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PUBLIC ADMINISTRATION

A REVIEW OF BALANCED SCORECARD IMPLEMENTATION IN SELECTED OFFICES OF ADDIS ABABA CITY, ETHIOPIA

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Abstract: *The purpose of this study is to assess the implementation of balanced scorecard in the offices of Trade and Industry Development, Micro and Small Scale Enterprise Development and Finance and Economic Development Bureaus of Addis Ababa City Administration. To collect and analyze data this study employed both quantitative and qualitative method using variables such as strategy setting, implementation of the change initiatives performance measurement, leadership, management and staff commitment. The findings show that though there have been positive achievements, the leaders and organizers of the change initiatives have not yet fully discharged their responsibilities of using strategic measures and customer service standards as performance measurement and management tool. Moreover, the actions taken in monitoring and evaluation is not satisfactory. The feedbacks did not go beyond awareness creation, and they are not being consistently utilized as an input for any administrative and corrective measures. Though the leaders made efforts, the city administration had to play a leading role in supporting the implementation of the change initiatives to bring the desired changes in the sectors.*

Keywords: *Balanced Scorecard, change initiative*

Acronyms: *AACA Addis Ababa City Administration; BSC Balanced Scorecard; GTP Growth and transformation Plan; NPM New Public Management*

1. INTRODUCTION

The balanced Scorecard was first introduced by Kaplan and Norton in the Harvard Business Review Article in 1992 as they recognized some of the weakness and ambiguity of previous performance management approaches (Kaplan, R. & Norton D. 1996). The Balanced Scorecard (BSC) is a carefully selected set of quantifiable measures derived from an organization's strategy and is a management tool with three main elements namely; measurement system, strategic management system and communication (Bremser and Barsky 2004). BSC provides a logical connection between the vision, mission and strategic objectives with the desired results in terms of customer and stakeholder needs, financial, internal processes and capacity building (learning and growth) which are linked through cause-and-effect relationships.

According to survey on 'Management Tools and Trends' made by Blain and company (2013), BSC was ranked the fifth most widely applied management tool in organizations. Due to its strategic approach, BSC was taken as the most important tool to be applied in almost all government institutions throughout Ethiopia since its introduction in 2010. The rationale for adopting the tool was the need to plan, control and report on the performance of public sector organizations in Ethiopia. Currently the sector bureaus and offices in the City Administration of Addis Ababa, including the study areas are

employing BSC to improve their performance. According to the strategic manual (2010), Addis Ababa City Administration, justifies the launching of balanced scorecard as a tool to build result based measurement system and develop new attitude of employees to be measured only through their results. BSC design and implementation involves a complex set of steps, perspectives and key performance indicators. Thus, it requires an understanding of its methods and applications both theoretically and practically. Therefore, the major rationale for undertaking this study is the curiosity to check the effectiveness and challenges of BSC implementation in public sector with particular reference to Trade and Industry Development, Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus of the city administration.

1.2. Statement of the problem

Much of the empirical literature on BSC concerns its private sector adoption and there have been fewer studies of BSC applications in the public sector. Many of the studies focus on the motivation for adopting BSC, nature of performance indicators, and the perceive benefits. However, studies on the implementation of BSC in public sector organizations are erratic. Moreover, though there are some evidences about the achievements and challenges of implementing the BSC at the national level, still little is known about the achievements and challenges of the change initiatives at the Addis Ababa City Administration (AACA).

This study, therefore, seeks to assess the extent of BSC implementation, its success and challenges in the selected offices of Addis Ababa City Administration. To this effect, the study gives answers the following questions.

- How is the BSC being implemented in the selected bureaus?
- What are the major achievements gained by BSC implementation?
- What are the major challenges encountered in the implementation of BSC?

1.3. The objective of the study

The general objective of this study is to assess the implementation of BSC in the Trade and Industry Development Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus of city administration. The study focuses on the major aspects of BSC such as strategy, leadership, effective communication; performance monitoring, staff commitment and challenges encountering the offices in implementing the change initiatives.

The specific objectives of the study are:

- To assess the implementation of BSC in the Trade and Industry Development, Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus
- To identify and examine major achievements gained so far from implementing BSC
- To identify and analyze major challenges that the organizations faced in the implementation of BSC

BSC is major initiative of the federal government and its cooperating partners (city administrations and regional bureaus). However, this study is limited to a randomly selected three sector bureaus of the Addis Ababa City Administration which are presumed to have implemented BSC in a full-fledged manner.

1.4 Methodology

Qualitative and quantitative approaches are the two main approaches used in this study. Quantitative research is often based on measurable numbers. All phenomena is, however, not measurable and a qualitative approach is used for in-depth assessment of some variables.

1.4.1 Study Population

The target population includes employees, leaders, and customers of AACAA working at the Trade and Industry Development, Micro and small scale Enterprise Development, and Finance and Economic Development Bureaus of the city administration. Hence, the population of the study is grouped into top leaders (bureau heads and core processes owners of the sector bureaus), middle level leaders (sub processes owners), civil servants and customers of the bureaus. There have been a total of 260 employees and managers in the three offices. There are 105 leaders and 25 employees in Trade and Industry Development Bureau: 14 leaders and 36 employees in Micro and Small Scale Enterprise Development Bureau: and 23 leaders and 57 employees in Finance and Economic Development Bureau.

1.4.2 Sample size

Simple random sampling was chosen for conducting the study. The following samples are selected from each sector: From Trade and Industry Development Bureau (leaders 57, employees 20), from Micro and Small Scale Enterprise Development Bureau (Employees 21, leaders 10), from Finance and Economic Development Bureau (leaders 20, employees 27), and the sum of the sample respondents is 155. Focus group discussions were also held with the coordinators of the change initiatives (Monitoring, Support and Measurement sub-process owners) of the three sector bureaus.

1.4.3 Data Collection Techniques

The major instruments used to collect data were questionnaires. The questionnaire were prepared to collect data from different groups of employees and leaders about the BSC implementation status and challenges observed since its implementation. A structured questionnaire arranged in standardized 5-point Likert's scale were given to the participants to respond to each question. Closed ended questions were also provided to the respondents for issues that cannot be answered in absolute or relative way.

1.4.5 Data analysis

The information collected from both primary and secondary data sources through review of different documents as well as survey questionnaires were organized and

narrated. To be specific, opinion of respondents' to the questionnaires were summed up by frequency counts and then converted into percentages. The results of the survey were analyzed using descriptive statistics to interpret the 5 point Likert scale type responses. Data were presented using tables, charts, figures where necessary and generalizations were made and presented.

2. LITERATURE REVIEW

Balanced scorecard is a management tool that enables an organization to translate its vision and strategy into a tangible set of performance measures. However, it is more than a measuring device (Kaplan and Norton 1996). It is a strategic planning and management system that is used in business and industry, government, and nonprofits organizations to align business activities to the vision and strategy of the organization improve internal and external communications, and monitor organization performance against strategic goals. The balanced scorecard was developed by Robert Kaplan, an accounting professor at Harvard University, and David Norton, a consultant in Boston. In 1990s, Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement. The drive for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. They discussed a number of possible alternatives but settled on the idea of a scorecard featuring performance measures capturing activities from throughout the organization customer issues, internal business processes, employee activities, and of course shareholder concern (BSC institute 2015).

The key claims success by Kaplan and Norton (1996) are that the BSC demonstrates link to strategy, cause and effect relationships and balance between BSC metrics. They also stated that the BSC is used as a communication tool, a measurement tool or a strategic management tool (Kaplan and Norton 2001). A key conclusion of the research was that in order to be successful, a company has to address long term issues and not simply rely on producing good short term results. Kaplan and Norton argue that financial measures were too one sided and not relevant to many levels in the organization and that reliance only on financial measures may affect the ability of organizations to create value (Niven, 2006). Moreover, Kaplan and Norton (1999) argue that focusing exclusively on financial performance measurements worked well in the area of industrialization, but in the era where new trends are emerging, financial measurements are not enough. Kaplan and Norton (1992) made an analog with an airplane cockpit. They explain that for the complex task of navigating a pilot, the pilot should rely on a number of indicators and instruments to reach the destination safely, and efficiently. He needs detailed information about fuel, air speed, pressure, altitude, destination, and other indicators that summarize the current and predicted environments. Relying only on one instrument could be fatal. The same can be said for organization. Managers should recognize the need to track performance in several areas.

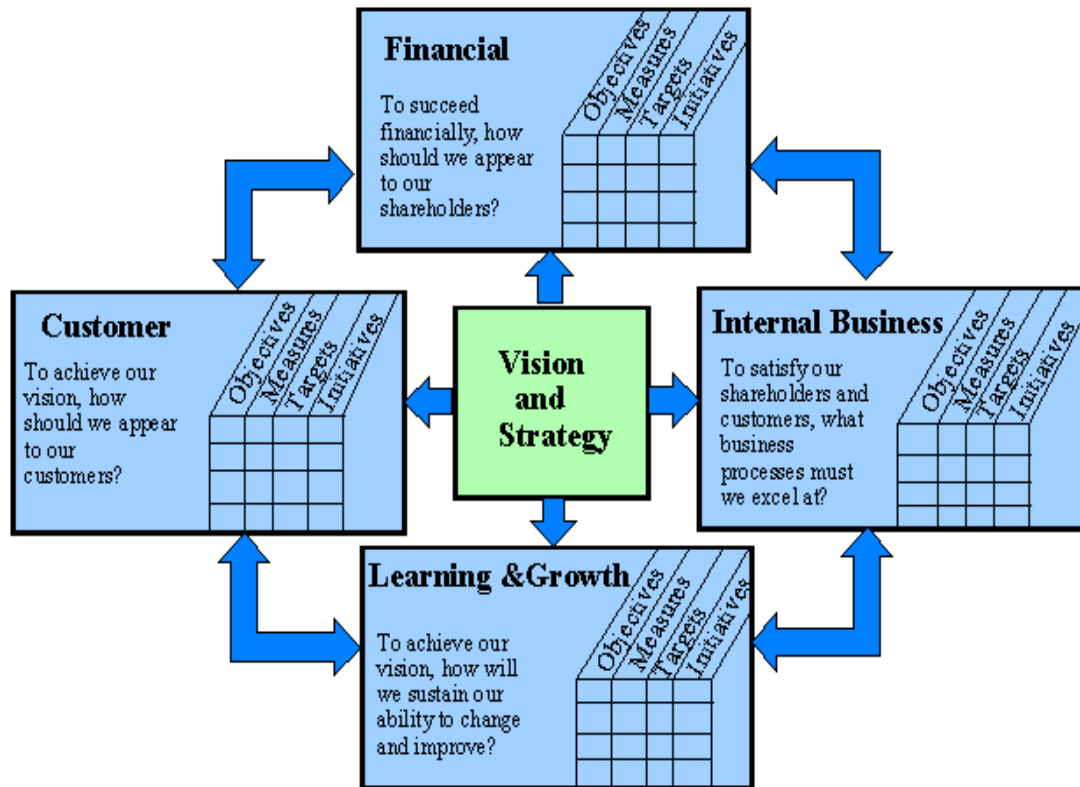
Thus, the Balanced Scorecard (BSC) is specific tool that allows managers to define and implement a set of financial and nonfinancial indicators in a balanced way to assess an organization's performance from four viewpoints. The balanced scorecard

should therefore provide answer to four basic questions that look at the business from four important perspectives (Kaplan and Norton, 1992). These are customer perspective, internal perspective, financial perspective and learning. The details are discussed below.

2.1 The four balanced scorecard perspectives

With the BSC framework, four categories of measures are identified in order to achieve balance between the financial and non-financial, between internal and external and between current performance and future performance (Kaplan et al., 1992).

Figure 1 The standard BSC model and its assumed causal relationships



Source: Kaplan, R.S. and Norton, D.P. 1996.

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. However, the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives.

2.1.1 The Description of the Four Perspectives

Balanced Scorecard concept offers to look at an organization's strategy from the following points of view (perspectives).

1. The Financial Perspective

Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. However, the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial related data, such as risk assessment and cost-benefit data, in this category.

2. The Customer Perspective

Of the four BSC perspectives, the customer is at the core of any business and is crucial to long-term improvement of the company performance (Kaplan et al., 1992). The customer perspective is a core of any business strategy which describes the unique mix of product, price, service, relationship, and image that a company offers (Kaplan et al., 2001). The customer perspective defines how the organization differentiates itself from competitors to attract, retain, and deepen relationships with targeted customers. The value of the customer perspective is crucial because it helps an organization connect its internal processes to improved outcomes with its customers (Kaplan and Norton, 2001).

Internal Business Process

Internal business process measures relate specifically to the operational processes of the business unit. Internal business is based on the notion that to satisfy customers and earn a financial return, the business must be efficient and effective at what it does. The internal process measures are typically based on the objective based on the objective of the most efficiently and effectively producing products or services the meet customers' needs. (Kaplan et al., 1996).

Learning and Growth Measures

Represent the employees as part of the four pillars used to measure performance with the BSC framework. The innovation and learning and learning perspective is all about developing the capabilities and processes needed for the future. In the aviation service, for example for a business to succeed not only must it effectively carry out daily transactions but it must also continually improve in terms of the value and cost of its offerings. This innovation process can be measured in a variety of ways. These may include the speed of transactions, or the number of people involved in a particular transaction, etc. again, the choice depends on what is critical for the success of each particular business (Kaplan et al., 1996). Acknowledging that performance measures relating to learning and growth are the most difficult to select, Kaplan and Norton (1996). Suggest measures of employee's capabilities, information systems capabilities, and employee motivation and empowerment as examples. The relation among the four perspectives is very strong and logically interconnected.

2.2 The Use of Balanced Scorecard in Public Sector

Public sector reforms in the early 1990s have changed the way performance is measured in public sector entities. Limited resources have put pressure on government organizations to improve financial management. Reforms have changed performance

measurement by actively encouraging entrepreneurship and ensuring that operational effectiveness is measured as well (Abernethy and Lillis 2001).

With the advent of NPM it became normative that old bureaucratic administrations need to be transformed to efficient and effective organizations through the introduction of performance management tools such as BSC (Dent, 1991). Performance management systems are considered as a managerial techniques that offer a solution to the problem of containing public expenditure, improving the services delivered and measuring public organizations on the basis of an input–output–outcome model (Johnsen, 2005). The chief benefit has been the pursuit of the fundamental goal of creating a strategy-focused organization using the BSC. With the BSC government organizations are expected to be more customer-centric. The customer perspective has become elevated to the top of the BSC strategy, effective delivery of services to customers explains the existence of most government and nonprofit organizations.

In the private sector the key financial objectives relate to profitability and returns on investment. In the public sector, financial considerations will have an enabling or restraining role but will not replace organization's missions. In public sector, the 'bottom line'- fiscal prudence is essential but not the reason that government program, services exist. The bottom line is success of the mission i.e. the program or service delivered as expected. Therefore, an organization building a public sector balanced scorecard has to start with the understanding that the ultimate goal is an improvement in awareness, capacity or conditions for the customer (citizens).

Wisniewski and Olafsson (2004) looked at the development of the BSC in two local authority environments and suggested a number of useful findings. First, they pointed out that in public sector organizations, performance measures focus not only on costs, but also on the efficiency and effectiveness of the service provision. Second, the customer perspective becomes one of the ultimate objectives of public sector performance measures. Third, customer definition can become more complex in the public sector environment because of the multiplicity of customers with the various services offered by local authorities. According to public sector, the definition of the 'customers' is different from private institution since public sector institutions have many stakeholders such as politician, service users, resident, donator, etc. (Murby and Gould, 2005).

Table 1: Public and private sectors compared

Features	Private Sector	Public Sector
Focus	Shareholder value	Mission effectiveness
Financial goals	Profit; market share growth; innovation; creativity	Cost reduction; efficiency; accountability to the public
Efficiency concerns of clients	No	Yes
Desired outcome	Customer satisfaction	Stakeholder satisfaction
Stakeholders	Stockholders; bondholders	taxpayers; legislators; inspectors

Who defines budget priorities	Customer demand	Leadership; legislators; funding agencies
Key success factors	Uniqueness; advanced technology	Sameness; economies of scale; standardized technology

Source: Nicholas J. Mathys, 2006

2.3 Balanced Scorecard in Ethiopia

Changes in the socioeconomic and political landscape in Ethiopia have resulted in changes in management of public institutions. The quests for efficiency, accountability, and transparency have forced institutions to adopt organizational strategies and management structures that are popular in business organizations. To this effect, Ethiopia has introduced a range of approaches that broadly fall into the category of ‘New Public Management’. The main successive reform tools include Business Process Re-engineering (BPR), BSC and the Citizen Charters. Building on earlier efforts to establish strategic planning norms and an employee result-oriented performance appraisal system, the federal government introduced the BSC in 2010 (Menwuyelet Fentie, 2014). The BSC is being used as a planning, change management, and communication tool, and is also considered as an opportunity to embed strategic management principles into the plan. The BSC incorporates the higher-level goals identified by the country’s Growth and Transformation Plan (GTP) and tries to operationalize these goals.

According to Menwuyelet (2014), three reasons are cited as rationales to implement BSC in Ethiopian Federal civil service organizations, namely:

- To have better performance evaluation system in civil service organizations
- To put in practice the Federal Civil Servants’ proclamation no. 515/99 (proclamation for administration of Ethiopian Federal Civil Service employees)
- To focus on strategies and link the day to day activities to strategies with well-balanced and multi perspective performance evaluation system

A ministry or agency provides a highest expression of tangible and identifiable results that the government expects, below the Ministry or Agency level, the results are further cascaded down to process teams and individual members of staff. BSC set targets for output and interventions for which measures or indicators are set. As of 2012, the civil service’s “Individual Employee Performance Management and Measurement” directive was incorporated into the BSC. The management of individual performance is now being addressed through a system of individual performance agreements that are linked to team and organizational targets derived from the four dimensions of the BSC. These include: i) finance, ii) learning and growth; iii) client/customer satisfaction, and iv) processes (time volume, frequency). The first set of annual performance agreements for individuals were signed in July 2012. Currently 60 percent of the score is allocated towards achieving the agreed upon specific tasks and goals, while 40 percent is dedicated to attitude or behavioral aspects (this can also be seen as a reaction to earlier criticism of assessments introduced by the BPR that were seen as overemphasizing ‘attitudes’). Thus, the BSC seeks to create direct links between employees’ performance and the strategy of an organization towards its clients/citizens, budget, internal processes, and learning and

growth. Both employee and organization performance reviews are carried out twice a year, in December and June.

The challenges at the design level includes on how to set higher level objectives. Firstly the sectors focused on their very mission, later among the 18 higher level objectives almost all sectors took 17 and only one unique objective-related to their mandates. These resulted in cascading difficulty as well as later on measuring performances of each sector i.e. the shared 17 objectives are not relevant to all sectors. For instance, imagine a health sector's performance measurement from Political and Economic empowerment of Women point of view. The other well noted problem is related to technology-automation. It was aimed to have a corporate sector performance on weekly, monthly, quarterly and annually basis; but currently this aspect is not practical. There were also confusion among the existing multiple plans (Strategic Plan, BSC, Growth and Transformation-some organizations could hardly understand whether GTP is strategic plan or another planning tool) in the organizations. For instance, in education sector there were Strategic plan, Education Sector Development Plan, BSC and others; employees and officials were not clear on which plan to follow. Despite, the establishment of separate process to lead BSC and other reforms, there have been lack of details on functions and responsibilities and often staffed by experts with little or no experience of major reform tools.

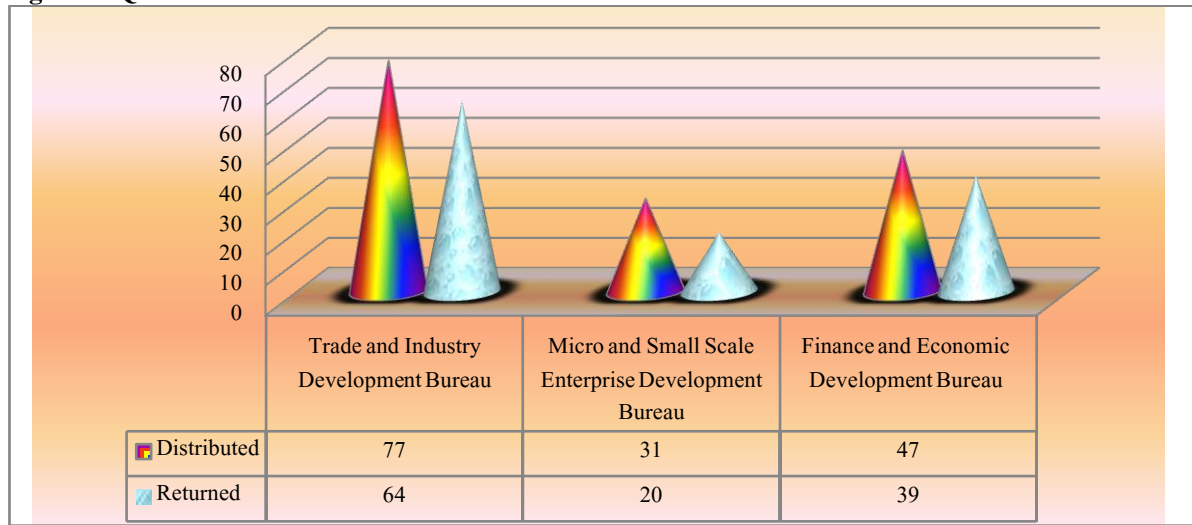
3. FINDINGS AND DISCUSSION FROM PRIMARY DATA

As it is discussed in the literature review, there are few attempts to explore the implementation of BSC in public sector with empirical analysis in Addis Ababa based on factors as awareness of BSC, implementation and measurement of performance, leadership roles, communication and managers and staff commitment.

3.1. Response Rate

One hundred fifty five questionnaires were distributed to employees working at Trade and Industry Development, Micro and Small Scale Enterprise Development and Finance and Economic Development Bureaus of the Addis Ababa City Administration of which 77 questionnaires are addressed to trade and industry, 31 to Micro and Small Scale Enterprise, and the remaining 47 questionnaires distributed to Finance and Economic Development Bureau as indicated in the table below. 123 questionnaires were filled in and returned from the respondents. Accordingly 64 returned from Trade and Industry Development Bureau, 20 from Micro and Small Scale Enterprise Development Bureau, and 39 from Finance and Economic Development bureau employees gave back the questioners.

Figure 2: Questionnaires distributed and returned

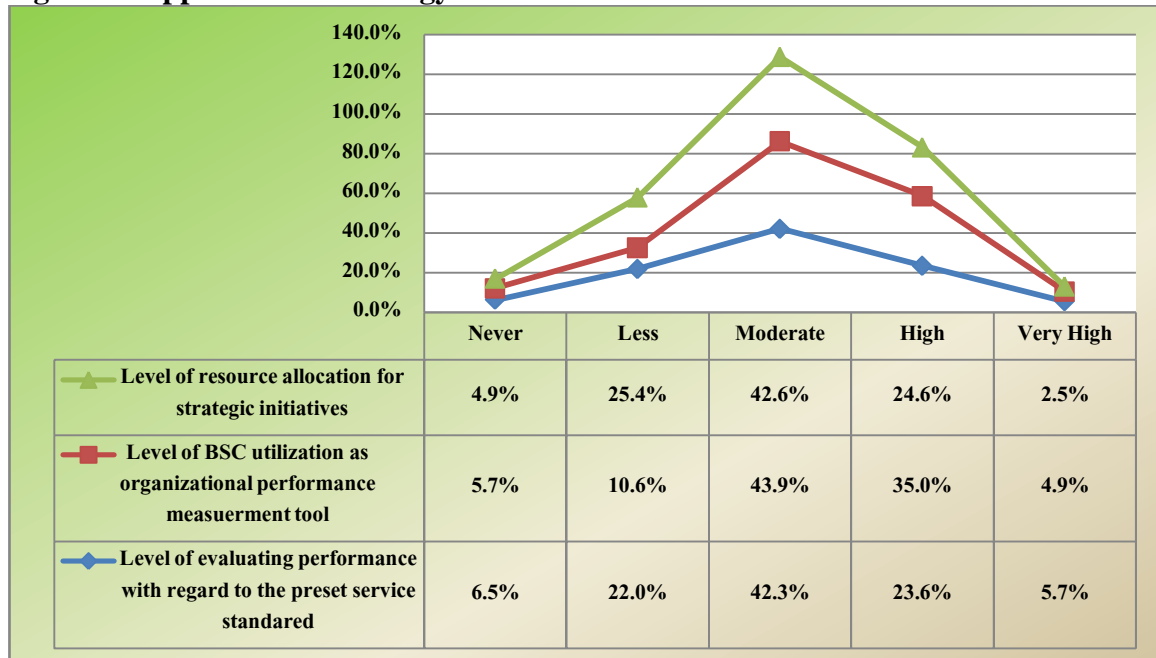


3.2. Findings

3.2.1. Level of strategy measures usage

Level of strategy measures usage in this case is mainly concerned with how the strategic measures and customer service standards of the sector bureaus are being utilized as performance measurement and management tools. In addition, level of performance evaluation against the preset customer service standards, availability of relevant information about the performance of the strategic objectives are also considered as key indicators of the factor (variable).

Figure 3: Application of strategy measures



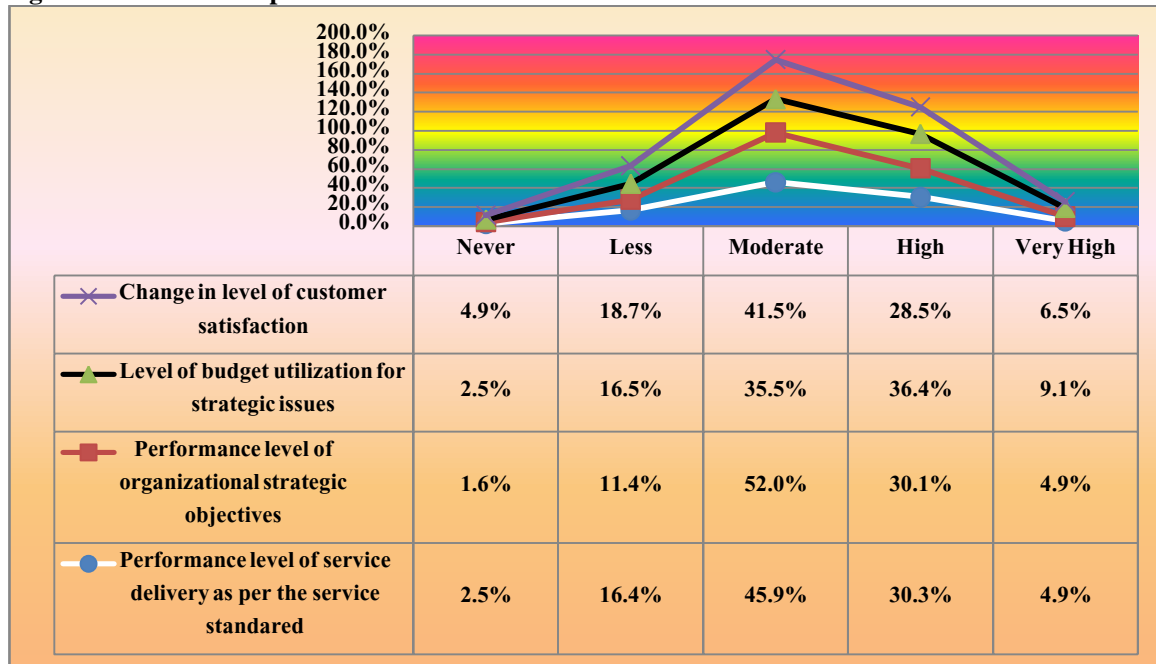
The use of strategic measures as performance management tool serves to focus actions on what is important to the organization. One of the indicators for proper utilization of the strategic measures as both performance measurement and management tool is level of resource allocation for the strategic initiatives. In addition 24.6% and 2.5% of the respondents marked the level of resource allocation for the strategic initiatives as “high” and “very high” respectively. On the contrary, the remaining respondents that constituted 30.3% discharged with the majority. These groups of respondents stated that the necessary attention is not given for the change initiatives to the extent of failing to allocate sufficient budget for their strategic initiatives. Meanwhile, data obtained from the focus group discussion held with the coordinators of the change initiatives (Monitoring, Support and Measurement sub-process) of the three sector bureaus shows that there has been no change in the budgeting process since the Balanced Scorecard was introduced as resource allocation is not directly linked with the strategic initiatives. Similarly, interview results also underscored the difficulty to allocate the necessary budget for the strategic initiatives independently due to the fact that program budgeting is not yet fully deployed in the budgeting process of the city administration as a whole.

Respondents who marked and supported Balanced Scorecard (BSC) is being utilized as organizational performance measurement and management tool rated 39.9% (for very high and high). In addition 43.9% of the respondents marked the level of BSC utilization as organizational performance measurement and management tool as “moderate”. The remaining 16.3% of the respondents thought, in spite of its existence, the BSC is not good at being utilized as performance measurement as well as management tool. Regarding customer service standard, significant number of the respondents (42.3%) realized that the level of evaluating employees’ performance against the preset customer service standards of BPR is moderate and about 29.3% (for very high and high) of the respondents marked that the performance of employees is being evaluated against the service standards. Despite this the remaining respondents that constituted 28.5% disagreed. These groups of respondents argued the customer service standards are not being utilized as performance evaluation tool in the sectors under discussion.

3.2.2. Strategy implementation

Strategy implementation is the manner in which a chosen strategy is translated into organizational action so as to achieve strategic goals and objectives. It mainly requires creating strategic alignment between strategic goals and its organizational factors. Thus, the tighter the linkage, the more powerful strategy execution and more likely targeted performance can be achieved.

In this case, the key performance indicators of strategy implementation include performance level of customer service delivery as per the preset service standards, performance level of organizational strategic objective as per their targets, improvement in the level of customer satisfaction and level of budget utilization for the strategic initiatives.

Figure 4: Indicators of performance

Employees realized change in customer satisfaction after the implementation of change initiate BSC is good. As figure 4 above illustrates significant number of respondents of the stated that there is a moderate level of customer satisfaction in the sector bureaus after the implementation of BSC. About 28.5% and 6.5% of the respondents also marked the change in customer satisfaction that steam from the introduction of change initiatives as “high” and “very high” respectively on the other hand, the remaining respondents that constituted 23.5% argued that institutionalizing both change initiatives hasn’t brought any significant change on the level of customer satisfaction. Data obtained from customers of the three sector bureaus under discussion shows that though the office layout of all the sectors is somewhat comfortable for the customers, majority of the respondent customers (85%) marked that their level of satisfaction on the quality and efficiency of the service delivery of the sectors is “moderate”. The remaining 15% rated their level of satisfaction as ‘high’.

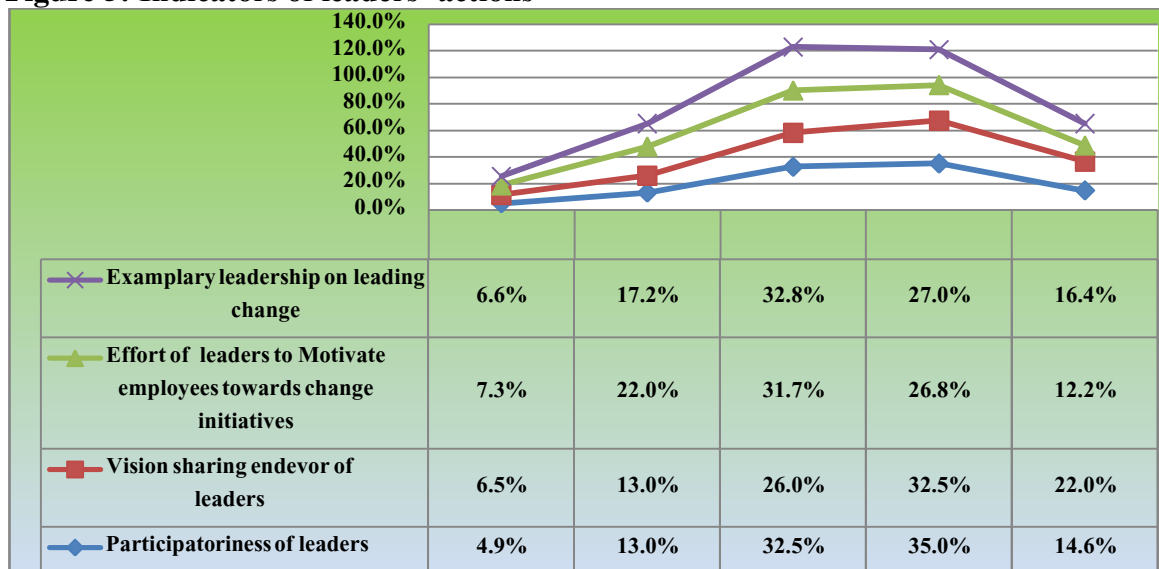
Regarding the performance level of organizational strategic objectives, about 52.0% of the respondents marked the performance level of organizational strategies of the three sectors under consideration as ‘moderate’ (average). In addition about 30.1% and 4.9% of the respondents also marked the performance level of organizational strategies as ‘high’ and ‘very high’ respectively also marked the performance level of organizational strategies as ‘high’ and ‘very high’ respectively. Notwithstanding to this, the remaining respondents that constituted 13.0% opposed the majority. The groups of respondents argued the organizational strategic objectives of the sector bureaus are not being implemented as per their planned targets. In this regard, additional data were collected from the secondary sources especially from the annual performance evaluation reports of the three sector bureaus. As a result, the evaluation reports of each sectors

concluded that the performance level of some selected strategic objectives as ‘moderate’. However, this performance level is getting lesser and lesser as it goes down to the three tiers of the three sector bureaus under discussion (center bureau, sub city and woreda level).

3.2.3. Leadership style

Vision selling endeavor of top leaders, exemplary leadership in leading change, readiness to participate subordinates in decision making, and efforts of leaders to motivate their followers towards the change initiatives are considered as key performance indicators of appropriate leadership style. The more participatory and exemplary leadership is institutionalized the greater will be better performance.

Figure 5: Indicators of leaders’ actions



As figure 5 illustrates, about 32.8% of the respondents rated the existence of exemplary leadership in leading change as ‘moderate’. In addition, about 27.5% and 16.4% of the respondents rated the level of exemplary leadership as ‘high’ and ‘very high’ respectively. On the other hand, the remaining respondents that constituted 23.8% argued that there no as such exemplary leadership in leading the changes. Vision sharing endeavor of top leaders is fundamental for the full practice of the change initiative (BSC). To this end, about 26.0% of the respondents stated that leaders of the sectors under discussion are moderately striving to enlist others to share their vision. In addition, about 32.5% and 22.0% of the respondents rated the sharing endeavor of top leaders as ‘high’ and ‘very high’ respectively. On the other hand, the remaining respondents that constituted 19.5% argued that ther no any considerable endeavor of the existing top leaders to share vision of their sector bureaus to the employees.

Meanwhile, 32.5% of the respondents stated that leaders participate, engage and consider ideas of their employees moderately. Similarly, about 35.0% and 14.6% of the respondents marked that the level of participation of employees in the decision of leaders

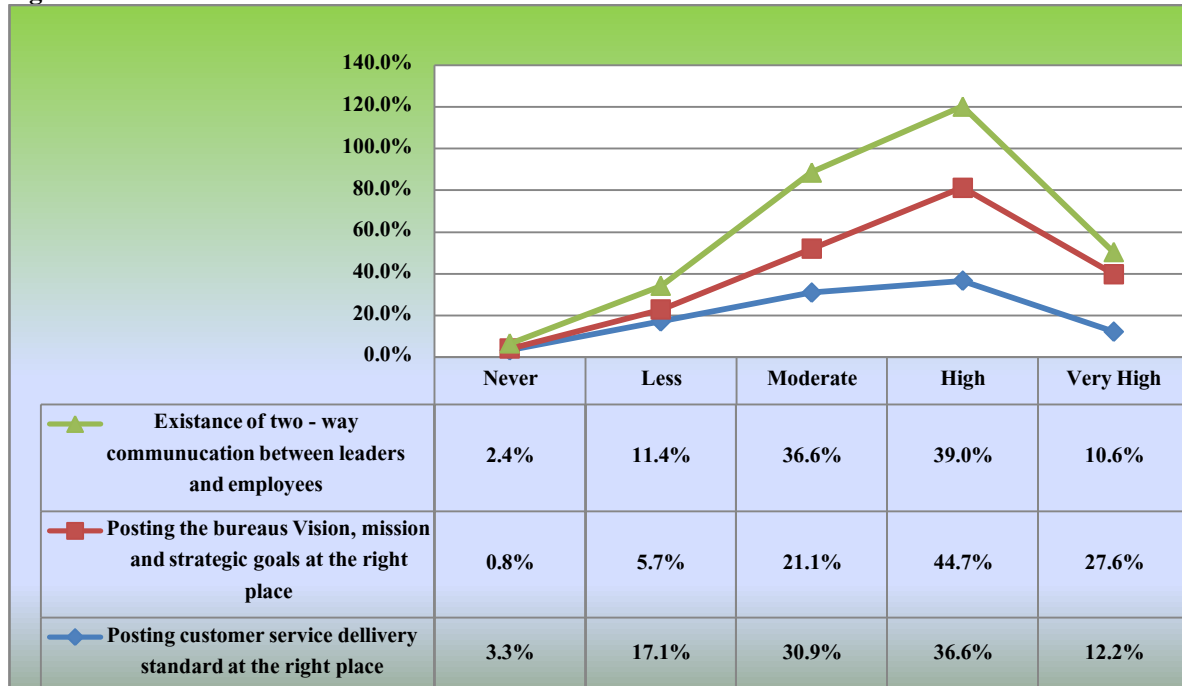
as ‘high’ and ‘very high’ respectively. Few of those respondents, which account 17.9%, are in the reverse direction. They argue that leaders fail to consider the ideas of their employees in their decision-making. In this regard, data obtained from the focus group discussion also shows that leaders of the three sector bureaus under consideration have been striving to participate, engage and consider ideas of their employees mainly through periodic meeting. Especially those leaders who are process owners are expected to conduct weekly meetings with their staff members in view to share ideas and evaluate their weekly performances.

Motivations of employees is also one of the determinant factors for the change to come true. To this end, about 31.7% of the respondents marked effort of their leaders to motivate employees towards change endeavors as ‘moderate’. In addition, about 26.8% and 12.2% of the respondents rated effort of their leaders to motivate employees towards change endeavors as ‘high’ and ‘very high’ respectively. On the country, the remaining respondents the constituted 29.3% oppose the majorities by arguing that their leaders do not bother about the attitude of their employees towards the change initiatives.

