there is a direct relation of dependence between public debt and the total revenues of gov-

ernment. If a state by example is increasing its revenues, this may mean that there are capabilities from the state to reimburse the debt.

Between the population of EU countries and GDP is a very strong relationship in the sense that any increase or decrease in number of inhabitants influences positive in a percentage of 89% general government debt. As prove stays the significance of ANOVA coefficient and the value of  $R^2$  from the adjoining tables. This dependence allows us to draw a prediction regarding states with large number of inhabitants. In fact, almost any state with large population is more indebt than a state with smaller number of inhabitants.

**Table 2.** EU countries' population and GDP: regression results

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,463E13	1	4,463E13	936,983	,000 <sup>a</sup>
	Residual	5,240E12	110	4,763E10		
	Total	4,987E13	111			

a. Predictors: (Constant), POP

b. Dependent Variable: Public debt

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,946 <sup>a</sup>	,895	,894	2,18252E5

a. Predictors: (Constant), POP

GDP is another indicator which influences strongly public debt from a state. Our only fear is that the result of the regression may be a little bit far from reality due to the high significance of  $R^2$ , 0,949, and with a positive Beta, meaning that any increasing in GDP is directly proportional with the increasing of public debt, something that looks a little bit illogic because a bigger GDP means a healthy economy, socio-economic prosperity and efficiency, or in this case the state will not rely on internal or external creditors in order to support with money its activity.

The analysis of surface of a state with its public debt offers us trustable results, because, first of all, of the value of  $R^2$ . Translating the table below we can say that a bigger state as surface will have with 40% chances to have higher values of public debts.

**Table 3.** EU states surface and public debt: regression results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,636 <sup>a</sup>	,405	,399	5,19540E5

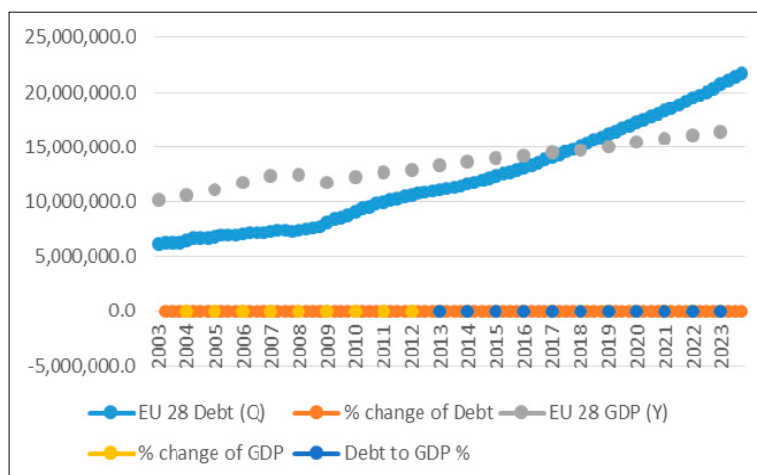
a. Predictors: (Constant), SUR



Continuing the analysis, we had reached the surprising conclusion that the deficit of government influences only in a small manner the public debt (5%), while the expenditures of government are not significant for the public debt. So, in conclusion of this section, we mention that the most relevant indicators which influence public debt are population, surface and GDP.

### 3. Forecasting (own model)

I've made some simple predictions using the information provided by Eurostat on the GDP and Gross Government Debt for the period of 2003-2016.



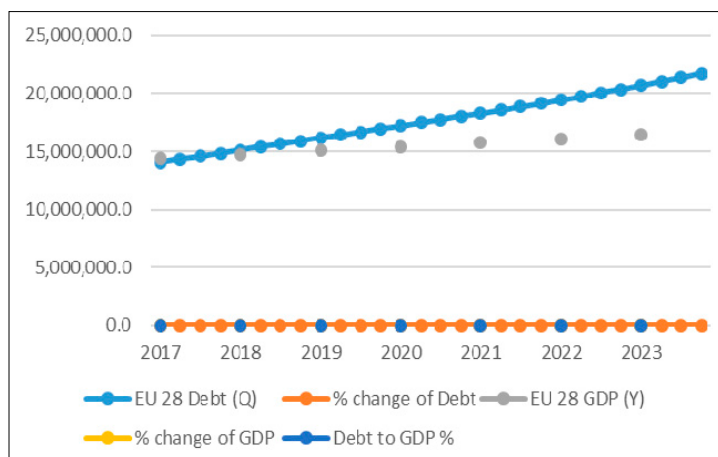
**Figure 5.** Indicators E.U. 28, Debt, 2003-2023

Source: Own processing of data from Eurostat, IMF

I've used the linear moving average to forecast the GDP and the Gross Government Debt. This method used was applied to the yearly growth (or decline where the case) for the GDP and quarterly growth (or decline) for the gross development over last 10 years (2003-2012).

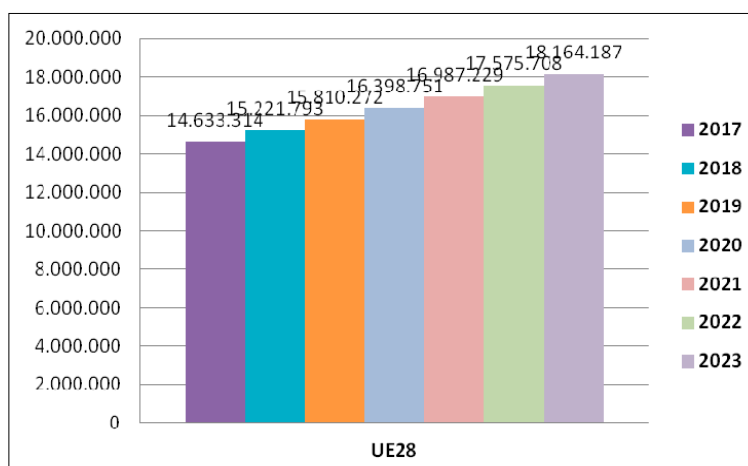
The formula used is  $(Y2/Y1-1)*100$  and I've used the average for the last 10 years.

In order to forecast gross government debt to GDP ratio of the 28 countries from the E.U. 28 in the period of 2017-2023 (N+3 approach of programming period 2014-2020) I've analyzed the data provided by IMF and the European Commission on their official web sites. I've analyzed the forecast provided by Economywatch.com (is the largest independent economics, finance and investing community on the web) (Economy Watch, undated) and the European Commission's Directorate General for Economic and Financial Affairs (European Commission, 2013).



**Figure 6.** Forecasting Indicators E.U. 28, Debt, 2017-2023

Source: Own processing of data from Eurostat, IMF

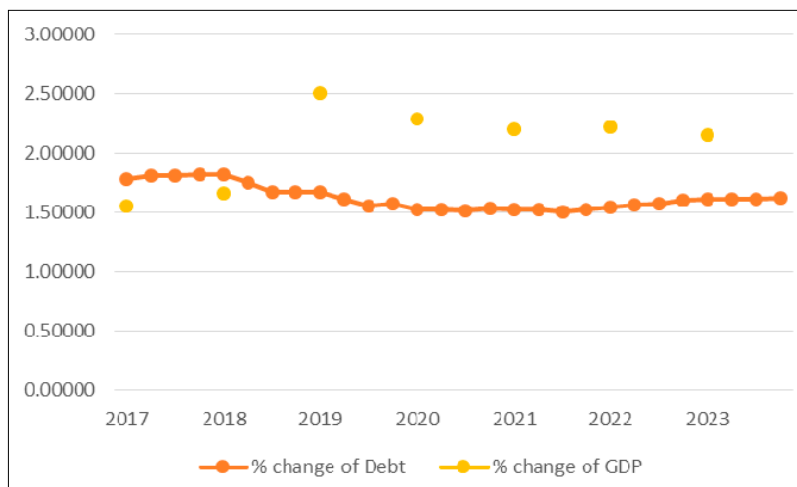


**Figure 7.** Forecasting E.U. 28, Debt, 2017-2023 (mil. EUR)

Source: Own processing of data from Eurostat, IMF

The forecast is a very important and useful statistical instrument which helps specialists from various domains to predict something or to estimate certain phenomenon, events and economic data. Mostly used in weather predictions by meteorologists, who are analyzing meteorological data, forecast is also highly met among economists. They are forecasting some macroeconomics indicators as inflation, prices, GDP, unemployment, public debt and so on so forth. So, for this study we chose to use forecasting as well in order to try to predict some indicators related to public debt, population, deficit and debt, variables which were used to

realize correlations, useful to calculate in what measure public debt is dependent or independent by those variables.