3.2.4. Effective Communication

Effective communication is very crucial for making a strategy everyone’s everyday job. In this case, use of tools to facilitate communication with all stakeholders (customers, employees, etc.), existence of two-way communication between leaders and their subordinates and availability of service standards and preconditions for the services at the service stations are considered as key indicators of effective communication.

Figure 6: level of communication and information dissemination endeavor

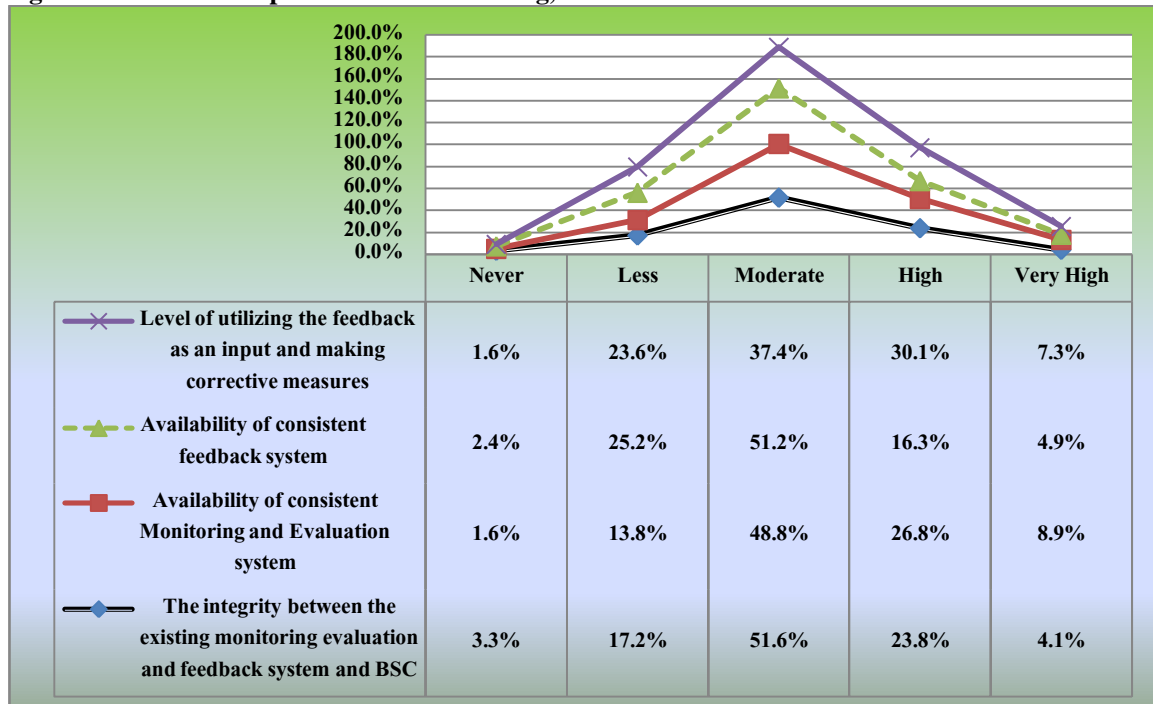


As indicated above, the level of communication and information dissemination endeavor among the stakeholders (leaders, employees and customers) of the sectors under consideration is high. Majority of the respondents, which account 86.2% (for very high and moderate) realized the existence of two-way communication between leaders and their employees. Few of those respondents, which account 13.8% opposed the majority by arguing the leaders fail to promote mutual understanding and respect others' ideas through institutionalizing two-way communication. Posting the bureaus 'vision, mission, strategic goals and direction pointers at the right place facilitates communication between customers and the service providers. To this effect, about 93.4% (for very high, high and moderate) marked that their organizational vision, mission, strategic goals and strategy maps in general are placed at the right place. The remaining 6.6% oppose the majorities by arguing that their strategy maps are not posted at the proper place.

Regarding the availability of customer service delivery standards and precondition for the service at the service stations, about 79.7% (for very high and moderate) realized that the service standards and preconditions are posted at the service stations of the three sectors. The remaining 20.3% oppose the memories by arguing that service standards and precognitions for the services are not properly posted at the service stations. In this regard, data obtained from the field observation confirmed that the vision, mission, strategic goals and direction pointers of all the three sectors are posted at the right places. However, customer service standards and preconditions for the services are properly posted only at the Trade and Industry Development Bureau. But the remaining two sectors (Micro and Small Scale Enterprise Development and Finance and Economic Development Bureau have failed to do so.

3.2.5 Performance monitoring, evaluation and feedback system

The existence of consistent performance monitoring system, periodic performance evaluation system, feedback system, and timely reviews and r-adjustments as per the feedbacks are taken as key indicators.

Figure 7: Indicators of performance monitoring, evaluation and feedback

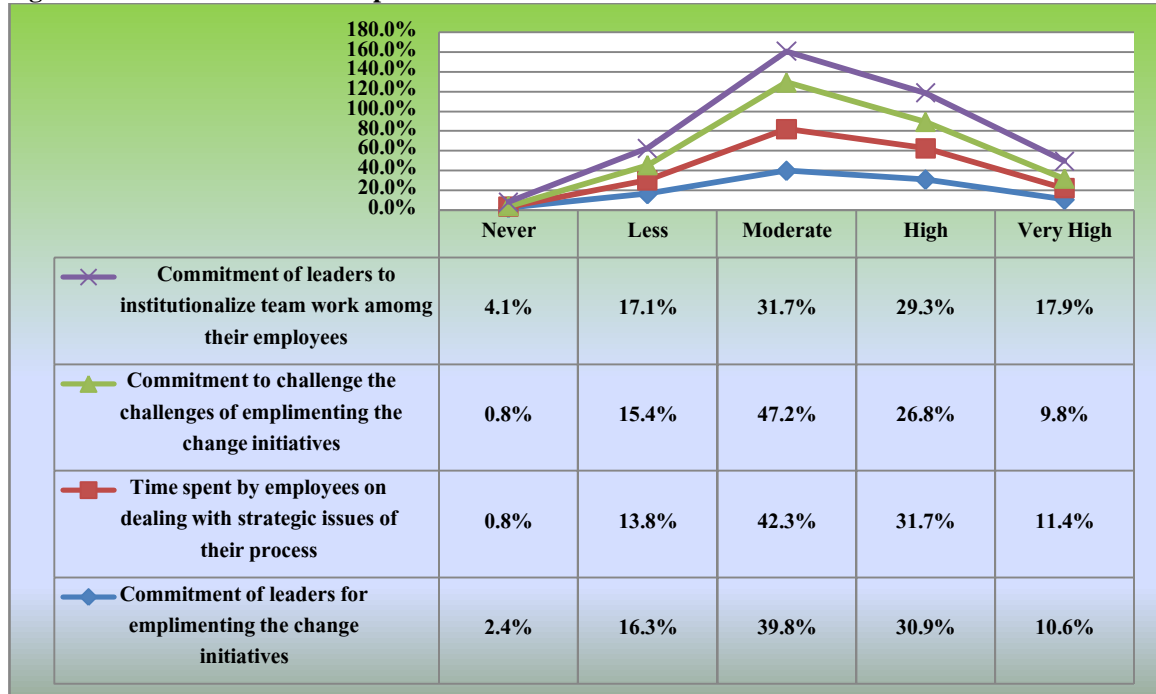
Respondents were asked whether there existed consistent and periodic monitoring and evaluation system; the result indicated about 48.8% of the respondents stated that there exists a moderate level of consistency in the current monitoring and evaluation system. Furthermore, 35.7% (for very high and high) of the respondents have assured that the existing performance monitoring and evaluation system is a regular ongoing exercise in the sectors under consideration. Despite this, few of the respondents that account 15.4% (for less and never) have argued that there is no as such consistent and periodic performance monitoring and evaluation system. Regarding the consistency of the feedback system used, majority of the respondents which account 51.2% stated that the existing feedback being given by the top leaders, customers and evaluators is moderately consistent. In addition, 21.2% (for very high and high) of the respondents have ensured that the existing feedback system considerably consistent. On the other hand, the remaining respondents which account 27.6% argued that the sector bureaus have failed to institutionalize a consistent feedback system.

Regarding the feedback system, data obtained from observation and focus group discussion held with the monitoring, Support and Measurement sub-process shows that the entire sector bureaus understand have arranged customers' suggestion boxes and registration books at the right place. In addition, the Monitoring, Support and Measurement sub-processes of all the three sectors conduct periodic performance evaluation and provide feedback for the evaluates. However, it is noted inconsistency in considering the customers as well as the feedback given by the evaluators (Monitoring, Support and Measurement sub-processes) as input for their administrative and corrective measures.

3.2.6 Leadership and staff commitment.

Effective change in the organization's culture and shared vision comes from able, strong and committed leaders and staff members. Leadership and staff commitment in this case means consistency in performance measurement tool, amount of time spent in dealing with the strategic issues, willingness to face barriers of implementing the change initiatives, and team building endeavors of leaders.

Figure 8: Indicators of leadership and staff commitment



A the aforementioned detailed result indicates, 39.8% of the respondents rated the commitment of leaders for implementing the change initiatives as 'moderate' and about 30.9% and 10.6% o the respondents rated the level of commitment of leaders for implementing the change initiatives as 'high' and 'very high' respectively. On the contrary, the remaining respondents that account 18.7% argued that the commitment of leaders for implementing the change initiatives were not as such satisfactory. Regarding commitment of leaders to institutionalize team work among their employees 31.7% of the respondents marked the commitment of leaders to institutionalize team work among their employees as 'moderate' and about 29.3% and 17.9% of the respondents rated the level of commitment of leaders for encouraging team work their employees as 'high' and 'very high' respectively. On the country, the remaining respondents that account 21.2% argued that the commitment of leaders to encourage team work was not as such satisfactory. Time spent by employees on dealing with strategic issues of their sector bureaus is one of the key indicators of the commitment of staff members for implementing the change initiatives. In this regard, significant share of the respondents (42.3%) stated the

employees are moderately spending their time in dealing with the accomplishment of their strategic issues (strategic goals and objectives). And about 31.7% and 11.4% of the respondents rated the amount of time spent on dealing with strategic issues by the employees as 'high' and 'very high' respectively. On the contrary, few respondents that account 14.6% argued that employees are not spending their time in dealing with the accomplishment of their strategic goals and objectives.

Readiness of the staff members to challenge the barriers of implementing the change initiatives (BPR and BSC) is also another indicator of both leaders' and other staff members' commitment to ensure effectiveness of the change initiatives. To this effect, significant share of the respondents (47.2%) rated the willingness of the staff members to challenge the barriers of implementing the change initiatives as 'moderate' and about 26.8% and 9.8% of the respondents rated the readiness to challenge the challenges as 'high' and 'very high' respectively. On the country, some respondents that account 16.2% argued that the staff members are not as such devoted to resolve the challenges of implementing the change initiatives by themselves or they do not bother about the effectiveness of the change initiatives. Data obtained from the focus group discussion also confirmed that there is some sort of negligence and irresponsibility among some employees of the sectors under discussion. According to the staff members of Monitoring Support and Measurement sub-process the very reasons is the fact that there is a loosen accountability framework for their duties and responsibilities, and lack of standardized reward/incentive mechanism linked with the implementation of the change initiatives.

3.2.7. Major challenges in the implementation of the change initiatives

Similar to that of achievement, data about challenges were gathered from open-ended questions, interviews held and with top leaders. The major challenges BSC identified by majority of the respondents are summarized as follows.

Figure 9: Challenge of implementing the BSC



Figure 24 illustrates challenges identified by majority of the respondents which may impede the smooth functioning of the change initiatives. The most critical ones are low level of understanding about the change initiatives BSC, limitation on leadership

commitment, employees' fear and resistance to change, failure to fulfill the required facilities (Information Technology), low level of staff commitment, loosen confidence on the effectiveness of the change initiatives, and high degree of staff turnover. In this regard, about 22.3% and 20.3% of the respondents stated low level of understanding about the change initiatives, and limitation on leadership commitment as critical bottlenecks of the change initiatives respectively. About 18.3% and 13.2% of the respondents marked employees' fear and resistance to change and lack of the required facilities (IT) as the most critical challenges respectively. Similarly, 12.7% and 8.6% of the respondents confirmed that the major challenges are low level of staff commitment and loosen confidence of the employees on the effectiveness of the change initiatives respectively. The remaining 4.6% of the respondents ensured the seriousness of high degree of staff turnover as a bottleneck for sustainable implementation of the change initiatives. Lack of commitment and competency of leaders, shortage of resources, lack of ICT infrastructure and its utilization skill, weak monitoring and evaluation, and unchanged attitudes of employees and leaders were some of the challenges for poor implementation of BSC. On the whole, attitudinal and commitment problems of employees and managers, resource constraints, gaps in understanding why and where to implement the reform tools and absence of clear and uniform measurement and incentive system are factors repeatedly raised as major challenges.

4. CONCLUSION

Many countries including Ethiopia have been striving to make the necessary changes to fit in the changing environment. Majority of public institutions in Ethiopia have joined the revolution against the perceived inability to address problems of service delivery and inefficiencies. To this effect, BSC has become the principal agenda of many public institutions of the nation including the Addis Ababa City Administration

It is understood that the Addis Ababa City Administration is striving to respond to its problem of service delivery and inefficiency by adopting various reform programs. In this regard, major findings of this study shows that there is a progress in implementing the change initiatives (BSC). However, the data also indicated major challenges and shortages in putting the change initiatives into practice as required.

The findings show that though there have been positive achievements, the leaders and organizers of the change initiatives have not yet fully discharged their responsibilities of using strategic measures and customer service standards as performance measurement and management tool. Moreover, the actions taken in monitoring and evaluation is not as such satisfactory. The feedbacks did not go beyond awareness creation, and the feedbacks are not being consistently utilized as an input for any administrative and corrective measures.

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TRIDENT JUNCTURE 18: HOW DOES THE SPOKESPERSON'S INSTITUTION COMMUNICATE IN A SIMULATED POLITICAL-MILITARY CRISIS?

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Abstract: *Our analysis aims to identify the structure of the Spokesperson's institution in the military exercise preparation campaign that NATO has simulated between October 25 - November 7, 2018 in Norway. NATO exercise will be interpreted in our analysis from the perspective of answering the question "Who is communicating in the preparation for the military exercise?". By using Harold Laswell's simple communication model, we will only select in our analysis its grounding question "Who communicates?". Neither the effect nor the content of the message is of particular interest in our enterprise, whose purpose, we reaffirm, is to identify the structure and the dimensions of the Spokesman's institution in a political-military crisis situation. The question of the laswellian model has a special dimension in our analysis, in the sense that it applies in a political-military crisis situation simulated by NATO, in the largest military exercise since the Cold War. So, "Who communicates about NATO's simulation exercise of armed intervention by activating Article 5 of the Alliance?"*

Keywords: crisis communication, spokesperson, NATO, Trident Juncture 18, military exercise.

1. INTRODUCTION - TWO PEOPLE, ONE SPOKESPERSON?

In a hall where journalists are waiting, a woman, with a confident step, stops at a distance neither too big, nor too small from a tribune like those in the halls where a leader comes to tell people about who knows what important event. After the preoccupied and self-confident man occupies the place in front of the tribune, from which it is clear that he will address the journalists in just a few moments, the woman announces in a neutral, secure voice, without any emotion inflection, as if talking about anything other than the greatest NATO exercise since the end of the Cold War. The stake of the message is all the more important as this simulation exercise must be successful from start to finish – any small incoherence being a source of precious information for non-NATO members from the East, because it shows weaknesses and breaches to be exploited. The woman in a calm, firm voice, that leaves behind a halo of confidence and control instantly taken from the voice of the political leader, addresses the journalists:

" - Good morning! The Secretary-General will inform you about the Trident Junction exercise, after which he will be at your disposal for answering your questions. General Secretary ...

- The Trident Junction exercise will begin in Norway tomorrow. Tomorrow is an important day because this is the most important NATO exercise since the end of the Cold War. The exercise is ambitious and demanding. Let me give you some figures ... " (NATO, 2018)

NATO Secretary-General continues his message, with figures, data, grounds, and meanings about the military exercise, after which comes the time for questions. The moderator is sitting in the social space, but closer to the personal space than the speaker's public space, and it controls the session of questions, facilitating the NATO leader's interaction with the hall.

Technically, we could say it is the "moderator's" moment. Literally speaking, NATO's spokeswoman, because it is her we are talking about, facilitates as a sovereign gatekeeper, the interaction between journalists and a leader, such as the 19th century Royal guards where renowned for their loyalty towards those they were called to protect.

This article aims to identify the *structure of the Spokesperson's institution in the military exercise preparation campaign* that NATO has simulated between October 25 and November 7, 2018 in Norway. The temporal sequence we are focusing on is *the preparation of the Trident Junction Launch Conference 18* – mainly October 2018, until the 24th, when the final press conference announces the start of the next day exercise on 25 October 2018. The comments and analyses made around the event from the summer of the year transmit various information in very different ways of interpretation – from information with simple presentation to messages that target a highly emotional impact, both positive and negative – depending on the political-ideological bias of departure, explicitly or implicitly assumed, as a manipulator, with the purpose of secretly influencing, used by the authors of the message. We will not discuss here either the importance of the exercise considered by some to be merely a test of NATO's military intervention capacity under conditions of activation of Article 5 of the Alliance, nor its effects interpreted by others as a direct threat to Russia, which has a border of nearly 200 km with the Russian Federation. NATO exercise will be interpreted in our analysis from the perspective of answering the question *"Who is communicating in the preparation for the military exercise?"*. For whatever NATO intends to test and demonstrate to its own members or to non-member states, someone has to speak about the military activities being carried out. By using Harold Laswell's (Laswell, 1948: 117) simple communication model, we will only select in our analysis the grounding question *"Who communicates?"*. Neither the effect nor the content of the message is of particular interest in our enterprise, whose *purpose*, we reaffirm, *is to identify the behavior, the structure and the dimensions of the spokesman's institution in a political-military crisis situation*. The lasswellian model is somehow chosen by us, to the detriment of a more complex model of communication, such as the one presented by the "public relations bible" – we are referring to the book published in 2010, *Effective Public Relations*, by Cutlip M., Scott, Center H. Allen, Broom M. Glen (Cutlip et al., 2010: 219-224). The question of the laswellian model has a special dimension, in the sense that it applies in a political-military crisis situation simulated by NATO, in the largest military exercise since the Cold War. So, *"Who communicates about NATO's simulation exercise of armed intervention by activating Article 5 of the Alliance?"* This is the question through which we customise H. Laswell's model in the analysis of the spokesman's institution using it to interpret, explain, understand and discover new meanings of its functioning in a simulated political-military crisis.

1. SPOKESPERSON - A SEMI-MATUSALEMATIC INSTITUTION

"The Spokeswoman" was a few decades ago a person speaking on behalf of the government or an administration, often a sort of party or institution senior, called to fix or pull out a political leader, a party or an entire government from who-knows-what media mess. As an institution of public administration at the top of the state, *the traditional* spokesman did not have the function acquired today by the institution, namely to communicate regularly to journalists and the general public about the current activities of the government leaders at different administrative levels. The role of the *Spokes "Man"* - because the term was quite insensitive to the gender perspective until the early 1970s - is

often limited to "helping remove a government or a political leader from the deadlock." It was a kind of "spin doctor" for a government's crisis.

The character we are talking about has a semi-matusalematic age in the public environment and was called "Spokesman" without exception and without sensitivity of *political correctness*. Indulged in the fact that the Romanian legislation adopted it in the sense of a mandatory administrative institution only at the beginning of the third millennium (Law 544/2001), we could easily overlook the fact that the age of this public figure is over 500 years old. The etymological dictionaries tell us that around 1510, the term "Spokesman" was already used in the sense of "interpreter", not for a long time though (not later than 1530) to get the significance with which explanatory dictionaries propose it today: "The person that speaks on behalf of another person." Etymologists justify and explain today the path of forming the word derived from the past of the verb "To speak" ("Speakman" sounds weird, though) - "Spoke" - by analogy with other words related to crafts - "Craftsman", for example. The interesting part is that after a bit more than a century, the term "Spokesman" receives his gender correspondent - "Spokeswoman" (around 1650).

The history of the term recorded, in the geopolitical history paradigm in which we design our analysis, a noticeable change in form, but also in the content by which it defined the real, only in the early 1970s, when it became a name for a profession that today a public institution can not circumvent it - "Spokesperson. (Etymonline, Spokesman) We could say that since 1989-1990 we have entered in the "modern age" of the spokesman's institution, which lasted for about a decade of preparation and development, of legal conceptualization, and even of launching a case-law on institutional transparency and information on public administration activity, in particular, for which "Spokeswoman" becomes a key element. (HG 520/1994; HG 77/1998; Legea 544/2000)

Since the 2000s, the Spokesperson institution has been moving into the "contemporary era" of its own history. It becomes essential for any public administration - regardless of the level at which institutions and administrative agencies operate. The House of Lords in the British Parliament did not need any jurisprudence for the Spokesperson, it is beyond any doubt. The countries where democracies were not the result of a slow evolutionary process, such as the Western stable democracies, which adopted a democratic regime through the "burning of stages" or by revolution (or coup d'etat), however *the law required* to create and transform it into a key agency for informing the public and keep the relationship with the media.

The spokesperson becomes in some cases – like the one of Romania for example - a mandatory institution for the agencies and departments of the Romanian state, being part of the Press Office ("information and public relations compartments"), as we learn from Law no. 544/2001 on transparency of information and free access to public information. At the international level, the history of the spokesman's institution is not only 500 years older like the Romanian one, but it also plays a kind of "modernity" 10 years before the leap of Romania, directly in the contemporary stage of the Spokesperson's history, with Law no.544/2001 on free access to information of public interest (Legea 544/2000).

For example, we believe that the 1998-1999 period can be said to be a landmark in the history of the Spokesperson's Institution, when, in a political-military crisis in Kosovo, NATO introduces a new character that changes the meaning and role of the spokesperson - Jamie Patrick Shea who became an internationally acclaimed personality during the Kosovo War of 1999. The need for a "new spokesman" expressly signaled by the communication context during the Kosovo crisis is becoming even more evident in the terrorist attacks of September 11, 2001, when the amount of information and communication techniques, as well as those who communicate become more important than ever in the relationship with the media and the general public. The war as it once was in the theater of operations is not enough. Public opinion and the media must support it, to be declared as a necessity. Or, at least, it seemed to support it. And political and military leaders can not endlessly talk to journalists and to the public opinion. The Years 2000's may be a landmark in the history of the spokesman's institution, not only from the perspective of its modeling through adaptation to context and new communication strategies, from the type of event, media pressure and new technical forms of communication, but also from the perspective of scientific information. For example, M. Lee in *The Agency Spokespersons: Connecting Public Administration and the Media* (Mordecai, 2001: 101-130) concludes that spokespersons have already become essential elements in the government of administrative institutions. The role of these non-governmental characters in the new technological context and the increase in the demand for public information is to connect, first of all, public administration and the media. Moreover, if before the year 2000 spokespersons were most often institutions that functioned with political leaders and elected representatives, as evidenced by M. Lee's research, at the beginning of the third millennium, spokespeople became a "public good", not just for politicians, which accredit themselves as "institutions within the state and federal government agencies". In the history of the spokesman's institution, a movement is taking place from a fluctuating identity, of political campaign and communication for political leaders, to a stable identity, which will be forever accredited (we could speculate) as an equally stable and indispensable institution of all government agencies / institutions.

The historical experience of the last three decades shows that this "new spokesman", which has become an autonomous and necessary institution at any of the levels of organization of public administration, has an essential function for crisis situations, particularly for the contexts that we can call "a political-military crisis".

We can learn something from our era, looking for identity characteristics and structures in the context of simulated political-military crises, such as the "Trident Junction 18", linked to NATO's intervention in Norway between the 25th of October and 7th of November 2018, based on a fictional scenario according to Article 5 of the Washington Treaty (NATO, 1949), which obliges the Alliance to intervene in any situation where a member, of the 29 who are today, is being assaulted or attacked by another aggressive state outside the Alliance?

2. NATO AND RUSSIA ON THE TRIDENT JUNCTION 18 MILITARY EXERCISE: WHO COMMUNICATES?

Other messages taken from the communications addressed by the Alliance representatives to the media and the public who's present in social media, *complete the message by which the institution speaks* to the public space to practice and take in the chapter "Lessons Learned" the elements necessary for a real situation. Who and What communicates in mass media in October 2018:

NATO: "It is a clear message addressed to all aggressors," Jens Stoltenberg said, hoping that Russia, invited as an observer to the exercise, "will avoid any dangerous behavior." (Traci, 2018)

NATO: "Russia is not a direct military threat to Norway (...). But in such a complicated security situation as today (...) an incident elsewhere could very well increase tension in the North and we want to prepare the Alliance to avoid any unfortunate incident. " [12]

NATO: "Land exercises will be conducted at 1,000 km from the Russian border and the air operations at 500 km away. Russia has no reason to worry. " (Traci, 2018)

NATO: The exercise aims at "demonstrating NATO's defense capability against any opponent (and) Not targeting a particular country." (Traci, 2018)

From the Russian Federation, a series of messages with a different communicator appear in the international media (as a status, institutional posture and importance in the state power hierarchy) than those in which NATO - an alliance of 29 states that cooperate with two other non-member states in the Trident Junction 18 exercise, communicates in the public space.

Who are these "in the mirror" communicators - spokesmen speaking in the name of Russia and transmitting the Russian version of the Trident Junction exercise 18 that NATO is conducting at 500 km from the Russian border?

Russia: "The main NATO countries are growing their military presence in the region, near the Russian border." (Spokesman for Russian diplomacy, Maria Zaharova, who says that you can already hear the "gunshots"). (PRESSTV, 2018)

Russia: "Such irresponsible actions will inevitably lead to the destabilization of the political and military situation in the North, increasing tensions", Russia having to provide "the necessary response measures" (Maria Zaharova) (PRESSTV, 2018)

Russia: Trident Junction 18 is an "anti-Russian" exercise that worsens Norway's relations with Moscow and could escalate tensions on NATO's northern flank. (Embassy of Russia in Oslo)

Russia: "Such an activity ... comes as provocative, even if you try to justify it as being of a purely defensive nature." (PRESSTV, 2018; TASS, 2018)

Russia: Moscow will take "retaliatory measures to secure its security." (Maria Zaharova) (TASS, 2018)

3. WHAT DOES THE IDENTITY OF NATO'S AND RUSSIAN'S SPOKESPERSON MEAN?

Our analysis focuses on the *Source* - "The Transmitter" (in a classic and simple communication model) of this message released on Wednesday, October 24, 2018 to announce a major event starting the next day, with very different meanings for its

organizers and for the leaders of the Russian Federation. (TASS, 2018). The exercise is a NATO force demonstration that supports in the messages delivered to the media and the general public that the major event it simulates is peaceful, with no other meaning than *self-testing the Alliance's defense capability* by mobilizing forces after a scenario in which one of its members is attacked. (NATO, 1949) This is the message communicated by NATO.

The science of Communication has been teaching us since 1948, when Laswell published his study of the "communication model," *The Structure and Function of Communication in Society*. The Communication of Ideas, that such a situation forces us to raise a series of questions - all part of a theoretical model that has long been written about in the field of communication sciences: "Who is saying ?, What does he say ?, On what channel of communication ?, Who does he say it to? and What is the effect? "is communicating information about the grouping of 50,000 NATO soldiers at the Russian border to the general public and, in particular, to the media that will transmit and comment or analyze the information. (Lasswell, 1948: 117)

The first thing we are thinking about today, after learning about the "Press Office" and the "Spokesperson", is that such a statement is part of a message sent by the NATO *Spokesperson*. The response to Laswell's theoretical model of "Who is Communicating" is therefore that the NATO Spokesperson will communicate the message to journalists and the general public about Trident Juncture 18. Recalling the start of the 24 October 2018 press conference, announcing the start of the exercise NATO the next day, broadcast video and displayed on the NATO web site, we notice that there are *two emitters of the message*, although apparently only one transmits the actual message about the exercise of *Trident Juncture 18* in Norway.

At the press conference, we notice the participation of NATO's spokesperson, Simona Lungescu, the person who introduces the NATO Secretary General and directly subordinated to NATO, - they work together for any type of media communication of the Alliance leader, according to the attributions of the "main Spokesperson" of NATO.

The second emitter in the press conference - the one who effectively communicates the NATO message - is NATO's Secretary General Jens Stoltenberg, a Norwegian political leader before being appointed as NATO's Secretary General from 1 October 2014. (BBC, 2014)

As the main press conference in the pre-event communication strategy shows at the level of the surface structure, the Spokesperson's function is to be a simple *moderator* - Simona Lungescu leads the Secretary General to the desk, opens the conference and then closes it, inviting journalists to participate directly in Norway to the *Trident Junction 18 exercise*. The NATO message is fully transmitted by the Secretary-General. In this context, the spokeswoman seems to be greeted in her invitation to the press conference by the communicating leader. We think that the message the press conference is about to hear about the identity of the Communicator, is different from the one that emerged from the strictly mechanical analysis of the communication interaction presumed by the press conference. The implicit message, rather non-conscious, the emotional level of its reception suggests something else about the communicator's institution in the simulated political-military crisis situation that we are talking about.

The identity of the Communicator in the overall economy of the press event takes the form of a *Tandem Spokesperson* - A leader who seems to exist and can only be - he is, in fact, the *Whole* in which the *Parties* mutually advocate: after seeing the footage of the press conference, it seems unimaginable for the NATO Secretary General to come alone and sit down at the platform where he talks to journalists. As it seems unimaginable that the Secretary-General would conclude the press conference by saying to journalists that he was waiting for them to participate at the exercise in Norway instead of his spokeswoman.

If we take a look into the history of the political and military crises of the past 3 decades, we notice similarities and differences in the transmission of the message to journalists in important press conferences regarding various elements related to the personality of the Spokesperson. However, in political and military crisis situations, the main communicator is the Leader - military or political, in relation to which the spokesman's institution appears to "come into the shadows". The spokesman "disappears" only apparently, because in reality he becomes the withdrawn communication counselor and strategist at the forefront of communication, in order to be fully used in the context of the crisis, *the trust capital* of those holding the political and military power - of generals and leaders at the top of the power hierarchy. The simulation exercise of the NATO intervention takes over from the political-military crisis thus including *the structure of the communicating institution* - The leader of the organization is at the forefront, as in an imaginary situation of a post-modern art work, composed of two party identities, which rotates permanently on its own support to generate lights and shadows, and in which light finally rests on only one of its two components.

In the press conference in which NATO communicates to the press on October 24, 2018 *the tandem* is made up of the *political leader and the main spokesman of NATO*. Not the military uniform is now the guarantor of the message, but the neutral costume and the political-management (the command) trust capital of the political decision-maker. NATO is a political and military alliance, but the day before the launch of military operations, The "Spokesperson" is a complex character in which *the symbol of military power, dominates* communication with the press and the general public. This time - at the moment immediately prior to sending soldiers to the theater of operations - The communicator of the military alliance in action is made up of a tandem that moves in the game of perfect balance, where *the Leader's Trust Capital* cooperates with the *Spokeswoman's trust capital*, in an Yin-Yang building type, in which this press conference lights up - let's say - the Yang half of the character more, which is the identity of a political leader. At different times, Yin Yang's balance has other characters, as is the case of the Deputy Spokesman accompanying the generals commanding the NATO exercise on the field, as part of NATO's political-military crisis communications officer.

Thus, *the Military Leader* as the message carrier for NATO and the trust capital of the uniform of the "General", appear in a previous press conference in October 2018, carried out two weeks ago and will become the symbol of the press conferences in the theater of operations of the two weeks of the military exercise. When we invoke here the *symbolic force of the military uniform* we refer to the Press Conference held by Admiral James G. Foggo III on the 9th of October 2018 – Operations Coordinator, Commander of

the United States Naval Forces in Europe and for Africa, seconded by Lieutenant General Rune Jakobsen, the Commander of NATO troops in Norway. The October 9, 2018, conference is a briefing on the same military exercise that the Secretary-General will address on October 24, in tandem with NATO's Main Spokesperson.

The interest in our analysis is completed with the presence of the moderator of this press conference that lasted for about 8 minutes - Deputy Spokesperson - Piers Cazalet (NATO, 2018). In the two weeks prior to the launch of the NATO intervention simulation exercise, we have a context of communication specific to the political and military crises: *The spokesman is a second communicator and implicitly the political-military exercise is communicated by his leader - the NATO Secretary General and his subordinates in the hierarchy of the military alliance - the American and Norwegian generals.*

The spokesman has a "shadow" identity in both situations in which he plays the role of *moderator* for the Alliance leader and for the two generals who command the operations. The Generals commanding troops in the theater of war do not say different things from the NATO Secretary General – they prepare *the cognitive social field of the group of journalists and the audience* to whom they will convey. What is important for our analysis is that in both press conferences the *spokesperson* is present. As the NATO Spokesperson's institution appears in the month before the launch of the military exercise on the ground, she performs the role of *moderator-facilitator* in transmitting the message to the journalists present at the conference.

The context of this *simulated political-military crisis* shows that we are dealing with a behavior specific to the *real political-military crises* in terms of answering the question *Who is communicating?* The spokesman does not seem to exist in communicating the message – his role now *is not* the one of the Communicator, but a *Facilitator of communication* between political / military leaders and journalists. The symbolic context of the Power now calls for itself a Communicator like that Yin-Yang "Spokesperson" of balance, illuminated and half dressed, alternatively in the civilian costume of the *political leader* and the military uniform of *generals* and commanders.

The *civil* half of the Spokesperson remains discreetly in the shadows in this symbolic context of Power, *maintaining its partnership function* in the general economy of the Yin-Yang equilibrium by assuming the identity of the *Facilitator* for the transmission of the message. The half of the Facilitator of the Yin-Yang Character is not visible now. But if we know where and with what eyes to look, it's not hard to notice that it exists. The event we are discussing about has another meaning in terms of answering the questions *Who communicates?* and *What does it communicate?* of the lasswellian communication model.

For the Russian Federation, statements that are coming from the Spokesperson, although it is clear to everyone that "Trident Junction 18" is a military exercise that "irritates the Russian neighbors very much," although they themselves were organizers of such military maneuvers a month before, and a major one, involving about 300,000 Russian, Chinese and Mongolian soldiers:

"The force demonstration in Norway is also an indirect message for Vladimir Putin. The Kremlin leader last month, in the far-off Far East, had a very different maneuver: 300,000

soldiers, mostly Russian, but also Chinese and Mongolian. These were the most important Russian military exercises since the end of the Cold War.” (Damian, 2018) The political-military crisis to which we refer is that of a *symbolic Military Power* - a demonstration of strength, cooperative capacity, coalition, reaction speed, precision in mission execution, determination, etc.

The real war is just simulated this time.

The crisis is imaginary.

And war moves, in fact, from the theater of operations of a real political-military crisis, into the *theater of communication operations*.

Because here is the true war. Here and not in the theater of operations, the symbol of Power that communication has about the operations becomes more important.

What were the stages of communication in the month before the symbolic warfare of *the Trident Junction 18* messages?

For the month of October 2018, we notice in the NATO Communication on the exercise a number of not less than 4 important press conferences - of the same rank - on the same subject. These are thought to be a demonstration of force in which the message carriers are either the NATO's Secretary General - 3 conferences, or the two General commanders of the Norwegian military exercise. The Spokespersons are not *simple moderators* of press conferences where the force messages are being transmitted, they now become the *facilitators* who prepare and control the field and the public for whom the political and military leaders communicate. (NATO, 4 C)

On Russia's behalf, which is directly concerned with this "mirror demonstration" of "the most important military exercise since the cold war", it's not the *political leader* doing the talking and even less the military leader.

Russia is now communicating through the Spokesperson.

In fact, it is not without interest that the main message carrier is not a *Spokesman*, but a *Spokeswoman* – Maria Zaharova, the Spokeswoman for the Foreign Minister (we have to remind you that the main spokesperson from NATO is also a woman - Simona Lungescu). Her second message carriers are officials of the Russian state of medium importance in the state hierarchy - the Russian ambassador - and he is a character under the dignity of the Foreign Minister in the state hierarchy, not to mention that these spokesmen have rank far inferior to the President of the Russian Federation, who would be the correspondent of the NATO Secretary General in terms of symbolic "Power to Communicate".

In diplomatic logic, Russia's message on the international market wants to be a *disdain* for NATO - what we know is that Vladimir Putin had just humiliated, in unacceptable diplomacy terms, a senior American official he had received the day before in Moscow. (Rothrock, 2018) So "disregard" could be a term too diplomatically chosen for the real purpose of Russia's communication strategy on the NATO exercise in Norway; "Minimization" would be more appropriate when it comes to meaning for what the Russian Federation is pursuing in the communication exercise.

For the message carriers, NATO uses the military uniform and trust capital of the leader at the top of the institutional power position - the Secretary- the General. Spokespeople - The Main Spokesperson and NATO's Deputy Spokesperson play the

second role in transmitting the Alliance's message to journalists in this period before the start of the military exercise. They are the "shadowed part" of the Institutional Character that communicates and supports it with functions automatically taken over in the Yin-Yang *tandem, moderator and facilitator* of centric *communication* on the other half of this tandem – The Political and Military Leader.

Russia's attitude totally disrespects NATO's *Trident Junction 18* exercise in Norway, if not *humiliating* NATO, from the perspective of the message carrier – both tactics seeming to seek to *minimize* the message that NATO's military exercise sends. To the first 3 positions in the NATO hierarchy that communicate about the military exercise are answered by *middle-ranking* officials - towards the base of the pyramid of power in the *state hierarchy* of Russia - ambassador and spokeswoman for the Foreign Minister.

Corroborating the message about the identity of those who communicate for and from Russia with the fact that President Vladimir Putin had ironized (the day before the NATO Secretary General's conference) The United States, making unspeakable jokes and in a totally undiplomatic manner on the image of the US emblem, we believe we can say that Russia's intention from the perspective of the message carriers is ironic on purpose, tendentious and planned humiliation towards NATO and, in particular, to the United States, as a key element in the operation of *Trident Junction 18* (25 October-7 November 2018). The NATO-Russia messages on this political-military crisis simulation exercise transmit information not only through their content but also through the posture of the communicator.

4. CONCLUSIONS. RUSSIA - NATO: A MESSAGE COMMUNICATOR, TWO RADICALLY DIFFERENT IDENTITIES

What we are particularly interested in in this simulated political-military crisis exercise is that NATO legitimizes itself in the mass media and in front of the general public through a *message carrier* composed of two communicating identities. It seems that we are in a Yin-Yang equilibrium situation in that the active Part (1) - *The political / military leader* sends the message, and the passive (apparent) part (2) - *The spokesman* automatically takes over in the "shaded" area of the scene on which the *message carrier* is presented, the function of *the facilitator* of communication with journalists. The constancy that interests us in the structure of the *Political-Military Crisis Communicator* institution is that, although in different communication contexts - NATO self-representation and Russia's critical attitude towards NATO's self-presentation message – *The crisis communicator* has the same dual structure, modeled by each social actor according to his / her own interests.

Thus, NATO is interested in focusing the message on the military exercise on *the trust of the political leader* - the Secretary-General, which concludes a series of messages based on *the trust of the military uniform*. On the other hand, Russia centers the *message of discrediting* and the *Crisis Communicator* on the spokeswoman of the Foreign Ministry. While the NATO spokeswoman fulfills her passive role in relation to the media, taking on the role of Facilitator / Counselor of Communication, the spokeswoman

of the Russian Foreign Ministry becomes the *main communicator* in discrediting and *de-legitimizing* the NATO exercise.

The institutional constancy is the *dual structure of the Crisis Communicator*. In this situation, the communication institution's variables are related to the identity of the Lead Communicator and the Spokeswoman of the Dual Structure Crisis Communication, *NATO's message of legitimacy* is centered on the trust capital of the political leader – the Secretary General and on the trusted capital of the military uniform - the generals responsible in the theater of operations. *Russia's delegitimization message* is centered on the Spokesperson, accompanied by secondary message carriers with semi-important positions in the power structure of the Russian state (eg. ambassador). Russia's cunning communication strategy is believed to be linked to the addition of another communication line with the function of de-legitimation of the NATO's exercise, a message line emphasized by President Vladimir Putin the day before the October 24th Press Conference of NATO for launching the exercise.

The interpretation that we are doing in this political-military crisis could gain the value of a *working hypothesis* for the communication behavior of both international political and military actors: Will NATO also use in other contexts the *Mam - Leader* (*political leaders, generals*) to legitimize its own international action and Russia a *spokesperson - woman* for the main message of attack against its rival? For the Russian spokesman's *discrediting message* is not broken by the media message of the President of the Kremlin – we need to remind you that during the press conference of NATO, President Vladimir Putin had just made some bad jokes, mocking the symbol of the United States emblem, in a context of public humiliation of the White House's envoy to Moscow. "Has the eagle eaten all the olives?" Asked Vladimir Putin about the US coat of arms in which the bald eagle holds 13 arrows in one claw, and on the other a branch of 13 olives, suggesting the "warrior" behavior of the US related to the intention of withdrawing from the 1987 *Nuclear Forces Intermediate-Range Treaty*.

We don't know if White House Secretary of Defense John Bolton's humiliating episode happened "by chance" precisely in the day before the announcement of the launch of the NATO's military exercise in Norway, the most important contributor in the Alliance being the US. The structure of the message and the moment of its launch in the media seem to tell us that Russia's spokeswoman, who discredits the NATO exercise, has not the ambassadors condemning the NATO exercise as "second", but President Vladimir Putin. Which means (in our Yin-Yang binary structure analysis of the Leader / Spokesperson *Crisis Communication* Institution) that Russia's response of using the Spokesperson's institution is radically different from NATO's. Thus, Russia offers the media Spokeswoman in the illuminated part of the Crisis Communicator, while on the shadowed side of the media crisis, the State President stresses the context of humiliation of NATO-US through serious violations of the diplomatic language and protocol.

We know for a long time that raillery is one of the few manipulation techniques that can not be answered. Given the context of the situation, Vladimir Putin's blasphemy on the US state flag may also be interpreted as a "throwned glowe" challenge to President Donald Trump. His response in the communication context of the NATO exercise would be centered on communicating in the international media anything other than NATO's

simulation exercise. Here, though, NATO's *political-military crisis* test provides interesting information both about the *Crisis Communication Institution* and about the institution of the politico-military crisis spokesman tactics of international political and military actors in communicating messages to the media. [26]

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THE ARRANGEMENT OF HEALTH INSURANCE ADMINISTRATION

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Abstract: *The aim of the research explained about the arrangement of health insurance administration for BPJS Kesehatan participant in health service. The phenomenon that appeared in health insurance administration had many problems and complain from BPJS Kesehatan participants. The problems were how the arrangement of health insurance administration for BPJS Kesehatan participants. The research method that used was qualitative research with purposive technique then the data validity was analysis and tested. The research result showed the arrangement of health insurance administration in giving health service for BPJS Kesehatan participants were based cooperation, where BPJS Kesehatan assign and payed to RSD dr. Soebandi that giving service to BPJS Kesehatan participants. The novelty was required claim at RSD dr. Soebandi for getting payment from BPJS Kesehatan, and then RSD dr. Soebandi received payment from BPJS Kesehatan*

Keywords: *Arrangement, BPJS Kesehatan, RSD dr. Soebandi*

1. INTRODUCTION

The healthy insurance intended health protection insurance so that insurance participants for getting benefit from health maintenance and protection in fulfill necessities health basic. This maintenance given to everybody that already fee payment or fee by government as health insurance participant. The health insurance was developed with health social insurance mechanism was had mandatory. The effort to realize health insurance, the country was construct foundation or manager committee that referred Social Security Administration Body for Health (BPJS Kesehatan). The health insurance

coordination phenomenon in Jember Regency written by Wirawan at *Jatim.com* news 22 May 2014, that: ... health service arrangement in Jember still confront some problem, such as confusion and 'wrong goal' for utilizing APBD (Annual Regional Budget) fund to health service ... (*Jatim.com* news on 22 May 2014).

The phenomenon showed that the arrangement of health insurance to provide health services to BPJS Kesehatan participants in Jember Regency was still a problem, such as "intricacies" in the process of obtaining health insurance. For people who cannot afford it, the government budgeted from Annual Regional Budget (APBD). These poor people are called Premium Assistance Beneficiaries (PBI) participants. Furthermore, in the same post Wirawan explained, beside it was still a lot of complaints from the public on services in health centers and lack of good care at the regional hospital (*Jatim.com* News on 22 May 2014). That Wirawan opinion showed that in the arrangement of health insurance conducted by hospitals to provide health services for BPJS Kesehatan participants, they are not good enough. The hospital provides poor health services that are regional hospitals. That is why there are complaints submitted by BPJS Kesehatan participants for poor health services to regional hospitals.

There was an institutional arrangement in the partnership service. According to E.S. Savas (1987: 62) indeed: distinguish between supply and manufacture service properly, we can continue to discuss various institutional arrangements in providing services. According to Savas, institutional arrangements are distinguished between service providers and service providers. According to Savas, the government can function as an arranger or the government can function as a producer. Regarding Savas' opinion, the regulator is BPJS Kesehatan while as the producer was RSD dr. Soebandi (dr. Soebandi Regional Hospital). If attention from background of problem, the arrangement of health insurance in Jember Regency still has problems. The number of public complaints about health services in regional hospitals. Therefore from that description, the issue of administering health insurance which was originally an individual problem related to cooperation became a public problem, the research problem was: How were the arrangements for administering health insurance?

Health insurance was a guarantee in the form of health protection so that participants were benefit from health care and protection in meeting basic health needs given to everyone who had paid contributions or fees paid by the government. Health insurance developed in Indonesia is part of the national social security system which is organized with a mandatory social health insurance mechanism based on Law No. 40 of 2004 concerning The National Social Security System (SJSN). In the law on SJSN that BPJS has the authority to administer national social security programs. BPJS also had the authority to regulate matters related to the operation of the implementation of social security programs with BPJS regulations.

2. RESEARCH METHOD

The qualitative research method was used phenomenological research which focuses on collecting data from an object about the situation and behavior of everyday life. The phenomenology approach with the social definition paradigm can provided an

opportunity for individuals as the subject of research studies to interpret, and then the researcher interpretes the interpretation until he gets scientific knowledge about the process. The place of this research was at the BPJS Kesehatan with RSD dr. Soebandi in Jember Regency.

Data or information collected was related to health insurance arrangements for BPJS Kesehatan participants. Data sources used in the form of informants, events, and documents. While the informants selected were based on consideration of reliability quality as a truly informative source. Determination of informants using the "purposive" method. Data collection in the qualitative research of the main instrument was the researcher himself (human instrument), to find data by interacting symbolically with the informants / subjects studied (Ghony and Almanshur, 2012: 163). Data collection according to Emzir (2012: 37-65) was grouped into three parts, namely: (1) observation, (2) interviews, (3) documents. Of the three data collection researchers used data collection by observation, interviews, and documents.

In analysis qualitative data there were things that need to be considered, namely the analysis process. In analysis the data of this study the researchers used the Miles and Heberman data analysis models. According to Miles and Huberman (1994: 10-12) an explain that: We define analysis as consisting of three concurrent flow of activities: condensation data, data display, and conclusion drawing / verification. A nalysis data consists of three flow of activities, namely the data condensation, a data display, and conclusion drawing / verification. The data that had been collected an either through observation, through interviews, through recording, and through documents, the data was processed first before use. The qualitative data analysis process consists of three flow of activities that can take place simultaneously, such as data condensation, data offering, and conclusions / verification.

3. RESEARCH RESULT

Cooperation of health insurance arrangement between BPJS Kesehatan and RSD dr. Soebandi was obligatory. This condition as informed by Rio (2015) that: ... the first to be obliged to partner was a government hospital stipulated in the Permenkes. That was required to cooperate with the BPJS Kesehatan. ... (Interview on 24 June, 2015). The partner hospitals are government hospitals and private hospitals. This is as stated by Rio (2015) as follows: if in the Jember Regency area all hospitals have collaborated from the beginning, such as RSD dr. Soebandi, Balung Hospital, Plantation Hospital, Citra Husada Hospital, IBI Hospital. A cooperation with the pack if you just can't talk about it, yes there is cooperation which basically is from BPJS Kesehatan and the ministry of health, such as with RSD dr. Soebandi has cooperation (interview on 24 June 2015).

Collaboration or partnership that was woven between BPJS Kesehatan and hospitals or health facilities has been established. In Jember Regency all government-owned hospitals have collaborated with BPJS Kesehatan, including private sector partnerships as well. This is in accordance with what was conveyed by MI informants (2015) as follows: "All hospitals have partnered with BPJS Kesehatan. Plantation hospitals, healthy community hospitals, husada image hospitals, IBI hospitals, there are a

total of 15 hospitals for Jember and Lumajang" (Interview on 17 June 2015). Then for private hospitals may cooperation may also not be in accordance with what was conveyed by informants MI (2015) as follows: "What is required to partner is a government hospital must partner with BPJS Kesehatan, for private hospitals may partner with BPJS health and may not". "Private hospitals if you want to partner with BPJS Kesehatan must submit a partnership application, then we verify" (Interview on 17 June 2015). Moreover if the hospital will cooperate with BPJS Kesehatan, then the hospital needs to submit a request to BPJS Kesehatan for cooperation. Then by BPJS Kesehatan the application was verified about feasibility in providing health care facilities to BPJS Kesehatan participants.

That was appropriate that disampikan by MI (2015) as follows: hospital cooperation with BPJS Kesehatan with the aim to provide participants BPJS Kesehatan (Interview date on 17 June, 2015). That information showed that BPJS Kesehatan cooperation with RSD dr. Soebandi had a purpose. The goal to be achieved in the collaboration was to provide health services to BPJS Kesehatan participants. Collaboration was a form of relationship between institutions that was mutually beneficial for both parties. The collaboration activity is carried out in the form of health service activities organized by RSD dr. Soebandi. Collaboration between BPJS Kesehatan and RSD dr. Soebandi in the form of health services. This collaboration was short term, in the sense that it applies every year and after that it can be extended again. RSD dr. Soebandi provides health care facilities. Collaboration between BPJS Kesehatan and RSD dr. Soebandi was raised in a cooperation agreement or Memorandum of Understanding (MOU).

Collaboration conducted by BPJS Kesehatan with RSD dr. Soebandi was raised in a cooperation agreement. Furthermore, Rio (2015) explained more clearly as follows: "..... that was a cooperation contract between BPJS Kesehatan and RSD dr. Soebandi" (Interview on 24 June, 2015). The information conveyed by informants in the results of in-depth interviews with BJ (2016) as follow: a from RSD dr. Soebandi with BPJS Kesehatan Branch of Jember Regency there was a collaboration or MOU. There was an MOU that was valid for one year and renewed annually which applies from January to December each year. There was an MOU that was valid for three years. In cooperation agreements that was often only referred to as an agreement. That was the same as the cooperation agreement between the Jember branch of BPJS Kesehatan and RSD dr. Soebandi. The organization of cooperation between BPJS Kesehatan with RSD dr. Soebandi was based on existing regulations or rules, meaning BPJS Kesehatan with RSD dr. Soebandi was carrying out his activities was based on existing laws and regulations. That was according to an interviewee MI (2015) as follow: based at law No. 24 of 2011, so that whatever was done in here very dependent on the existing regulations, the financial problems of health regulations that follow at the regulations minister of health, included the application of tariffs, included partnerships, how was the agreement. That all follow was existing regulations (Interview dated 17 June 2015).

The explanation of the information showed that the collaboration between BPJS Kesehatan with RSD dr. Soebandi in health services to BPJS Kesehatan participants was

based on existing legislation, namely law No.24 of 2011 was concerning about BPJS Kesehatan. In accordance with the regulation BPJS Kesehatan had a function as an organizer of health insurance programs, which were tasked with registering participants, collecting contributions, receiving assistance from the government, and managing social security funds for the benefit of participants, paying for health services, and providing information to the public. Therefore, every activity or activity carried out by BPJS Kesehatan was inseparable from existing rules or regulations.

In addition to the existence of law No.24 of 2011 concerning about BPJS Kesehatan, the rules followed by the BPJS Kesehatan are the rules issued by Minister of Health. Regulations issued by Minister of Health was consist of Minister of Health Regulation No.28 of 2014 about Guideline for Implementing the National Health Insurance Program, Minister of Health Regulation No.27 of 2014 about System Technical Instructions Indonesian Case-Based Groups (INA-CBGs). Minister of Health Regulation No.69 of 2013 about Standard Rates for Health Service at First-level Health Facilities in Administering Health Insurance Program. Minister of Health Regulation No. 71 of 2013 concerning Health Services at the National Health Insurance. Minister of Health Regulation No.59 of 2014 about Standard Rates for Health Service in Administering Health Insurance Program, and other Minister of Health Regulation. In addition to the Ministry of Health regulations, there are Health BPJS Regulations, namely: Health BPJS Regulation No.1 of 2014 concerning Implementation of Health Insurance, BPJS Health Regulation No.4 of 2014 on Procedures for Registration and Payment of BPJS Health Individual Participants, 2015 BPJS Health Regulation No.1 about Tata Cara Pendaftaran dan Pembayaran Iuran Bagi Peserta Pekerja Bukan Penerima Upah dan Peserta Bukan Pekerja, and other BPJS Kesehatan regulations. That mentioned an accordance with what was stated by Rio (2015) that: which is obliged to partner is a government hospital stipulated in the Permenkes. That is what must be partnered with BPJS health. (Interview on 24 June 2015).

That mentioned an accordance with what was conveyed by informant BJ (2016) that: hospital filed claims, that RS continued to get money from BPJS Kesehatan after providing services, so getting fees from BPJS Kesehatan for services to BPJS Kesehatan participants. Informant showed that RSD dr. Soebandi filed a claim with BPJS Kesehatan. After filing a claim then the RSD dr. Soebandi gets paid money from BPJS Kesehatan after providing health services to BPJS Kesehatan participants. So the money given from BPJS Kesahtan is in return for services provided by the RSD dr. Soebandi. The claim submission of Health services was submitted by the hospital in this case carried out by the control team to BPJS Kesehatan include emergency services, outpatient services, inpatient services, ambulance services. Advanced level outpatient services, fees charged to BPJS Kesehatan participants can be claimed to BPJS Kesehatan in accordance with the INA-CBG package with no fee contribution. That an accordance with what was conveyed by MI informants (2015) as follows: "The issue of health finance regulations follows the regulation of Minister of Health, including the application of tariffs" (Interview dated on 17 June, 2015).

The explanation shows that regarding the issue of the application of tariffs, outpatient service fees and b) the advanced level of inpatient health services are paid for

with the INA-CBGs package without the imposition of fee payments to BPJS Kesehatan participants. INA-CBGs package rates are in accordance with the provisions of the Minister of Health of the Republic of Indonesia in Minister of Health Regulation No. 69 of 2013 concerning Standard Health Service Rates at First Level Health Facilities and Advanced Health Facilities in the Implementation of Health Insurance Programs. INA-CBGs package rates include the cost of all services provided to BPJS Kesehatan participants, both administration fees, services, facilities, tools / consumables, medicines, accommodation and others.

After the hospital provided health services, the hospital then submitted a bill to BPJS Kesehatan. That bills were intended as requests for health services that have been made in the form of payments. This bill is submitted by the hospital that has provided health services to BPJS Kesehatan participants. This is as conveyed by informant DN (2016) as follows: After giving service then asked for the bill (invoice) (Interview dated on 29 June, 2015). From the explanation shows that the hospital provides health services to BPJS Kesehatan professionals. Then after giving health services then the hospital submits bills or claims to BPJS Kesehatan. In the process of submitting a bill to BPJS Kesehatan, the hospital needs to completed the evidence of health services. The evidence needed to complete the bill as stated by the informant was as follows: SEP was accompanied by proof of the completeness of the billed file brought from poly taken to the controller.

The informant explained that in the process of submitted a claim to BPJS Kesehatan an accompanied by evidence. The evidence as completeness in submission to BPJS Kesehatan. The evidence includes Participant Eligibility Letter (SEP) which was equipped with supported evidence. That supporting evidence as a hospital completeness was submitting a claim to BPJS Kesehatan includes: Claim Form (FPK) of 3 (three) copies, softcopy of application output, original receipts with enough stamp, proof of service that has been signed by the participant or family member, other completeness required by each claim bill. In each of the poly in RSD dr. Soebandi, the poly officers collected the supporting files for health services carried out by specialist doctors or sub-specialist nurses. After the data was collected from the poly in RSD dr. Soebandi, then the next is taken to the controlling team. In this control team, all the files that will be submitted by RSD dr. Soebandi to BPJS Kesehatan is collected. From this control team then the controlling team was brought to the BPJS Center in the hospital. This was conveyed by the informant DT (2016) as follows: From the controller located on the 1st floor, it is submitted to BPJS Kesehatan, ... (Interview on 29 June 2015).

The explanation showed that the controlling team in RSD dr. Soebandi submitted a claim with BPJS Kesehatan that was located in the RSD Dr. Soebandi too. The BPJS Kesehatan office in this hospital is called the BPJS Kesehatan Center. The location of the BPJS Kesehatan Center in RSD Dr. Soebandi 1st floor. This means that the location of the BPJS Kesehatan Center Office is near and not far away. This is meant if the controlling team in the hospital claims that the health service was not far away, so that it can facilitated and speed up the claim process. Hospitals for submitting claims to BPJS Kesehatan can be done every month. Claim submitted no later than the 10th of the following month. Before being submitted to BPJS Kesehatan, claims to be submitted

were verified first by the controlling team internally. This was as stated by WW informant (2015) as follows: first verify the pack for the health services that have been provided, and must first verify (Interview on 8 July 2015).

Explanation of the informant shows that before submitted a claim to BPJS Kesehatan, the RSD dr. Soebandi through the control team verified first internally. The purpose was carry out internal verification to avoid shortcomings to a minimum before being submitted by the hospital control team to BPJS Kesehatan. Health care claims submitted by the hospital can include claims for emergency services, claims for outpatient medical services, inpatient claims, medical service claims, claims for ambulance services. In the process of payment of health service claims were including verification of health service claims, clarification of health service claims, and payment of health service claims. BPJS Kesehatan after receiving the treatment from a health facility, RSD dr. Soebandi, then verify the claim. This verification was needed because to match the submission with supporting evidence submitted. Therefore, verification was needed, BPJS will not directly pay for claims submitted by the hospital before BPJS Kesehatan verified. This is in accordance with what Rio's informant (2015) said as follows: first verify the pack for the health services that had been provided, and must first verify (Interview dated on 24 June 2015).

Explanation of the informant was clear that every month submission from RSD dr. Soebandi by BPJS Kesehatan carried out prior verification of health services carried out by RSD dr. Soebandi. Furthermore, the informant emphasized that it must be through verification, which means that in filing a claim for bills that was clear that verification will be carried out by BPJS Kesehatan whose nature must be verified. Thus indicated that before the claim was submitted by RSD dr. Soebandi to BPJS Kesehatan, by RSD dr. Soebandi had been verified first by the internal control team. Because those who carry out internal verification of the hospital are the control team themselves. Therefore the verification team at the BPJS Kesehatan Center only needs to double-check the claims submitted by the RSD dr. Soebandi.

In the process of returning this BPJS Kesehatan provides information about the shortcomings to be completed. This notification was made by official letter. Therefore, that was expected that after being returned by the controlling team at the hospital, that would be repaired immediately, because in this matter the deficiencies are mentioned. This was conveyed by the informant DT (2016) as follows: In the clarification of the BPJS Kesehatan provides information about clarification through official letters (Interview on 29 June 2015). The explanation showed that in addition to BPJS Kesehatan verified the claims submitted by the hospital in this case the controlling team. Then the BPJS Kesehatan also clarified, if it was felt by the BPJS Kesehatan verification team there was something inappropriate. This clarification activity was also accompanied by an official letter and clearly informed. If within a certain time limit is not immediately completed, the claim returned will not be paid by BPJS Kesehatan. That was conveyed by the informant DT (2016) as follows: If that was not immediately completed, it would not be paid, forfeited (Interview on 29 June 2015).

The explanation conveyed by the informant indicated that the claim bill value submitted to the returned BPJS Kesehatan would not be paid by BPJS Kesehatan if that

was not immediately completed with its shortcomings. Therefore, to a certain extent if that remains incomplete would be forfeited.

Furthermore, if by BPJS Kesehatan about the submission of claims for health services submitted by RSD dr. Soebandi was considered complete. Whether that was completeness with administrative an evidence, then verified by BPJS Kesehatan and if any were not suitable returned then that had arrived complete. Then the next BPJS Kesehatan pays claims submitted by the RSD dr. Soebandi. What was explained before that the health service partnership claim was based on the rates available at INA-CBGs. Then the claim process for health services starts from the health services that had been carried out by RSD dr. Soebandi to BPJS Kesehatan participants. On the basis of a hospital that has provided health services, the hospital then submits a claim to BPJS Kesehatan. After being submitted by the hospital, the claim submitted by the BPJS Kesehatan was verified. The verification was included verification of administration and verification of health services. If in the verification was found a discrepancy between the claims that submitted with the diagnosis given by medical personnel, the BPJS Kesehatan clarifies. Likewise, if the claims were submitted by the RSD dr. Soebandi were not accompanied by appropriated data or supported evidence, then the claim will be returned to complete accompanied by a letter of notification of the shortcomings to be immediately completed. Thus if that supported evidence was complete and also the clarification was appropriate, then the BPJS Kesehatan would make a payment for the claim submitted by the RSD dr. Soebandi.

This explanation shows that the process of claim payment from RSD dr. Soebandi to BPJS Kesehatan required complete an evidence. After arrived at the BPJS Health, the completeness was examined and clarified. If the proof of completeness was incompleted or lacked after being examined incompletely, the submission of the claim was returned. Furthermore, the return process was accompanied by an explanation that needs to be completed and submitted to the RSD dr. Soebandi in writed by official letter. However, if that was completed and had been clarified, then BPJS Kesehatan would payed for claims submitted from RSD dr. Soebandi. The explanation can be drawn from the fact that in the verification there was administrative verification of claims and verification of health services. In verifying administrative claims that were verified verification of file completeness and verification of the stages. Then was verified the claim service that was verified the service provided by the hospital.

4. DISCUSSION

The arrangement was setting of health insurance among BPJS Kesehatan with RSD dr. Soebandi deals with the granting of duties or authority owned by BPJS Health to RSD dr. Soebandi was provided health services to BPJS Kesehatan participants. Furthermore, BPJS Kesehatan pays to RSD dr. Soebandi after provided health services to BPJS Kesehatan participants. That was like the interview MI (2015) as follows: hospital that fardu ain to cooperate with BPJS are government hospitals. The hospital was to serve BPJS Kesehatan participants (Interview on 20 May 2015). The explanation of the informant showed that BPJS Kesehatan had collaborated with hospitals in Jember

Regency. Government-owned hospitals, both local and regional level two hospitals. The collaboration of the hospital with BPJS Kesehatan was mandatory, that meaning should not be necessary to collaborate with a hospital and BPJS Kesehatan. The hospitals belonging to the regional government include Lung Hospital, Balung Regional Hospital, Kalisat Regional Hospital, and Regional Hospital, dr. Soebandi Jember Hospital.

Cooperation between BPJS Kesehatan and regional hospitals in this case RSD dr. Soebandi was to provide health services to BPJS Kesehatan participants. To explain that about what was conveyed by the informant MI that there was a collaboration between BPJS Kesehatan and RSD dr. Soebandi, the researcher triangulated the source, namely to Rio informants. This was made clear by the informant Rio (2015) who stated that: a contract of cooperation between BPJS Kesehatan and RSD dr. Soebandi. The cooperation contract was carried out in written, not in the form of verbal talk (Interview on 24 June 2015). The explanation of the informant showed that there was a collaboration between BPJS Kesehatan and RSD dr. Soebandi. The cooperation agreement or cooperation contract was carried out in written between BPJS Kesehatan and RSD dr. Soebandi in the health services of BPJS Kesehatan participants. The cooperation contract with BPJS Kesehatan given authority to RSD dr. Soebandi to provide health services to BPJS Kesehatan participants.

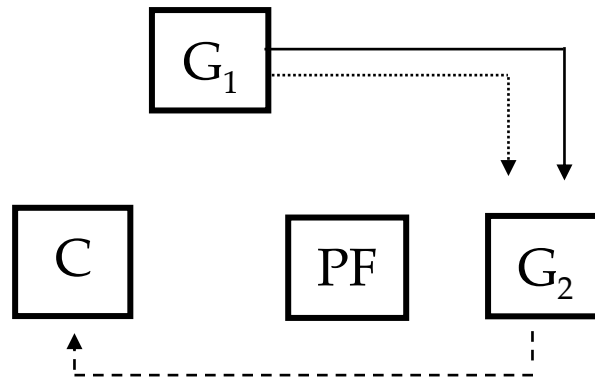
RSD dr. Soebandi on the basis of the duties and authorities given by BPJS Kesehatan can provided health services to BPJS Kesehatan participants. That was accorded to an interview WW (2015) as follows: which was given health care related start door to door emergency outpatient. One or both, meaning that if an emergency was through an emergency door, non-emergency through outpatient care. If enter in the hospital you had to go through one of these doors (Interview on July 8, 2015). The explanation showed that the health services provided by RSD dr. Soebandi was include emergency health services (emergency care), outpatient health services, and inpatient health services. BPJS Kesehatan participants can take advantage of health care facilities provided by RSD dr. Soebandi. More interviewe DT (2015) as follows: a LUR for participants BPJS patients outside office hours or at dusk. BPJS Kesehatan participants come directly to the ED and then go to the IGD admission section outside official hours (Interview on 7 December 2015).

Explanation of the informant showed that for BPJS Kesehatan participants can taken an advantage of health facilities outside official hours or in the afternoon, BPJS Kesehatan participants can immediately come to the ED. Until the emergency room, the next BPJS Kesehatan participant took care of the administration in the ED to get treatment. After giving care to BPJS Kesehatan participants, the RSD dr. Soebandi gets paid from BPJS Kesehatan. That was like the interview Rio (2015) states the followed: the first must be verification of health services that had been awarded the hospital, this verification must be done. After the match had just been paid (Interview on 24 June 2015). The explanation of the informant above shows that BPJS Kesehatan before making payments to RSD dr. Soebandi for health services to BPJS Kesehatan participants, the BPJS Kesehatan did not automatically payed directly to RSD dr. Soebandi, but BPJS Kesehatan verified the bills was submitted by RSD dr. Soebandi.

If that was associated with the opinion of Savas (1987: 62) regarded of service arrangements, states that: Different arrangements can occur as government can serve as arranger or producer, and can be the private sector (Different arrangements had arisen because the government can function as an arranger or producer, so can the private sector). Savas's opinion showed that the government in the service arrangement can function as a service regulator but can also function as a producer of services. Savas (1987: 62-91) explains that there were ten service arrangements, namely: (1) government service, (2) government vending, (3) intergovernmental agreement, (4) contracts, (5) franchises, (6) grants, (7) vouchers, (8) free market, (9) voluntary service, and (10) self-service.

The ten service arrangements proposed by Savas, then there were seven related to the private sector as producers and there were three government sectors as producers as well. The seven models presented by Savas related to this research were considered to be inappropriate. The incompatibility of the seven regulatory models presented by Savas was due to their relevance to the private sector. Then three government sectors can be seen related to the results of the research. The three government sectors are 1) government service, 2) government vending, 3) intergovernmental agreement. Savas's opinion above showed that the government can asked other governments to provide services at the request of consumers or users. In this case, the one government was the service regulator and the other government was the producer of services. This can be seen at Figure 1.

Figure 1. Intergovernmental agreement, where one government authorizes and pays another to deliver service (The agreement between government institution, where G1 assignment and G2 payment for send of service to C



Savas's opinion showed that the G1 government assigns and pays to the G2 government to provide services to C. The intergovernmental agreement model was more suitable or compared to the first and second models above. That was because G1 in this case was BPJS Kesehatan, while G2 was RSD dr. Soebandi, then C was a BPJS Kesehatan participant. The model can be seen at Figure 2.

Showed that BPJS Kesehatan assigns to RSD dr. Soebandi to provide health services to BPJS Kesehatan participants and pay to RSD dr. Soebandi. In that picture that BPJS Kesehatan assigned RSD dr. Soebandi and at the same time pay to RSD

dr. Soebandi, then RSD dr. Soebandi provided health services to BPJS Kesehatan participants. If that was associated with the results of research that BPJS Kesehatan assigns to RSD dr. Soebandi to provide health services to BPJS Kesehatan participants. After provided health services to BPJS Kesehatan participants, the RSD dr. Soebandi can submitted claims or bills to BPJS Kesehatan. Claim submitted by RSD dr. Soebandi by BPJS Kesehatan was verified first.

The results from verification were suitable and some data not suitable. The results of verification that were not appropriated by BPJS Kesehatan were returned to RSD dr. Soebandi to be equipped. RSD dr. Soebandi complements the shortcomings of BPJS Kesehatan. Next was RSD dr. Soebandi after being fully submitted again to BPJS Kesehatan. BPJS Kesehatan verified these deficiencies, if that was complete then BPJS Kesehatan would pay to RSD dr. Soebandi. For more the detail can be seen at Figure 2.

Figure 2. The relation among government institution, BPJS Kesehatan, with RSD dr. Soebandi

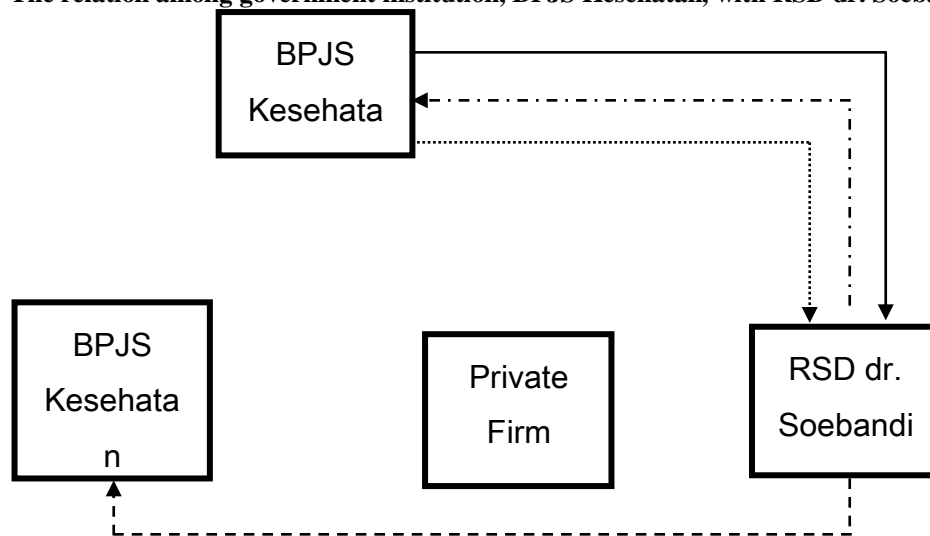


Figure 2 showed BPJS Kesehatan assigned to RSD dr. Soebandi for given health services to BPJS Kesehatan participants. RSD dr. Soebandi after provided health services can submitted a claim to BPJS Kesehatan. After BPJS Kesehatan verified then BPJS Kesehatan was payment to RSD dr. Soebandi. That explanation was produced of novelty finded, the first consist of RSD dr. Soebandi submitted a claim with BPJS Kesehatan. The difference between the Savas model and the results of this study was the results of this study RSD dr. Soebandi submitted a claim with BPJS Kesehatan. Meanwhile, if Savas directly BPJS Kesehatan assigns RSD dr. Soebandi and immediately paid to RSD dr. Soebandi to provide health services for BPJS Kesehatan participants.

According to Savas's viewed, if the health service has provided health services to BPJS Kesehatan participants, then the BPJS Kesehatan directly paid to RSD dr. Soebandi. But in reality in the field the results of the study were not so, that BPJS Kesehatan could paid to RSD dr. Soebandi when the RSD dr. Soebandi had submitted a claim to the BPJS Kesehatan. If there is a problem in the payment process, BPJS

Kesehatan clarified and also communicated or coordinated with the RSD dr. Soebandi. The coordination was officially carried out between the BPJS Kesehatan and the RSD dr. Soebandi.

5. CONCLUSION

Arrangement of organization health insurance between BPJS Kesehatan and RSD dr. Soebandi in provided health services to BPJS Kesehatan participants was based on collaboration between BPJS Kesehatan and RSD dr. Soebandi. BPJS Kesehatan assigns or authorizes RSD dr. Soebandi to provide health services to BPJS Kesehatan participants. RSD dr. Soebandi provided health services to BPJS Kesehatan participants was started from Instalasi Gawat Darurat (IGD), outpatient services, inpatient services, accommodation services, pharmacy services. BPJS Kesehatan does not automatically paid to RSD dr. Soebandi who had provided health services to BPJS Kesehatan. But firstly RSD dr. Soebandi submitted a bill to get paid by BPJS Kesehatan. After being considered complete, the new BPJS Kesehatan paid to RSD dr. Soebandi for health services to BPJS Kesehatan participants.

The novelty this research was in the arrangement of the implementation of health insurance based on the cooperation reciprocity means that the hospital provided health services to BPJS Kesehatan participants, then BPJS Kesehatan was provided payment to hospitals. In this collaboration, the first side could firstly payment to the second side, but in the collaboration the first side could payment to the second side after the second side provided services. However, the novelty was the procedure carried out by the second side submitted a bill to the first side after the second side given suitable service. Next after the second side submitted to the first side, the first side still checked of the truth submitted by the second side. If the second side submission was checked by the first side did not match the agreement, then the first side would not paid to the second side. The arrangement of administering health insurance was not automatically the task provided of paid to executed side, but still needed to submit a bill to assignor.

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MUNICIPAL CORPORATIONS' COLLABORATION A QUALITATIVE RESEARCH

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Abstract: *Collaboration in general, and in the public and municipal sector in particular, is currently increasing. Despite the deep logic behind the need for such cooperation, the expected benefits and advantages - yet the public and municipal sectors find it complex to implement them in view of the obstacles and barriers that lie ahead. Municipal companies that function as the executive branch of the municipality in many places in local government are required to adopt this approach of sharing as part of achieving economic, operational and service efficiency for their owners - the municipalities. In order to understand how a plan should be prepared to promote cooperation between the 25 corporations owned by the Tel Aviv Municipality, a qualitative survey was conducted between stakeholders in the municipal corporations. The research findings and conclusions (together with the literature) point to the vital need for a management commitment and organizational culture which enable collaboration. Without trust among the work teams, open communication and personal relationships, formal and informal, implementation of a cooperation program will not succeed.*

Keywords: *collaboration, municipal companies, partnerships.*

1. INTRODUCTION

We live in a connected global world. Today's fast-paced marketplace (both public and private) requires mutually beneficial partnerships to leverage creativity, experience and resources. Tel-Aviv Municipality owns 28 municipality companies (subsidiaries). These companies operate in all areas of urban activity - urban infrastructure, leisure, sports, culture, transportation, urban renewal, water, sewage, tourism, education, welfare, conferences and more. These corporations operate in their relevant fields according to their vision and goals defined by the Board of Directors in accordance with overall Municipal policy. Despite this, today there are almost no working relations and collaboration between the Municipal corporations. The fact that this is happening in a private and public world is likely to be a great opportunity for municipal corporations.

As part of the position of this paper's author as Director of the Tel Aviv Municipal Corporation's Bureau, one of the main goals of the Bureau is to promote cooperation between municipal corporations functioning in a variety of areas and to improve their functional output and organizational efficiency. In order to identify and study the position of the stakeholders in the municipal corporations as a basis and preparation for promoting

such cooperation, we conducted qualitative research among 16 office holders in the corporations and the Municipality.

The aim of this paper is to present the manner in which the research was conducted, the findings and their significance in view of the references in the professional literature in this field.

2. LITERATURE REVIEW /THEORETICAL BACKGROUND

There is great variation in definitions and understanding of the term collaboration and its meaning. On the one hand, there is a broad terminology used to describe an internal organizational structure that is pure collaboration or similar. On the other hand, there is multiple interpretation of the concept of cooperation itself (Huxhan, 1996). The author uses some terms as: strategic alliance; joint venture; public private partnership; coordinated service delivery; community development. Many terms are used to describe a positive form of an intra-organizational relationship: cooperation, coordination, coalition, network, alliance, partnership, and bridge. These may be compared with terms as: conflict; competition; co-option and collusion which are typically used to describe negative inter-organizational relationships.