**Figure 8.** Forecasting Indicators E.U. 28, Debt, 2017-2023

Source: Own processing of data from Eurostat, IMF

If the initial values of public debt were extracted from Eurostat, corresponding with the period between 2010-2014, we chose to forecast these values to another five years, 2015-2019 for all the states members of EU. The values of increase or decrease will be expressed in percentages for a better understanding of the analysis.

The starting point of the analysis is represented by the average values which the public debt increased in all the 28 E.U. member states from 2014 to 2019 in order to compare it after with the increase taken individually by every state. So, among E.U. the percent of increase of public debt is 18.73%, more than in the period 2010-2014 (17.17%). We try to represent all the countries in our sample in order to cover many data through a table which will be able to expose increases and decrease of countries' public debt.

The table above represents how the values of public debts will evolve in the next five years for each country. In the second and fifth columns are calculated percentages of how much public debt evolved from 2010 in 2014. As we can see, only Greece is the state with a low public debt in 2014 comparative to 2010.

As we can see, only Greece is the state with a low public debt in 2014 comparative to 2010. Also, Slovenia and Estonia have both doubled their debts during five years and Cyprus has as well big increase. On the other side, the third and sixth columns represent differences between the evolution from period 2010-2014 and the evolution from 2015 to 2019, which is the period of forecasting.

**Table 4.** Previsions on EU countries' public debt

Country	2010-2014 %	2015-2019 (F) %	Country	2010-2014 %	2015-2019 (F) %
Belgium	14,89	1,68	Lithuania	31,54	1,48
Bulgaria	49,23	12,7	Luxembourg	31,24	0,29
Czech Republic	8,34	6,31	Hungary	-0,95	2,44
Denmark	11,13	0,68	Malta	17,69	0,86
Germany	4,32	2,24	Netherlands	17,57	2,61
Estonia	53,48	8,31	Austria	12,49	0,70
Ireland	29,02	1,19	Poland	4,46	8,01
Greece	-4,18	9,54	Portugal	23,34	1,21
Spain	37,19	2,69	Romania	36,82	3,79
France	19,89	1,45	Slovenia	54,07	12,99
Croatia	30,65	1,25	Slovakia	31,93	1,04
Italy	13,33	2,07	Finland	27,60	0,37
Cyprus	42,77	4,62	Sweden	21,09	0,02
Latvia	12,43	0,87	United Kingdom	32,74	3,23

Source: Processing personally the data extracted from Eurostat

From all countries studied, the analysis predicts that only 12 will register a smaller public debt in 2019, from relative point of view (represented by green arrow). But it's necessarily to pay attention to this, because green and red arrows don't represent that the effective public debt will decrease or increase, but rather it represents in what direction and how much the general situation of public debt will evolve.

#### 4. Conclusions

The evolution of General Government Gross Debt is in continuous growth, the largest increase having occurred between 2008 and 2010 because of the financial and economic crisis, but because 2007 was a good financial year and the EU GDP increased we don't see the same increase in the debt-to-GDP ratio.

The evolution of European Union's General Government Gross Debt is in continuous growth compared to 2003, but the largest increase is noticed between 2008-2013, because of the financial and Euro crisis, with a small decrease in 2007.

In 2009 the European Union's public debt growth dropped in intensity to stay about the same level in 2010 and 2011 after the accelerated growth recorded in 2007-2008.

All of the 28 analyzed countries have registered a different evolution, given the fact that they have different population size, different geographical localization, etc., the thing that they all had in common was the fact that they registered an increase in the revenues and expenditures, from 2010 until 2014. Germany, France, Spain and Netherlands were the ones that registered the biggest values in revenues and expenditures. Almost of all of the countries had borrowed money from the EU or from other countries. Germany, France, Italy and U.K. are the biggest debtors of the EU and will still be in following period of 2015-2019. The smallest debtors are Bulgaria, Estonia, Cyprus, Latvia, Lithuania, Luxembourg and Malta.

In Romania we can notice, from the table above, that after the financial and economic crisis public debt are nearly tripled (from 17 thousand billions in 2008 to 50 thousand billions in 2012) and in what concerns Bulgaria public debt is not fluctuating very much.

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# FROM CULTURAL VITALITY TO CULTURE AS SUSTAINABLE URBAN DEVELOPMENT IN CLUJ-NAPOCA

Rarița-Maria ZBRANCA

## **Rarița-Maria ZBRANCA**

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeș-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-723-263.072  
E-mail: rarita@cccluj.ro

**Abstract.** The article provides an analysis of the cultural sector in Cluj-Napoca, from the perspective of its contribution to urban development. It gives an overview of European and local policies related to culture as a factor for development as well as of different theories and approaches linking culture and sustainable urban development. It reflects on the way the cultural vitality of the city and the existing models of cultural production shape the city's narratives about culture-led development. It further identifies how culture can further become the texture for sustainable urban and social development through measures that positively impact on citizen well-being, social and economic innovation, social inclusion and meaningful public participation, and the city's international profile. These links are worth further exploring in order to maximize the impact of the local cultural excellence and vitality to the overall development of the city.

**Keywords:** culture-led development, sustainable development, urban policies, cultural vitality.

## Introduction

In the past two decades, culture has undergone a major repositioning in society, having shifted from being a rather peripheral sector to becoming an essential element of sustainable development. This paradigm shift is undoubtedly connected to changes in society, in social structures, as well as in political and economic dynamics. Already in the late 20<sup>th</sup> century we faced the cultural turn, which has been defined both as a substantive shift inherent to advanced societies where culture expands beyond its traditional forms and becomes increasingly relevant for social and economic processes, and as an analytical shift in academia (Wikipedia, Cultural Turn, 2017).

Culture proved effective in fostering social cohesion, lifelong learning and development of key competences for today's society such as cultural awareness, intercultural interaction, creativity and resilience, in regenerating derelict areas, in communities dealing with unknown and unexpected situations, in city branding, and economic growth.

Thus the position of culture in city policies has correspondingly changed. At present, culture is capitalized in cities as a factor for social transformation and urban regeneration, and as an indicator of the quality of individual and collective welfare and well-being.

## 1. Culture and Development

### 1.1. Culture and Development. Theoretical Approaches and Studies

There are various theories on the ways in which cities can draw most benefits from culture, some being centered on the potential of culture and creative industries to boost economic development, and some looking more at culture as a soft power that links segments of our society and generates cohesion, understanding and empowerment.

One theory proposes culture as the 4<sup>th</sup> pillar of sustainable development, along with *social cohesion, environmental responsibility and economic viability* (Hawkes, J., 2001), stating that a community's values, ways to organize and the free and inclusive expression of these values, which make up its culture, need to be secured and supported in a healthy society.

Another perspective is Richard Florida's theory about cities and the creative class that has greatly influenced policymakers across the globe. He argues that in the beginning of the 21<sup>st</sup> century regions can't base their economy on material resources and traditional business models anymore. With creativity becoming a key asset for a development based on knowledge, innovation and new technologies, territories need to attract, develop and nourish talent, namely the 'creative class'.

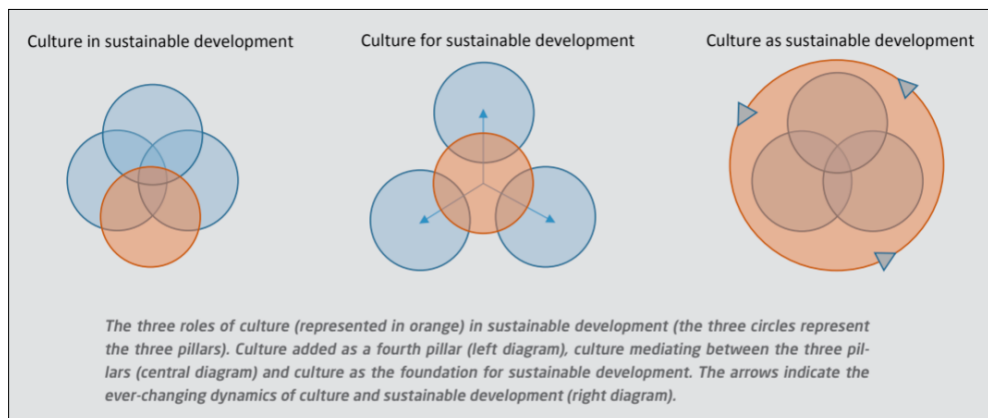


He proposes the 'three T's' model of economic growth, based on talent, tolerance and technology (Florida, R., 2002). The model proposed by Florida was embraced by many cities but also raised strong criticism especially for deepening the social and economic inequalities through gentrification and commodification of culture. Florida himself revised his model in his latest book, bringing into focus the need for social inclusion (Florida, R., 2017).