Other references about collaboration and working together include many terms such as: coordination; partnership; collaboration; alliance; joint venture, cooperation and so on (Gray, 1989; Olson, 2004; Prescott and Stibbe, 2017; Walker, Smith, and Adam, 2009). Gray (1989) argues that sharing is a process by which parties that see different aspects of the problem can constructively seek solutions beyond their own limitations. According to Thomson and Perry (2006), organizations enter into cooperative agreements in order to achieve their independent goals. In order to succeed in cooperation, there is a need for self-interest. Every organization must be able to justify its involvement. Sharing has value only if it allows for better organizational performance or lower costs than there would be without it. The literature defines collaborations as a process in which independent actors interact through formal and informal negotiations, creating together rules and structures that govern the relationship between them and ways to act or decide on the issues that caused them to share together. This process involves common norms and mutual beneficial interactions (p.23).

The literature offers a framework of collaborations that includes antecedents, processes and results. The antecedents include a high level of dependence; resource need; risk sharing; lack of resources; previous history of sharing and a situation in which each partner has the resources that the other needs and issues of high complexity.

The processes are: governance, administration, organizational autonomy (individual vs. collective), mutual benefits, norms of mutual trust. The outcomes are: achieving the goals, creating new common value (products, service, abilities, skills, resources) and inter organizational interactions.

Huxhan (1996) argues that collaboration is working in association with others for mutual benefit. Collaboration can be in the situation where an individual in an organization works together with an individual in another organization and is assigned to a number of organizations that interact fully with other organizations. Collaboration is a

good way to achieve things that are difficult or unattainable independently. Collaborations can arise in the form of volunteerism and self-interest. Agreements of much collaboration are based on the parties' desire to act together when the parties jointogether because they see certain advantages in their activities in this manner. Other partnerships are the result of a response to government regulations or government incentives or from the demands and even dictation of the government or authority. Organizations work together for various reasons: economic motives; joint financing; saving expenses; efficiency; avoiding duplication; coordinating agency efforts; the possibility of achieving goals that have no way or are difficult to achieve alone.

The professional literature relates to issues such as trust, management commitment, communication and attempt to promote cross-organizational activity, which sometimes contrasts with traditional rigid structures in organizations in general and in the public sector in particular. Trust is considered one of the most important and essential elements in the process of collaboration. Building trust between partners, whether organizations or team members, is based on definitions and agreements about the vision, goals, and objectives of sharing and the way to implement it. Trust cannot develop among partners without significant joint contribution. Without trust and mutual respect, the possibility of fulfilling the goals of cooperation is significantly reduced (Harpaz, 2015; Fasel, 2000; Olson, 2004; Walker, Smith, and Adam, 2009).

Commitment management is another factor with great importance for the success of cooperation. Without the commitment of management (internal and external in case of sub-organization), which gives a personal example of both words and actions, the possibility of success is very low. Management's commitment is reflected not only in declarations, but especially in actual backing for these statements in the allocation of resources, time, money, and so on. Commitment management creates an organizational culture that enables the development of mechanisms and processes of cooperation. These mechanisms are, in fact, an infrastructure that supports the sharing activities themselves (Gray, 1989; Perri, Leat, Seltzer and Stoker 2002).

Benefits can be achieved as a result of a process of collaboration including, inter alia, using lack of resources; building abilities and skills; access to new markets; sharing risks; access to a unavailableand/or new technology; professional development; avoiding duplication, developing new services or expanding existing services that cannot be provided alone (Tennyson 2011; Olson, 2004; De La Sierra, 1995).

Despite all the above about the need for cooperation, the advantages and importance, working with others is not simplebut iscomplex. When collaboration is across organizations, the complications are magnified. The need and desire for cooperation regularly encountersbarriers and obstacles. Such obstacles include different objectives, language, procedure, and culture; tension between autonomy and accountability; lack of authority structure, time required to manage logistics and the many efforts involved (Gray, 1989; Huxhan, 1996;Fasel, 2000).

Perri et al. (2002) explain that the roles that define departments and specializations in organizations have strong institutional strength. This functional structure creates and establishes an atmosphere and a way of regular behavior, career expectations and maintaining managerial autonomy. Therefore, the traditional

organizational structure is another obstacle that must be overcome in order to achieve cross-organizational cooperation.

The collaboration obstacles arise from the need to overcome structures, procedures, traditions, natural resistance to change and sometimes even various interests of the stakeholders. Bryson, Crosby and Stone (2006) relate to cooperation in the public sphere. They argue that cross-border and cross-sectorial partnerships are increasingly perceived as desirable and necessary strategies as part of addressing public challenges. They define cross-sectorial collaboration when there is a link or sharing of information, resources, activities and capabilities between organizations in two different sectors to jointly achieve results and outcomes that cannot be achieved alone (p. 44). Organizations will only collaborate when they cannot get what they want without sharing. Building and maintaining collaborations is highly complex because there are many components that need to be "in place" and work well to succeed (leadership, environmental factors, trust, previous relationships, processes, agreements, legitimate representatives, conflict resolution, structure, management mechanisms).

Collaborations in general and in the public sector in particular can occur when several groups want to provide possible solutions to a problem common to a number of stakeholders with the aim of achieving benefits and / or avoiding the price of resolving long-term conflicts between the parties. For this purpose, it is important to identify the partners with legitimate interests in order to build trust between the parties. The involvement of key stakeholders since the beginning of the process is of great importance in order to ensure the success of the process and its sustainability over time (Jung, Lee, Yap and Ineson, 2015).

Allers and van Ommeren (2016), refer to inter municipal collaboration and argue that such partnership is a way of increasing the possibilities of providing services in certain areas, while continuing to provide other public services at the municipal level while maintaining local autonomy.

Collaboration is based on cooperative relationships that extend over time and space. The possibility of joint products with neighboring cities is a result not only of the desire for economic efficiency, but also of factors that include regional coordination and improvement of the efficiency of the service provided and the reduction of risks (Beland Warner 2016). Hulst and Van Montfort (2012), expand the scope of cooperation by explaining that inter-municipal cooperation includes all agreements in which a local government shares with itself, with other public entities or with private institutions. Voorn, van Genugten and van Thiel (2017), argue that there is tentative evidence that cooperation between municipal corporations can achieve economic efficiency due to the economics of scale, in light of problems arising from joint management. They explain that Spain has overcome this challenge by subordinating such corporations under one specific authority. In contrast, the local government in Germany and Italy encourages cooperation and establishes consortiums or other forms of joint venture (Grossi and Reichard 2008). Da Cruz and Marques (2011), emphasize a completely opposite argument that it is actually necessary to promote and encourage competition among municipalities by creating a rating that represents the economic and social performance of

the services provided to the residents, regardless of the provider (municipal company, franchisee or any other organization). (p. 109).

RESEARCH DESIGN

The aim of the qualitative research is to understand from the stakeholders in the Tel Aviv Municipality corporations, their position and perception regarding the elements of the synergy and collaboration, to combine the findings together with the elements from the literature review and to understand what will be the appropriate way to promote collaboration between the Tel-Aviv Municipality corporations.

In view of these considerations, the most appropriate and most suitable paradigm, as compared to other research paradigms and research, is the constructive paradigm. This paradigm which seeks to see the different aspects of synergy and collaborations, grant them an interpretation and understand its significance for the participants from the corporations and through them their environment as well. The other paradigms do not provide a response in light of their basic premises (hierarchical knowledge, linear explanations, cause and effect, separation between researcher and study participants, an external examination, and so on).

The method that was selected from the various types (Narrative, Phenomenological, Ethnographic, Case Studies), was the grounded theory (Charmaz, 2014; Birks & Mills, 2015; Glaser, 2011; Glaser & Strauss, 1967). the grounded theory expresses most significantly, the manner by which the information rises from the stakeholders in corporations up-to the theory formation; the relationship of the researcher to the topic of investigation; synergy and collaboration between municipal corporations; the reliance on the existing data according to the perception of the stakeholders in the corporations themselves and the capacity to integrate with other sources. The other methods are not suitable because the study does not deal with life stories of the population, human experiences or cultural themes.

Participants

In order to appropriately represent the various views and opinions regarding synergy and collaborations in the Tel Aviv Municipal corporations, a group of 16 office holders from the these corporations and Municipality were interviewed. The representation included: four senior managers who did not participate in the quantitative survey; eight directors and chairmen of municipal corporations; two former managers of municipal corporations and two managers who participated in the quantitative survey, but who have a unique perspective on corporate activity (see appendix A). Thus, a comprehensive picture of the various office holders, different management levels and a number of perspectives was obtained.

Data Collection Method

The data collection method chosen was to conduct interviews with the stakeholders at municipal corporations. This tool enable the obtainment of the information necessary to formulate the theory. Based on the familiarity of the author with

the work processes and the individuals themselves, it was possible to acquire all the necessary information.

The collection process

The collection process focused on perceptions and attitudes of the above stakeholders in the Tel Aviv municipal corporations - the chairpersons, directors of boards, CEOs, former CEOs, deputy CEOs and managers in the Municipality. The research tool used for the qualitative research was the interview. The type of interview used was a semi-structured interview (Bernard, 2013) which was subjected to changes in accordance with the dynamics created with the interviewee and enabled discourse development during the process. The questionnaire included predefined questions and a small number of open questions for free completion by the interviewee (see appendix B). The questions focused on description and explanation of collaboration between the municipal corporations. The questions (such as: organizational culture, characteristics of collaboration, experience, procedures, etc.), enabled collection of simple descriptive information as well as more complex information such as what enable and hamper collaboration, etc., as the respondent stakeholders in the municipal corporations perceived. In order to ensure that the questions are appropriate, exploratory research was carried out. It included a sample group of 2-3 respondents. According to these interviews, the questions were-examined prior to the study itself (Bryman& Bell, 2015). The interviews were recorded and notes taken. After the interviews were completed, the "Narralizer" software was used to organize and manage the data. During the interviews, attention was also given to the body language of the interviewees, to the meaning of the various sentences, to the intonation, as well as to the nonverbal communication (Lempert, 2011).

Qualitative data analysis

According to this approach, grounded theory, the analysis of the data and information which were collected in the previous stage, was accomplished by encoding and integration process. The aim of this process is to accomplish separation and distinguish within the sequence of the data that was collected, in order to reach the significance which is actually derived from the data (Archibald, 2016; Bryman& Bell, 2015; Harwood& Garry, 2003).

Coding interviews method

The analysis units used to analyze the interview are statements and episodes described of the interviewees. A statement is one sentence or a few sentences expressing one central idea. An episode is a kind of story, a description of a case or a dilemma that, in order to understand correctly and accurately was to be analyzed without being split into parts (Creswell, 2014). Each of the interviews was divided into statements and sentences, while trying to distinguish between different topics, ideas, attitudes and stories. The average number of statements and episodes found in each interview was 53. (The interview that was broken down into the largest number of items included 90 statements

and the interview that included the smallest number of components was divided into 31 statements and episodes).

When the researcher believed that a particular statement could have a number of meanings for more than one category, it placed the specific statement in several categories for further analysis (for example, the following statement: "My point of view says that first of all the personality of the interviewee is the one that determines whether there will be cooperation or lack of cooperation" was included at the first stage in the category of "obstacles to collaboration" and also in the "enablers" category because the human factor can be an obstacle and / or enable collaboration - depends on how it is expressed in the process of preparing for collaboration and in the cooperation itself). In addition, when a particular statement was placed in a particular category, it could be interpreted in different ways. The author went back to the original context of the statement in order to better comprehend the context in which it was said. Most of the statements and episodes originate from the interviewees' remarks. A small part of the statements derive from the interaction that occurred during the interviews and subsequent data. Comments and examples that were said by the interviewees and were of a personal nature or information about other managers - were not usually included in the segmentation of the statements, but were taken into consideration when thinking about and building the categories and how the findings were analyzed.

Analyzing process

Each of the interviews, divided into statements, was disassembled and re-categorized according to the methodology of "Grounded Theory" when the analysis of the findings was carried out according to the following stages:

Step I Find primary categories - At this stage, primary categories were identified and defined by searching for themes and recurring subjects in the initial material. The initial categories reflect, in fact, the central and most prominent issues that emerged from the statements of the stakeholders interviewed. At this stage, 19 primary categories were defined, including - organizational environment in the corporation; organizational environment in the municipality; the characteristics of the corporation; stages of collaboration; relationships between corporations; enablers for collaboration, obstacles to collaboration, benefits; measurement recognition and appreciation.

Stage II Design categories and define parameters and criteria (rules of inclusion). At this stage, additional categories were added so that the number of categories reached 44 categories. For example: the importance of collaboration in the eyes of the senior management of the Municipality and the corporation; the Municipality resources and procedures support; the Municipality's contribution to collaboration, examples of cooperation; ideas for sharing processes; the need for collaboration; benefits of collaborations; trust and more. The entry conditions were defined so that each statement fit into one category or another. For example, the terms of entry into the category "The role of city administration" were defined as "statements in which the interviewees referred to the activity required from the municipality to support cooperation". The terms of entry into the category "assessments for collaboration" were defined in the following

manner: "statements relating to the pre-collaboration and / or actions of corporations that are in fact an infrastructure for future sharing activities."

In stage III, the data that came up in the interviews and the statements were coded into the various categories. At this stage a number of repetitions were discovered, including the need to transfer statements from one category to another or to place the same statement in two categories. For example, the statement "there is a need to analyze the practice of a cluster of corporations and accordingly to find common themes" fit into two categories and was therefore included in the category of "collaboration enablers" and in the category of "assessments for sharing". The statement "requires enforcement and written by high ranking officials in the Municipality to promote cooperation" was also included in the category "the role of municipal administration in promoting collaboration" and in the category "enabling collaboration". The statement "... and another company has an advantage in the same field, trying to make the companies work together, I do not know whether in the field the project will be shared in such a way, or in the way that at least the expert company advises the company that executes" has been placed in two categories: "the potential of principles for collaboration" and the "knowledge sharing" category. The statement "there was a big exhibition at the Fair and Exhibition Center and the water associations were not part of the exhibition - ideas, steering committee, exhibition etc." was included in the category "potential for sharing" since there is logic to such cooperation and also in the category of "potential for cooperation that did not succeed." Each analysis unit was copied from the original interview using the "Copy" command and was pasted into the appropriate category in the "Narralizer" software using the "Paste" command. The "Narralizer" software allows viewing the categories tree in a convenient way and the statements according to the different categories. Using the various views of the software and the possibility of exporting the data to Word documents, all the statements and categories were examined further and in some cases the categories were narrowed, some categories were merged, and the categories that remained empty were deleted. For example, the category "corporate structure" contained one statement by one interviewee referring to the structure of his corporation. This statement was moved to the category "business environment" and the category "corporate structure" was deleted. The category "trust" was split from the category of "collaboration enablers" because it contained a significant number of statements and it was correct to separate the statements about trust because of their importance, both according to the interviewees and to the professional literature.

Stage IV included creating a hierarchy between the categories and identifying the nucleus categories. The categories "the importance of collaboration in the eyes of the corporation senior management", "importance in the eyes of the managers", "organizational culture" and "the function of the corporation's management" were grouped under a category of "corporate organizational environment". The categories "resource support", "support for procedures", "contribution of the municipality for sharing", "the role of municipality administration", "organizational culture in the municipality" were grouped under the category of "municipality organizational environment".

At the end of the process of building the categories tree, 11 main ("super") categories were defined:

- City management
- Corporation management
- Collaboration importance
- Benefits
- Sharing estimates
- Processes
- Structure of the collaboration
- Collaboration enablers
- Obstacles to collaboration
- Potential for sharing
- Measurement, assessment and control

After designing the categories and creating a complete and satisfying category tree, the overall picture of the subject of collaboration between the municipal corporations was examined using a table comparing all sub-cases of the research - the interviews (appendix C). The purpose of the table is to compare the various interviews, to find the common and different between them, and to reach impressive conclusions based on the picture of the analyzed data. The comparison table includes in the vertical axis the categories and the horizontal axis the sub-cases - the various interviews (A, B, C . . . and so on). In each cell of the table, a number of statements that have been classified as important or very important will appear. The information about the importance does not overlap the quantitative information of the number of statements, but rather is based on what the interviewees said.

Formulation of the theory - At this stage, a connection was made between the research findings and the literature on collaboration in general and collaboration in the municipal area in particular. The interviewees' comments were examined in the light of various concepts, insights and principles in different literature on collaboration. This stage was characterized by a close connection between the insights and even the statements themselves and what is stated in the professional literature. It can be determined that almost all the categories include the statements, in which they converged with the terms and the words in the professional literature.

The aim of the qualitative research is to understand from the stakeholders in the Tel Aviv Municipal corporations, their position and perception regarding the elements and the components of the collaboration model. To understand how these attitudes and perceptions stand in relation to what appears in the literature and how they can help build the model's proposal for synergy and collaboration between municipal corporations. Therefore, the table at Appendix D presents the statements that emerged from the stakeholders' interviewees with the components of collaboration, as can be seen from the literature.

Findings

The qualitative research findings are:

- The statements with a higher level of importance are related to trust, management commitment, preventing obstacles and evaluation.
- The largest number of statements was about the topic "senior management commitment".
- The importance of management involvement, whether the municipality's management and / or the management of the corporation itself is critical and essential to the creation of cooperation, existence and success. This importance is also evident from the interviewees' comments regarding the role of the managers, the organizational environment, and the resources required. This importance is clearly associated with the subject of the role and involvement of management as mentioned in the professional literature.
- Organizational culture at both the municipal and corporate levels is essential to creating an atmosphere and climate of cooperation and collaboration. Both the municipal administration and the corporation's management must put the issue of cooperation on the agenda; to give it ongoing attention by defining a cooperation goal as part of the municipal goals; the addition of performance and control measures of the quantity and quality of actual collaborations and sharing in the corporate annual work plans; raising the issue of cooperation in regular meetings with the employees and repeating it regularly.
- Formal and informal meetings between the levels of administration and work between corporations are very important both for joint work (the acquaintance of colleagues in other corporations and the ability to seek assistance and support on a personal level) and to enable the emergence of ideas for cooperation between professionals.
- Another platform for acquaintance is building a joint training program between colleagues. Such training enables joint interaction throughout the training sessions, creating personal and professional relationships while building the skills required for work.

Since the municipal corporations in the Tel Aviv-Jaffa Municipality operate in a wide range of areas of activity, one can find areas in which a certain corporation may be a contractor and / or consultant in its area of expertise for another corporation or several corporations. (Example of this: a corporation that manages the metropolitan park - "GaneyYehoshua" - can do gardening work and / or provide professional help with gardening in corporations with wide landscaping areas. A corporation that specializes in the construction and maintenance of cultural halls can operate and / or assist other corporations that run small halls as part of their buildings). Knowledge sharing and the transfer of lessons between corporations in general and parallel professionals in particular is a subject that does not require many resources, but mainly awareness among people and has potential for the efficiency and effectiveness of the corporation's work. The issue of trust and transparency among people is of high significance, and most of the interviewees view these subjects as vital elements.

In general, the collection of statements as they emerged from the interviewees' statements and their classification into categories is compatible with the contents of the professional literature. In addition, topics and ideas were raised in the various statements that will be incorporated into the model of cooperation between Municipal corporations

in Tel Aviv based on this qualitative research together with quantitative research, professional literature and other models.

CONCLUSION

As noted in the professional literature, stakeholders also point out the issue of managerial commitment as one of the most vital factors for the creation, maintenance and promotion of cooperation between municipal corporations. The commitment of the municipal's senior management, which must be expressed in actions that support declarations and statements (resource allocation, support for organizational culture and personal example), is the first issue that must be taken into account in preparing a plan for promoting cooperation between municipal corporations.

Without such prior commitment, as emerges from the survey and its findings, there is no point in preparing and implementing such a plan for cooperation. Moreover, the commitment of this management (or at least a declaration of principle) must be made at the preliminary stage in the formulation of ideas and the overall concept.

Issues of trust between work teams and open communications should be at the basis of the program and implementation. These relationships must be built and established from the earliest stages through initiated activity of personal familiarity and planning and building mechanisms of teamwork (such as joint training, formal and informal formalization activities). The program for promoting cooperation should address the relative capabilities and advantages of each corporation and identify the cases in which a particular corporation has an advantage for the needs of other corporations and uses them.

Appendix A- The interviewees

A municipal corporation chairman.
A municipal corporation C.E.O.
A board director in a municipal corporation.
A former municipal corporation C.E.O.
A municipal corporation chairman.
A municipal corporation C.E.O.
A deputy general manager of a municipal Corporation.
A deputy general manager of a municipal Corporation.
A municipal corporation chairman.
A municipal corporation C.E.O.
A municipal corporation chairman.
A municipal corporation C.E.O.
A municipal corporation C.E.O.
A board director in a municipal corporation.
A municipal corporation chairman.
The deputy Mayor and a board director in a municipal corporation.

Appendix B – Questions for the semi-structured interviews

What is your role?
How long have you been in the current role?
What was your previous role?
What is your authority?
How do you see collaboration between municipal corporations, describe it?
What would you like/expect to get through collaboration?
What is the role of the municipality management in the formation of collaborations?
What is the role of the corporation management in the formation of collaborations?
What sort of an organizational culture atmosphere is required for the formation of collaborations between corporations?
What is the importance of the organizational culture for the formation and maintenance of collaborations?
Are collaborations between municipal corporations the result of a need or a dictation? (Namely, whether collaboration will be formed around a theme or specific subject, or is it necessary to look for themes to form collaboration? Which is preferable- the specific subject or the concept?).
What do you think are the basic conditions that enable collaborations?
What do you think is required to maintain collaborations after they have matured?
If a product has been formed (service, product, etc.) within the framework of collaboration with another corporation - to whom will it belong over time?
Is there a limit to the number of corporations that share a collaboration process?
In your opinion, what is the correct organizational structure that is required for the accompaniment of a collaboration process between corporations?
In your opinion, is it necessary to appoint an official of a corporation to be in charge of collaboration and synergy between corporations? If so, where is he placed within the organization?
What sort and amount of resources are required for this issue?
Which of the following characteristics are required for collaborations?
What are the elements in your corporation that "enable" development of collaboration with other corporations?
Where would you rate collaboration between corporations on the following sequence: consultation up to partnership?
Have you been a partner to an activity of collaboration between corporations? (If so, please describe it)
In your opinion, what are the obstacles for synergy and collaboration between the municipal corporations?
What is the necessity level of collaboration between corporations? How do you assess the will of "your" corporation to achieve synergy and collaborations with other corporations?
What do you wish to add beyond what has been said so far?
Which, in your opinion, are relevant documents which should be looked at in order to express what has been said and / or other aspects?
With whom else, in your opinion, is it worthwhile talking?

Appendix C - comparing the sub-cases according to the interviews

INTERVIEWEES(*)	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
CATEGORIES																
City management	2	10	7	3	6	5	4	6	7	9	8	6	9	6	8	9
Corporation management	4	2	8	2	7		3	6	4	4	3	10	3	2	6	5
Collaboration importance		11						1	1	4					5	2
The need for collaboration	3	3		5	1	1		4	1		1	2			4	3
Benefits		2	7	3	3	1	2		2	8		3	4	5	8	6
Sharing preparing	4			10			3		6		1		1	2	2	3
Process	1	2		3	9	1	1						3	2		1
structure	4	4			3				5	3	3	3	4	1	1	4
Enablers	1	2	5	1	7	6	5	2	2	1	2		5	2	5	4
Obstacles	1	6	14	2	3	4	7	4	3	5	6	3	4	2	4	3
Collaboration potential	8	11		1	14	7	7	18	2	11	6	7	5	14	5	4
Assessment & control				1	4	1			2		1		1		1	3

(*) List of interviewees in Appendix A.

Appendix D - statements that emerged from the stakeholders' interviewees

Component	Category amount	Total number of statements in category	A total number of interviewees whose statements were included in the category	Ranking the importance of the category in the statement of stakeholders
Municipality management commitment	5	108	16	Very important
Corporation management commitment	4	65	15	Very important
Find partners	1	5	2	Very important
Vision and common goals	1	5	4	
Processes and structure	4	98	15	Important
Benefits	1	51	13	Important
Trust	1	12	6	
Obstacles	16	69	1	Very important (recognition & preventing)
Measurements	5	13	1	Very important
Evaluation	4	9	2	Important

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THE ROLE OF LOCAL AUTHORITIES IN SUPPORTING YOUTH AND SPORTS ACTIVITIES. CASE STUDY

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Abstract: *Sport is a vector of social cohesion that demands from the state and local authorities intelligent and strategic sports policies based on an inclusive sporting governance model adapted to its own socio-cultural identity. However, the Eurobarometer on Sport and Physical Activity (2013) for the 28 Member States shows that 59% of Europeans don't do sports or never carry out sporting activities, thus causing a negative impact on the health of the population and on the socio-economic level, given that sport has an important place in the European economy (3.65% of European GDP), providing jobs for 5.4% of the working population. From this perspective, the present paper performs a comparative analysis centered on the support mechanisms granted by the EU Member States to physical education and sport, focusing on the financing of sport clubs and the employment of athletes during sporting activities or after its conclusion. For the comparative analysis, the paper selected a number of EU Member States, which it grouped into three categories, which correspond to the states on the first and last places, respectively in the middle of the ranking presented by the Eurobarometer. The analysis carried out in the paper highlights the fact that at the level of the analyzed states there is an increasing involvement of the local authorities in ensuring a comprehensive status of the athlete and also in the promotion and development of the sports sector, even if the magnitude, sometimes overwhelming, of budgetary constraints often conditions the local sports policies, with many common points in this respect, but also significant gaps between these states.*

Keywords: *EU, local public administration, youth and sports activities, local sports policies*

1. INTRODUCTION

As part of the policy to promote and strengthen its own physical education and sport system to improve sport in all its forms, EU Member States are constantly reiterating their support for increasing financial support to clubs, leagues and institutions in the various sporting sectors at national, regional and local level. With the promotion of physical and sporting activities, the reality of more developed countries shows that states promote and develop elite sport, such as the countries that formed the socialist axis, the countries that make up the European community, some African countries and Asia or some countries in North America (Cornejo et al., 2000:199).

The development of the sports system, a subsystem of the social system, varies from one state to another, there is no unique pattern of organization and operation, the differences arising from the extent to which it becomes subject to the attention of the public powers and is subject to the public action (Cornejo et al., 2000:197). From this perspective, the efficiency of public actions will depend on a number of aspects which influence the sports systems, such as good knowledge of the elements that make up the sport system, the legal nature of such systems (public or private), culture and national traditions, the existing material basis, the sources of funding (allocation of budgetary resources, outsourcing services, crowdfunding) etc., as well as being necessary a more rigorous planning of policies and public management to meet the increasing demands of the population.

Moving the center of gravity of the institutional legitimacy to that based on the performance of governments and public administration, brings to the foreground the capability of the state to solve social problems and, implicitly, the correct division of competences between administrative levels, ensuring synergy of the national policies with the local policies, as well as the degree of acceptance by the population of the implemented solutions. The sport, a factor of economic and social balance, contributes to the achievement by a state and its citizens, of its full potential as a nation, which in turn requires building intelligent and strategic sports policies, with a measurable path and the integration of the territory and communities to help eliminating disparities at the level of the population, in the sense that any person should have the opportunity to reach national champion (Quiñones et al., 2016:74).

Therefore, and as regards the sports policy, state and local communities are responsible for promoting a model of inclusive sports governance, which is the image of your own sociocultural identity, adapted to the new developments in society, to stimulate a broad participation of the Community which it represents, of the sports associations and non-profit-making sports organizations in the private sector, with the aim of jointly promoting sports outcomes of all forms of sport, the grassroots sport, performance, school, recreational and amateur sport.

Public decision makers, governmental or local, must use within the framework of sports policies promoted a series of instruments, not only by the regulations, but especially the stimulating instruments (the financing of the necessary staff practicing physical education and sport, subsidizing athletes participation at national and international competitions, of the international competitions organization, etc.), the persuasive instruments (promotion of sporting activities), or instruments through which are supplied directly goods and services of the population (building sports facilities, sports schools, etc.)

Despite the efforts made, not just at the level of central and local public administrations, but also by private organizations and by the 35 million amateurs and sports clubs and non-profit-making associations which contribute to the development of the grassroots sport and to spread sports ideals in the EU (European Parliament resolution 2011/2087(INI)), a Eurobarometer survey on sport and physical activity, developed in 2013 for the 28 Member States, shows that 59% of the Europeans never exercised, or

seldom, or never carried out, or rarely, sporting activities (Directorate-General for Communication EU, 2104:4).

According to the poll, in the north of the EU citizens are much more active than those in the south, among the first places in this ranking being Sweden, Denmark, Finland, Germany, the Netherlands, close to the EU average ranking countries like Spain, Hungary, and on the last places, Bulgaria, Malta, Portugal, Romania and Italy. From this perspective, the negative impact reverses both on the health of the general population, both economically and socially, with serious consequences on labour productivity and social inclusion, in other words, the quality of the person's life, conclusion reinforced by the fact that at the EU level, sports occupies an important place in the European economy, since they provide, directly or indirectly, the jobs for 5,4% of the active population and represents an annual added value of approximately 3,65 % of the European GDP (ibidem).

In addition, the education subject of the young athletes and employment during or after sports activity is a central theme of the European public agenda, EU Guidelines on Dual Careers of Athletes underlining the fact that the EU member states have specialized structures which provide counseling and support to athletes in career planning (European Commission, 2013:23). In some EU countries, the athletes can carry out their activity either within the government structures and public institutions, or within the army, the border police, the forestry sector and customs services, most of the EU Member States supporting the initiatives of sports organizations, academic networks and the Olympic Committees carried out in collaboration with the human resource companies and private sponsors on the implementation of the double career programs.

In the following sections, the present paper aims to carry out a comparative analysis centered on the support mechanisms provided by the EU member states to physical education and sport, the focus being on the financing of sports clubs and employment of the athletes during their sporting activity or after its conclusion.

For comparative analysis, the paper has selected a number of EU member states which it has grouped into three categories, which correspond to the states located on the first and last places, respectively, in the middle of the ranking presented by the Eurobarometer on the sport and physical activity in 2013, referred to above. Thus, the countries selected are: Germany and the Netherlands (among the first ranked), Spain (close to the EU average, in the middle of the rank), Romania (among the last ranked).

2. INITIATIVES AND SUPPORT MECHANISMS FOR PHYSICAL EDUCATION AND SPORT IN THE NETHERLANDS, GERMANY AND SPAIN

a) the Netherlands

The main administrative structure which manage the sport organized in the Netherlands are the "Nederlands Olympisch Comité* Nederlandse Sport Federatie (NOC*NSF)¹, which include 74 member organizations which will provide approximately

¹The Dutch Olympic Committee* Dutch Sports Federation (NOC*NSF) is the umbrella organisation for sports in the Netherlands. As the country's Olympic Committee, it develops, promotes, and projects the

23000 sports clubs totalling more than 5 million people involved in the organized sports. According to the Eurobarometer in 2013, the proportion of the Dutch public playing sport regularly, is over 60 %, however decreasing compared to 2009, most of the sports being organized in sports clubs at the local level, but looking at country level, the Netherlands has the highest proportion of respondents who did moderate physical activity on at least four of the previous seven days (53%) (Directorate-General for Communication EU, 2104:7 and 22).

As regards the financing, one of the main active actors is Ministry of Health, Welfare and Sport, sports being considered the red wire of health promotion and social cohesion and for the creation of a dynamic company. Thus, in the field of physical education and sport, the Dutch government grants a series of subsidies and guarantees, direct financing to the performance athletes, etc. invests in sporting infrastructure, but supported by the local authorities through various programs and projects, in particular for sports facilities.

In accordance with the statutory allocation of the competences between the three administrative levels - national, regional and local, government has responsibilities for supporting and promoting national sport, the municipal authorities are responsible for facilitating sports activities and maintaining spaces for sports, but the 12 provinces have limited competences, generally providing support for local development programs. An important inclusive role is played by the local authorities which have the obligation to stimulate the participation of certain groups of people to sporting activities, being equally responsible for supporting the local sports clubs, having the obligation to build and maintain sports facilities, to organize in neighborhoods, in schools and in the neighborhood, projects to promote sport (including the performance sport). Municipalities manage a high percentage (approximately 85-90%) of their investments in sports to the sporting centers, which are in fact subsidies granted to the sports clubs for the use of sports facilities. Other funding sources complementary to those arising from the national, regional and local governments, come from the consumers (in particular those who are active members of a sports club), lotteries (earnings from betting that are used to maintain organizational infrastructure, to practice performance sports, the development of talents, improving coaches, the infrastructure of sports and grassroots), and in a small percentage of the media rights.

b) Germany

In Germany, the public administration of sport complies with the structure of the state, namely the federal state. Thus, both the federal government (through the Ministry of the Interior) as well as the 16 federal states (through the Ministries of Culture or the Interior) are responsible for this area, but there is no relevant ministry of resort for this field. The Ministry of the Interior² is the governing body in the field of sport, covering together with its executive agencies a wide range of tasks and activities, including the

Olympic Movement in the Netherlands and is responsible for sending Dutch athletes to the Olympic Games, the Youth Olympic Games, and the European Youth Olympic Festival. See more <https://www.nocnsf.nl/en/aboutnocnsf>.

²Federal Ministry of the Interior of Germany, http://www.bmi.bund.de/EN/Topics/Sport/Sport-Funding/sport-funding_node.html.

financing of sport. At the federal level, the organization of sport is supported both by the Federal Government and by the autonomous civic structures, an important segment being represented by non-profit sports clubs, and at the local level, the responsibility of the sports field rests with the independent structures.

According to the Eurobarometer in 2013, the proportion of the German public which play sport on a regular basis, it is almost 80%, higher than in 2009, and the proportion of people engaging in sport or physical activity at a sport club is very high (21%) (Directorate-General for Communication EU, 2104:7 and 38). Furthermore, Germany will be taking third place with the highest proportions for memberships at a sport club (24%), along with the Netherlands (27%) and Denmark (25%) (Directorate-General for Communication EU, 2104:43). In terms of their local facilities and the opportunities offered by local sport clubs, Germany is among the EU states with the highest degree of contentment from the population, 89% and, respectively, 88% and positively appreciated the efforts of local authorities (71%) (Directorate-General for Communication EU, 2104:59, 61 and 64). As regards the system of financing, sports organizations have at their disposal several sources in order to make revenues, such as membership fees, sponsorship, commercial activities, rights, media rights, public subsidies, lottery funds e.t.c., depending on the legal regime of these non-profit or commercial entities. The financing received from budgetary sources, at the federal and local level, is provided for both performance sport and sport for all, the federal level being responsible for supporting the sporting activities in schools, universities, as well as recreational sports.

Sports clubs generally finance their services from the financial contributions and from the voluntary involvement of members, which are, in fact, the most important funding resource. According to the budget law, the federal funds can be accessed by sports organizations only after they have exhausted all other possibilities of financing, whereas the Federal Government only provides supplementary funding, in accordance with the principle of subsidiarity. The basis for sport funding is the Federal Ministry of the Interior programme to promote high-performance sport and other central sport facilities, projects and measures at national and international level with framework guidelines (high-performance sport programme (LSP) of 28 September 2005, Interdepartmental circular, p. 1270 et seqq.) and supplementary funding guidelines. For integration on the labour market, the performance athletes need support in order to be able to combine sports career, training and future career. They are supported both by non-profit-making associations (particularly by launching projects involving many private organizations), thus concluding a series of cooperation partnerships between the local enterprises, local industry and trade chambers, the union of the landowners, local employers, providing performance athletes on-the-job-training or employment, but also by the public decision-makers, especially for training and employment in the public service.

c) Spain

In Spain, the system of physical education and sport enjoys a system of mutual cooperation between the public and the private sector, based on the principles of harmonizing the interests and the social responsibility for the growth, promotion and

development of physical activity and sport. The main actors in the field of sport from the public sector are: at the central level, the Superior Council of Sport, at the community level, the General Directorates for Sport of the Autonomous Communities, at local level, local entities (municipalities, county councils, city halls). According to the Eurobarometer in 2013, the proportion of the Spanish public playing sport regularly, is almost 45%, close to the EU average (42%), but declining compared to 2009, because Spain shows the largest decreases for engaging in sport or physical activity on the way between home and school, work or shops (Directorate-General for Communication EU, 2104:7 and 39). Also, in comparison with the year 2009, the Spanish citizens begin to be dissatisfied with the sporting services provided by local authorities (Directorate-General for Communication EU, 2104:64).

The common law in the field of sport in 1990³, regulated the legal framework for practicing sports in Spain, assigned the powers in the national and international competitions, and covered the organization of grassroots sports and competitions designed to stimulate and promote the sport within the autonomous communities and local councils. According to the Spanish Constitution (Article 43)⁴, the public authorities should promote physical education and sport, and facilitate the proper use of leisure. According to this constitutional principle, the central administrative level grants directly a series of subsidies to the sports federations, and recently, developing a series of initiatives in order to achieve full integration of women into sports.

Regarding the regional level, the functions and competencies for the promoting and developing sport policy in the autonomous Spanish regions are laid down by the Autonomy Regulations and several rules governing the sport in the geographical area of each community. At local level, the main managers of public sports services are municipalities, their competencies are often channelled through municipal sporting services, either by direct or indirect management (trusts, foundations, companies, the Consortium, etc.), the local councils being the most active and efficient promoter of sports activity at the local level by municipal sports schools, sports organizations and sports associations of a local character. Concerning the funding of sport, a key pillar is to increase private contributions, understood as complementary resources to those coming from public funds (the budget of the regional and local governments). The autonomous regions have exclusive responsibility for the promotion and development of sport in their area of competence, sporting outcomes coming from the regional governments being generally direct, and aiming at the maintenance of competitions activities in the framework of regional sports federations, construction and management of sports facilities, subsidies for regional sports clubs and the development of their own sports programs.

At local level, local authorities emphasis on developing and encouraging grassroots sports, providing sports services through municipal sports structures and funding their expenditure to build local sports facilities or local sports clubs.

³ See Ley del Deporte, no.10/1990.

⁴ Constitución Española, http://www.boe.es/diario_boe/txt.php?id=BOE-A-1978-31229.

Both the autonomous authorities and local authorities may receive a part of the state government budget for the purposes related to the performance sport: travel expenses of athletes, exploitation and improving technical level of performance spaces and sports facilities for sports events of higher level. Regarding the athletes' insertion into the labour market, the legal basis is represented by the Royal Decree no.971/2007⁵. According to this normative act, elite athletes or those who have held this status can find a job or can benefit from credits, on the basis of agreements between the central government and the various companies, bodies and other institutions.

3. INITIATIVES AND SUPPORT MECHANISMS FOR PHYSICAL EDUCATION AND SPORT IN ROMANIA

In Romania, the main administrative structure which manages organized sports, the ministry of resort, underwent a reorganization of the *montagne-rus* type, after its first post-Decembrist legitimacy (1990), the ministry being transformed into agency, later in authority (the National Authority for Sport and Youth disbanded by the Government Decision no. 141/ 2010) and recently, in 2013, again reorganized in the ministry, the Ministry of Youth and Sport. Given the multiple changes in competencies, we can conclude that the Romanian sports did not enjoy a long-term strategic vision, Romania lacking a national strategy to ensure medium and long-term governance in the field of sport (The Romanian Court of Accounts, 2013:5). These negative aspects are also reflected in the Eurobarometer referred to above, the proportion of the Romanian public playing sports regularly, being almost 40%, decreasing compared to 2009 with 11 percentage points, one of the reasons being the lack of an adequate or accessible sports infrastructure (Directorate-General for Communication EU, 2104:7-8 and 55).

Although, a little over three in four EU citizens either totally agree or tend to agree that their local area provides them with opportunities to be physically active, in Romania the level of disagreement is very strong (47%) (Directorate-General for Communication EU, 2104:59). More, though the majority of EU citizens (74%) either totally agree or tend to agree that their local sport clubs and other providers give them many opportunities to be physically active, in Romania the level of disagreement is very strong (50%), a majority of respondents think that their local authority is not doing enough (51%), and Romania has the lowest figure for use of sport clubs (3%) (Directorate-General for Communication EU, 2104:38, 61 and 64). In addition, the lowest figures for memberships at a sport club are in Romania (1%) (Directorate-General for Communication EU, 2104:44). Romania is also one of the EU member states in which volunteering in sport is relatively rare (3%) (Directorate-General for Communication EU, 2104:44).

According to the audit report of sporting performance, drawn up by the Court of Accounts in 2013 (The Romanian Court of Accounts, 2013:8), in the organisational chart of the Romanian sport system, can be found 417 sports clubs, legal entities governed by public law (of which 276 are subordinated to the central public administration and 141

⁵ Real Decreto 971/2007, de 13 de julio, sobre deportistas de alto nivel y alto rendimiento.

are subordinated to the local public administration), 3843 sports clubs –private legal entities and 69 sports clubs organised as joint-stock companies - private legal entities. In 2013, physical education and sport did not benefit from a special attention of the public decision makers, with a decrease of the sporting indicators: majority, number of legitimate athletes, number of awards in the international competitions, places in the international rankings etc.

One of the many causes was the legal framework governing the field of physical education and sport that did not corresponded to the evolution of the society and whose gaps and inconsistencies has created a series of convulsions, especially in terms of financing the Romanian sport and the insertion of athletes into the workforce. The national legal framework applicable to this area is based on the Law no.69/2000 of physical education and sport, in the same year, central administration reducing its powers, the state monopoly being transferred to the private sector, preferably to the sport federations.

As regards the financing of sport, according to the Law no. 69/2000, the sports structures may receive money from the state budget and the local budgets, including financing of sports programs of public utility, on the basis of contracts concluded between sports structures and components of central and local public administration, as the case may be. The audit carried out by the Court of Accounts has revealed at that time that the amounts awarded up to that moment to the Romanian sport were below the optimum level, unable to support the performance sports in the international competitions for the next 15-20 years (The Romanian Court of Accounts , 2013:12).

Other funding sources complementary to those coming from the public budgets come from consumers (taxes and excise duties applied at national level for cigarettes, cigarettes and alcoholic drinks, olympic timbre, membership contributions of the sports clubs, etc.), lotteries (earnings from betting), sponsors, from domestic and international transfers of players, etc. Regarding the sports patrimony, the report pointed out that in the period after 1990, many of the lands and buildings that were part of the sports facilities were retroceded under the Law no. 10/2001 on the legal regime of buildings abusively taken during the period from March 6, 1945 to December 22, 1989, and many sports facilities in the communist period were abandoned or demolished to make room for building projects. In the period 2002-2013, only 5 programs aimed at building or strengthening and rehabilitation of sports facilities were implemented by the governmental level (The Romanian Court of Accounts , 2013:52).

In 2013, there is still no evidence of the sports facilities owned by the former state-owned enterprises, the updating of the data base on the sports infrastructure was done only at the end of the 2016 (The Romanian Ministry of Youth and Sport, 2016). One of the profoundly negative aspects that the Court of Accounts noted in 2013 was the fact that the management of the institutions which have governed the sport over time was not performing and has not revealed the fact that fewer sporting performances were made in sport, but also the fact that the degree of practicing sports among the population has dropped considerably, with negative effects on the health of the population and Romania's image abroad (The Romanian Court of Accounts , 2013:17).

In 2017, at the initiative of the Ministry of Youth and Sport, the Government has adopted the amendment of the Law on physical education and sport no. 69/2000, by the Emergency Ordinance, in order to regulate clearly the financing of sporting activities by the local public administration. According to the new regulation, the athletes will be able to carry out their activity on the basis of a sports activity contract, in which it will be stipulated the value of the monetary rights related to the sporting activity, namely the procedures and terms of payment. The new regulations support the sporting activities and structures at the national level, ensuring the legal conditions for the financing of the sports activity organized at the level of the local public administration, in the context in which the budget year does not coincide with the competitive sports. The normative act creates the legal framework necessary for the local public administration to finance from the local budget the sports programs of the public and private non-patrimonial sporting clubs set up within the administrative-territorial unit, as well as other sports structures, but also the awarding of outstanding performances achieved at official national and international sports competitions. As a novelty, conditions, criteria, the procedure and the amount for each category of expenses (including the payment of the participants to the sporting activity) shall be established by the decision of the deliberative authority of the local public administration.

4. CONCLUSIONS

This paper highlights the need for a permanent alignment of sports public policies to the fast development of physical education and sport, the competent administrative structures responsible for sports issues being obliged to identify the necessary solutions allowing citizens to exercise a social right to be guaranteed and namely, the right to sports, recognized in 2007 as a human right by the International Olympic Committee and enshrined in its Olympic Book. The comparative analysis carried out in this paper confirms that the declarative support of the Member States intentions to strengthen national systems and to increase the insertion of athletes in the labour market (during sporting activity or after its conclusion) is to a large extent at the level of the initiatives and the support mechanisms they initiate, at national and local level, in the field of physical education and sport.

Started in the framework of sports policies, these initiatives have followed the transition from a model of pyramidal sporting governance at one rectangular, inclusive, involving as many people who play sport on a regular basis, the transition being strongly supported by the local authorities by the offer of local activities and services provided, which allows the permanent practicing of sports at the level of local communities. The European statistics highlighted a polarized difference in the interest of citizens in the analyzed Member States, for the regular practice of sports, with multiple causes, such as those of an economic nature (low salaries, negative effects of the economic and financial crisis started in 2009, the low public budgets, etc.), or those deriving from the existence or lack of a mass culture in terms of practicing physical activity and its importance for health, cohesion, integration and social trust.

Despite these differences, EU membership allowed these states to adopt comprehensive political strategies to improve all forms of sport, by analysis highlighting the increasing involvement of local authorities in the promotion and development of physical activity programs and sports performance, even if the magnitude, sometimes overwhelming, of the budgetary constraints conditions the local sports policies, not allowing them to articulate with other local policies (such as urban policy). Moreover, at the level of the analyzed Member States, regardless of the state form (unitary or federal) is distinguished the tendency accentuated by the consolidation under the National Sports Law, the role and powers of the local authorities in this sector (in particular by supporting local sports clubs and investments in sports infrastructure), stimulating them to be more democratic and more inclusive.

Last but not least, from the perspective of the athletes insertion in the labour market, the analysis reveals that in the countries examined, similar to other EU Member States, the regulation of the athletes insertion is doubled by the programs carried out in a public-private partnership by the local authorities, specially designed to meet the need of professional and financial support, educational counseling, career and labour integration of athletes. As a general conclusion, we can say that the evolution of the role and functions of the local public administration authorities in the analyzed states, as well as their local policies and strategies in the area of physical education and sport, is increasingly aligned with the evolution of the legislative framework in the field outlined at European level, local authorities becoming more and more functional in this sector and more aware of the fact that sport is an integral part of the socio-economic and cultural reality of the collectivities they represent.

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APATHY AND ACTIVISM FOR PUBLIC ADMINISTRATORS UNDER A CHANGED DEMOCRATIC INITIATIVE

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Abstract: *The paper examined the activist role of public administrators in a democratic system. It attempts to analyze the active participation of public administrators in the process of formulation and implementation of governmental policies. The paper argues that most times public policies largely reflect the desired value commitment of public administrators, and the politicians in whom the electorate entrust their mandate. It further argues, not minding legitimacy problem, that activist role of public administrators is not unacceptable if it is directed towards the public interest. The paper adopts desk research method; drawing data mainly from secondary source and adopts analytical research in arriving at key findings.*

Keywords: *Apathy, Activism, Public Administrators, Role, legitimacy and Democratic System*

1. INTRODUCTION

The role of public administrators in the conduct of the business of government of any political system is pivotal. Administration which is the bedrock of the executive organ of government is relevant in any form of political system; democratic or tyrannical (Ahmad, 2005). Public administrators in this sense are conceptualized to be non-political officials who are saddled with the responsibility of the day-to-day implementation of the government policies and programme. In other words, they are to do the bid of the politicians; elected or appointed, who are directly representing the interest of the people.

Thus, the conceptualization of the role of public administration only to implementation of policy of government portrays an apathetic role. In some situation, and in actual fact, public administrators participate actively in the process of both formulation and implementation of policy. Public administrators can be powerful actors in the policy process and may thus function as political key-agents for major policy change. This is because the functions of modern states require situational adaptation and thus discretionary power of individual public official, but as non-elected officials the power can bring considerable legitimate problem (Rothstein, 2007). Therefore, relying on their expertise, public administrators guide politicians who are more or less naïve in the art of administration, in setting agenda, formulation and implementation of public policy.

Thus, the focus of this paper is to discuss the activist role of public administration most particularly under a democratic system. The paper attempts to discuss how active participation or activist role of public administrators by which their value commitment affects the public policy which is expected to reflect the belief and values of the elected officials in whom people directly entrust their mandate. The rest of the paper is divided into four sections. The next section deals with brief conceptual clarification. Also, some

of the environmental factors that influence the performance of public administrators in a political system are discussed. This is followed by the analysis of the activist role of public administrators in policy process and democracy; and also the analysis of the activist role of public administration and legitimacy in democratic system. Then, conclusion is drawn.

2. CONCEPTUAL CLARIFICATION

In whatever sense it is used, public administration has a long history which dated back to the beginning of history of mankind, with research revealing administrative task and practices since recorded history. Indications are that what we have today as modern systems of administration have emerged, one way or the other, from the old practices and experiences of the ancient Egyptians, Chinese, the Greeks and Romans, and much later from the Christian Church, and the German Cameralists of the middle ages (Onuoha, 1999). In trying to capture the nature and role of public administration and all the interconnections, Henry (1986) defines public administration as a practice which has the purpose of promoting a superior understanding about the relationship between government and its citizens through the encouragement of public policies which are more responsive to the social needs and managerial practices which are more with the aim of the institutions being the effectiveness, efficiency and fulfillment of the deeper human needs of the citizens. This definition positions public administrators in a strategic corner of not implementation but good governance that delivers on its responsibility. It does not see public administrators as mere implementers of policies made by the politicians but instead as active role in both formulation and implementation of good policies. This is an activist view of public administrators. In his own view, Adebayo (1984) posits public administration to be concerned with the most efficient means of implementing policy decided by the policy-makers. It is an exercise that is concerned with the means through which ends (policies) are achieved. On the other hand, this view only portrays public administrators as mere implementer of policies, who cannot shape and re-shape based on their expertise the policy direction for the purpose of ensuring good governance. This is an apathetic view of public administrator.

3. ENVIRONMENTAL FACTORS AFFECTING PUBLIC ADMINISTRATION

Environmental factors examines all the natural, historical, socio-cultural and religious factors, and other significant national experiences which could have in one way or the other influenced the performance of public administration (Onuoha, 1999). These factors go a long way to determine the extent to which public administrators of a state can be apathetic or activist in performing their roles. In the case of Nigeria, the first influence arose from British colonialism. The fact that Britain colonized Nigeria and established British public service structure and procedure in the administration of the colonial territory, influenced the development public administration and of course the performance of public administrators in Nigeria (Ibid). The structure and procedure are not in tandem with the reality of social setting made up of very many ethnic and cultural

differences in Nigeria. Those factors have created problem of balancing management and control in the public service, which in actual fact, are partly responsible for the problem of nepotism and favourism often associated with the management of public administration in Nigeria.

Another influence on public administration in Nigeria is frequent incursion of the military into its political system in the past. Basically, the military are not trained to administer but only defend the territorial unit of the state. So, whenever the military take over the power, the first assignment is to dislodge the political decision-makers. And the military knowing fully well that they are naïve in public administration, they lean heavily on public administrators for governing the state. Therefore, during the military era in Nigeria, public administrators were well established. They formulated, implemented and in overall determined the direction of public policies.

4. THE ACTIVIST ROLE OF PUBLIC ADMINISTRATORS IN POLICY PROCESS

Theoretical and empirical studies have shown that individual can have considerable and sometimes even decisive influence over the output of public policy process. Research on street-levelbureaucrat (Lipsky, 1980; Meyerrs and Nielsen, 2012) concludes that even relatively low ranking officials can have important discretionary power in relation to citizens and that this authority cans be used to influence the public service actually delver to the citizens. In research on policy entrepreneurship (Kingdon, 1995; Mintrom and Norman, 2009), public official have also been identified as playing key-roles in shaping policy agenda and labeled bureaucraticentrepreneurs (Schneider, 1995). Policy entrepreneur beyond agenda setting has also been discussed focusing on entrepreneur within the bureaucracy and during implementation (Hammond, 2013). Even within institutional theory there has been a surge “to bring the actor back in”

Conceptualization as institutional entrepreneurs (Lowndes, 2005) or institutional activists (Petticchio, 2012) public officials are portrayed as playing key-role in changing institutional rules, norms and routines. Within the tradition of state feminism, for instance, femocrat have been identified as important actors in changing state policies in line with feminism, or at least gender equality, agenda from outside government (Yeatman, 1990) and within planning research, individual planner have theorized as important advocate of weak social groups to effective counterweight powerful societal interest (Davidoff, 1965).

Drawing on these theories as well as empirical findings within the field of environmental policy and implementation, Olsson (2009) defines activist role of public administrator as when an individual is engaged in civil society network and organization who holds a formal position within public administration and who acts strategically from inside public administration to change government policy and actions in line with a personal value commitment. Just like policyentrepreneur, activists distinguish themselves through their desires to significantly change current ways of doing things in their areas of interest (Mintrom and Norman, 2009). They also share key entrepreneurial skills and qualities most importantly “their willingness to invest resource- time energy, and

sometimes money- in the hope of future return (Kingdon, 1995). However, public administrators as activists are motivated by a personal value commitment while the policy entrepreneur can be motivated by many factors, ranging from ideological belief to “love of the game” (Hammond, 2013).

The theory of activist role of public administrators argues that officials can potentially function as key political change agents as they wield interrelated means of power. First, they occupy position which grants them specific rule-bounded authority in the policy process. Second, they possess particular skills, (e.g. expert-based authority) which grant them (imperfect) control over specific activities in the policy process. Thirdly, they have access to important resources from within public administration (e.g. inside knowledge of the political and administrative landscape) that can be combined with network resources (e.g. the mobilization of such civil society as civil society resources as knowledge lobbying and opinion-making (Olsson and Hysing, 2012).

5. ACTIVIST ROLE OF PUBLIC ADMINISTRATORS AND LEGITIMACY IN DEMOCRATIC SYSTEM

The fundamental tension between democracy and public administration, and politics and administration in modern society has been deemed to contribute to general decrease in the citizenry's trust and confidence in government (Stout, 2013). Although the question of administrative legitimacy has remained an unsettled issue, scholars have largely focused on management and governance rather than the legitimate role of administrators in democracy. But it is considered very germane to dwell on the issue for clarification.

Legitimacy, or rightfulness of power, is a necessary feature to ensure order, stability and effectiveness in any political system (Beetham, 2013; Bernstein, 2011). According to David Beetham (2013), power can be said to be legitimate to the extent that (i) it conforms to the established rules; (ii) rules that can be justified by reference to beliefs shared by both dominant and subordinate (iii) there is an active consent by the subordinate to the particular power relation. Thus, legitimacy is understood as a multidimensional, context-sensitive concept comprising shared rule, normative belief and appropriate action.

A basic premise for discussing legitimacy in public administration is to recognize its political power. In most cases it is necessary to empower public administrators in order for them to carry out politically assigned duties to the benefit of the broader public. Thus, from a legal-constitutional perspective, actions of public administrators are legitimate only by being granted specific authority and jurisdiction expressed in status adopted through due legal process by the parliament, making the issue of legitimacy a rather straightforward matter (Lowi, 1993). However, as already being noticed, public administrators are empowered or exercise power beyond detailed legal prescriptions by the need for situational adaptation of policy which necessitate giving them discretionary powers and autonomy. As citizens cannot hold non-elected officials directly accountable and as superior cannot control and steer from above due to lack of insights and

knowledge on the specific cases, legitimacy in the activist role of public administrator becomes a contested issue.

6. CONCLUSION

The paper x-rayed the role of public administrators in the policy process in a political system. It explained that the nature of the role of public administrators may be apathetic or activist. It is apathetic if public administrators only participate at level of implementation of policy as formulated by the politicians and activist if they are empowered to exercise the authority to shape and re-shape the policy right from the formulation to implementation stage. It further discussed the legitimacy problem which the activist role can bring about. Elected officials are the people in whom the electorate entrust their mandate, therefore the policy must reflect their values and aspirations, not the non-elected officials'. But most importantly the view of this paper is for the policy to ensure good governance whether it is shaped or re-shaped in line with value commitment of public administrators. If the non-elected officials are patriotic, they will genuinely use their expertise to assist politicians formulate sound and progressive policies, and appropriately executed. So, activist role of public administrators in a democratic system is not unacceptable if it is directed toward the public interest.

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THE POLICE AND ELECTION ADMINISTRATION IN NIGERIA

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Abstract: *The role of the police in the conduct of elections in Nigeria has received considerable attention in the literature. While the police have continued to be blamed for some infractions in the electoral process, little attention has been paid to the constitutional power of security agencies in the electoral cycle. This study examines the role of the police in the electoral process in Nigeria. Data were obtained from official publication, textbooks, journals and newspapers. It identifies the police as the lead internal security agency charged with the responsibility of enforcing laws and maintaining order for the proper functioning of the electoral process. Provisions in the Electoral Act(Amendment),2015, specifically, sections 29 (3), 94 (4) and (5) were however identified as assigning vital security decisions to the Independent National Electoral Commission thereby undermining the effectiveness of the Nigeria Police Force in carrying out their responsibilities.*

Keywords: Democracy, election administration, the electoral process, security, Nigeria Police Force

1. INTRODUCTION

The need for adequate security in contemporary society cannot be over-emphasised as a paucity of security affairs does not only create an atmosphere for crime, it also usurps gloomy countries into severe economic recession and inflicts people with a low quality of life. Therefore, creating an environment conducive for peace and security of people and property is considered sacrosanct for the survival of good governance in all climes including Nigeria.

Apart from fighting crimes and subversive elements to ensure the safety of people and property, the police are meant to preserve the supremacy of law, equality before the law and fundamental human rights of the citizens. However, in Nigeria, the police have been a whipping agency of the citizenry since the emergence of the Fourth Republic in 1999. This is probably due to three reasons. First, crime has been a terrible problem affecting the peace and development of the nation. The efforts made by successive governments to curb the increasing rate of crime are yet to yield the expected results. Instead of crime reduction, criminal activities such as kidnapping, armed robbery, political violence, herdsmen-farmers conflict and ethnoreligious restiveness among others remain rampant creating a worrisome nightmare to Nigerians on a daily basis. Second,

people are sceptical about the ability of the police to protect them. This public dissatisfaction with the police performance explains the increasing resort of some wealthy individuals and organisations to private security alternatives in Nigeria (Soyombo, 2003). Apart from this, the delicate crime situation has led to the emergence of vigilante groups and neighbourhood watch outfits in different parts of the country. Some of the ethnic militias such as the Bakassi Boys in the South East and the Odua People's Congress in southwest Nigeria over the years have come to be seen as more effective in the maintenance of law and order. Third, the role of the police in the electoral process has come under questioning. There have been frequent allegations that most police officers deployed for election duties often compromised their functions in favour of the ruling political party. Thus, rather than providing security for level playfield for all political actors, members of the police force are allegedly used by the ruling party to harass political opponents and manipulate election outcome (CLEEN, 2010).

The preoccupation of this paper is the examination of the role of the police in election administration in Nigeria. Apart from this introductory segment, the remainder of the paper is divided into four parts. The first part focuses on conceptual and theoretical issues. The second part delves into the constitutional role of the police in election administration in Nigeria while the third part discusses the constraints imposed on the police by the Electoral Amendment Act, 2015. The fourth part concludes the paper.

2. CONCEPTUAL AND THEORETICAL ISSUES

The word 'police' came from the Greek word 'polis' meaning city and from the Latin word 'political' meaning civil administration. Merging the two words shows that the word 'police' refer to the civil administration of the city. However, conceptualising police in this sense would misrepresent the objective of this paper in different ways. First, it could mean a police state, which is not the notion of this paper. Second, the word civil is a concept that has to do with people and government behaving politely devoid of any military or religion connotation. Adopting this concept would also constitute some other nuances not intended for this work because of some imperfections associated with it. For example, we have a civil administration as against military administration, or it may mean cities Police administration only. In this sense, rural areas are not included.

Despite the observed definitional quagmire, this paper benefited from the views expressed by writers such as Shaw (2002), Clarke(1997), Alemika (2011) and others. For instance, Shaw (2002) posits that the ABC of police stands for the protection of lives and property with the prevention of crime and disorder. Shaw (2002) asserts that the ABC of police stands for the protection of lives and property with the prevention of crime and disorder. Clarke (1997) expresses the view that the police are those expected to do the impossible and to do it efficiently within their resources. He stresses the enormous responsibilities of the police and their unlimited powers ranging from the right to know more information about people than the average person needs to know. Alemika (2011) sees the police as the mirror with which the public view the intention and direction of government. He advances the view that the enormous powers of police are tailored towards adequate enforcement of law and order to maintain and sustain public safety and

orderly environment. He asserts that a country is useful when the police system is active and commands public confidence. In this manner, the police serve as a lens through which the direction of the government can be assessed.

From the preceding, the police exist for the maintenance of law and order in the society. In this context, the police have shared responsibility with the three principal organs of government. With the judiciary, the police exist for effective criminal justice administration, with legislature the police exist to ensure that the laws and regulations enacted are adequately enforced, and finally, the police are part of the executive arm of government in providing good governance through the provision of public peace and order. As custodian of laws and regulations, the police are meant to ensure the proper order of the society by making sure that everyone obeys the law of the land without prejudice.

There is no gainsaying that the establishment of the Nigeria police force was premised on the needs to promote internal security and socio-political order. It was in this sense that Abba (2014) alludes that the responsibility of modern police transcends the traditional roles of arresting, investigating, and prosecuting offenders to guaranteeing an enabling environment for economic development.

Before the commencement of colonial rule in Nigeria, various ethnic nationalities had different policing arrangements for the maintenance of law and order (Innocent, 1997). The modern-day Nigeria Police Force, however, is of British pedigree. Its history is rooted in the British colonial adventure in the area that constitutes modern Nigeria. Many writers traced the origin of the Nigeria police to the Colonial Constabulary forces established in different West African territories by the British colonial powers as an instrument of pursuing and protecting its commercial interests (Tamuno, 1970, Innocent, 1997, Omotola, 2007, Aper, 2018). Hence, the Northern Constabulary created in 1888 at Lokoja, the Royal Niger Coast Constabulary formed in 1894 at Calabar, and another colonial Police outfit established in 1896 at Ikeja in addition to the Lagos Colony created in 1861 were all the offshoot of the colonial Constabulary. Major political and administrative developments that took place in the colonial era affected the growth of the Colonial Police. For instance, the emergence of the Southern and Northern Protectorates in early 1900 led to the carving out of some parts of the Royal Niger Constabulary to create the Northern Nigeria Police Force, while some other parts of the Niger Coast Constabulary were carved out to form the Southern Nigeria Police force. (Alemika, 2005). Although the Southern and Northern Protectorates were amalgamated in 1914 to form present Nigeria as it were, the establishment of the national Police force took place on 31st April 1930. It should be noted that the colonial overlords established the colonial Police in Nigeria as an instrument of securing and protecting their interest in the area. However, it must be said that it was the era of the first indigenous Inspector General of Police in the person of Louis Okon Edet from 1964-1966 that efforts to indigenise the Nigeria police force were initiated.

This brief history of the Nigeria Police Force aptly shows that as at independence on 1st October 1960, the role of the post-colonial Nigeria Police Force was to ensure safety conditions necessary for internal sovereignty to thrive. Apart from the protective function of people and property through active maintenance of security, peace, and order,

the post-colonial Nigeria Police Force is meant to prevent and detect crime, apprehend and prosecute offenders, enforce laws and regulations as well as preserve laws and order in the Nigerian State.

Writers such as Omotola (2007), Oyadiran & Olorungbemi, (2015), Mgba (2017). Afolabi (2018) among others who have examined the role of the Nigeria Police in the electoral process have not painted the police in good form instead they have continued to decry their ineffectiveness. The police have been adjudged to be ineffective, and part of the explanations includes the issues of political influence and corruption which made the members of the Nigeria Police force to be partisan in their electoral responsibilities and functional incapacity to prevent electoral crime. In some cases, the police have been described as the main problem of election security rather than being the solution. (CLEEN, 2010). While some of these issues have received considerable attention in the literature, the argument presented in this study among other things is that though extant electoral laws and guidelines assigned the task of security or policing the electoral process to the police, these legal instruments equally contain provisions that limit the effectiveness of the police. Succinctly put, the Electoral Act of 2015 assigns the issue of security to the Independent National Electoral Commission (INEC), a development that has been undermining the professional conduct of the police in the electoral process.

3. THE CONSTITUTIONAL ROLE OF THE NIGERIA POLICE IN ELECTION ADMINISTRATION

In this study, election administration is used to describe the different activities involved in the conduct of elections which entails activities before, during and after the conduct of elections. It encompasses the election management bodies and extant rules and regulations that guide the electoral process (Ajayi, 2007). Though the legal instruments for election in Nigeria such as the 1999 Constitution, the 2006 Electoral Act, the Electoral Act, 2010 Amendment, and the Electoral Amendment Act, 2015 entrusted the task of conducting elections to the INEC, provisions in some of these legal instruments particularly the Electoral Act (Amendment), 2015 equally confer critical role on security agencies in the electoral process.

The conventional role of the police is to maintain peace and order in the society for people to have a sense of safety and order as earlier discussed, for people to go about their lawful businesses and other meaningful engagements for progress in all spheres of human endeavour. It is in line with this that Alemika (2013) describes police as the trusted public guardians, the custodians of the public peace, and the guarantors of public safety and order. In achieving this goal, the police have several duties to perform. For example, it must enforce all laws and regulations, detect and investigate crime, apprehend and prosecute offender, control crime and limit disorder, gather secret and intelligence information around the community, respond to crime and disorder, as well as preserve law and order. It is also the role of the police to liaise with the community members to know every development within the neighbourhood to ensure that everyone lives within the ambit of the law, the functioning of things in the community and social life is a recap

of the role of the police in Nigeria's democratic governance. Succinctly put, the police remain critical for public safety and order (Okotoni, 2017).

For the avoidance of doubt, section 214 of the 1999 Constitution of Nigeria recognises the Nigeria Police Force as the lead agency for internal security in the country (CFRN, 1999). It prohibits the existence of a parallel police force in any part of the federation. Section 4 of the Police Act and Regulations reinforces the provision of the constitution as it specifies the general functions of the police. According to the Act, the police are employed to prevent and detect crime, protect life and property, preserve laws and order, apprehend and prosecute offenders, enforce all laws and rules as well as performing other military duties within and outside the country as may be directed by the Act of National Assembly or any other relevant authority (Police Act, 2004).

Apart from the statutory functions of the Nigeria Police, there are specific functions which the law expected the Nigeria Police Force to perform primarily in the electoral process. These are contained in the legal instruments for elections in Nigeria already referred to. In ensuring that rule of law prevails, and the electoral process in Nigeria are conducted peacefully and orderly, the Nigeria Police Force has some specific roles that are not different from the routine policing functions already discussed. These include:

Making sure that all persons and property that will be involved, before, during, and after the voting exercise without bias or prejudice are safe Traffic and crowd management at the venue of political party congresses, conventions, campaigns rallies, and other activities relating to the elections. Strict enforcement of the Constitution of the Federal Republic of Nigeria, the criminal and penal codes as well as the electoral law.

Section 24 of the 2010 Electoral Act, Laws of the Federation of Nigeria (LFN) as amended directed the Nigeria Police Force to provide security in ensuring smooth conduct of election without any disturbance at polling units/stations, collation centres, counting of ballots, collations, and declaration of results. In precise terms, the police are expected to provide security and order within a political system which is conducive enough to guarantee hitch free and threat-free to people and the entire electoral processes before, during, and after the actual conduct of elections.

In Nigeria like other countries, one of the critical and primary activities of the election process is the delineation of constituencies. In preparation for the conduct of elections, the first task of the electoral body, that is, the INEC is to delineate the country into a reasonable number of constituencies properly. The nomination of candidates usually follows this exercise. Nearly in all the democratic nations, candidates are meant to contest elections on the platform of political parties though in some climes provisions are made for independent candidacy It is the role of each political party to nominate candidates to contest an election in each electoral constituency. In cases or situations where two or more members of the same party are aspiring to contest the election, an intra-party poll called primary-election is usually conducted by the party for members to choose the right candidate to contest the general elections.

Nomination of candidates is usually followed by campaign whereby political parties are permitted to publicise their manifestoes and inform the electorate about what they intend to do for the voters and why their candidates should be preferred to others. In

doing this, each party canvasses to win the sympathy and admiration of the masses with a full basket of sweet promises. Voting follows the campaign, and it is the climax of the electoral activity. Voters go to their polling units to cast their votes for candidates of their choice on the day slated for the actual voting. In doing this, electoral officers at all the polling units are provided with the voting material required for the exercise such as ballot papers, ballot boxes, ink and pad among others. Counting of votes takes place after voting. At each polling units after voting, the ballot boxes are opened for the counting of the ballot papers and party agents representing various aspirants at the polling unit are expected to witness and expected to attest to the results before conveying them to the final collation centre. The final stage is the announcement of election results and declaration of the winner. This stage is very crucial as all results from every polling station are collated and computed to ascertain the overall winner. When this is done, the electoral returning officer will announce the election results; declare the winner and issue certificate of return to the winner. It is usually at this stage that losers generally resort to unconventional means to register their grievances and displeasures about the outcome of the election and in most cases leading to violence. In each of the stages discussed above, it is glaring that the presence of security agencies is needed to maintain law and order, protect the election materials, protect electoral officers and provide an environment that would enable them to carry out their responsibilities.

Against the background of the preceding, the role of the police encompasses what they are expected to do before the election, during and after elections. Succinctly put, the role of the Police in the organisation of elections covers all the stages or phases of the election which include constituency delineation, the nomination of candidates, campaign, voting, vote counting, compilation of results and the announcement of results as well as the declaration of the winners. By implications, the Police being the leading security agencies are expected to energetically exhibit proactive and reactive efforts towards public peace and safety. In other words, the police are concerned with the protection of the environment where the election is expected to be conducted; the electorates who are to vote in an election, and the officials who are to hold the election as well as the sensitive and non-sensitive materials meant for the election.

Concerning election administration in Nigeria, the responsibilities of the police are well captured in the 1999 Constitution as amended, the Electoral Act, 2006, Electoral Amendment Act, 2010, the Electoral Amendment Act 2015 as well as the various guidelines of the INEC and the Police Service Commission. While the various Electoral Acts stipulated the role of the Police, the Police Service Commission and INEC guidelines provided for what could be described as a code of conduct for police officers on election duties. They can also be subsumed under what Hounkpe and Gueye (2010) referred to as the 'behavioural, legitimacy, competence and resource requirements' for meaningful involvement of security officers in the electoral process. These guidelines include:

The requirement that police on election duties must be at alert and respond promptly to any incidence that could lead to disruption of voting and associated electoral processes.

- Approachability means that on police officers on election duty must be approachable to the voters who might need his /her assistance.
- Police officers must be conversant with the electoral law.
- Non-use of force by the police officer on election duty
- The need to communicate with superiors and commanders by police on duty and to write reports on situations that might to breaking down of law and order
- The police officer on election duty must be professional in his or her conduct and personal appearance
- Impartiality and fairness to all stakeholders in the election
- The requirement that name and number tags of police officers must be bold for easy identification and

The need to work in partnership with other stakeholders to have credible elections (CLEEN, 2011).

4. THE ELECTORAL ACT (AMENDMENT), 2015 AND THE ROLE OF THE POLICE IN THE ELECTORAL PROCESS

In Nigeria, the electoral cycle is often marked by conflict and controversies. It is usually not uncommon to see those who have lost elections condemning the electoral process and a time accusing the electoral umpire and security agencies of conniving with political opponents to manipulate the electoral outcome in favour of the ruling political party. In some cases, the intensity of conflict and high rate of insecurity challenges spawned by election outcome have resulted in the loss of life and property.

Regarding security agencies, allegations against the police are usually in the realm of their failure to arrest and prosecute political thugs and other people who contravened electoral laws and disorganised the electoral process. Since the birth of Nigeria's Fourth Republic in 1999, the neutrality of the police in the electoral process has been called to questions. The police have been seen to be partisan and discriminating against opposition and colluding and conniving with ruling political party to influence the outcome of elections (CLEEN, 2011). For instance, the 2014 Ekiti gubernatorial polls, the 2016 Edo elections, the 2016 Rivers re-run election and the 2018 gubernatorial elections in Ekiti and Osun were some of the elections that created the ugly picture of the police for their alleged role in undermining the sanctity of the polls. A case in point was the 2016 rerun election in Rivers State in which following the publicity and condemnations that trailed the election, INEC set up an administrative inquiry to probe what transpired. In the reports, security agencies were indicted. The police and other security outfits were seen to have compromised their neutrality and to have intentionally perverted the electoral process (Ndujihe, 2017).

We need to say that one of the critical requirements for effective election administration is the presence of clear electoral rules and guidelines not only for candidates and political parties but all stakeholders such as security agencies. Such laws and guidelines are supposed to spell out in clear terms what is expected from all stakeholders. In the Nigerian context, these laws and guidelines do not permit the police to act independently. Even in the face of the abysmal performance of the Nigeria police

on electoral duties seen to have been on the increase, the amended Electoral Act of 2015 seems to be defective in improving police proficiency and salvaging the poor public image of the force.

To have a credible electoral process, the Nigeria police ought to be at liberty to professionally determine when to be involved and the extent of involvement regarding providing security that is good enough for the proper conduct of an election. In doing this, the police as the lead of the nation's internal security agency should be able to synergise with other security agencies to establish the relevant area which their engagement is feasible for purposes of providing adequate security for the proper conduct of elections. Ironically, the Electoral (Amended) Act, 2015 principally states that:

Notwithstanding the provisions of any other law and for purposes of securing the vote, the Commission shall be responsible for requesting for the deployment of relevant security personnel necessary for elections or registration of voters and shall assign them in the manner determined by the Commission in consultation with the relevant security agencies: Provided that the Commission shall only request for the deployment of the Nigerian Armed Forces only for securing the distribution and delivery of election materials and protection of election officials. (Section 29(3)).

By implications, the police are not responsible for the determination and engagement of other security agencies, and yet, the police are the constitutional lead agency of internal security of the country. Relying on the provisions of the Electoral Act, the onus of security provisions is vested on the Independence National Commission (INEC) that decides whom to deploy, to where, and when. In doing this, it is expected to consult and make a request for the choice of security and their deployment.

Similarly, section 94 (4) and (5) of the Electoral (Amended) Act, 2015 redirect the Police role in the electoral process. The amended section 94 (4) states that: Notwithstanding any provision in the Police Act, the Public Order Act, and any regulation made thereunder or any other law to the contrary, the role of the Nigeria Police Force in political rallies, processions and meetings shall be limited to the provision of adequate security as provided in the subsection 1 of this section (Section 94(4)). The Electoral Act, 2015 further states that: For the avoidance of doubt, no registered political party in Nigeria, its aspirants or candidate shall be prevented from holding rallies, processions or meetings at any time for their constitutional political purposes, and the Police shall, in a consultative manner, resolve any conflict of time and venue between and amongst parties where such arises. (Section 94(5)).

From the provisions of the amended Electoral Act, (Amendment) 2015 stated above, more troubles were added to the Nigeria Police whose conduct has become questionable over the years. The implication of this is that the power of securing the electoral process in Nigeria does rest squarely on the shoulder of the Nigeria Police Force. In this instance, the Police have lesser share responsibility than Independent National Electoral Commission (INEC). Worst still is the aspect of the State Independent Electoral Commission (SIEC) that lives under the tutelage and sympathy of the State Executive Governor in Nigeria. This is the main reason in most states of the federation, the political party in power usually controls all the Local Government Councils of the

State and where a formidable opposition exists, political thugs are used in harassing undermine the electoral process for the interest of the ruling party.

5. CONCLUDING REMARKS

The structural and procedural dimensions of election administration ought to provide all stakeholders with a level playing field where they can freely exercise their political rights. However, over the years, part of the constraints to the democratic process in Nigeria is rooted in the inability to have a hitch-free, fair, and credible election. There has not been any election in Nigeria whose outcome has not been contested and accompanied by a series of litigations. Developments in the First, Second and the aborted Third Republics aptly showed the attitudes of the Nigerian political elite at capturing power at all cost. In the ongoing Fourth Republic, the narrative has not changed. The spirit of 'do or die' employed by most politicians in seeking elective positions has constituted a severe drawback to Nigeria democratic process.

The strengthening of all democratic institutions and structures is therefore critical to the enhancement of the integrity of the electoral process. In this context, an apolitical police force is needed to deepen democracy in Nigeria. One of the arguments is that currently, the organisation of the police makes the force be essentially a federal agency that can be deployed as it pleases by the power that is at the Federal level. Some people have argued that there is the need to have State police, but critics are quick to remind them of how the police were turned to be an instrument for hunting political opponents in the First Republic.