One of the first to introduce and develop the term of creative city was Charles Landry (Landry, C., 1995). Like Florida, he contributed to both the theoretical framework of urban creativity and directly assisted city governments in devising local strategies. Landry observes that a city's creativity and vitality does not depend only on concrete factors such as cultural infrastructure and financial support for culture, but also on intangible aspects like the quality of relations and networks and their will to create. He defined seven factors of urban creativity: personal qualities of the inhabitants, the will and leadership, human diversity and access to diverse talents, organizational culture, local identity, urban spaces and facilities and the dynamic of networks between people (Landry, Ch., p. 106).

Following these ideas both advocacy and research on the impact of culture expanded quickly, to the point that a new wave of criticism appeared from within the cultural sector. Efforts to make visible the potential of culture for development brought culture on the agenda of policymakers, shifting attention from cultural policies to the spillover effects of culture and creative industries, thus leading to an instrumentalization of culture.

More complex approaches have also been developed, looking at the inter-connections between culture and other spheres and also at the relations that different cultural models establish between donors/patrons, cultural producers/artists and audience/participants. Thus policies and strategic programs have to take into ac-



Source: Dessein, J. et al., 2015, p. 29.

count multiple levels of cultural influence on: innovation, welfare, sustainability, social cohesion, new entrepreneurship models, lifelong learning, soft power, and local identity. Sacco thus argues that indirect economic and social effect of cultural participation may be much bigger than the direct market value generated by cultural goods, the challenge thus residing in building the appropriate measuring instruments (Sacco, P.L., 2011).

A relevant synthesis of these models is proposed by Dessein, J., K. Soini, G. Fairclough and L. G. Horlings (2015) in the following figure that illustrates the differences between (1) culture *in* sustainable development, (2) culture *for* sustainable development and (3) culture *as* sustainable development.

## 1.2. European Policies on Culture and Development

The Maastricht Treaty on European Union (1992) provided that Culture shall be governed by Member States according to the principle of subsidiarity (Article 128), yet defined a cultural competence of the EU, in matters related to (1) cultural cooperation between Member States, (2) cooperation between Member States and Non-EU countries and (3) also provided that cultural aspects are taken into account in all other areas of EU policy.

In 2007 the EU Communication on an 'Agenda for Culture in a Globalising World' acknowledges that culture plays a key role in European development, and defines three objectives for EU institutions, cultural players and Member States: (1) promotion of cultural diversity and intercultural dialogue, (2) promotion of culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth and jobs, and (3) promotion of culture as a vital element in the EU international relations.

Following the provisions of the Agenda and the growing advocacy of European initiatives and networks to EU institutions, different aspects have been further developed and included in more specific policy documents.

The main area of interest has become culture for local and regional development, beginning with the European Parliament 'Resolution on the Role of Culture in the Development of European Regions'. The document acknowledges the increasing importance of cities and regions and 'stresses that regional and local development strategies that incorporate culture, creativity and the arts contribute very much to improving quality of life in European regions and cities by fostering cultural diversity, democracy, participation and intercultural dialogue'<sup>1</sup>. It ac-

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1 Resolution (EP) P6\_TA(2009)0214, 'The Role of Culture in the Development of European Regions', 2009, [Online] at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P6-TA-2009-0214+0+DOC+PDF+V0//EN>, accessed 11 February 2018.

knowledges that cultural projects and civil society initiatives are very effective in this respect, it urges the Commission to define measures for cultural development and to commission a study on the influence of culture on development at local and regional level and calls for awareness campaigns and direct action at all levels.

The document was shortly followed by the 'Council Conclusions on the Contribution of Culture to Local and Regional Development' (2010) that establishes that culture and creativity are key for innovation, which in turn contributes to social and economic progress. Thus the document provides measures that foster culture, especially the cultural and creative industries, with the view to maximize their contribution to the 'Europe 2020 Strategy' for smart, sustainable and inclusive growth. The priority areas defined by the document are (1) mainstreaming culture in local and regional policies, (2) stimulate a supportive environment for cultural and creative industries, (3) deepen the contribution of culture to sustainable tourism, (4) cultivate creativity in training and education to improve skills, human capital and foster social cohesion, (5) reinforce cross-border, transnational and interregional cultural cooperation.

'The Council Conclusions on Culture as a Catalyst for Creativity and Innovation' (2009) recommends support measures for cultivating creativity and innovation through culture, recognizing that these are key competences for citizens, organizations/businesses and societies in times of rapid change and serious challenges.

There are also other documents that aim to strengthen different priority areas of EU policy through culture, among which: 'Council Conclusions on the promotion of cultural diversity and intercultural dialogue in the external relations of the Union and its Member States' (2008), 'Joint Communication to the European Parliament and The Council – Towards an EU strategy for international cultural relations' (2016), 'Council conclusions on Intercultural Competences' (2008), 'Europe 2020 – A European strategy for smart, sustainable and inclusive growth' (2010), 'Green Paper on unlocking the potential of cultural and creative industries' (2010), and 'Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on a Work Plan for Culture' (2015-2018) (2014).

## **2. What Role for Culture in Cluj-Napoca?**

### **2.1. The Cultural Profile of Cluj-Napoca**

#### **2.1.1. The Cultural Sector**

A mapping of the cultural sector in Cluj-Napoca (Cluj-Napoca 2021 European Capital of Culture Association (ECoC), 2013) reveals that there are 19 public cultural institutions – museums, theatres, and philharmonic institutions, including five national institutions. There are more than 60 active non-governmental organi-

zations dedicated to art and culture and numerous other organizations and informal groups are carrying out activities with a relevant cultural component. There are also a total of six creative unions and national creative union-branches here, alongside with six universities or departments with an artistic profile and three specialized art high schools. Seven foreign cultural centers offer cultural programs, and 17 centers / libraries offer language courses and access to book funds in other languages. In 2012, about 90 festivals of smaller or larger size took place in the city.

The city is home to two State Theatres, two State Operas and two remarkable independent arts spaces, Paintbrush Factory and Centre of Interest, as well as to a large number of artists and cultural organizations. An eventful city, with more than 2000 events every year, among which festivals such as Transylvania International Film Festival, Untold, Electric Castle and Jazz in the Park, the city is the film and music capital of Romania.

### 2.1.2. Cultural Vitality

Cluj-Napoca has the highest cultural vitality in Romania<sup>2</sup> (Voicu, S., Dragomir, A., 2017) and ranks as 13<sup>th</sup> in creative economy among Europe's large cities<sup>3</sup> (Joint Research Centre, EC, Cultural and Creative Cities Monitor, 2017).

The Cultural Vitality index of Cluj-Napoca for 2010-2015 is 1.212, ranking constantly as number one during this period. The categories of indicators considered in this study and the indices obtained by Cluj-Napoca in 2015 are: cultural infrastructure (0.733), specialized human resources (1.756), budget – local expenses for culture (-0.947), cultural participation – consumption (1.042), and creative industries (3.218). The study shows that the fields of cultural excellence in Cluj-Napoca are cultural infrastructure, participation in cultural events, human resources and the creative economy. The city ranks first in the categories of cultural infrastructure and creative industries, and second with regards to cultural consumption (except in 2015 when occupying the first position). Regarding human resources specialists, the city oscillates between the 4<sup>th</sup> and the 5<sup>th</sup> position. The weak point of the municipality is spending is the budget allocated for the cultural sector (Voicu, S., Dragomir, A., *The Cultural Vitality of Romanian Cities*, 2017, pp. 98-99).

It is relevant to notice that the values of the individual indicators contributing to the final 1.212 average index vary widely, from 3.218 for creative economy

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2 The analysis included 46 cities from Romania excluding the capital city, considering that due to size and complexity, Bucharest has a very distinct cultural vitality (Voicu, S., Dragomir, A., 'The Cultural Vitality of Romanian Cities', 2017, p. 88).

3 Group L cities, with population of 250,000-500,000 (Joint Research Centre, EC, 'Cultural and Creative Cities Monitor', 2017).

to -0.947 for local public spending for culture. In using the information provided by the Cultural Vitality of Romanian Cities study we also need to be aware of the limitation of its method. On one hand, in measuring an important aspect of cultural vitality the research abandoned one important indicator, namely the cultural NGOs, measured in previous editions but excluded from the 2015 analysis. Thus, the research is accurate in evaluating the performance indicator of the public cultural institutions and of the local creative industries companies. For anyone familiar with the local scene, Cluj-Napoca is a city with a very active civil society and particularly a strong independent cultural scene. The reason for omitting the respective indicator from the study is that there is no reliable and consistent source of data regarding the number of cultural organizations, the number of employees and volunteers for all the cities included in the research.

According to the index, in 2015 Cluj-Napoca ranks 39 out of 46 when it comes to local public expenditure for culture. Yet this weakness is relative, since the study only measures allocations from the local budget, while five of the largest cultural institutions in the city have national status and are directly funded by the Ministry of Culture and all other public institutions but one are supported by the County Council. Although consistent with its methodology, the index leaves uncharted a rather important dimension of the city's cultural life, namely the actual public spending for culture.

To compensate for this, while gathering evidence for elaborating the bid of Cluj-Napoca for the 2021 European Capital of Culture title, The Cluj-Napoca 2021 ECoC Association collected and analyzed information regarding the activity of the main 43 cultural organizations and institutions in the city. This research looks at the public and private cultural entities together, to offer a more accurate picture of the sector's dimensions, although data has only been gathered for 2010-2012 period and significant changes have occurred in the local cultural dynamics since then.

The total budgets of these public and private cultural entities are: 85.42 million RON in 2010, 80.8 million RON in 2011, 87.6 million RON in 2012. In examining the budgets, we can observe that their overall growth was not very significant, with the mid-ranking budget (average organizations) even registering a slight decrease in 2011. It can be noticed that in 2010 a quarter of the organizations had a budget under 60,000 RON, which doubled in 2012 to 130,000 RON. Organizations with an average sized budget have grown from 500,000 to 700,000, despite the decline in 2011. Organizations with more consistent budgets have increased between 2010 and 2011, from 3 million to 3,6 million, but capped around this values in 2012. This trend in budgets is somewhat surprising, given the increasing number of beneficiaries revealed by the analysis, but is explained by budget cuts at national level due as delayed effect of the economic recession.

### 2.1.3. Cultural Participation

Regarding participation in cultural activities, both the number of leisure opportunities and the level of access to cultural events are among the quality indicators of community life. However, there is little information about cultural participation and audience satisfaction and the existing data fluctuate from one year to another (Cultural Vitality of Romanian Cities, 2017).

The study carried out by Eurostat on Quality of life in European cities, included 83 urban areas in Europe including Cluj-Napoca, based on the answer of inhabitants to questions ranging from quality of personal life to transport conditions, cultural infrastructure, safety, trust and quality of medical services. The study reveals a close correlation between the general satisfaction of living in a city and the quality of public spaces, transport conditions and cultural infrastructure. Cluj-Napoca ranked 15th at the general score of satisfaction, but we find it at the bottom of the ranking list in terms of the level of satisfaction regarding the quality of its buildings and streets (55th place), the overall quality of public spaces (52nd place), cultural infrastructure (52nd place), and of the school and education facilities (51st place).

In November 2013, the European Commission also published the most recent Eurobarometer on European citizens' access to and participation in cultural activities.

Comparing figures from the 2013 Eurobarometer (399) that shows that Romania is at the bottom of the European list regarding urban cultural consumption and participation in cultural activities with the Cultural Barometer conducted in Cluj-Napoca in 2013 (Romanian Institute for Evaluation and Strategy – IRES), we can state that the city is way above the national average and even above the European average for many of the statistical data showing the level of cultural consumption and the level of satisfaction regarding its cultural sector. Thus we see that the city of Cluj-Napoca is in line with the European and national tendencies in terms of a relatively constant public cultural consumption, but at the same time we can observe some positive dynamics in the participation of the public in cultural events (cinema and theatre performances).

Cultural institutions are still the most attractive spaces for cultural activities, however, in recent years there has been a significant increase in preference to cultural activities in parks across the country. In Cluj, the attractiveness of cultural institutions is equal to that of the parks, meaning the same of 28% of the Cluj public called cultural institutions and parks as their most preferred space to participate in cultural activities, while 23% preferred the main squares / city centre and 11% other nonconventional spaces. This recent increase in preference for parks and alternative spaces can be explained by the growing accessibility of public parks and by the increase in the number of events in alternative locations.

If we look at the data concerning the frequency of participation in public events, 41% of the respondents participated in the previous 12 months at events in public spaces in Cluj-Napoca.

Audience numbers reported by cultural operators for the 2010-2012 period (Cluj-Napoca 2021 ECoC Association, 2013) increased from 962,720 in 2010 to 1,042,824 in 2011 and 1,132,633 in 2012. Thus, if in 2010, 25% of the organizations had under 1,625 beneficiaries, this figure increased to 2,525 in 2012. In 2010, half of the organizations had projects with under 6,500 beneficiaries, while in 2012 they reached over 8,700 beneficiaries. A significant increase can also be seen if we are looking at organizations with a larger number of beneficiaries, projects which add up to 75% of the total number of beneficiaries have seen an increase from 19,000 in 2010 to over 33,500 in 2012.

#### **2.1.4. Type of Cultural Activities and Trends**

Regarding diversity of artistic and cultural forms the city has a rich, multidimensional cultural offer. Most cultural operators focus on a single field of activity, especially in the established art fields: performing arts, visual arts, music, arts education (universities, art schools). Other areas such as theory or new media, as well as interdisciplinary and socially engaged practices are generally embraced by non-governmental organizations.

Most of the cultural operators are predominantly active at the local level, but at least 75% of them have international connections. The nature of international relations is primarily focused on artistic mobility (participation in cultural events abroad or the presence of foreign artists at local festivals), long-term cooperation through co-production projects and participation in international networks remaining minimal counting for only 4% of activities in 2012.

Cluj-Napoca became famous around the world for its visual arts scene, artists like Adrian Ghenie, Ciprian Muresan and Victor Man selling out on the international market and being exhibited in the most prominent contemporary art museums, despite the lack of a functioning art market in Cluj-Napoca and of contemporary art institutions that would actually document and present their work for local audiences. The existing art spaces and galleries within Fabrica de Pensule and Centrul de Interes only present temporary exhibitions. Plan B Foundation, a private NGO, is currently building a museum of private collections and Cluj Cultural Centre collaborates with the municipality for setting up by 2020 the first public Centre for Contemporary Art in Cluj-Napoca.

Since 2010 there was a spectacular increase in public space use in culture, both through consistent art in public space initiatives (artistic interventions and activations of public spaces) and open air cultural events, thus boosting cultural participation and consumption in the city.

Major festivals with audiences ranging in 2016 between 120,000 people – Transylvania International Film Festival and Electric Castle Festival, and 240,000 – Untold Festival have undoubtedly impacted on city's cultural tourism and its associated economy (Cluj-Napoca 2021 European Capital of Culture Association, 2016).

As a trend, we notice a festivalization of culture and a concentration of events and investments in the central area. These trends need to be considered carefully since a balanced cultural ecosystem is needed for a sustained cultural performance. The distribution of resources and the institutional capacities of structures active in the different phases of the cultural production cycle: creation, production, dissemination and participation (UNESCO) is currently unbalanced. Thus working cycles shrink, there is little time and resources for creation and production, since supporting structures pressure and pay mainly for end results (dissemination/presentation). An increase of spectacular, one-off event type of cultural experience happens at the expense of qualitative participation for the public and the reduced cultural offer outside the city center and a strong center-periphery polarization inevitably generates exclusion.

## **2.2. The Position of Culture in Urban Policies in Cluj-Napoca**

Before 2006 in Cluj-Napoca culture was addressed at the level of local governance from the perspective of two functions: one, to produce and present classic forms of cultural expression mainly through prestigious public institutions such as theatres, operas, museums and philharmonic orchestra and, second, to serve as a propaganda system for the nationalist government in place between 1992 and 2004.

The first cultural strategy of the city was developed in 2005 for the 2006-2013 period. This document proposes already a wider definition of culture, and it states the potential of the sector for urban development, yet the proposed measures fail to build on this potential.

A key event in formulating and bringing to the fore the perspective of a culture-led urban strategy was 'Forum Cluj. Culture and Urban Development', co-organized on 27-28 October 2009 by the AltArt Foundation, Fabrica de Pensule Federation and the European initiative A Soul for Europe. The conference enabled conversations about how cities can transform by learning to use culture in planning across sectors between cultural operators and political decision makers, including the Romanian Minister of Culture Theodor Paleologu, the vice-mayor Radu Moisin and MEP Doris Pack.