Alemika (2011) describes the police as the mirror with which the public could view the intention and direction of government and that a country is useful when the policing system is effective, efficient, and command public confidence. This underscores the need for an effective and non-partisan Nigeria Police Force. A police force that is not seen as part of the administrative resources of the government in power. Moreover, there is the need to define precisely the role of the Police in the electoral process in a future amendment to the Electoral Act. A situation where INEC has the power to determine when, where and how to deploy security personnel does not give the Nigeria police force a free hand to discharge its constitutional responsibilities.

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FINANCE

ROMANIA AND THE EURO CURRENCY

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Abstract: *The participation, with full rights, to the Economic and Monetary Union, is one of the most important steps in the European integration of Romania, fact which will lead to the abandonment of the national currency and the adoption of the euro currency, as legal means of payment. In fact, the establishment of an economic and monetary union, which includes, in the future, a single currency, represents one of the most important objectives of the Maastricht Treaty. The adherence to the eurozone means, at the same time, to analyse the possible costs and benefits it brings and to take into consideration these data in order to choose a medium and long-term strategy of economic policy. The adoption of the euro currency has, most likely, an irreversible impact on the economic growth of a country. The common citizens have their own opinion regarding the impact the adoption of the euro currency may have on the economic situation and the welfare, in general, as it can be noticed from the results of a statistical analysis based on a survey applied to a number of 85 individuals. The key-question is whether the eurozone may be the best for the characteristics of the Romanian monetary policy.*

Keywords: *single European currency, Romania, convergence criteria, euro adoption.*

JEL classification: *F36, G00*

1. INTRODUCTION

The goal of this article is to understand the connection between the degree of information of the citizens and their opinion regarding the impact the introduction of the single European currency has on the life quality. In a way, the present paper aims at discussing about the costs and benefits of the adherence to the eurozone, as they are understood by the citizens. The adoption of the euro currency implies, for any state, to meet the nominal and real convergence criteria, with important structural reforms which have an effect on the entire competition. As economist Silviu Cerna (2017) shows, ”the adherence of Romania to the eurozone implies a major advance in the political, social, economic and legal changes this country needs, being equivalent to its full European integration”. The moment Romania joined the European Union, Romania received a temporary break with the adoption of the European single currency, promising to replace the national currency with the European one the moment it meets a series of convergence criteria. Among these criteria we mention, for example, the harmonization of the national law with the standards in the eurozone.

According to the Convergence Report of the European Central Bank in 2016, Romania meets all the nominal convergence criteria and only a part of the legal convergence criteria. Through the Convergence Program 2017-2020, the Romanian Government commits itself to joining the eurozone, but to establish the date means to make some profound analyses. Some of the most important characteristics are the criteria

that must be met in a sustainable manner as well as some indicators as the labor productivity or the GNP per capita that must get closer to the average of the eurozone. Mr. Mugur Isărescu, Governor of the National Bank of Romania, said, in November 2018, that "Romania could join the system of exchange rate, an antechamber of the eurozone, in 2024, where it must stay for at least two years till the adoption of the single currency."

2. LEGAL AND ECONOMIC ASPECTS OF THE EUROZONE ENLARGEMENT TOWARDS EAST

Besides the economic aspects, the euro represents a symbol of European unity, identity and cooperation. The Maastricht Treaty launched the Economic and Monetary Union and, at the same time, reaffirmed the commitment of the European Union "to continue the process of creating an even more profound union between the European people" (European Commission). The Economic and Monetary Union is at the basis of the euro currency, aiming at setting up the prices, the monetary policy, the economic policy, as well as the different aspects of the budgetary policy. Its goal is to ensure a stable economic environment which favors the growth of the eurozone and the single market, one of the priorities being to maintain a stable and strong euro currency.

In order to evaluate the degree of economic convergence between the member states of the European Union that intend to adopt the euro currency, the European Central Bank uses a common framework of analysis, which includes the provisions of the Treaty, as well as the way they are applied regarding the evolution of prices, budgetary balances and debt indicators, as well as regarding the evolution of the exchange rates and the interest rates on long term. This framework of analysis is based on different additional retrospective and anticipated economic indicators, considered useful for the profound analysis of the sustainability of the convergence process.

The rapprochement to the eurozone average of some indicators such as the GNP per capita shows the fact that it is an element used quite often to compare the level of development in different countries, although the living standard means more than the increase of the GNP per capita. The living standard means to increase the social welfare at the level of the national economy, to improve the living conditions, to increase the level of wealth and comfort and, why not, to improve another indicator: the happiness indicator. In order to ensure a good functioning of the economy in the European Union it is important that all states coordinate their economic and fiscal policies compared to the common objective of stability and economic growth. Within this context, a single currency supports the creation of a more efficient single market which bring benefits to the citizens as well as to companies, taking into consideration, among other things, the four liberties of circulation: of goods, services, capital and workforce.

But, a single currency is also reflected into a single banking system, translated, especially, through the safety the bank deposits can offer to the clients, no matter the country the banking institutions operate. This aspect implies a single banking surveillance. The monetary policy for the eurozone is managed through the intermediary of the European Central Bank and the national central banks in the countries of the

eurozone, which, together compose the Eurosystem. The European Central Bank also has another important mission: to ensure the stability of prices in the eurozone, aiming to maintain the inflation close to the value of 2% on medium term, as an optimum value for promoting the economic growth and occupation of workforce.

3. THE MACROECONOMIC IMAGE OF ROMANIA IN THE LIGHT OF EURO CURRENCY – CRITERIA OF CONVERGENCE

The eurozone must ensure criteria of enough convergence between the member states to avoid having competition discrepancies. The economic reality shows the fact that, for a balanced and healthy growth, which should not create major disequilibriums, it is necessary to stimulate the sustainable sources of development, namely the investment in health and the education of the human capital, in the research and development sector or the intensification of structural reforms. In some situations, the macroeconomic theory connects the success of real convergence to the evolution of work productivity, fact reflected in a better organization, education, technologies and innovations. This way, wages may increase, developing the rhythm of economic growth, but also the standard of living. The level of work productivity and the efficiency of the way resources are used are directly connected to the reduced level of incomes, the first element also being one that may explain the convergence speed of Romania compared to the developed European states. According to statistical data, the level of hourly work productivity in Romania is of 51.1% of the EU 28 average, and the labor productivity on an occupied person if of 56.7%. The analysis of this indicator in Romania shows that it has inferior values compared to the ones in other countries, including Hungary or Poland.

Table 1. Labor productivity on employed person (% , EU28=100)

Year/Country	EUROZONE	CZECH REPUBLIC	GERMANY	HUNGARY	POLAND	ROMANIA
2003	110.9	72	107.8	65.4	59	30.7
2004	109.8	73.9	107.4	66.3	60.4	33.9
2005	109.7	74.1	108.2	67.1	60.1	35.3
2006	109.5	75.1	108.2	67.2	59.7	38.9
2007	109.4	77.6	107.9	66.6	61.1	42.5
2008	109.5	75.2	107.4	70.5	60.8	48.7
2009	108.8	77	103.7	72.7	64.5	48.9
2010	108.8	75.4	106.3	72.5	69.5	49.3
2011	108.5	77	107.2	72.8	71.7	50.6
2012	107.9	75.6	105.7	71.2	73.6	55.6
2013	107.9	76	104.8	71.8	73.6	55.8
2014	107.7	77.6	106.3	70.4	73.7	56.7

Source: Eurostat, 2016

The data regarding the stage of economic convergence in 2018 for Romania, taken from the economic forecasts of the European Commission, made in spring 2018, show that in the period 2015 and 2017, the budgetary balance improved in all the countries analysed in the convergence report of May 2018, with the significant exception

of Romania, where the weight of deficit worsened significantly. Regarding the criterion of price stability, the inflation situated at the level of reference value, in our country, and regarding the convergence of interest rates on long term, in Romania, they were superior to the reference value of 3.2%. Romania – which is thought to exceed in 2018 the threshold regarding the weight of the budgetary deficit and which in the future could make the object of a procedure of excessive deficit – should ensure the compliance to the rules mentioned in the Stability and growth Pact. The unemployment had a descending trajectory in the last years in Romania, the rate of this indicator decreasing from values of 6.9% in 2015 to 5.9% in 2017 (as averages for three years).

Between May 2016 and May 2018, the Romanian leu did not take part to the Exchange Rate Mechanism II, but was transacted in a floating exchange rate regime. The exchange rate of the Romanian leu compared to the euro manifested, on average, a relatively high degree of volatility in the reference period. In May 2018, the exchange rate was of 4.6658 lei for a euro, respectively 3.7% lower compared to the average level in May 2016. Also, the Romanian law does not meet, yet, all the requirements regarding the independence of the central bank, the interdiction of monetary financing and the legal integration of the central bank in the Eurosystem.

4. THE DEBATE REGARDING THE INTEGRATION OF ROMANIA IN THE EUROZONE. DESCRIPTIVE ANALYSIS OF THE QUESTIONS OF INTEREST IN THE QUESTIONNAIRE. VERIFICATION OF THE HYPOTHESIS

In the case of descriptive research, the used method was the survey. The questionnaire addresses a number of 85 respondents (41 males and 44 females) and it aims, in essence, at "numbering" the results. The used research method has, according to some researchers, a few advantages: reduced level of costs, taking over of some data from the real world, the ease with which the questionnaires can be distributed, respectively, quantified, the possibility to generalize. Then we realized an associative analysis of data, in the SPSS software, program for statistical analysis, the used indicators being the correlation coefficient r (Pearson) and the correlation coefficient, in order to verify the intensity of the correlation.

The representative sample is made up of 85 citizens in the Timiș county. Timiș county is representative, first, because as surface it is the largest county of the country. Situated in the south-western part of Romania, Timiș county has, according to the National Commission for Prognosis, a Gross National Product for the year 2015 of lei billion 32.8, and the year 2016 of lei billion 35, which indicated a high level of economic development, thus a high degree of assimilation of the workforce. The prognosis for the period 2017-2019 is that the GNP will grow. According to the same Commission, Timiș is the county with the highest number of employees, after Bucharest, and the lowest unemployment rate, together with Ilfov. Timiș county holds 42% of the total workforce in West Region and has an index of productivity, GNP/capita, of euro 8,700, 30% above the region average.

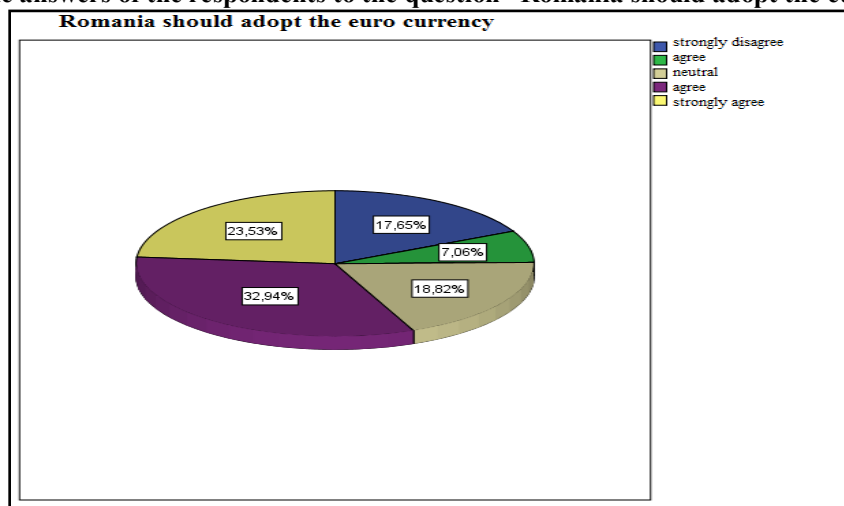
The questionnaire survey aimed:

- to express their own opinion regarding the adoption of the euro currency by Romania;

- to evaluate the level of knowledge, by the citizens of the country, of the situation regarding the adoption of the euro currency by Romania;
- to check hypothesis H1: The degree of information of the citizens directly influences their positive opinion regarding the adoption of the euro currency by Romania.

As it can be noticed in graph 1, at the question whether Romania should adopt the euro currency, 56.47% of the respondents give an affirmative answer.

Graph 1. The answers of the respondents to the question "Romania should adopt the euro currency"



Source: our own processing

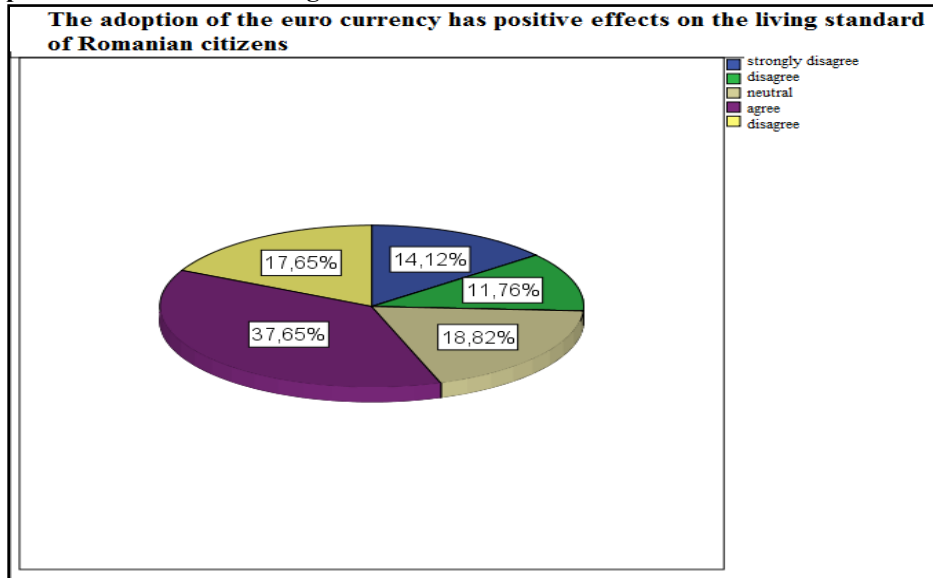
The results of the statistical analysis shows the fact that there is a significant correlation between the citizens' degree of information regarding the adoption, by Romania, of the euro currency and the favourable opinion about this direction, as being the correct direction. There may be noticed, for example, significant values of $p < 0.050$ regarding the connection between the citizens' degree of information and their opinion regarding the incentive the adoption of the euro currency gives to stimulate and make efficient the Romanian economy or regarding the positive effects it has on the living standards of the citizens. A correlation coefficient of 0.644 between the living standard of the citizens and the idea that the adoption of the euro currency has positive effects on the living standard of the citizens indicates a moderate to good correlation. Also, a similar correlation is between the degree of information of the citizens and the fact that the adoption of the euro currency would represent the correct direction for Romania. According to statistical data, hypothesis H1: "The degree of information of the citizens directly influences their positive opinion regarding the adoption of the euro currency by Romania" is verified.

The correlation coefficient is of -0.246 , with $p = 0.023 < 0.050$, respectively -0.286 , with $p = 0.008 < 0.050$, thus inverse correlations, between the degree of information of the citizens and, on one side, the idea that the adoption of the euro currency by our country has negative effects on the living standard of the citizens, and on the other side, the idea that the adoption of the euro currency could mean the loss of

national identity. The less informed a person regarding the topic of the adherence of Romania to the euro currency, the more they have the tendency to consider this event as being a sort of "uprooting", including negative effects on the living standard.

The statistical data show the fact that 55.3% of the questioned citizens consider that the adoption of the euro currency has positive effect on the living standard of the Romanian citizens, proving to be trustworthy.

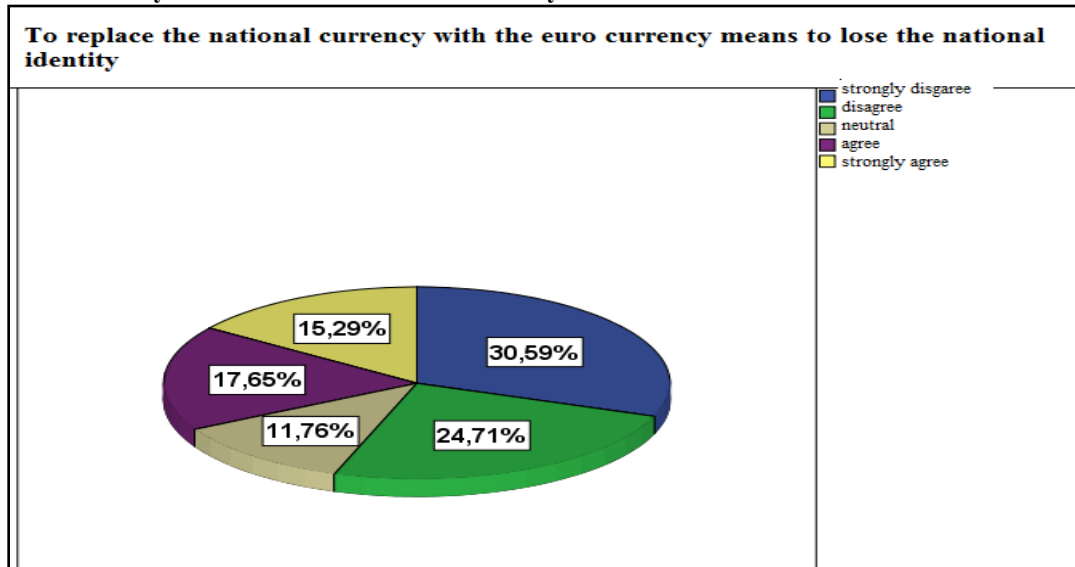
Graph 2. The answers of the respondents to the question "The adoption of the euro currency has positive effects on the living standard of the Romanian citizens"



Source: our own processing

Also, according to the results, there is no significant statistical data between the trust showed to the adoption, by Romania, of the euro currency, on one side, and the gender of the person, on the other side. Our results are in harmony with the eurobarometer published by the European Commission in May 2018, according to which the number of Romanians that favours the adoption of the single European currency increased from 64% to 69%, in the last year. As it may be noticed in graph 3, only 32.94% of respondents associate the adoption of the euro currency to the loss of national identity.

Chart 3. The answers of the respondents to the question "To replace the national currency with the euro currency means to lose the national identity"



Source: our own processing

Only 27.06% of total respondents know, for example, that euro coins look differently, depending on the country, having national sides, even if 45.88% declare that they have been using banknotes and coins for a long time. Also, only 18.82% of the respondents are informed regarding the date Romania will adopt the euro currency, fact which shows that the public is not informed regarding that subject.

5. CONCLUSIONS

This article analyses the presupposed effects of creating the eurozone in Romania, with a special accent on the way in which common people perceive the adoption of the single currency. Our empirical evidence suggests the fact that the correct and complete information of the population brings an extra bit of confidence in the phenomenon of replacing the national currency with the single European currency. While, in the first part, the analysis focuses on the measure in which Romania gets closer to meeting the convergence criteria, in the second part, the empirical analysis explains the way in which common citizens perceive the information regarding the adoption of the euro currency and the abandonment of the national currency. Reflecting at the studied cases, we may conclude that, in order to understand the sense of the change, the adoption strategy must be accompanied by information campaigns which offer realistic perspective regarding the results of the euro adoption.

The main conclusion is that the general expected effect is strongly positive in the case of Romania. Thus, the positive gain from the euro currency adoption seems to be connected to expectations such as the increase of the population's living standard and the maintainance of prices stability.

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DIVERSIFICATION OF ECONOMY – AN INSIGHT INTO ECONOMIC DEVELOPMENT WITH SPECIAL REFERENCE TO KURDISTAN’S OIL ECONOMY AND AGRICULTURE ECONOMY

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Abstract: *Objectives:* Diversifying economy from one sector to another is a vital problem faced by many nations across the globe. Many countries believe that economic development is achieved by diversifying the economy by switching the major revenue sectors. The main objective of this research paper is to study the economic development of Kurdistan region through diversification from Oil to agriculture economy and one more objective is to find out how the role of FDI will create the impact over the growth of economy in agriculture sector. *Methods/Statistical analysis:* The study is concentrated on 50 agriculturists through convenience sampling method. Kurdistan is an autonomous province in Iraq which is heavily dependent on oil sector for its major part of revenue. On the other hand it is ignoring agriculture sector which has a great potential to earn heavy revenue for the country. *Findings:* This paper reveals that, the Agriculture can play the major role in the economic development of Kurdistan in future as an employment generation, increase in GDP, Increase in Government revenue and diversify development. *Application /Improvements:* This research paper proposes some financial model for the possible growth of agriculture sector along with agro technology through small investor FDI scheme and Agriculture insurance scheme. From this study, it is found that if proposed suggestion is been concentrated on agriculture by KRG surely GDP will increase.

Keywords: *Diversification, Economic Development, Agriculture economy, Agri-Finance, GDP, FDI, Agriculture Insurance*

1. INTRODUCTION

The Kurdistan Region includes parts of the three governorates of Erbil, Sulaymaniyah and Duhok. It fringes Syria toward the west, Iran toward the east, and Turkey toward the north, lying where fruitful fields meet the Zagros Mountains. It is navigated by the Tigris River and the Tigris and its tributaries. The mountains of the Kurdistan Region have a normal stature of around 2,400 meters, ascending to 3,000– 3,300 meters in spots. The most noteworthy pinnacle, Halgurd, is close to the outskirts with Iran and measures 3,660 meters. The most elevated mountain edges contain the main forestland in the Region. The climate of the Kurdistan is favorable for agriculture. This area has the 5 river for irrigation and the varied topography and associated rainfall regimes have created three

basic micro-climatic zones; high rainfall (700-1100 mm), medium rainfall (400-700 mm), and low rainfall (under 400 mm). In terms of produce; the high-rainfall zone contains mainly fruit orchards, wheat occupies most of the medium-rainfall zone, and barley is the main crop in the low-rainfall zone. Winter wheat and barley are planted in the autumn (October-November) and harvested in the late spring (April-June) in accordance with the rainfall pattern. Financing remains a thistle in the side of those gatherings looking to additionally create horticulture in Kurdistan, especially since the Region keeps on depending on a lot of imported nourishment items. Without a doubt, a few evaluations have put figures for this utilization in the area of \$20-22 billion for the entire of Iraq. In this manner, reserves that could be better spent on ventures are rather spent on imports to fulfill expanding request. (1)

2. REVIEW OF LITERATURE

Baban, S. (2015) "Revitalizing Agriculture and Water Sectors in the Kurdistan Region, Iraq" has stated in his paper about the progress of the implementation of a specifically developed road map June 2012- May 2014, aimed to achieve food sufficiency and security for the region. The road map provided a way forward to rehabilitate and improve the agriculture sector based on a vision that introduces effective modern production, training, management and reflective systems for sustainable agriculture and food production in the region. (2) Lina Eklund, Abdulhakim Abdi and Mine Islar (2017) "From Producers to Consumers: The Challenges and Opportunities of Agricultural Development in Iraqi Kurdistan" has stated in his paper about the agricultural situation in Iraqi Kurdistan from three perspectives, the biophysical, the political, and the socio-economic. He has highlighted that locals have strong ties to their lands and traditional agricultural practices are still prevalent. In this context, supporting small-scale traditional agriculture development might be more sustainable and feasible. Practices of small-scale agriculture in self-rule communities can serve as an alternative model to top-down large-scale agriculture as aspired by the KRG. In order to overcome the current and future problems of food scarcity, communities, like Rojava in Syrian Kurdistan, have started their own agricultural plan based on permaculture farming and participatory principles.(3) Abdulmutaleb Abbas SALIH, Hussein Ali Hussein AL-QAESI (2018)"The perspective of agricultural development in Iraq" From this study we find that Iraq, and also the countries that were taken into study have developed a solution to one of the most important problems - the irrigation area. As it could be seen, all the countries have increased the surfaces equipped for irrigation, doubling or tripling it. Extension and counseling help farmers to make the best decision for the agriculture development. Extension organizations need to develop communication with fertilizer providers since excessive use of agrochemicals can harm human health and the environment, and programs such as integrated pest management are recommended. (4)

3. OBJECTIVE OF THE STUDY:

To study the economic development through agriculture in Kurdistan region.

To study the development of Kurdistan region through diversification from Oil to agriculture economy.

To study how the economy diversification can generate the employment opportunities

To study the role of FDI in agriculture sector for improvements

4. RESEARCH METHODOLOGY:

The present study is agriculture oriented pertaining to economic development in Kurdistan region. This study is based on the survey method using structure of questionnaire. The results were found by using percentage analysis method.

A. Data Collection:

Primary Data: For collection of data, the researcher used a structure questionnaire data. This was distributed to 50 respondents across the study area.

Secondary Data: The secondary data been gathered from internet, Journals, reports, Government offices.

4. The Economy of Kurdistan can be divided into three sectors:-

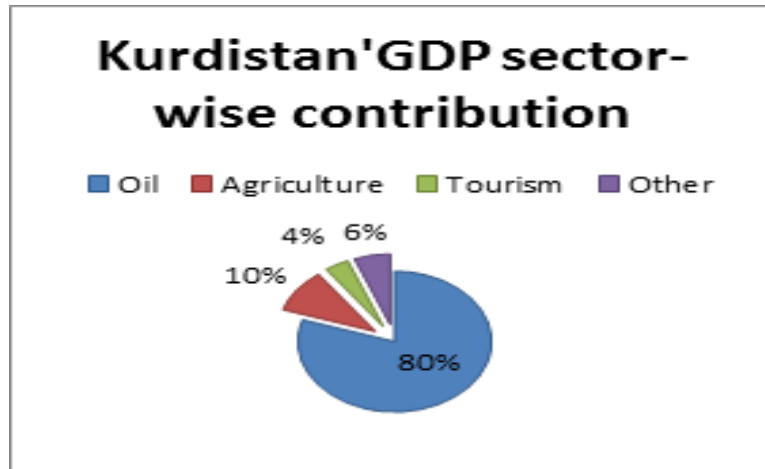
Primary sector: - Crude oil is the primary source of income of this region; this sector contributes approximately 80% of the GDP of this region, which is the main source of government's income. But this sector is depending upon the central government policies. Even the volatility in the prices of crude oil can affect the revenue of this sector.

Secondary sector: - Agriculture is assuming the second significant job in the Kurdistan economy. As of now this division contributes roughly 10% of GDP of this district. This speaks to a low commitment, and implies that assets are in adequately differentiated in the KRG. In this regard, decrease in the agrarian area adverse affected the economy. The agribusiness segment in the Kurdistan Region has seen significant change as of late and in this way can possibly assume a noticeable job in supporting the development of the neighborhood economy.

Tertiary Sector: - It includes tourism, Industry, Real estate, Services and others. This sector is divided in major sub-sectors of business, but yet these sub-sectors are running in crocodile speed way of development. These sub-sectors of Kurdistan's economy needs more infrastructural requirement so they can play the crucial role in the area of development.

Kurdistan's GDP of all three sectors can be understood by this Figure:

Figure 1 Kurdistan's GDP sector-wise data



Source: Invest in group 2013

5. DIVERSIFICATION OF KURDISTAN'S ECONOMY

Diversification Economy = Developing non-oil segments and bringing down oil money related reliance (i.e., Export diversification, government income, and financial base); and making a feasible non-oil present day economy (Agriculture economy) that can support a moderately abnormal state of salary.(5)

A. Importance of Diversification for Kurdistan

Oil part isn't making adequate occupations specifically. Oil costs/income change broadly, oil dispersion can't bolster rising expectations for everyday comforts. Flimsiness of oil income affects the general development rates (basically through changes in government spending), monetary and outer position, and business.

B. Another Relevance of Diversification

To lessen or minimize the spread risk

To advance monetary improvement

To constrain the effect of vacillations in the oil cost and amount created

To make openings for work for a quickly developing neighborhood work drive

As of late Kurdistan is experiencing money related emergency, Apart from monetary emergency, Global oil costs have fallen by more than 50 percent since mid-2014. This comprises a noteworthy hit to the Iraqi and Kurdistan Regional Government (KRG) treasuries as oil rents represent more than 90 percent of state salary. Then again, weights on the Iraqi treasury have expanded enormously because of the expenses related with indicting the war against the Islamic State of Iraq and the Levant (ISIL), statistic weights from inside uprooted individuals (IDPs) and outcasts, and an enlarged open segment. To put it plainly, both Iraq and the KRG are unequipped for adjusting their financial plans. Today individuals endure because of remiss approaches and the uncontrolled spending of the previous decade. To address this, the Iraqi bureaucratic and Kurdish local governments require a mix of both transient answers for manage the quick

fall in income and longer term auxiliary changes so as to plan for the following blast and bust cycle.

The greater parts of individuals in the Kurdistan Region are monetarily reliant on the administration, which is itself subject to oil salary. In the same way as other oil-based economies, the area's monetary blasts and busts are vigorously affected by the oil part. In view of this system, where is the Kurdistan region economy heading within a reasonable time-frame? Open Sector On one hand, adjusting incomes and costs for the Kurdistan Regional Government (KRG) is subject to oil costs and the rate of fare. On the other, it is controlled by open spending and the rate of getting. Despite the fact that the KRG's ability to send out oil will step by step increment, it has no influence over the worldwide cost of unrefined, while the lift in oil creation won't really convert into essentially better monetary conditions throughout the following couple of years.

The KRG's open borrowings of more than \$15 billion are higher than its yearly salary and these have not been spent on gainful ventures. The greater part of the KRG's financial plan is designated to paying \$700 million worth of month to month pay rates. The quantity of open workers is evaluated to be an uncommon 1,350,000. The facts confirm that these pay rates animate interest for products and ventures, empowering regular business in the district. In any case, inefficient open uses basically infuse more money into the economy, expanding inflationary weights on imported buyer products. Neighborhood creation is barely helped by this pattern. Merchandise and enterprises created in the Kurdistan area can barely rival better, less expensive imported remote items and administrations.

This is notable, Before 2003 Kurdistan was prosperous through its agriculture sector. Now the dependency of oil sector should be diversified in agriculture so that government budget insufficiency can be compensated and the people dependency on government's budget can be diversified in agriculture sector.

C. Challenges in Diversification

The non-oil sector was obliged by extremely constrained agrarian innovation and local work, absence of qualified labor, high lack of education rate, and a moderately little market measure. The test of financial diversification for asset rich nations is troublesome and disputable, notwithstanding for a nation standing up to this test during an era of kind household and local security conditions. For Iraq, distressed by fear mongering at home, overflows from local clash, the inheritance of war and endorses, and political vulnerability, the test is exponentially progressively significant. This note recommends that notwithstanding the overwhelming obstructions, Iraq can and should plan and dispatch an expansion procedure containing clear approach needs for activity over a 3 to multi year time frame. Obviously, this technique will assume that correlative moves are being made in related spaces to enhance resident security, give equity, and make employments – the three mainstays of the harmony building standards illustrated in the World Development Report (WDR) 2011.(6)

6. POTENTIAL FOR BECOMING ECONOMIC DEVELOPED AREA IN THE MIDDLE EAST REGION (AGRICULTURE ECONOMY)

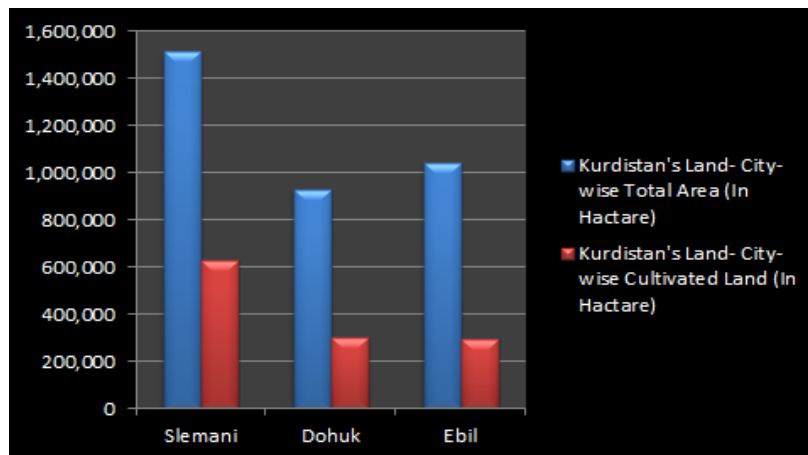
Kurdistan is a region of immense potential. This district is brimming with numerous regular assets in the Middle East and additionally this region has been shielded from the difficulties of psychological oppression as a result of Kurds' convictions in harmony. There is colossal potential for monetary improvement in this little area which can leave the nations like Dubai and Oman, as well.

In terms of natural resources, this small province is more financially richer than other areas of Iraq. Even, when the entire Middle East region was suffering from the outbreak of terrorism during 2014, at that time it was able to keep itself stable by fighting the challenges of terrorism. The security forces of this province played an important role in eradicating ISIS in collaboration with the Iraqi army, which has led to confidence in the stability of the province in the international community. In spite of immense potential, this sector has been backward in economic strategies, which has a dispute with the federal government. If this autonomous province will resolves its internal disputes through dialogue with the federal government and do more focus on implementation of relevant economic strategies, Then It can be a best economy growth example for all.

For the future, the Region can called as the "Green place that is known for Iraq and Middle East" A phenomenal variety of grains and vegetables have characteristic been created in Kurdistan, with wheat and grain among the most notable. Regardless, in light of the methodologies of the Past daily schedule in Baghdad, agriculture in the Kurdistan Region was confined for improvement. In spite of the way that the agriculturists working in the Kurdistan Region have essential experience, they have been confined with respect to their use of current procedures. The Government sees the earnestness of this issue, and has quite recently begun creating methodologies to execute change. (7)(8)

A. Division of Total land and cultivated land

Figure 2 Division of Kurdistan's Total land and cultivated land

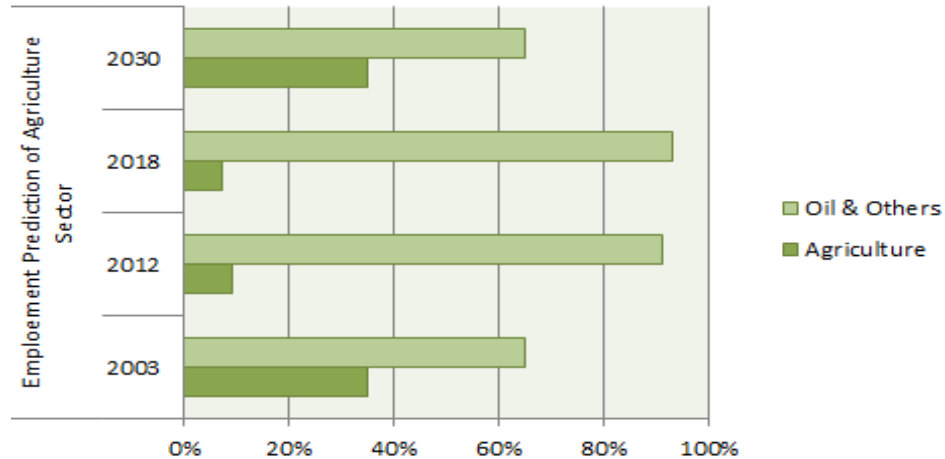


source: KRG 2014

Figure 2 shows about the Kurdistan region's division of land, which is highly suited for agriculture as it boasts large areas of arable land and fertile soil.

B. Future trends of employment in agriculture sector in Kurdistan (Figure3):

Figure 3 Sector-wise employment trends



Source: Ministry of KRG 2013

Figure 3 shows that in 2003, around 35% of the quantity of occupants in the Kurdistan Region relied upon cultivating as their wellspring of occupation. In any case, by 2012, that rate had dropped to 9% due to nonappearance of fruitful methodologies. But after diversification picture of employment can be change by 2030.

7. ANALYSIS OF PRIMARY DATA (STRUCTURED QUESTIONNAIRE)

Table 1Agriculture background of the respondents

Are you from agriculture background?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	80	80	80	80
	No	20	20	20	100.0
	Total	100.0	100.0	100.0	

Table 1.1 Farmer in the family of the respondents

If yes, is there any farmer in your family?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100	100	100.0
	No	0	0	0	100.0
	Total	100.0	100.0	100.0	

Table 1.2 Agriculture field experience of the respondents

If yes, for how many years you are in this sector?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-3 Years	12.5	12.5	12.5	12.5
	3-5 Years	30	30	30	42.5
	5-10 Years	42.5	42.5	42.5	85.0
	10&above	15	15	15	100.0
	Total		100.0	100.0	

Table 2 Agriculture role in economic development of the Kurdistan

Do you think agriculture can play major role in economic development of the Kurdistan		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100	100	100.0
	No	0	0	0	100.0
	Total	100.0	100.0	100.0	

Table 2.1 Major role is been played by the agriculture in the economic development

If yes, what major role is been played by the agriculture in the economic development:		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employment Generation	6	6	6	6.0
	Increase in GDP& Government revenue	6	6	6	12.0
	Diversify development	8	8	8	20.0
	All of the above	80	80	80	100.0
	Total	100.0	100.0	100.0	

Table 3 Product of the respondents

Do you produce more than one product?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	77.5	77.5	77.5	77.5
	No	22.5	22.5	22.5	100.0
	Total	100.0	100.0	100.0	

Table 3.1 Types of products of the respondents

If yes, which types of products you are producing:		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Vegetables &Fruits	37.5	37.5	37.5	37.5
	Millets/Wheat/Maze/Barley	37.5	37.5	37.5	75.0

	Poultry	17.5	17.5	17.5	92.5
	All of the above	7.5	7.5	7.5	100.0
	Total	100.0	100.0	100.0	

Table 4 Government of Kurdistan helps in agriculture

Does the Government of Kurdistan helps in agriculture?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	75	75	75	75.0
	No	25	25	25	100.0
	Total	100.0	100.0	100.0	

Table 4.1 Helping hand of the government

If yes, what help you is getting?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Subsidy	100.0	100.0	100.0	100.0
	Technical	0	0	0	0
	Infrastructural	0	0	0	0
	Others	0	0	0	100.0
	Total	100.0	100.0	100.0	

Table 5 Government promote various crops according to climate conditions

Does the Government of Kurdistan promote various target crops according to climate conditions?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	20	20	20
	No	80	80	80	100.0
	Total	100.0	100.0	100.0	

Table 6 Role of agriculture in the Kurdistan economy

Do you agree that in future the agriculture sector will play a primary role in the Kurdistan economy?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100	100	100.0
	No	0	0	0	100.0
	Total	100.0	100.0	100.0	

Table 7 Agriculture produce can satisfy the needs of the Kurdistan

Do you think, through diversify development of Kurdistan in future; the agriculture produce can satisfy the needs of the Kurdistan in Total?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100	100	100.0
	No	0	0	0	100.0
	Total	100.0	100.0	100.0	

Table 8 FDI in agriculture can increase GDP through agro-technology

Do you agree that FDI in agriculture can increase GDP through agro-technology?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	84	84	84	84
	No	16	16	16	100.0
	Total	100.0	100.0	100.0	

Table 9 Insurance eliminates the risk in agriculture and promotes for further export

If Insurance is provided, do you think it eliminates the risk in agriculture and promotes for further export of your products?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100	100	100.0
	No	0	0	0	100.0
	Total	100.0	100.0	100.0	

8. FINDINGS

Table 1 describes about the agriculture background of the respondents where the majority of 80% are from the same. Out of the 80% of respondents (Table 1.2) all are the farmers as shown in (table 1.1). As mentioned in table 1.3, finding shows that 42.5% respondents have more than 5-10 years of experience in agriculture. Table 2 shows that all the respondents have agreed that Agriculture can play the major role in the economic development of Kurdistan in future as an employment generation, increase in GDP, Increase in Government revenue and diversify development (table 2.1). From the table 3, it is found that only 22.5% respondents' produce one product and the rest concentrate on more than one product, where vegetables and fruits and millets plays a vital role of 75.0% of cumulative percentage, and a minimum of 17.5% are producing poultry (table 3.1). From the table 4 and 4.1, it is inferred that majority of 75% are getting help from the government of Kurdistan as subsidies. According to the table 5, instead of helping the farmers by giving subsidies, majority of 80% of respondents feel that the govt. does not promote for various crops according to the climate conditions. Table 6 shows the respondents who have totally agreed that the Agri-sector will play a primary role in future and it can satisfy the total needs of Kurdistan, according to the respondents (Table 7). From the table 8, it is found that all respondents have agreed that the FDI in agriculture can increase the GDP through the use of Agro-technology. Finally, all the respondents were totally agreed that if insurance would be provided it can eliminate all the risk and also promote the products for exporting (Table 9).