The topic grew in importance once the city representatives officially announced the intention to bid for the European Capital of Culture (ECOC) title for 2020<sup>4</sup>. This

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4 Before the adoption of the Decision (EU) No 445/2014/EU of the European Parliament and of the Council establishing 'A Union action for the European Capitals of Culture for the years



led to the establishing of the Cluj-Napoca 2020 European Capital of Culture Association to take charge of the necessary preparations for the candidature. An informal group made of local experts in culture, sociology, architecture, entrepreneurship also came together under the name of Initiative 2020 with the aim to generate a movement advocating for a complex model of local development based on culture as part of the city's efforts to become ECoC. The informal body was dissolved once the members of the Initiative 2020 were invited to join the official team preparing the ECoC bid.

The ECoC bid was one of the rare occasions to run a city-wide project, making unlikely collaborations possible: all political parties, all universities, all cultural institutions, over 40 cultural nongovernmental organizations, the local and county administration as well as business and experts across sectors were involved and supported the initiative. Thus the project made possible the wide adoption of the idea of culture-led development of the city and the development of a corresponding work plan. The ECoC, in essence a large scale cultural program, was designed to foster local development and engagement with the European project. The aims of the program were:

- 'To engage the communities of the city in a common life-changing project, with the ability to transform us from a federation of communities into a union, while helping us to fulfil our potential to act as a community;
- To become a leading European city in arts and culture;
- To make culture work for the development of our city, fostering co-production models between culture, economy and the socio-urban texture to facilitate the establishment of a strong creative economy.'<sup>5</sup>

The program was expected to generate a long term impact on multiple levels: (1) cultural development 'throughout all stages of the cultural cycle: creation, production, dissemination and participation'; (2) social transformation, by including and empowering citizen, the underprivileged, people with special needs and minorities, and the Roma; (3) economic development, stimulating innovation and entrepreneurship; and (4) sustainable urban and regional development, through urban regeneration and infrastructure renewal.

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2020 to 2033', it was expected that Romania will hold the ECoC title in 2020. The document entered into force in 2014 announced that Romania, along with Greece and a city in a EFTA/EEA country will host the ECoC title in 2021.

5 'Cluj-Napoca 2021 European Capital of Culture Bid Book, Selection Phase', Cluj-Napoca 2021 European Capital of Culture Association, 2016, [Online] at <http://www.capitalaculturala2021.ro/Files/bidbook/ClujNapoca/Bid%20book%20Cluj-Napoca%202021.pdf>, accessed 25 January 2018.

In 2013/2014 a new strategic planning process for the 2014-2020 period was carried out for the city. In this process culture was defined as a strategic factor for social transformation and urban regeneration in Cluj-Napoca. In the 'Cluj-Napoca Development Strategy 2014-2020': Culture is seen as a transversal value, this being acknowledged in the very vision of the city: 'By its dynamic and vibrant cultural life supportive of experimentation and participation, Cluj-Napoca will become a European cultural landmark. Culture will be a transversal factor in community organizing, becoming the motor of social transformation and urban regeneration.'<sup>6</sup>.

Furthermore, *mobilizing culture for urban and social transformation* is one of the 15 strategic directions that the city prioritizes in its long term policy document. In line with the strategic choices of Europe's dynamic cities, the key concept brought forward by the Cultural Strategy as an overarching priority is that culture has the potential to be one of the city's main catalysts for development, in terms of social, urban and economic progress. This is the base for a strong connection between the Cultural Sector and other areas such as Urban Planning/Architecture, Social Inclusion, Participation, Education and Youth and Local Economic Development.

### 2.3. Perspectives for the Future

From the 25 chapters of the Cluj-Napoca Development Strategy, three are dedicated to Culture and Creativity: The Cultural Strategy, Cinematography Strategy and the Strategy for Creative Industry. While these strategy components directly provide measures that strengthen the role of culture and creativity in the city, there are a few key concepts that the new development strategy operates with, that link culture and local development at a secondary level, that also point into the directions that culture-led development may follow in the future:

1. The strategy has as main concept the *quality of life*. As already shown, culture brings value to places and communities, by boosting innovation, welfare, sustainability, social cohesion, lifelong learning, local identity and economy, thus impacting the quality of life in cities (Sacco, P.L., 2011). Furthermore, culture significantly impacts the subjective evaluation of wellbeing in a context of high cultural supply and substantial cultural participation. The fact culture and well-being are in a positive feedback dynamic suggest that culture can only improve welfare if supportive cultural policies are in place, otherwise random investments in cultural programs or facilities risk leading to urban 'cultural poverty traps'. (Tavano Blessi, G., Grossi, E., Sacco, P.L., Pieretti, G., Ferilli, G., 2016, p. 216–226).

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6 'Cluj-Napoca Development Strategy 2014-2020/Strategia de Dezvoltare a Municipiului Cluj-Napoca 2014-2020', p. 9, [Online] at <http://www.primariaclujnapoca.ro/userfiles/files/strategia2015.pdf>, accessed 27 January 2018.

Cluj-Napoca has thus the necessary conditions to make use of culture to improve well-being of its citizens, since the key conditions are full filled: there is a substantial cultural offer, significant cultural participation and an encouraging policy framework. The problems that need to be addressed are those mentioned earlier: the unbalanced investment in the different segments of the cultural value chain, the unequal access to culture and the limited opportunities for co-creative, immersive cultural participation platforms.

2. *Economic development based on innovation, creativity, competitiveness, research and IT.* Innovation initiation and innovation implementation are dependent on cultural factors. If the link between culture and creativity is rather obvious, cultural factors can either enhance (openness to novelty) or considerably limit (traditional/conservative cultures) innovation (Anneli Kaasa, Maaja Vadi, 2008). As the Cultural Vitality Index proves, Cluj-Napoca has a high level of creative human resources, and already has a profitable creative economy. The path that needs further exploration is how to match the creative forces and business resources in order to increase the innovation of local IT companies, on one hand, and to generate social innovation that would allow to find viable solutions to the existing social problems.

3. *Participation* – Cluj-Napoca having the most active civil society in the country, participation is key for finding alternative solutions to collective problems and responsible citizens. Many of the current participation practices in urban regeneration processes are in fact either mimicking participation or ineffective in including all segments of society. Quite often, participation is used as a pretext to increase the privileges of certain organizations or to simulate collective decision making. Culture too rides the rhetoric of participation in an instrumental way (using large audience numbers to justify use of public funds and resources and selling short-lived interactions with audiences as participatory culture) but it also provides tool for effective and sustainable forms of participation, through social storytelling, community-generated platforms and relational public art (Ferilli, G., Sacco, P.L., Tavano Blessi, G., 2016, pp. 95-100).

4. *An international profile of the city* – Arts and culture also contribute to international relations. Cluj-Napoca has been named in 2013 by 'Phaidon/Art Cities of The Future' as one of the 12 cities to define the artistic avant-garde in 21<sup>st</sup> century across the globe. The excellence of the artistic scene, the attractiveness of the cultural events as well as its cultural diversity support the city's efforts to be known and connected at international level. In this respect, measures to support international cultural co-productions and projects contributing to rethinking and solving European and global challenges are needed.

The city ran for the European Capital of Culture (ECoC) title and was short-listed. The Cluj Cultural Centre was established as a membership organization by

more than 60 local institutions and organizations and given the task to further put into practice the program developed for the European Capital of Culture title. The city is thus committed to strengthen its position as a leading arts&culture hub in Central and Eastern Europe and in maintaining a European scale program and a European agenda.

## **Conclusions**

Through culture and the processes that culture catalyzes, cities can provide residents with new perspectives of participation in public life, develop new mechanisms of solidarity and inclusion, revitalize and give color to their peripheral areas, develop their infrastructure, receive a broader European openness and generate collaborations and partnerships that bring economic and social benefits to the entire community.

The article analyzed the position of culture in Cluj-Napoca and identified how culture can further become the texture for sustainable urban and social development through measures that positively impact on citizen well-being, social and economic innovation, social inclusion and meaningful public participation, and the city's international profile. These links are worth further exploring in order to maximize the impact of the local cultural excellence and vitality to the overall development of the city.

The Cluj-Napoca Development Strategy already established the framework for culture to become a key agent in the community, and the founding of the Cluj Cultural Centre – to continue the work started during the ECOC bidding process in generating a city wide program making culture the operating system for city development create a promising context. The Cluj Cultural Centre currently develops a multiannual program consisting of integrated projects that make use of culture to (1) Connect Communities and empower citizens, improve the quality of life in the city, community relations, and citizen participation, (2) Establish a strong creative economy in the city – boost innovation of the local economy (IT) and (3) Develop the European profile of the city.

A necessary next step is to develop the right tools for measuring and analyzing the effects of these programs, and the establishing of a Cultural Statistic Observatory in the city would greatly support this process.

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# THE DIGITAL DIVIDE IN THE CONTEXT OF ELECTRONIC PUBLIC SERVICES

Andrea ZÖLDE

## Andrea ZÖLDE

PhD candidate, Faculty of Political, Administrative  
and Communication Sciences,  
Babeş-Bolyai University, Cluj-Napoca, Romania  
Tel.: 0040-753-876.906  
Email address: zoldeandrea@gmail.com

**Abstract.** The digital divide in the context of online public services is a current issue faced by many countries globally. In order to reduce the existing gap it is important to identify the factors that determine its existence. The present paper analyses the influence of the three factors what concerns the level of access to online public services in Romania, identified by age, gender and level of education. Since the early stages of this study, has been identified that internet access is also a current problem facing the Romanian state. The Romanian government should prioritize the digital divide by adopting urgent measures to reduce it.

**Keywords:** eGovernment, digital divide, electronic public services, internet access, information and communication technology.



## 1. Literature review

### 1.1. The digital divide

Oscillations in social, cultural and economic life are conditioned by the evolution of information and communications technology and by the infrastructure availability. As time goes by, more and more people use information and communication technology in everyday life for various purposes, reaching a wide range of areas and levels, such as politics, economics, education, public health services. The spread of information technology has an impact on individuals and communities, being the main factor of development, progress and innovation.

Cuervo and Lopez Menendez (2004) supports that the problem of digital divide has traditionally been understood by the difference between those who have access to information and communication technology and those who do not have access to these resources. As the number of internet users has increased exponentially, a detailed approach of the problem became relevant, by analyzing the differences and similarities between those who use the Internet and those who don't.

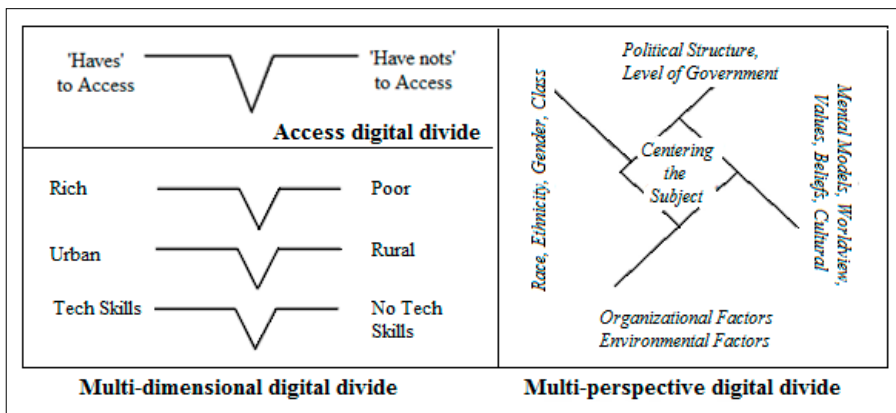
The Organization for Economic Cooperation and Development defines the digital divide as 'the difference, the gap between individuals, businesses and geographical areas situated at different socio-economic levels in terms of both their access to information and communication technology and the use of Internet for a wide variety of activities' (Negreiro, 2015, Herman 2009). On the other hand, Rice (2002, p. 106) gives us a definition that places the emphasis on social-economic aspects, in its perception, the digital divide representing 'the differentiated access and use of the Internet by gender, income, race and location. These perspectives are complementary and contribute to an in-depth understanding of the digital divide.

In the paper entitled 'Digital inequality: A five country comparison using microdata, authors Ono and Zavodny (2007) mention the existence of two types of digital divide. The first one is placed at an international level, between different countries. The second one is manifested at a national level and refers to the digital gaps generated by access to information and communication technology (ICT) between regions or groups of individuals when characteristics of a different nature exist. Other sources indicate that there are two types of digital divide: a global division across countries and a social division within each nation, based on certain social-demographic characteristics such as access to telecommunication, accessibility of services, income, skills or education (Sandor, 2006; Abu-Shanab, Khasawneh, 2014), types also analyzed in Romania.

Writings on the subject mention three common approaches to how digital divide is understood: (1) access division, (2) multidimensional digital divide, and (3) multi-perspective digital divide (Helbig, *et al.*, 2008). In what division of access is concerned, it is presented as a simple dichotomy which expresses a separation

between 'haves' and 'have nots' and implies that 'haves' have access to technology and computers and the 'have nots' do not have such access (Compaine, 2001). This results in a gap due to the fact that there are technology problems caused by various factors, the main focus being on access (Helbig *et al.*, 2008). The multi-dimensional digital divide addresses issues such as: access, social, political, educational or economic problems specific to each state. This is mainly relevant due to the integrated perspective.

Most common variables used in these definitions are: race, ethnicity, income and geography (Helbig *et al.*, 2008, Castells 2001, Norris, 2001, Warschauer, 2003). Practitioners reevaluate the concept of digital divide. Therefore, re-theorizing the relationship of technology with race, sex and culture has begun. (Helbig *et al.*, 2008). The multi-perspective approach recognizes that individuals and communities use technology for a very specific purpose (Hines, Nelson, 2001).



**Figure 1.** Approaches of the digital divide

Source: Helbig, N., Gil-García, R. and Ferro, E. *Understanding the complexity of electronic government: mplications from the digital divide literature*, p. 4

There is an agreement in the specific literature that 'barriers to access and use operate on multiple levels and as such solutions need to take several approaches' (Hines *et al.*, 2001, Helbig *et al.*, 2008). From this point of view, the multiple perspectives that an individual holds are at the center of any discussion about technology (Crenshaw, 1999) and the circumstances are assessed on the basis of the intersections of race, gender, class, etc. (Servon, 2002, Helbig *et al.*, 2008). The multi-perspective approach assumes the analysis of the subjects from different perspectives. On one hand values, faith, culture and on the other race, gender, social class and ethnicity.

Although initially the digital divide was defined as the difference between those who use information and communication technology and those who do not use

information and communication technology, with the passing of time, researchers have discovered that there are many factors underpinning this division, among which are: income, level of digital literacy, ethnicity, social class, etc.

## **1.2. Dimensions of the digital divide**

The digital divide is a complex concept identified on several dimensions. Thawar (2008) mentions that divide can be the product of ten factors: ownership and access, literacy, education, income, gender, age differences, language differences, geographical areas, disability, race / origin. For some individuals and groups, these factors can be interconnected and represent multiple barriers to the efficient use of information and communication technology.

Access and ownership division refers to the fact that having such technology at home does not necessarily mean all members in that household use it accordingly. At the same time, certain quantification errors are generated by situations where if a family member has access to the Internet, this does not mean that they own the technology at home, and there are other places where individuals can access the Internet. (Thawar, 2008).

### *Literacy-based division*

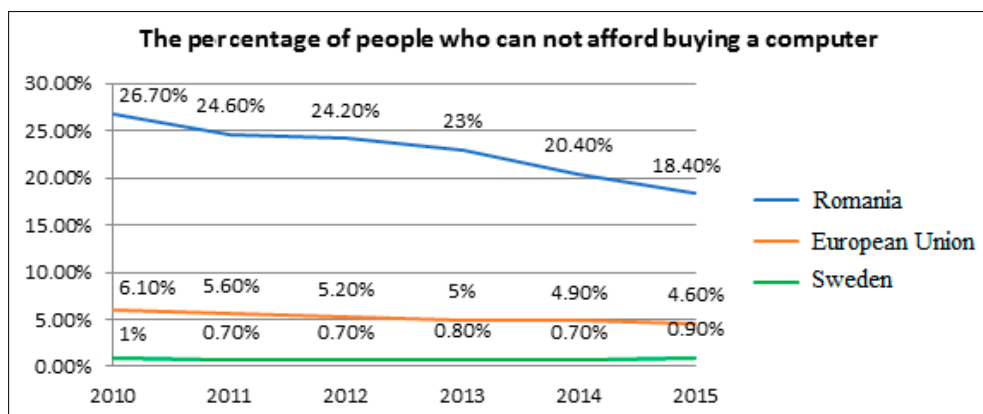
Access is conditioned by knowing how to use technology. Required skills include: writing, using the mouse, specific applications, etc. (Thawar, 2008). Articles suggest a distinction is made between basic literacy and functional learning, occupational literacy, technological literacy, information literacy, adaptive literacy (Carvin, 2000; Thawar 2008). In addition to technological literacy, basic literacy and functional literacy play a very important role in the context of the digital divide, especially for groups whose native language is not English.