9. SUGGESTIONS AND IMPROVEMENTS

To make the 20% of the respondents (table 3) to produce more than one diversified products, the govt. of Kurdistan has to concentrate them by providing more information regarding the necessity of the produce and by giving more financial assistance. Measures to be taken for the increase of production in farming of poultry as

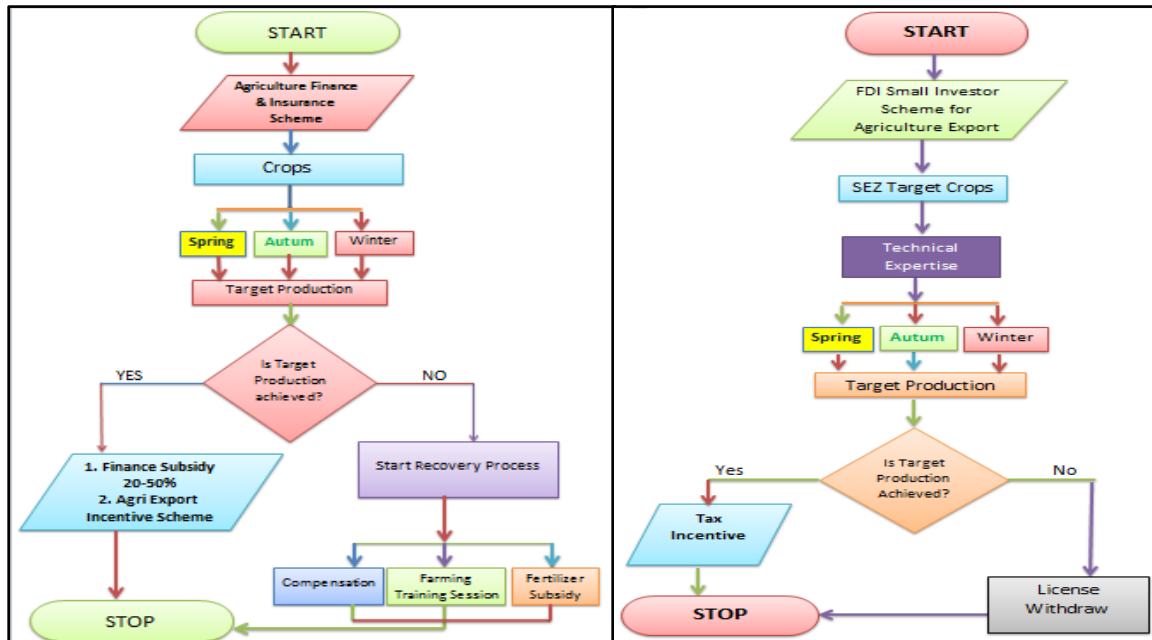
only 17.5% of the farmers who are indulged in it. To concentrate on the 25% of the respondents who are not aware of the govt. help in agriculture, the government has to conduct awareness programs regarding their support. For the 16% of the respondents who do not believe in FDI in agriculture could increase the GDP through agro-technology, the government of Kurdistan can motivate the farmers in neglecting the information by providing insurance as it eliminates the risk in production.

A. Proposed models

Agriculture Finance and Insurance Scheme for Farmers & FDI Small Investor Scheme for Agriculture Export. Planning Department of ministry should take the feedback of existing agriculture schemes through its Feedback mechanism assessment system, because these existing schemes are not effective in long run. So, Instead of existing scheme government can implement my proposed model of agriculture finance & Insurance scheme for crop production with some modification according to their needs.

Figure 4 Agriculture Finance and Insurance Scheme

Figure 5 FDI Small Investor Scheme for Agriculture Export



Source: Primary Data

Figure 4 For execution of this model, Government has to set-up a special group for implementing this scheme. Figure 4 shows; first the special group team is required in making this scheme according to the needs for all the climates. Secondly, as this scheme is a target based, they have to set the target crops under this scheme, in which the farmers can achieve a higher growth.

If the target production is achieved then this model would provide the following:

1. Finance subsidy of (20-50%) subject to change.
2. If the producer will export the target crops then this scheme will also provide export incentive from 2-5 %
(subject to change).

If the target production is not achieved then this scheme will not provide the above benefit but another recovery process can start for motivation of farmers, this process will provide:

1. Risk cover includes compensation for farmer from indebttness.
2. Fertilizer subsidy for next season crops
3. Special farming training season could be organised for the farmers in next season crop.

Figure 5 This model is specifically targeting to small foreign investors, who have the core technical expertise in targeting crops production according to climate. This system can help to the government for making foreign investment policy with special reference to targeting agriculture growth. This model (Figure5) is targeted for small investor in SEZ area. In the special economic zone, firstly, the crops should be targeted for which the higher growth is required. Corporate firms should give the responsibility for achieving targeted planned growth and pooling of all the investment is also needed for creating infrastructure in SEZ. For pooling of investment resources, FDI participation should be invited from small investor via FDI Small Investor Scheme. Investments which are generated through FDI scheme include money, technical expertise, skills. This Investment model can help in achieving the targeted production. According to the model, if the said investor will achieve the target then they can get benefitted from local tax incentive as well as from the export incentives. If the target is not achieved then license may be withdrawn.

10. CONCLUSION

Currently, the Kurdistan region is facing financial crisis is due to the economic dependence on oil sector. The government of this region is financially depending on Iraq federal budget allocation to Kurdistan. From 2014, the fluctuation in oil prices and terrorism threats did affect the revenue of government. Insufficiency of budget did stop the crucial development projects of this area. At present, Agriculture sector contribution to GDP is only 10%, but this sector has the potential to grow very fast. This is notable that this sector has the potential to become the primary sector in mere future. Even the regional government has made the policies to make it possible but due to inadequacy of fund and technology constraints are the major problem for achieving it. Diversification of oil economy to agriculture needs some more efforts for planned Investment policies. If these proposed models are adopted with some modifications according to needs then, this sector can drastically change the picture of Kurdistan economy.

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THE FUTURE OF TECHNOLOGY MANAGEMENT AND THE BUSINESS ENVIRONMENT (BOOK REVIEW)

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Author: Alfred Marcus

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Title: The Future of Technology Management and the Business Environment

Subtitle: Lessons on Innovation, Disruption, and Strategy Execution

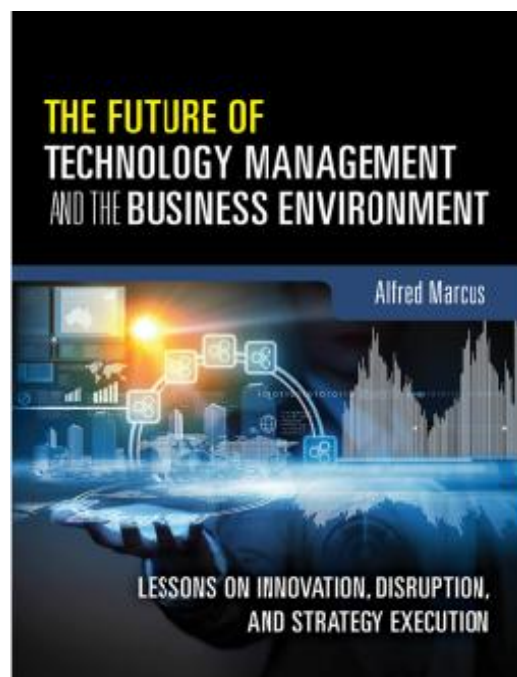
Year: 2016

Publishing: Pearson Education, Inc.

Number of page: 297

Language: English

Keywords: technologies, management, innovations, strategy, economic growth, business environment.



The goal of this book is to allow readers to learn about forecasting and strategic actions from the experience of various companies and about how technological innovation can impact businesses both positively and negatively. This book is written from the perspective of an expert with over thirty years of experience in writing, teaching and consultancy in the fields of business strategies, ethics and technology. We have chosen the book written by Alfred Marcus because it approaches topical issues that have an impact on those interested in the state of IT in the business environment, taking into account the fact that organizations nowadays need to become very efficient and effective in terms of strategies regardless of the economic, political or technological pressure.

The book was published in 2016 by Pearson Education Inc. and speaks about the projection and strategic actions necessary for IT, and also presents the stories of several companies as well as how they confronted issues related to technological innovation. The book is divided into four parts: Technology and Strategy, Managing Danger, The Environment of Technology and Coping with Technological Disruptions, and includes 13 chapters.

The first part of the book is about the state-of-the-art technology that could support economic growth in a post-industrial world and about how business organizations can manage uncertain results. The book tells us about IT, which is seen as paramount to economic growth, as it provides the necessary know-how to convert manufacturing facilities to goods and services, ensures an efficient division of labour, boosts productivity and allows capital accumulation. Furthermore, IT helps disseminate knowledge around the world quickly, leading to the growth and development of virtual communities. As a result, the information revolution transformed the way in which people learn, communicate, travel and socialise.

The second part of the book approaches unforeseen consequences and the necessity of danger management. Initially, it is about two major industrial accidents and about petroleum discharge into deep waters. Then, the book discusses the unpleasant events following the introduction of the new medical technologies, namely Merck Vioxx and Johnson and Johnson for metal-on-metal DePuy hip replacement. The book tells us that in both cases, despite strong warnings, these companies failed to inform their patients about potential risks and dangers, therefore patients suffered huge loss, and both companies were sued and had to indemnify the victims and pay large fines, consequently their reputation was also harmed.

We will make here a parallel to the claim of Raynor and Ahmed (2016) that plane pilots know the phrase that take-offs are optional but landings are always compulsory. This means that regardless of how fast, high or far we fly, we will have to come back down, and gravity will always win. These authors believe that the same goes for companies' performance, because the only certainty for which a company will have good outcomes is that eventually it will also have bad outcomes. This chapter of the book dealt with the analysis of liability laws related to the two cases and its evolution towards severe punitive actions and strict liability actions, especially because organizations often face dilemmas concerning dangerous technologies.

The third part of the book highlights the manner in which business organization responded to the challenges in the following three global divisions: the young and elderly, the rich and poor, and the abundance and energy deficit. Thus, the book tells us that these fractures are among the most important characteristics of the business environment and affect worldwide security, inequality and durability. Moreover, the book sustains that a change in economy and the evolution of job markets led to the creation of technologies important to young people, which gave birth to a significant population segment who no longer have traditional jobs but work at home and are independent.

The book shows that inequality generated a series of opportunities for companies worldwide. For instance, on the one hand there are unlimited opportunities of developing technologies serving the rich in protecting their own wealth and in showing their position

in society. On the other hand, there are possibilities of developing technologies to improve the life of the poor by offering them better houses, more drinking water, enhanced access to healthcare services, better nutrition, jobs and business opportunities. In its last part, the book presents case studies regarding what companies should do further on and describes how companies confronted technological disturbances, how companies dealt with them and the challenges they faced related to threat management in their own business.

According to the book, most of these companies became pioneers in the IT revolution, brought innovation or contributed to the placing on the market of the microprocessor, PC, e-commerce, electronic products sale, as well as to the creation of Internet content. These companies refer to Intel and AMD, Dell and Acer, Barnes & Noble, Amazon, Best Buy, Charles Schwab, Disney and Time Warner. Furthermore, the book presents the second wave marked in the IT revolution by the increase in digitalization, technology mobility, the passing to smartphones, tablets and the increase in the trust in Cloud.

The book gives the examples of Barnes & Noble and Amazon, which explore the issue of the decreasing profit and income of affiliates in the light of the increase in digital devices, such as changes related to people's reading habits and practical habits of affiliates. As we have seen, the book claims that the new technologies have a great potential in addressing the challenges faced by our society, especially considering the contemporary gap between the young and the old or between the poor and the rich. IT can tackle these issues in a constructive way, given that, in the long run, technological advancements such as innovations or knowledge accumulation lead to economic growth. Schumpeter (2011) found the following to be both a fact and a threat: the impact of new technologies on the existing structure of an industry significantly reduces its long-term objective, as well as the importance of the practices that aim to maintain established positions by restricting production, and to maximise the resulting profits.

We found that at the same time, the book discusses the invisible face of innovation, which poses a series of risks in the decision-making process, because such advancements may prejudice the individuals in the labour market if human beings start being replaced by new technologies.

DeVos (2001) has similar views on the fact that, while technology helped increase the standard of living of many people, it also altered the quality of life in ways that are less than desirable, in the sense that mass production facilities dehumanise their employees, many of whom feel alienated from the community, from God or from nature. Since people have to obey the machines, instead of the other way around, they end up feeling that machines hold a tyrannical power over them. On the other hand, Hitt *et al.* (2005) believe that developments in IT are an ongoing, ever-increasing process and that the competitive potential of IT can be tapped into by any organisation, regardless of its size; meanwhile, Reynolds *et al.* (1999) claim that entrepreneurship and innovation are the core of the creative process in the economics and the promotion of growth, in the increase of productivity and in job creation.

Schumpeter (2011) and Allen (2002) reinforce this idea, pointing out that various tools are needed to protect the new products and technologies. Such tools include patents

and temporary trade secrets, whose purpose is to safeguard business investments – otherwise, we would find ourselves “shooting” at targets that are not clear.

As one can easily see, the book deals with a contemporary and topical subject, aiming at generating new perspectives and thoughts on innovation, technology management and the business environment for CEOs, managers, practitioners and students alike. As far as practical applications are concerned, the book shows us some of the most important issues of technology management in the future and of the business environment, offering valuable lessons in innovation and strategic execution.

In closing, we can say that businesses should develop flexible strategies in all operational fields, in order to address changes in their environment (Hitt *et. al.*, 2005), and what we can learn from the failures of these companies is that there will always be risks and we always need to take justified risks, because we can never play at random. We need to know how we will be able to manage risks so that one failure does not take out of the game forever, and the biggest risk in life is the refusal to take a risk (Gordon, 2012).

The book contains elements that can benefit both students and practitioners, as well as everyone who has ever faced IT issues and novices alike. In his work, the author covered topics related to IT, business strategy, innovations and trends on innovation. The book is logically structured, providing an in-depth, complex and synthetic approach on its subject matter. It is divided into four chapters, in which the author gives readers the opportunity to grasp both the positive and the negative side of IT.

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MANAGERIAL APPROACH OF THE COMPANY

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Abstract: *From the managerial point of view, the company can be considered as a complex cybernetic and economic system. From this managerial approach, the efficiency, quality and effectiveness of the company are present if the following three requirements are met simultaneously and compulsorily: the operational subsystem is reflected as well as possible in the decision-making subsystem; the informational subsystem must operate in real time; the outputs and inputs must be correlated and inter-conditioned. There are two approaches of the company's economic goal. The managerial approach considers the company an organization whose economic goal is to use efficiently and effectively the human, material, financial and informational resources, in order to satisfy human needs materialized through demand, by offering for sale goods and services. From the strategic point of view, the economic goal of the company is to maximize the value and to satisfy the interests of the stakeholders.*

Keywords: *managerial approach, internal environment, external environment, performance, efficiency, effectiveness*

1. APPROACH OF THE COMPANY

The company, in the broad sense, may be defined as a complex reality, under the form of an opened system which is continuously in a process of internal changes and in a multitude of changes with the external environment, to whose dynamics and instability either it must adapt, either it must influence. The company, in the narrow sense (strictly economic), is an organization whose goal is to use efficiently the human, material, financial and informational resources, in order to satisfy human needs materialized through demand, by offering for sale goods and services. The general theory of systems has as an object the scientific study of complex phenomena and processes whose components are tied between them and which together as well as separate are orientated to a well defined goal. The systemic conception of the company expanded due to the increase of the complexity and dynamics of economic phenomena and processes. The system represents a complex of elements which are in interaction (of similar and/or different nature and intensity) tied through relations (of similar and/or different complexity and intensity) whose behaviour, which is orientated to reaching a main goal, depends on the behaviour of the constitutive elements which are orientated to reaching secondary goals. The system may researched from the statistical or dynamic point of view.

The company, as an opened social and economic system, consists in an organized set of complementary and/or interdependent structured activities, in order to reach a common objective. (Palepu, et al., 2010)

From the managerial point of view, the company may be considered as a complex cybernetic and economic system. From the managerial approach, the company as a cybernetic and economic system is composed of:

1. Inputs from the external environment in the company system, which at their turn may be classified as:

- from their perspective as resources: human, material, informational, financial, of time;
- from their perspective as factors: flexible; inflexible.

2. Outputs in the external environment from the company system, which at their turn may be classified from their perspective as results of the activity: regarding the human factor (qualification, improvement, remuneration); material outputs (products, services, technologies); informational outputs; financial outputs.

3. The decision-making system, which from a strategic perspective is composed of the following elements:

- strategic decision, made up of the collective management;
- tactic decision, made up of the executive management;
- (operational) current decision, made up of the specialized management.

4. The informational subsystem is a subsystem of connection between the decision-making system and the operational system. Its consistency is given by a series of specialized, successive and hierarchically well-defined connections.

5. The operational subsystem is composed of the set of elements which ensure the good development of the activity and which from a functional perspective may be composed at its turn by the following components: the technical and technological subsystem; the human subsystem; the commercial and marketing subsystem; the financial subsystem; the law subsystem.

From this managerial perspective, the efficiency, quality and effectiveness of the cybernetic and economic system are present if the following three requirements are met simultaneously and compulsorily:

the operational subsystem is reflected as well as possible in the decision-making subsystem;

the informational subsystem must operate in real time;

the outputs and inputs must be correlated and inter-conditioned.

2. THE ECONOMIC GOAL OF THE COMPANY

There are two approaches of the economic goal of the company.

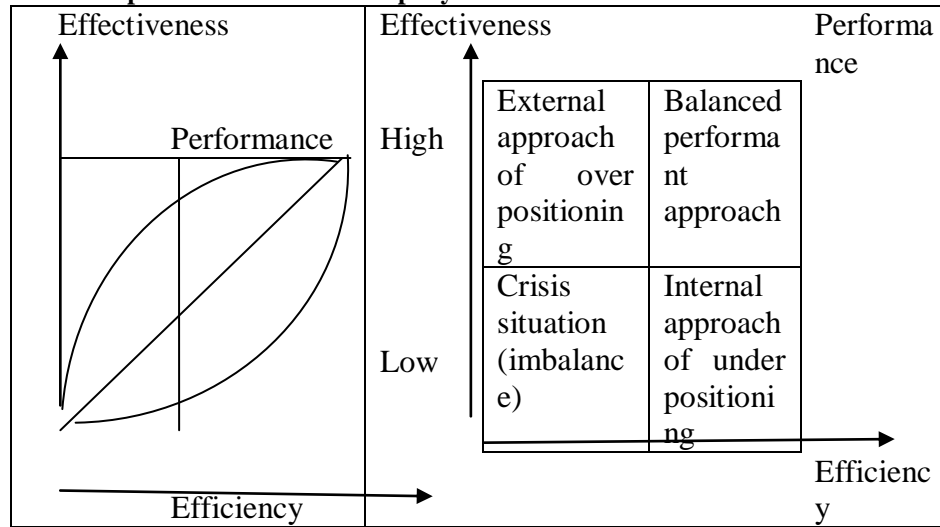
1. From the managerial point of view, the company is an organization whose economic goal is to use efficiently and effectively the human, material, financial and informational resources, in order to satisfy human needs materialized through demand, by offering for sale goods and services. (Monea, 2012)

Performance is a status of competitiveness of the company, reached by a given level of efficiency and effectiveness, which ensures a solide presence on the market. A company performs well only if at the same time it is efficient and effective. Economic efficiency represents the realization of a maximum effect with a minimum effort in the shortest period of time. It is relatively easily quantifiable. Efficiency means that the

expectations of the internal environment of the company are met. Effectiveness means to do exactly what must be done, as it must be done and when it must be done. It is related to the realization of goals and objectives, being much more difficult to be quantified. Effectiveness is easier to understand by the level of satisfaction of the expectations from the external environment of the company. (Lala-Popa & Miculeac, 2012). A company may be efficient without being effective, respectively it can be effective without being efficient. In both cases there are issues, if issues worsen, they may influence the development of the company on long term.

The optimum variant is the balanced and efficient approach, where the decrease of the efficiency is followed by the same increase of the effectiveness.

Graph no. 1.1. The performance of the company



In the internal approach of under positioning, valid only on short term, the company is orientated towards efficiency, the satisfaction of the needs of the internal environment taking precedence over the needs of the external environment. In the external approach of over positioning, valid also on short term, the company is orientated towards effectiveness, the satisfaction of the needs of the external environment taking precedence over the needs of the internal environment.

2. From the strategic point of view, the economic goal of the company is to maximize the value and to satisfy the interests of the stakeholders.

An essential founding principle is to establish an economic model which emphasizes the connection between the strategy and the performance of the company. A qualitative argumentation of the strategy is absolutely irrelevant without a quantification which takes into account the financial aspects, such as the financial situation of the company, respectively the position on the financial market (if the company is quoted on the stock market).

However, it must also take into account the non-financial aspects.

1. To maximize the value of the company is the basic financial objective and the most credible one. Any other type of quantifiable or nonquantifiable objective should, in normal conditions, hold a secondary place compared to the maximization of the value of the company. This objective is not incompatible with other objectives. On the contrary, it implies their existence in advance and their good integration. To maximize the value of the company must neither be strictly understood through the increase of dividends, nor through an increase of the net patrimony, the present postponements in favour of some more profitable future investments being possible to generate substantially more advantageous future values.

a. If the company is not quoted on the stock market, then this objective is translated in the creation of added economic value. The added economic value of the company represents the increase of value of the company above the normal (calculated) requirements of the owners, practically above the cost of the capital.

b. If the company is quoted on the stock market, then to this objective the need to create added market value is also added. The added value on the financial market represents the increase of value on the financial market of the company above the accounting value.

2. The main objective with hardly quantifiable nonfinancial formulation is to satisfy the interests of the stakeholders. It is the most difficult objective to be realized. To maximize the value of the company, closely correlated with the satisfaction as good as possible of the stakeholder's interests represents a complex objective, which can ensure a sustainable development.

3. THE INTERNAL AND EXTERNAL ENVIRONMENT OF THE COMPANY

3.1. The internal environment

The internal environment of the company is composed of all the constitutive elements used to reach the object of activity. These elements are present inside the system, being possible to have a direct and decisive influence on them, till the (desirable) full control of them.

The most relevant criterion used to evaluate the constitutive elements of the internal environment of the company is the functional one. Resources usually represent the economic form of these elements.

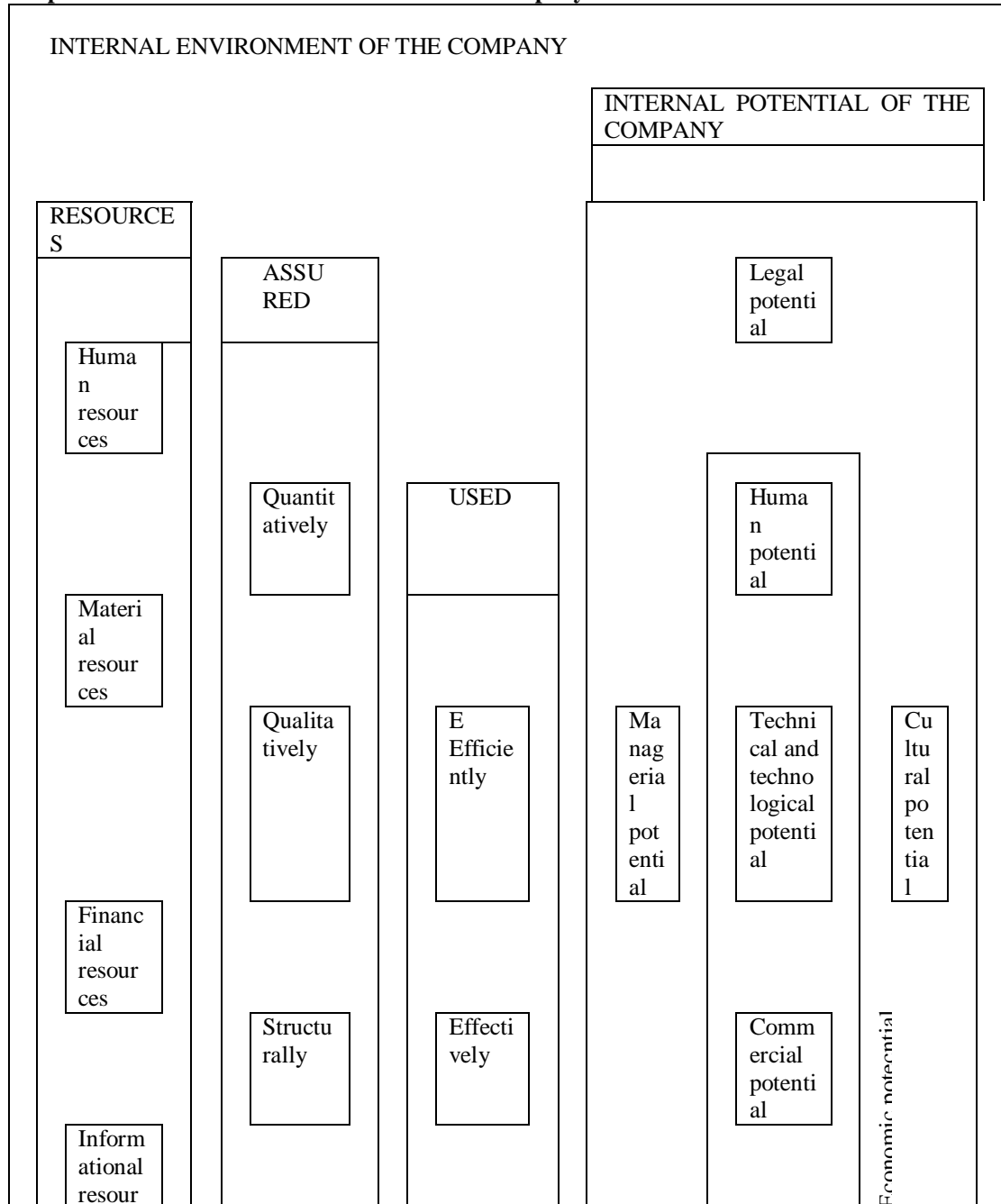
Depending on their nature and importance, the resources of the company may be classified as: human resources, material resources, financial resources, informational resources, time resources. The resources of the company are tangible and intangible. Each of them has an apart potential, which together with the others brings its contribution to creating the internal potential of the company. The resources must be ensured from a quantitative, qualitative and structural point of view, and at term, in order to be used efficiently and effectively.

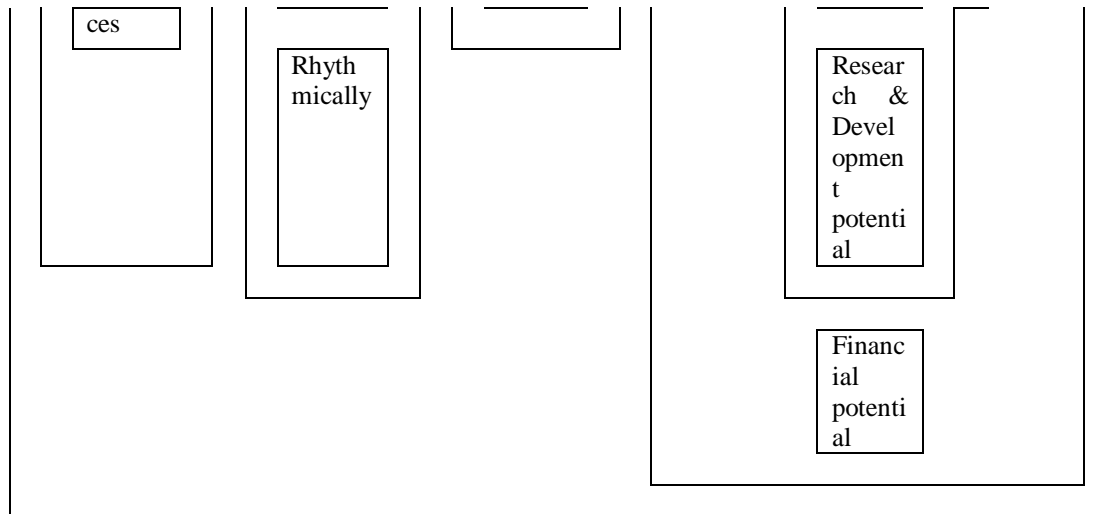
The internal potential of the company reflects its capacity to develop an economic activity, being given by the level, dynamics, structure and status of the resources it has at its disposal. The functional criterion represents a possibility to define the main

constitutive elements of the internal potential of the company. (Van Horne & Wachowicz, 2005)

The organizational culture includes all the ethical and moral value, myths, legends, symbols, tradition a company developed during its existence and which influences directly the behaviour of individuals and groups. The organizational culture is manifested internally only if it is also known in the external environment.

Graph no. 1.2. The internal environment of the company





3.2. External environment

The external environment of the company is composed of all elements outside the company which affect it in a way or another. The external environment may be considered a set of factors and external forces the company cannot manipulate and control according to its will, but of whose impact it is more or less affected. It includes all the factors and forces outside the company, which through their intervention influence and effect the trade, causing a series of threats and constrains. These elements manifest themselves outside the system, sometimes not being possible to influence them at all, and in other cases it is possible to influence them only in a small measure. Practically, it is made up of a set of factors which create a complex structure. It represents a network of external variables to which it can answer only through its own resources, built under the form of an internal network of variables. (Emery, et al., 2004). The company represents the zone of interference of some differently dimensioned forces, which it must face, it must adapt itself to the changes that may occur, it must prefigure and answer to the new conditions. Some constitutive parts of the environment have some hostile influences on the company, the management having the role to find an equilibrium between them, to promote the best solution, so that it registers the smallest negative effects or even to get the best positive results.

Between the company and its external environment there is a dynamic system of relations. The environment is in a continuous change, and the company has to adapt itself to changes. The ability to implement the change represents the key determinant to the success of the company. The analysis of the external environment must be the starting point of each activity, because changes in the environment may affect the capacity of the company to survive and develop. (Brealey, et al., 2006). When analyzing the financial situation, one must take into account the strategies of the company which were promoted by the management. The strategies of the company take into account the strong points and the weak points in the internal environment as well as the opportunities and threats in the external environment. That is why the strategy must be made mainly depending on the stakeholders of the company. No matter the type of strategy which was adopted for

the analyzed period, it will have a true representation in the financial situation of the economic agent. One must also take into account the adequacy, the degree of success and the stability of the company's strategies.

Sensitive changes in the strategies of the company will be reflected in the future financial situation of the company.

5. CONCLUSIONS

The strategy of the company represents a deliberate behaviour on long term, integrated with actions on medium, short and immediate term, closely correlated on functional sectors, with the intention to develop to its own advantage some activities in conditions of efficiency and effectiveness, by increasing its strong points and by reducing the weak points of the potential of its internal environment and by increasing its opportunities and by reducing its threats in the external environment through adaptation, in order to realize the equilibrium between the interests of the stakeholders.

The classifications of strategies differ from one author to the other. The common point of all strategies is the fact that each of them has well defined goals mentioned by the objectives. There are several formulations, in different concepts of objectives, but the formulation in financial terms is a practical necessity imposed by the shareholders, creditors and managers. The objectives may be multiple, being manifested at different hierarchical levels, on different horizons of time, on different intervals of priority. The objectives may be quantifiable or not. Understanding the objectives expressed in financial terms and the global and financial strategy of the company for the examined period has a special importance for the analysis of the financial situation. The inclusion into one direction or another, may explain the different levels of the financial indicators.

The financial analysis plays an active role, well defined and differentiated in each stage and constitutive element of the strategy.

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THE REALITY OF TECHNOLOGY ACCEPTANCE AND SOCIAL MEDIA

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Abstract: *Social media is currently an evolving “wave” in business marketing. Marketers are beginning to drive the use of social media as a component in their marketing strategy and campaigns to reach out to customers and fans. Among the subdisciplines of marketing that may utilise social media include promotions, marketing intelligence, sentiments research, public relations, marketing communications and product and customer management. However, these methods often lack the depth of information needed to understand why people engage in certain behaviours. This paper will explore recent examples of types of on-line participation and classifications.*

Keywords: *audience, on-line, social media, marketing communications, consumer behavior, engagement, web 2.0.*

1. SOCIAL MEDIA PART OF ONLINE WEB. CHARACTERISTICS

The real power of people can be noticed in the new revolutionized media channel – social media. Social media is best understood as a group of new kinds of online media, which share most or all of the following characteristics:

- Participation & Engagement: social media encourages contributions and feedback from everyone who is interested. It blurs the line between media and audience.
- Openness: most social media services are open to feedback and participation. They encourage voting, comments and the sharing of information. There are rarely any barriers to accessing and making use of content – password-protected content is frowned on.
- Conversation: whereas traditional media is about „broadcast” (content transmitted or distributed to an audience) social media is better seen as a two-way conversation.
- Community: social media allows communities to form quickly and communicate effectively. Communities share common interests, such as a love of photography, a political issue or a favourite TV show.
- Connectedness: Most kinds of social media thrive on their connectedness, making use of links to other sites, resources and people.

Social media allow us to “listen” to naturally occurring conversations and behaviors... to hear the unexpected. These insights come at us like a continuous river, changing the cadence of research. “Listening pipes,” as Pete Blackshaw, executive vice president of Nielsen Online Digital Strategic Services, calls them, go beyond “push surveys” to include social media conversation, search, digital analytics, customer

interaction in the “brand backyard,” interactions at retail, and managed communities [18, Strategy Analytics Report, pp 25].

Web 2.0

Web 2.0 is a collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users ‘ networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing / refining of informational content.” Social media and Web 2.0 are two terms which are often used interchangeably in the marketing literature, even though they are not entirely the same. From the marketing perspective, the Web 2.0 should be perceived as the new tools for the marketing communication mix and facilitator and enabler of social media. From technological perspective, there are not many changes in the Web 2.0 compared to Web 1.0 applications; the real value is created by people not only using this social software but participating in the creation process of it (by creating and editing the new content or even in some cases modifying the application itself) [12, O’Reilly].

2. MARKETING WITH SOCIAL MEDIA

The Engagement Concept

In the ‘Groundswell’ (2008), Charlene Li and Josh Bernoff outlined the following as core activities that define the engagement with the groundswell: listening, talking, energising, supporting and embracing. This is the framework that has been developed and proposed by Li and Bernoff to facilitate the transition for companies to understand and engage their customers within the social media space. They argued that social media is predominantly about the people and those relationships and communities must be the cornerstone of any social media marketing strategy. Although the framework, as outlined, provides a clear community engagement model, it does not satisfactorily provide an understanding of the long-term value of investment in these activities. Engaging closely with customers and prospects on a broad scale represents a significant cost to most companies. However, Mitch Joel, in his book ‘Six Pixels of Separation’ (2009) makes a clear argument for close engagement. People are increasingly becoming digitally connected to each other via social networks and online activities. With current rate of adoption, the online population will represent a significant, easily-targeted market for businesses. By investing in getting connected with their online market and customers now, companies will have the edge and advantage on competitors in the future. Customers’ trust and rapport built over time are durable business assets that are hard to encroach on by competitors [6, Godin].

Objections to Social Media Marketing

Nonetheless, the consensus on marketing via social media is not universal. Tom Martin (2009), in *Advertising Age*, is adamant that social media is not a channel for marketing and that any corporate involvement behind a social identity devalues the conversations. Marketers points out the argument that marketing has no place in 'social' media and that it 'destroys social media's foundations' by undermining its human elements. This, he contends, is because of the very nature of marketing, which is a commercial corporate function. This study however is not in agreement with these views. Even in traditional marketing, engagements with prospects through advertising and promotional channels are activities that involve multiple levels of human interaction, seen or unseen (for an example, an advertising creative devising a copy for an audience). The marked difference at present is that social media allows for reciprocal, two-way communication between advertiser and customer. Essentially, the core marketing principle of satisfying human wants and needs does not change. Marketing in social media is an evolution of commercial practices in tandem with the times [3, Brogan].

Different Disciplines

Further in this, the prominent blogger and social media expert, Chris Brogan, in his blog post 'Marketing is NOT social media-Social Media is NOT marketing' (2007), argues that social media and marketing are distinctive disciplines and independent from each other. His primary argument is that social media is a set of tools that 'permits regular people access to potential audiences of shared interest' and that marketing should not 'own' these tools. Instead, he suggests that marketers should observe and take advantage of the effect of having the media in the hands of regular people. The same sentiment is similarly echoed by Lee Odden, voted number 15 by peers in 2008's top 100 list of digital marketers. Odden (2009) believes that social media is 'no place for direct marketing' and that people join social networks, and the Web 2.0 space in general, to be social with a like-minded community, instead of being marketed to [13, Odden].

Discomforting Truth

Herein lies the disconnect. On one end, consumers are empowered by the internet to have their say and opinions on brands, and some, including experts such as Brogan and Odden, believe that consumers should be given total freedom to decide when to engage with brands. On the other end, marketers are desperately trying to leverage on social media to drive their marketing campaigns and to manage perceptions of their brands online.