Education-based division refers to the impact that education has on a person's ability to use information and communication technology (Thawar, 2008). Besides the fact that education plays an important role in the development of the individual through the acquisition of important skills and competences for society, the Romanian curriculum provides subjects of Information and Communication Technology (ICT) for middle and high school. By studying such subjects, the aim is to increase the level of digital literacy by forming a set of digital competences.

### *Income-based division*

The availability of information and communication technology is expensive for some individuals (Thawar, 2008). There are currently many people still confronted with the issue of acquiring such technology.

Amongst the European Union members, Romania ranks first in the number of people who cannot afford to purchase a computer, with 16.2% in 2016. Sweden holds the last place in this ranking, with 0.8%.



**Figure 2.** The percentage of people who cannot afford buying a computer  
Source: Eurostat

### *Gender-based division*

Specific literature suggests that in the past, men around the world used the Internet more often than women (Thawar, 2008). However, the Pew Internet Project (2000) report suggests that although men and women have different attitudes towards technology, the increase in the number of women online has surpassed some of the gaps in what concerns gender access. Authors suggests that in some states like the United Kingdom, the United States, Australia, Canada and Scandinavian countries women use the Internet as much as men or, in some cases, even more often. As internet browsers have become more user-friendly and Internet use is more widespread, gender gaps are gradually disappearing. (Thawar, 2008). This argument seems to be supported in more recent research. (Mossenburg, Tolbert, Stransbury, 2003).

### *Age-based Division*

Especially in less developed countries, the elderly have fewer opportunities to use information and communication technology than young people around the world. (Thawar, 2008).

Language-based Division. Language barriers are an important determinant of computer ownership and Internet use. It has been found that most of the documents on the internet are in English, but a large number of people have a different mother tongue, thus being inferior to the benefits of using the Internet (Thawar, 2008). An advantage in this respect is the fact that a growing number of individuals study English, which is introduced as a compulsory subject in Romanian curriculum.

### *Geography-based division*

The geographic, natural and economic divisions existing in the world generate another dimension of the digital divide (Thawar, 2008).

#### *Disability-based division*

People with disabilities can find different types of computer-related difficulties and access to content of different websites not shown in an appropriate format (Thawar, 2008).

#### *Race/origin based division*

In some countries with ethnic and racial diversity there is a clear digital divide between communities, depending on race or origin (eg the United States of America). Many ethnic minorities lack ICT skills, partly due to economic factors (Thawar, 2008).

### **1.3. Electronic governance**

Electronic governance is an essential stage of the public administration reform, its modernization and it involves a process of digitalization of the public sector, which aims to facilitate the interaction between public institutions and citizens through information technology applications.

In a general context, 'eGovernment is the offering of access by the state, on public funding, to certain beneficiaries, of some of its public services in electronic form' (Vasilache, 2008, p. 44). Under narrower approaches, eGovernment 'is the use of information and telecommunication technology, and in particular the Internet, in all areas of state governance that provide public services to users in order to improve such services and reduce costs for both users and service providers' (Vasilache, 2008, p. 22). Speciality literature defines eGovernment in different ways (Almarabeh, AbuAli, 2010; Ndou, 2004), but most researchers and practitioners have agreed that this represents the use of ICT in promoting governance and improving services (Abu-Shanab, Khasawneh, 2014).

Public services of a state are all services offered to the public, based on public funds, in the three areas of authority and responsibility of the state: executive, legislative and legal. Electronic public services are all public services offered electronically, through the use of information and communication technology and especially via the Internet (Vasilache, 2008, p. 54).

### **1.4. Egovernment and digital divide connection**

Defining eGovernment as a tool for providing electronic public services is that governments should facilitate the availability of these services to their citizens. It is important that public services are available to all sectors of a state (Abu-Shanab *et al.*, 2014). E-government methods should introduce elements of the digital divide as part of the analysis (Helbig *et al.*, 2008).

Helbig *et al.* (2008) believe that e-government research should follow Lamb and Kling's suggestion by learning from digital divide researchers about the in-

terchange of race, class, gender, vision of the world on technology and society. The digital divide has clearly demonstrated that the 'citizen' is not a homogeneous group that exists 'there'.

Despite the increase in the number of people using eGovernment services, the digital divide is still a barrier in adopting it for many citizens (Hoffman *et al.*, 2000, Nie, Erbring, 2000, Jaeger *et al.*, 2003, Mossenburg *et al.* 2003, Norris 2001). The digital divide causes the risk of new form of social exclusion. A society that does not offer equal access to the internet for all its citizens will create a digital divide between those who can access and use online services and those who cannot (Brisebois *et al.* 2005). Internet access is a prerequisite for the use of e-government.

According to several authors, the existence of the digital divide in communities is considered a significant impediment to e-government initiatives (Thawar, 2008). The use of e-government is therefore hindered by the digital divide. The adoption of this innovation is limited to those who have access to technology and have the skills to use electronic services (Belanger, Carter, 2006). Many developed countries recognize that they are confronted with the problem of the digital divide among the population. The digital divide in the developed world has major effects on the delivery of government services (Riley, Thomas, 2004). There are states that offer citizens the possibility to access electronic public services, but their rate of use is very low.

The junction between eGovernment and digital divide has major practical implications. Manuel Castells, in Servon's foreword (2002), describes how, in developed countries, differences in access, rural and urban, age, lower when education and income are controlled. He says education and income are more relevant than age, access, etc. (Helbig *et al.*, 2008).

Fountain (2001) argues that inequalities between race, income and education must be taken into account in any political analysis of the use of internet. The authors study indicates that the government must give equal treatment to all citizens when it comes to governance, something that is not happening today. This unfair treatment only serves to intensify the digital divide still faced by many states.

## **2. The digital divide in Romania**

**2.1. The objective of the research** is to identify the position of Romania in the European Union regarding the digital divide and the variables that influence its dimension at national level.

### **2.2. Hypotheses**

1. The percentage of people interacting online with public authorities in Romania is very low compared to the level of the European Union;

2. Both men and women use the internet and access public online services equally;
3. The higher the level of education, the higher the level of use of the internet and online public services became; and
4. Age influences the use of the internet and online public services.

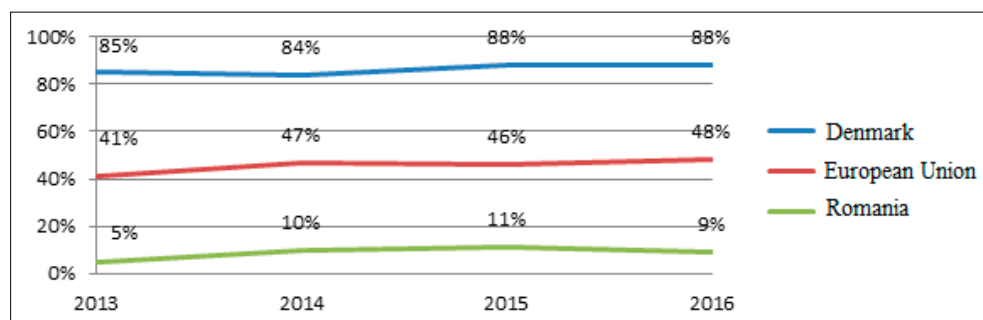
### 2.3. Methodology

The research method used in this study is secondary data analysis (Eurobarometers). The sources used are: Eurostat (available online at <http://ec.europa.eu/eurostat/>) and the Leibniz Institute for Social Sciences (available online at [www.zacat.gesis.de](http://www.zacat.gesis.de)). The two sources contain databases obtained as a result of research developed at European level.

### 2.4. Analysis and interpretation of data

As shown by the authors the digital divide is the difference between those who use the Internet and those who do not use it. If we refer to the digital divide in the context of electronic public services, the definition of this concept is almost similar. The difference refers to individuals using electronic public services and those who do not use them.

Between 2013-2016, Romania ranked last in the number of people who interacted with public authorities via the Internet. With a difference of 79 percent, Denmark ranks first in comparison to Romania in the year of 2016.



**Figure 3.** The percentage of citizens who interacted online with public authorities (2013-2016)

Source: Eurostat

Interaction of citizens with public authorities via the Internet has been analyzed from the perspective of three factors: the percentage of citizens who obtained information from public authorities web sites, the percentage of citizens who down-

loaded official forms and the percentage of individuals who submitted completed forms filled in via the internet.

**Table 1.** E-government – European Union ranking (2016)

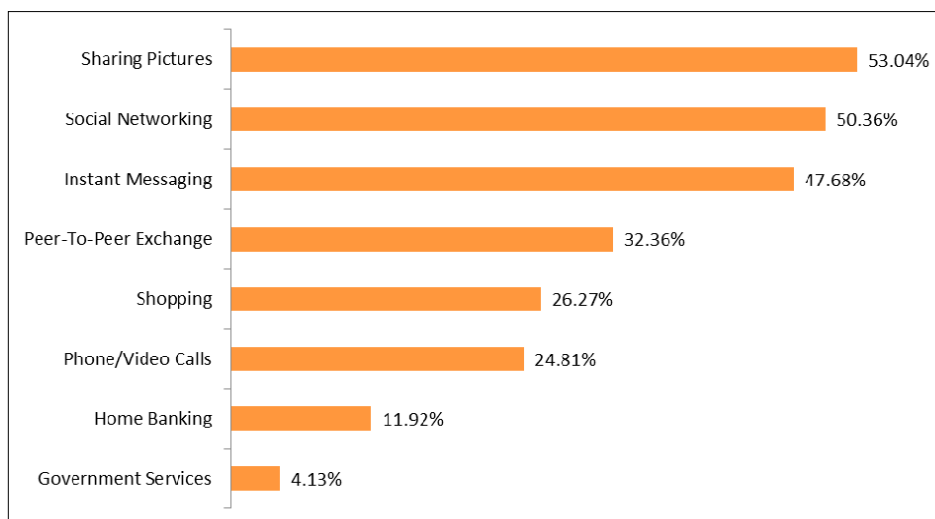
Rank	State	Obtaining information from public authorities web sites	Downloading official forms	Submitting completed forms	Mean
1	Denmark	85	53	71	69.67
2	Finland	78	63	60	67.00
3	Estonia	66	41	68	58.33
4	Netherlands	72	48	55	58.33
5	Sweden	74	46	48	56.00
6	Luxembourg	55	64	35	51.33
7	France	47	38	49	44.67
8	Ireland	40	38	48	42.00
9	Austria	53	35	33	40.33
10	Spain	47	37	32	38.67
11	Latvia	67	17	31	38.33
12	Belgium	46	28	35	36.33
13	UK	42	30	34	35.33
14	Germany	53	32	17	34.00
15	Lithuania	43	26	33	34.00
16	Hungary	46	29	24	33.00
17	Greece	44	27	26	32.33
18	Portugal	42	25	29	32.00
19	Malta	40	30	19	29.67
20	Slovenia	41	29	17	29.00
21	Cyprus	36	28	22	28.67
22	Slovakia	44	23	15	27.33
23	Croatia	34	25	17	25.33
24	Czech Republic	33	16	12	20.33
25	Poland	23	19	19	20.33
26	Italy	19	16	12	15.67
27	Bulgaria	15	9	7	10.33
28	Romania	8	5	4	5.67

Source: EuroStat

This ranking places Romania on the last position with an average of 5.67 per-cent. This indicates that there is a major problem in Romania regarding the use of electronic public services, individuals opting for the classic method of interaction with public authorities.

The latest study by the Leibniz Institute for Social Sciences on using the internet to access online government services includes 1013 Romanian respondents, 59.4% of whom do not use the Internet. Of the 411 internet users responders, only 4.13% accessed online public services.





**Figure 4.** Online activities by internet users.

*Source:* Leibniz Institute for Social Sciences

Writings suggests that in the past, men all over the world used the internet more often than women. As Internet use is more and more widespread, gender gaps have gradually disappeared. (Thawar, 2008). In the following, we will identify whether gender differences in the use of the Internet also apply to Romania.

**Table 2.** Chi Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.013 <sup>a</sup>	1	.909		
Continuity Correction <sup>b</sup>	.000	1	1.000		
Likelihood Ratio	.013	1	.909		
Fisher's Exact Test				1.000	.554
Linear-by-Linear Association	.013	1	.909		
N of Valid Cases	411				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.23.

b. Computed only for a 2x2 table

The significance of Chi Square is 0.909, which indicates that between the two variables, namely 'gender' and 'the use of online government services' is no significant relation. We can therefore see that gender gap is not a factor that contributes to the digital divide, at present, both females and males use the Internet in equal measure.

Age is a very common factor in digital divide studies. There is a tendency for younger people to have greater openness to using the internet and online public

services. The data gathered in the study shows that 47.8% of people who do not use the Internet are over 55 years old, and in this age group, no person has used government online services.

**Table 3.** Age \* The use of e-government services Cross Tabulation

Count		The use of online government services			Total
		Not using the internet	No	Yes	
Age	15-24	25	107	3	135
	25-39	120	154	11	285
	40-54	169	100	3	272
	above 55	288	33	0	321
Total		602	394	17	1013

People who have used public online services are aged 19 to 53, this category including only two people over 50, one person over 40 and one under the age of 20.

**Table 4.** Chi-Square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	257.792 <sup>a</sup>	6	.000
Likelihood Ratio	283.332	6	.000
Linear-by-Linear Association	240.531	1	.000
N of Valid Cases	1013		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 2.27.

The significance of Chi Square is 0.000, indicates that there is a meaningful relation between age and the use of online government services. Older people are not as open-minded as the younger generation to these types of services.

**Table 5.** Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Ordinal by Ordinal	Gamma	-.690	.028	-19.927	.000
N of Valid Cases		1013			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

The absolute value of Gamma is -0.690. Since the value of Gamma is closer to -1 than 0, we can say that the relation between the two variables is significant, strong and negative. The significance of Gamma is 0.000, so the relationship certified by the meaning of Chi Square is confirmed.

Education is another important factor that researchers mention in their studies of digital divide. In the context of online public services, it is assumed that people with higher education have a greater openness to accessing these types of services.

**Table 6.** Educational level \* The use of online government services Cross Tabulation

Count		The use of online government services			Total
		Not using the internet	No	Yes	
Educational level	8 classes	94	1	0	95
	9 classes	38	0	0	38
	10 classes	91	11	0	102
	11 classes	63	11	0	74
	12 classes	178	96	4	278
	university studies – 1st year	65	38	0	103
	university studies – 2nd year	18	27	1	46
	university studies – 3rd year	13	13	0	26
	university or postgraduate studies	34	119	10	163
Total		594	316	15	925

The above data shows us that the 10 people who have used public online services are graduates of university or postgraduate studies. A percentage of 62.83% of Internet users are enrolled in or graduated from university or postgraduate studies.

**Table 7.** Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	271.271 <sup>a</sup>	16	.000
Likelihood Ratio	309.599	16	.000
Linear-by-Linear Association	244.974	1	.000
N of Valid Cases	925		

a. 9 cells (33.3%) have expected count less than 5. The minimum expected count is .42.

The significance of Chi Square is 0.000, indicates that there is a significant relation between the level of education and the use of online public services.

**Table 8.** Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Ordinal by Ordinal	Gamma	.697	.028	19.955	.000
N of Valid Cases		925			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

The absolute value of Gamma is 0.697. Given that the value of Gamma is closer to 1 than 0, we can say that the relation between the two variables is significant and strong. The significance of Gamma is 0.000, so the relationship certified by the meaning of Chi Square is confirmed.

### 3. Conclusions

The digital divide in the context of online public services is a current issue faced by many countries globally, both developed and least developed. At European Union level, Romania ranks last on the degree of use of online government services. This situation indicates the existence of a complex problem that the Romanian state needs to identify solutions in order to eliminate or reduce the existing gap.

In this sense, it is important to identify the factors that determine the existence of said gap. According to specific literature, the digital divide may be the product of elements such as ownership and access, level of education, literacy, income, gender and age. The present study analyses the influence of the three factors mentioned above in what concerns the level of access to online public services in Romania, identified by age, gender and level of education. Since the early stages of this study, has been identified that internet access is also a current problem facing the Romanian state. Of the total survey subjects, only 40.5% are Internet users, only 4.13% of whom have online interaction with public institutions.

Although previous studies indicate that gender is a factor influencing use of ICT in Romania, male users research the Internet and access public online services equally to females. The level of education and age are of major relevance when analyzing the factors that influence the degree of use of information and communication technology. The level of education has a significant impact on a person's ability to use information and communication technology.

People with higher education represent a significant majority among online public service users. There is also a reluctancy among elderly people about the use of the internet and online government services. These factors are often interconnected with other social, economic, demographic elements, etc.

The digital divide is a very serious problem in Romania. While the number of digital citizens increases, mainly due to economic growth and technological advances, and only to a lesser extent due to government policies, important parts of the population are lagging behind. The rural population, the less educated, the poor and the elderly have little chance of benefiting from the ICT revolution, either because of lack of opportunities or because of lack of knowledge (Sandor, 2006). The Romanian government should prioritize the digital divide by adopting measures to reduce it.

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