The Believers

Supporters of social media marketing for enterprise believe that the right approach can be beneficial for both businesses and customers. Eikermann, Hajj and Peterson (2007) support the notion that companies should re-strategise and profit from this 'threat'. They believe that companies should actively seek to engage in conversations with their customers. However, companies must observe a condition of moving away from 'controlling the message' and let consumers decide on the flavour of the

conversations. Additionally, in their research, they observed that Web 2.0 has caused the fragmentation of marketing channels, in that, communities and websites tend to cater to niches and particular demographics. These should be used to the advantage of companies as they can be efficient through the use of highly-targeted effective marketing messages despite the clutter [4,Eikermann, pp 293-295].

This study agrees that the sheer volume of advertising clutter is causing consumers to question the authenticity behind the claims of these messages. It is also agreed that brand recall is suffering from increased consumerism as companies capitalise by developing countless new products and brands. Tellingly, a CBS news report (2006) states that an average person is exposed to about five thousand advertising messages in a day. This report argues that, with the explosion of cheap, one-way advertising channels and growing customer literacy in the art of marketing, the impact of traditional marketing communications has been undermined. Therefore, Meadows-Klue is of the opinion that social media is the right channel for marketers to regain attention from customers.

3. INFLUENCING WITH SOCIAL MEDIA

3.1. The Main Factor: Influencers

Despite the opposing arguments for social media's involvement in marketing, it is ultimately social media's creation of a new layer of influencers that will prove to be beneficial for both marketers and consumers. In 'The Tipping Point' (2000), author, Malcolm Gladwell, emphasises on the importance of influencers in the transference and spread of any new idea or knowledge. Without these idea facilitators, many commercial successes, such as the Apple, Hush Puppies and Google brands, will remain on the periphery. For consumers, recommendations through peer influence tend to be perceived as highly authentic and objective. For marketers, whose predominant purpose is the influence of customers to their products, the easy creation of consumer-influencers is a vital benefit that can be reaped from the integration of social media in their campaigns. Moreover, many marketing experts agree that word-of-mouth (WOM) is an effective element of promotion. In the Web 2.0 era, the WOM activity can be easily facilitated through the sharing of viral videos, email or peer reviews on Facebook. A research on the effect of WOM on social networks' sign-up, found that the elasticity of WOM referrals is 20 and 30 times higher than that of marketing events and media publicity, respectively. Thus, this study is of the opinion that a major role of social media in marketing practices (if adopted) must be objectively related to the creation of influencers within communities [19,WOMMA].

3.2.Return on Influence

Another applicable theory in the matter of WOM through social media is the Return on Influence. The prevailing idea is that marketing must be strategically carried out through identifying and influencing those with the most influence over others. At present, social media is the only medium that allows for such detailed effort. Despite the intricacy of this tactic, the objective of focussing messages to the right audience is in accord with marketing fundamentals of segmenting and targeting audiences for maximum

conversion. The influence of a Connector personality ('Connectors know lots of people') over an ideology or trend will quickly mobilise its spread and reach until it reaches the 'tipping point'. This is when an idea achieves critical mass and universal recognition through a sudden exponential growth.[4,Brogan]

3.3. Brand Advocates

However, traditional marketing philosophies do not explicitly cater for external contribution to a brand by anyone, other than an employee of a company. Commercial marketing objectives are typically aligned to achieve incremental revenue through quality lead generation and brand building. Because of this, no added emphasis is usually given to building external non-sale relations with customers. Nevertheless, with social media, the unpaid brand advocates are a reality. In the 'Groundswell' it is proposed that brand advocates are 'grown' through purpose-built community forums for ardent fans of brands such as Lego, Dell and the iPhone. In retrospect, this act of 'energising the groundswell' is in effect a controlled and strategised word-of-mouth effort [2,Bernoff].

3.4. Stickiness Wins

Another triumphant brand advocate campaign was the successful bid to have Barack Obama elected as President of the United States. The synchronized use of social media channels gave extended awareness and publicity to the Obama digital campaign and a measurable edge over John McCain, the Republican Senator. This was achieved through endorsements made online by Obama advocates which has a lasting and visible impact as the internet retains a level of permanency and transparency. Again, this observation concurs with another of Gladwell's theory in 'The Tipping Point', the Stickiness Factor (2008). This is the study of the strength of a message in a person's mind that will allow it to be relayed from one person to another effortlessly until it reaches tipping point. From a marketing perspective, the Stickiness Factor is an important criterion in the crafting and testing of marketing messages: the viral effect of 'United Breaks Guitars' and Susan Boyle's 100 million YouTube views are evidence that the carefully-crafted message is a powerful tool for the marketer.

Conclusively, the use of external resources, who will evangelise a brand to friends, relatives and colleagues for "the most honest form of marketing" is similar in effect to an over-achieving direct marketing campaign, at minimal or no cost. The Obama campaign is compelling evidence that social media can assist in achieving marketing objectives if efforts are focussed on marketing through influence and brand advocacy.[14, Ostrow]

3.5. Permission and Trust Marketing

Irrefutably, traditional marketers are grappling with the decline of mainstream advertising and the rise of social media which has deeply affected the media and newspaper industry. Forrester Research, in its 5-year forecast, reports that global advertising budget will decline significantly and this will be supplanted by a 34% growth in social media budget. This is a strong indication that advertising is fast losing its effect as a promotions tool. Without a doubt, the works of Seth Godin in the area of permission marketing have influenced a new generation of digital marketers. In 'Permission

Marketing' (1999), Godin explores the use of interactive technology, such as email and online games, in order to receive explicit customer permission for a brand to initiate direct interact. Godin argues that only marketing messages and approaches that are relevant, personal and anticipated will be readily accepted by customers. Godin's theory has been proven just as relevant today as customers continue to eschew traditional advertising in favour of word-of-mouth recommendation and peer reviews. With social media, practitioners of digital marketing are able to gain inroads to potential customers through the proven method of permission marketing. Instead of brands pushing and 'shouting' their messages across, social media channels allow for consumers to voluntarily 'befriend' (via Facebook Fan Pages) or accept communication (via Twitter or email newsletters) from brands. The building of trust through such relationships typically benefits both companies and consumers. As organisations become exceedingly visible through social media, it is therefore notable that marketing of trust is important. The experts expounds the theory that if an organisation does not provide value, be open and transparent and create opportunities for two-way communications, the brand will not survive in a time when social media is becoming an accepted platform for brand-building. Joel further states that these ideals are can only be possible through the 'building of community based on trust'. Based on these arguments, this study therefore has the opinion that modern organizational marketing must involve efforts in social media in order to maintain and increase trust and authenticity from customers' perspective.

3.6 The Reality of Social Media

The above arguments indicate that social media can be mutually beneficial for both parties if the boundaries of engagement are specified. In areas where corporate sponsored social media activities are managed (such as product support forums), branding and direct marketing should be reasonably accepted. In public and closed social networks, such as Twitter and Facebook respectively, permission must be sought for marketing messages to be broadcasted or relayed to specific users. Breaching these boundaries is akin to interruption marketing, similar in purpose and effect to untargeted advertising and email spam.

4. CONCLUSION

The above study has shown that social media do indeed have a significant role to play in contemporary marketing. Although there are dissenting voices in regards to the use of social media as a marketing tool, generally, social media has been proven to have important applications for marketing campaigns, public relations activities and customer relationship management programs.

A balanced and complementary approach is required to integrate social media into marketing practices. The expert consensus calls for marketers to engage in a subtle and restrained manner when engaging customers in social media. Making inroads through influence and permission, rather than direct selling, will more likely provide the benefits of long-term engagement. Therefore, the objective for social media marketers is indeed to turn customers into brand advocates.

The significance of social media as a possible corporate ideology cannot be ignored. With open and transparent communication through social media, companies can benefit from the increased level of trust by customers and stakeholders. This is important in an era where corporate social responsibility is emphasised in the wake of corporate scandals, Social media has also been proven to be an effective tool for public relations and in the creation of thought leadership for a company.

Although social media is a recent arsenal to the field of business marketing, its potential as a marketing tool cannot be overlooked. However, further development in its practice and usage is required in order to increase corporate adoption. Also, a study into the measurement of social media's effectiveness and its return on investment must also be undertaken. Only then can the real value of social media to an enterprise be ascertained. Nonetheless, social media is a powerful tool for any organisation moving in the Web 2.0 space and beyond.

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FINANCIAL AUTONOMY OF THE ROMANIA'S MUNICIPALITIES: THE CASE OF ILFOV COUNTY'S TOWNS

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Abstract: *In the context of the economic turbulences, the limitations of the public financial resources, a diverse interest of stakeholders, local communities' demands for the public service quality, the financial autonomy represents a source and an effect for the social and economic local development. The research aim was to investigate the extent of local financial autonomy in some municipalities and to discover some possible discrepancies between municipalities located in the same county, which is part of most developed region of Romania –Bucharest–Ilfov Region. In this respect, based on the public information taken from the local budgets and the budgetary exercises of the Towns of the Ilfov County in Romania, there were calculated the indicators of the financial autonomy for the year 2016. The research results emphasized a general low to medium level of financial autonomy, due to the fact that the average level of self-funding for the towns in Ilfov County was low, as a result of the low collecting of local duties and taxes by the Town Halls, the limitation of getting non-fiscal revenues and funding from external sources. This result is validated also by the high level of dependence of the local budget in comparison with the state budget in the case of the towns included into the study.*

Keywords: *financial autonomy, indicator, budget, decision, local public administration*

1. INTRODUCTION

The premise of this research is given by the importance of the financial autonomy at the local public administration level, taking into consideration its impact on the economic development of the local community and the increase of the degree of satisfaction of the local community members' needs. To these, there is added the local public administration authorities' responsibility in respect of the assurance of the public utility services, management of the transport infrastructure, management of the public funds and collectivity of duties and taxes.

In this context, the current research has as objective the analysis of the financial autonomy extent of the towns from Ilfov County, which it surrounds Bucharest, the capitale of Romania We consider that this approach will identify the financial autonomy boundaries and will contribute to the discovering of some possible discrepancies between municipalities located in same county, which is part of most developed region of Romania –Bucharest–Ilfov Region.

The paper comprises the following sections: the first section is intended to the professional literature review; the second section consists in the objectives and the research methodology. The third section presents the research results, respectively, the analysis of the financial autonomy level of the towns from Ilfov County. The last section is intended to the research conclusions, boundaries and future directions of research.

2. LITERATURE REVIEW AND LEGAL FRAMEWORK

In the professional literature, the financial autonomy has multiple approaches. The financial autonomy is a component of the local self-government. From legal point of view, the concept "local self-gornment" was defined by the European Charter of Local Self-Government, signed in Strasbourg in 1985, as "the right and effective capatown for local communities to regulate and manage within the limits of the law, under their own responsibility and in the interests of the local population, an important part of the public affairs".

Parlagi (2011) considered that the local self-government concept refers to a recognized and lawfully guaranteed right of the local communities, within the limits of the delegated competences, to manage their local issues. Guegant (2004) outlined that the financial autonomy of the local public administrations is relatively defined and it generates various interpretations in time and space. A similar idea is supported by Tsimi (2012) who revealed that self-government and financial autonomy are unclear, taking into account the fundamental principles of the territorial decentralization. Onofrei and Oprea (2008) considered that "the local self-government and the financial autonomy of local communities are two sides directly interconnected." Also, the authors stated that the real local self-government has as foundation the assurance of the financial autonomy. In opposition, the financial autonomy at the level of local public administrations is an essential instrument to accomplish the objectives of decentralization and regionalization (Schmitt, 2006). Oulasvirta & Turala (2009) examined the both dimensions of financial autonomy (the expenditure autonomy and revenues autonomy). Petkovska (2011) stated that financial autonomy takes into account the capacity of the institutions to manage independently the financial affairs, without any external influence. A way to measure the financial autonomy of the local public administration was that of calculating the weight of its personal revenues into its total budget. Fiscal decentralisation was considered by Bobakova(2017) as factor for strengthening the tax autonomy of local governments.

In terms of size, the local financial autonomy includes the following items: politics, economy and law; aspects of general autonomy, budgetary autonomy, fiscal autonomy, management autonomy (Oliva, 2017). In Parlagi's opinion (2011), the financial autonomy is the principle of the administrative law referring to the capacity of local authorites to directly and unconditionally manage their budget. The financial autonomy is based on the concept of legal personality, not being possible for the entities subordinated to the administration but without legal personality. Generally, the financial autonomy is the situation when the authorities of the local public administration do not depend on the central state budget.

In order to consolidate the financial autonomy, and in the context of the local public financial resources, Gilles (2012) proposed funding alternatives.

From economic point of view, fundaments of local self-government is the ownership of patrimony, which it is administered by the local public authorities as a real owner. Therefore, the local public administration has the right to own resources which it has to manage in accordance with the attributions stipulated by law. According to this principle, the local authorities manage or can have financial resources, as well as the public or private property assets of the territorial administrative units (Profiroiu, 2010).

In Romania, the regulating framework of local self-government is the Constitution and the Law of local public administration no.215/2001. According to the Constitution, the functioning of the public administration from the territorial administrative units is based on the following principles: decentralization, local autonomy and deconcentration of the public services. Also, "the authorities of the public administration performing the local self-government in communes and towns are represented by the elected local councils and the elected mayors".

In accordance with the Law of the local public administration no.215/2001, local self-government is "a right and an effective capacity of the local authorities to solve and manage the public affairs in the interests of the local communities". In Romania, the local self-government can be only administrative and financial. In respect of the connotations of the phrase "local self-government", these refer to: organizing, functioning, competences, attributions and management of resources belonging to the territorial administrative unit. The financial autonomy is not the independence of the local authorities in terms of all their actions, a self-government, but it is compulsory that all these should be coordinated by the central administration. In accordance with the Law of the local public administration no.215/2001, the local authorities manage the financial resources or the assets within the public or private patrimony of the territorial-administrative units, in compliance with the principle of local self-government.

Keuffer (2016) revealed that the European countries display different national profiles of self-government; also, by appeal to the local autonomy indicator, the author concludes that there are significant discrepancies at the continental level. The results of the research performed by Cigu & Oprea (2012) validated the research hypothesis according to which the European Union countries have different levels of local autonomy and could be grouped in four distinctive classes: representative autonomy, normal autonomy, full autonomy and reduced autonomy. Ladner et al. (2017) offered a comprehensive methodology, using 11 variables for measuring local autonomy, which was applied to 39 European countries. For the period 1990 -2014 they revealed that the local autonomy had an overall increase, however there are significant differences between the countries.

In Romania, Moldovan (2016) tried to find out if local revenue mobilization is influenced by the type of sub-national governments. The conclusion of his study, based on data collected from all 3,227 Romanian local government (excepting Bucharest – the capital city) for the 2008 – 2011 period was that the type of territorial administrative units (communes, cities, municipalities, counties or sectors) does not affect the rate of revenue collection in the mentioned period of time. However, the study of Institute for Public

Policies (Institutul pentru Politici Publice – IPP, 2001, p.9) has shown that there is important differences between local governments in Romania concerning their capacity to collect the own revenues, that affect local financial autonomy. The results of the research performed by Dogariu (2010) pointed out the fact that at the level of the year 2008, the level of funding the expenditures through own revenues was of 4.1%.

The review of the financial decentralization at the Romanian public administration level during 1991 - 2005 showed its limitation, considering the high financial dependence of the public administration authorities in comparison with the central authorities, as well as the discrepancy in respect of the stabilization revenue allocation or the transfer of competences without correlation with the necessary resources (Onofrei and Oprea, 2008). Also, the review of the financial autonomy within the local public administration in Romania, performed during 2008-2012, emphasized a direct correlation between the degree of the financial autonomy and the level of the local community development (Scutariu & Scutariu, 2015). The results of the research conducted by Jemna *et al.* (2013) for the period of the years 2008-2010, based on the analysis of 10 socio-economic and demographic variables, has shown that the financial autonomy level in Romania's counties was very low. Among the other variables with positive impact on local financial autonomy there were the high level of collecting the duties and taxes, the experience of the civil servants in management positions within the relevant departments of the local public administration, the capacity to obtain funds from external sources, such as the European funds (excluding the financial transfers, allowances or subsidies from the central level). Also, there were identified variables with negative impact, respectively: the unemployment rate and the demographic trend of ageing population. The variable "demographic trend of ageing population" is closely related to the size of the community (number of inhabitants), a relevant factor for the financial autonomy level. Oplotnik *et al.* (2012, p. 128-142) tried to determine whether and to what extent the own revenues and financial allocations from state budget correspond to the actual competences of the Slovenian municipalities.

The European Charter of Local Self-Government provides the principles to be complied with into the decision making process at local level by the political representatives in charge. Thus, the local public authorities have their own resources necessary to exercise their specific attributions, and these resources should be correlated with the attributions provided by the legal regulations. A major aspect is that part of the resources mentioned above should be generated by the fiscal revenues, related to the taxes and duties collected at local level, the taxes and duties set by the legislative authorities, i.e. by the local councils, obviously complying with the laws in the field.

3. RESEARCH OBJECTIVES AND METHODOLOGY

In order to accomplish the research objective, that is to analyze the financial autonomy level of the towns in Ilfov County, respectively Voluntari, Otopeni, Pantelimon, Chitila, Buftea, Măgurele, Popești-Leordeni, Bragadiru, we used the quantitative research. The population of the eight towns analysed is presented below:

Table 1. Population of Ilfov County's Towns

Voluntari	Otopeni	Pantelimon	Chitila	Bufta	Magurele	Popești-Leordeni	Bragadiru
21820	8791	14466	7893	11601	5669	18278	11054

Source: National Institute of Statistics, 2018

In this respect, we examined the local budgets and their budgetary exercises, available on the town halls' official sites and we calculated the indicators of the financial autonomy for 2016 provided in the common Order of the Ministry of Administration and Interns and Ministry of Public Finance no. 244/2651/2010, respectively: the level of revenue realization, the level of personal revenue realization, the level of funding from personal revenues, the self-funding level, the personal revenues collected per capita, the level of collecting the taxes on property, the dependence level of local budget in comparison with the state budget, the level of decisional autonomy. The sources of interim data for determining the indicators of financial autonomy related to 2016 are displayed in Table 2.

Table 2. Sources of interim data related to 2016

Indicators	Data source		
	Initial budget	Budgetary exercise	National Institute of Statistics
Total scheduled revenues			
Total revenues			
Scheduled personal revenues			
Collected personal revenues			
Total collected revenues			
No. of town inhabitants			
Scheduled revenues from taxes on property			
Collected revenues from taxes on property			
Revenues received from the state budget			
Sums broken down from value added tax for balancing the local budgets			

Source: Authors, 2018

4. RESEARCH RESULTS

By examining the local budgets and budgetary exercises of the towns from Ilfov County, related to 2016, we calculated the indicators of the financial autonomy for the year 2016 for the towns of Ilfov County (Table 3).

Table 3. Indicators of the financial autonomy of the towns from Ilfov County-year 2016

Indicators	Voluntari	Bragadiru	Pantelimon	Popești Leordeni	Chitila Town	Bufta Town	Otopeni Town	Măgurele Town Hall
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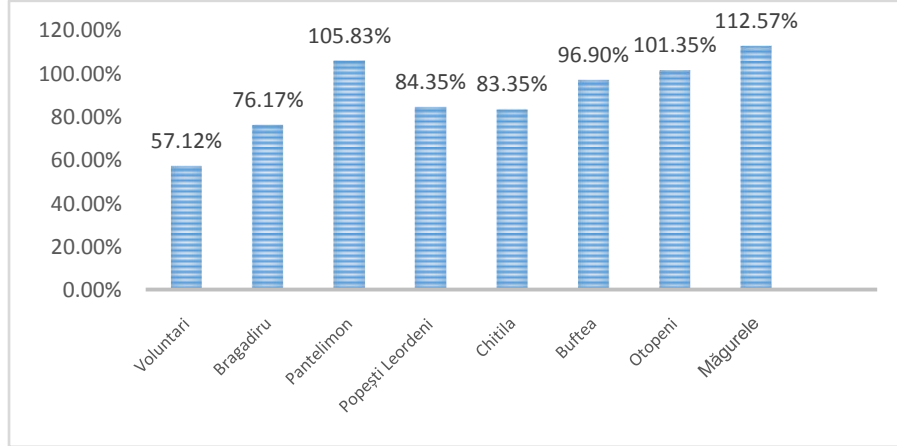
	Town Hall	Town Hall	Town Hall	Town Hall	Hall	Hall	Hall	
Level of revenue realization	57.12%	76.17%	105.83%	84.35%	83.03%	96.90%	101.35%	112.57%
Level of personal revenue realization	53.60%	87.25%	115.05%	82.14%	77.70%	84.49%	101,90%	125.46%
Level of funding from personal revenues	72.46%	70.30%	59.99%	88.34%	75.51%	57.08%	93,42%	78.04%
Level of self-funding	28.07%	31.13%	44.85%	52.32%	33.00%	19.23%	32,77%	25.66%
Personal revenues collected per capita(lei)	3,412.11	2,165.04	1,899.22	2,815.38	1,728.64	1,354.39	7,776,51	2,484.90
Level of collecting the taxes on property	56.97%	95.65%	115.39%	115.27%	66.25%	39.51%	111,96%	82.52%
Level of dependence of the local budget compared to the state budget	66.96%	59.08%	60.81%	47.68%	64.96%	79.34%	67.16%	74.31%
Level of decisional autonomy	81.29%	73.59%	60.57%	88.68%	76.86%	58.16%	93.50%	78.42%

Source: Authors, 2018

The first calculated indicator, i.e. the level of revenue realization, is the weight of total revenues collected within the total of scheduled revenues. According to Figure 1, there can be seen that three towns obtained a weight over 100%, as it follows: Măgurele Town Hall 112.57%, Pantelimon Town Hall 105.83% and Otopeni Town Hall 101.35%. In the case of the Pantelimon Town Hall, the revenues of the budgetary exercise on the 31st of December 2016 are higher than those set into the early 2016 budget, because its management focused on collecting with high priority the outstanding debits by foreclosure measures on the one hand, and on the other hand, by imposing new aggregations subject to taxation (gaining mainly movable and immovable assets). In opposition, Voluntari Town Hall, whose low level of revenue realization is 57.12%, due

to the outstanding revenues related to the due list on 31.12.2016, collected in low percentage. Also, another cause is represented by the big number of legal persons involved in special procedures (insolvency, bankruptcy).

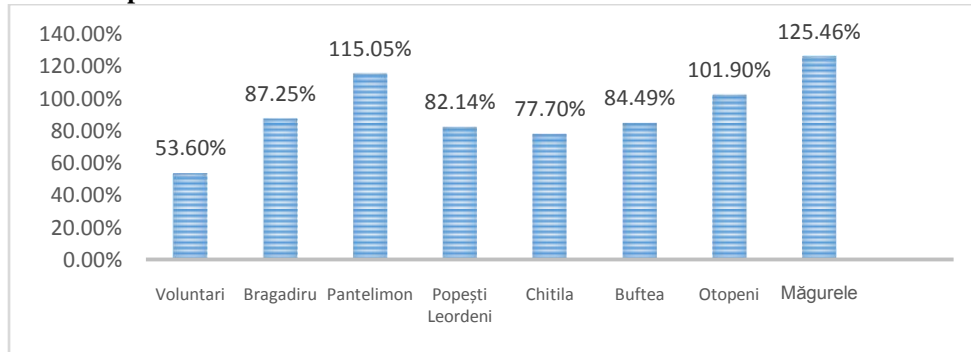
Figure 1. Level of revenue realization-2016



Source: authors, 2018

The second indicator, i.e. the level of personal revenue realization, is the weight of the personal revenues collected within the scheduled personal revenues. In Figure 2 there can be noticed that the level of creating personal revenues is over 100%, in the cases of the following Town Halls: Măgurele 125.46%, Pantelimon 115.05% and Otopeni 101.90%. In the case of Pantelimon Town Hall, the overpass of personal revenues of the budgetary exercise on the date of 31st of December 2016, in comparison with the revenues budgeted for 2016, is explained by imposing new aggregations subject to taxation (gaining mainly movable and immovable assests), which determined the increase of revenues from taxes on property, integrant part from personal revenues. Directly opposed there is Voluntari Town Hall which registered a wheight of personal revenues in a percentage of 53.60%. The diminished value of this indicator is explained by the big number of legal persons involved in special procedures (insolvency, bankruptcy), and therefore, in incapatown of paying the taxes related to the personal revenues.

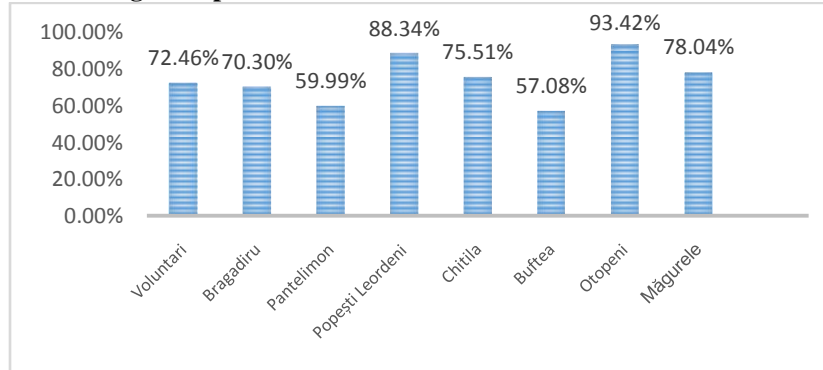
Figure 2. Level of personal revenue realization -2016



Source: Authors, 2018

In respect of the level of funding from personal revenues, this indicator represents the weight of the personal revenues collected within the total of the collected revenues. Otopeni Town Hall has the highest level of funding from personal revenues, respectively 93.42% (Figure 3), as a result of the high number of economic entities running their business across the town. The lowest level of funding from personal revenues is registered by Buftea Town Hall, 57.08%, due to its low capatown of collecting the taxes on property (37.85%).

Figure 3. Level of funding from personal revenues -2016

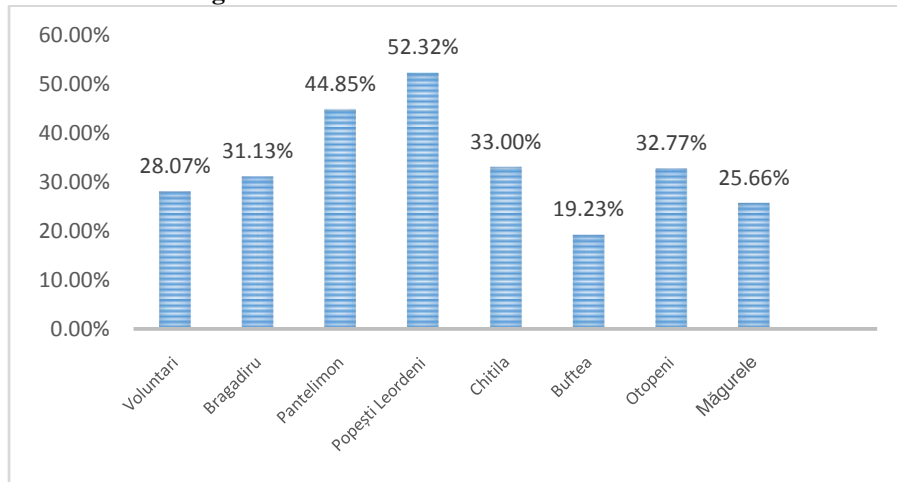


Source: Authors, 2018

The fourth indicator, i.e. the level of self-funding, is the weight of the collected personal revenues (exclusively shares) within the total of the collected revenues. This indicator is relevant for emphasizing the level of self-government, due to the fact that, in calculating the level of self-funding there are excluded the amounts received from the government as a result of the shares from the tax on revenue, which, although according to the Law 276/2006 represent own revenues, in practice, they are collected by the National Agency of Fiscal Administration, on behalf of the state, and later on, re-assigned to the local communities.

In Figure 4 there can be seen for all examined Town Halls a level of financial autonomy ranged between medium and low. Thus, only the town Popești Leordeni got a percentage over 50%, respectively 52.32%, due to the high level of revenue mobilisation from the tax on property and a balanced distribution of the shares related to the tax on revenue. At the end of the classification there is Buftea town with a level of self-funding of 25.66%, caused by the low level of funding from personal revenues, of only 57.08%. Overall, the towns from Ilfov County of 33.37%, present a medium level of self-funding, which pictures a low to medium level of financial autonomy.

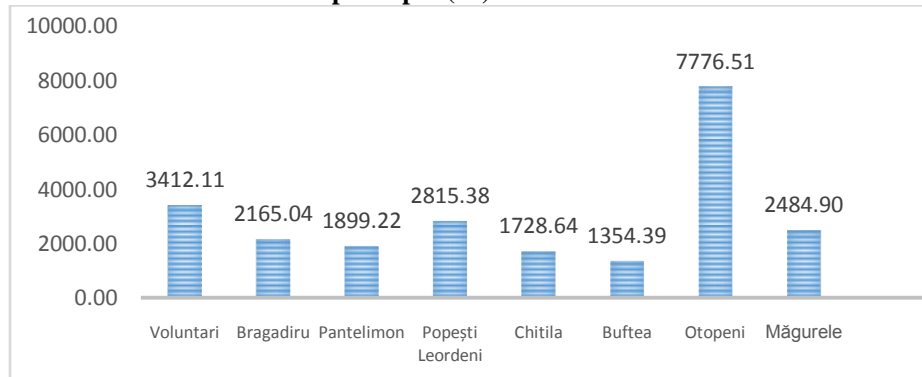
Figure 4. Level of self-funding -2016



Source: Authors, 2018

The fifth indicator, i.e. personal revenues collected per capita, is the ratio between the collected personal revenues and the number of town inhabitants. Thus, for the year 2016, Otopeni Town Hall collected personal revenues per capita in the amount of 7,776.51 lei (Figure 5). This high value, in comparison with the values got by the other towns, is explained, on the one hand, by the low number of town inhabitants, classified the last but one, with 13,861 inhabitants, and on the other hand, by the presence of the Otopeni airport within the town, which attracts a lot of economic entities. A low fiscal burden is in Buftea town (1354.64 lei). In the average, the sum of the personal revenues collected per capita into the towns from Ilfov County is of 2,954.52 lei, which would represent 15% of the annual average net wages of a Romanian citizen in accordance with the data submitted by the National Institute of Statistics.

Figure 5. Personal revenues collected per capita(lei)-2016



Source: Authors, 2018

The sixth indicator, i.e. the level of revenue collected from taxes on property, is the weight of the revenues generated by taxes on property scheduled within the total of revenues collected from taxes on property. The highest level of revenue realization

generated by taxes on property is registered at the Pantelimon Town Hall, 115.39% (Figure 6), as a result of effort concentration on priority collecting the outstanding debits on the one hand by foreclosure measures, and on the other hand, by imposing new aggregations subject to taxation (gaining mainly movable and immovable assests). In the case of the Popești Leordeni Town Hall, for the taxes on property there were recovered from the previous years amounts related to the taxes on property. In opposition, there is Buftea Town Hall with a level of collecting revenues from taxes on property of 39.51%, generated by non-communicating the fiscal obligations towards the tax payers. To this, there can be added the problems with certain tax payers without fixed sources of revenues.

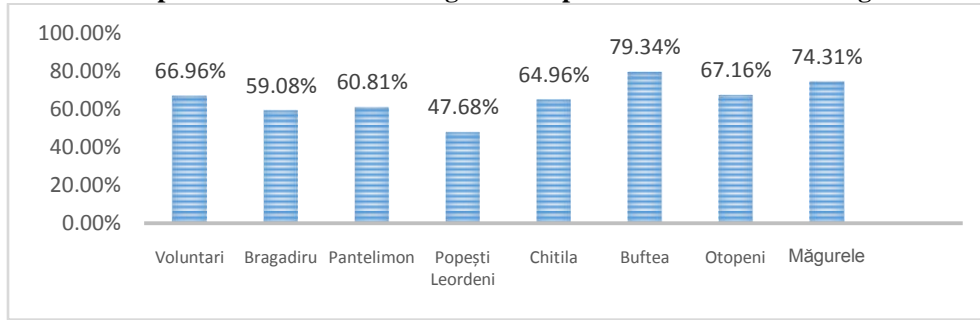
Figure 6. Level of revenue mobilisation from taxes on property-2016

Pantelimon	115.39%
Popești Leorc	115.27%
Chitila	66.25%
Buftea	39.51%
Otopeni	111.96%
Măgurele	82.52%

Source: Authors, 2018

The next indicator, i.e. the level of dependence of the local budget compared to the state budget, presents the weight of collectability from sources received from the state budget (VAT) within total collected revenues and, therefore, to what extent the Town Halls are dependent on the government by granting the shares related to the tax on revenue, the tax on added value and the various subsidies. According to Figure 7, the highest level of dependence of the local budget in comparison with the state budget is for the town Buftea (79.34%), generated by the low level of self-funding, of 19.23%, and the lowest level of dependence is held by the town Popești Leordeni, 47.68%, due to the high level of self-funding of 52.32%. According to the downward trend of the dependence level of the local budget compared to the state budget, there are the towns Măgurele (74.31%), Otopeni (67.16%), Voluntari (66.96%), Chitila (64.96%), Pantelimon (60.81%), Bragadiru (59.08%).

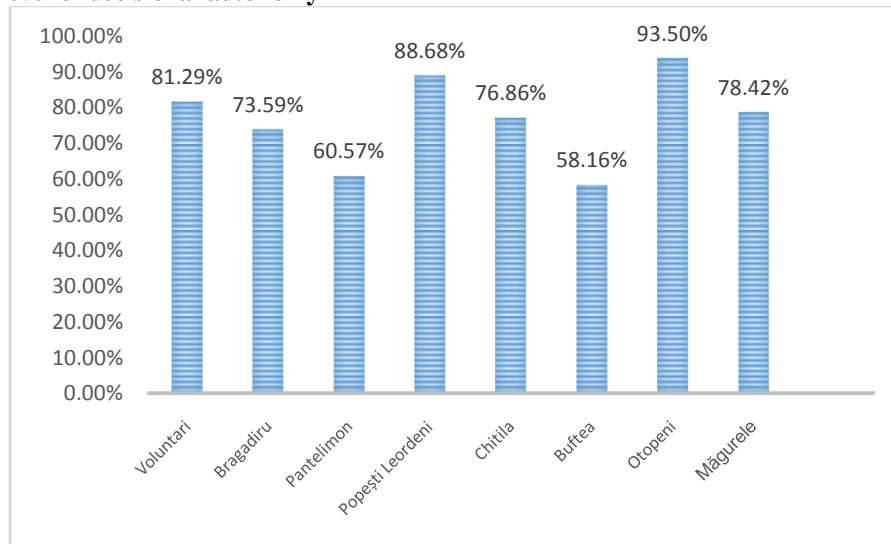
Figure 7. Level of dependence of the local budget in comparison with the state budget



Source: Authors, 2018

The last indicator, i.e. the level of decisional autonomy, is the weight of uncustomized revenues collected within the total of collected revenues. The uncustomized revenues are the collected personal revenues added with the sums broken down from the value added tax for the local budget balance (code 11.02.06). thus, the town with the highest level of decisional autonomy is Otopeni (93.5%) due to the fact that the personal revenues have a high weight within the total of revenues (93.43%), and the uncustomized revenues also have a high weight within the total of revenues. In terms of the decisional autonomy, this town is followed by the decreasing sequence of the towns Popești Leordeni (88.68%), Voluntari (81.29%), Măgurele (78.42%), Chitila (76.86%), Bragadiru (73.59%), Pantelimon (60.57%). The lowest percentage was obtained by the Buftea Town Hall (58.16%), caused by the low level of funding from personal revenues, under 60%, leading to a low weight of the uncustomized revenues within the total of revenues, exemplified by a low level of decisional autonomy.

Figure 8. Level of decisional autonomy



Source: Authors, 2018

5. CONCLUSIONS

This research emphasizes the fact that there are various conceptual approaches regarding the financial autonomy, but they interfere in terms of the following coordinates: the increase of the personal revenues, the budget management, and they assure a decision making process oriented towards the satisfaction of the needs of the local community members, contribute to the economico-social development of the local community.

The results of the analysis regarding the financial autonomy of the towns from Ilfov County showed the following: the Town Halls of Măgurele, Pantelimon and Otopeni have a collecting revenue level over 100%, and Voluntari Town Hall registers the lowest level of realization of revenues (57.12); the realization level of the personal revenues overpasses 100% in the cases of the Town Halls of Măgurele (112.57%), Pantelimon (105.83%) and Otopeni (101.35%), whereas at Voluntari Town Hall, it is the lowest; Otopeni Town Hall has the highest level of funding from personal revenues, and the lowest level of funding from personal revenues is at Buftea Town Hall; all analysed Town Halls have a medium level of self-funding; the highest personal revenues per capita were collected by the Town Hall of Otopeni, and the lowest, by the Buftea Town Hall; Pantelimon Town Hall registered the highest level of revenue realization from taxes on property, and the lowest, Buftea Town Hall; Buftea Town Hall (79.34%) has the highest dependence level of the local budget compared to the state budget, and the lowest, Bragadiru Town Hall (59.08%); Otopeni Town Hall has the highest level of decisional autonomy, and Buftea Town Hall, the lowest.

We consider that among the causes determining a low level of revenues stands the high number of the economic entities facing insolvency or bankruptcy, and therefore, their incapacity to pay local taxes and duties, as well as the lack of official information of the tax payers in respect of the fiscal and non-fiscal debts to the local budget.

In terms of the research boundaries, we consider that one of them is given by the reporting the analysis regarding the level of financial autonomy to only one county. Taking into account the fact that the territorial administrative regions of Romania face various levels of economic development, we consider that this limit does not affect the research results. As future research directions, we propose to carry on the research by extending the analysis of the level of financial autonomy to other counties, as well as by identifying the manners of increasing the level of financial autonomy at the level of the Romanian local public administration.

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CHALLENGES IN THE ADMINISTRATIVE PROCEDURE OF TRADEMARK REGISTRATION AT THE WORLD INTELLECTUAL PROPERTY ORGANISATION

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Abstract: *Intellectual property protection in an age of information in the cloud is a dynamic challenge for law and market. Business people are more engaged in the knowledge-based economies where intangible goods prevail and the intellectual property rights rules. Nowadays, not just the resulted goods and/or services are legally protected from other similar and/or identical subsequent ones, but also domain names. The study emphasises the legal steps which must be followed in the international procedure of trademark registration. The trademark was used either as business identifier or virtual advertisement, but currently it become the domain itself. Information flow is global and without spatial boundaries the protection of goods and/or services and domain name has to be internationally recognised. Intellectual property surrounds us in approximately everything we do, and we are surrounded by the results of human creativity and invention and almost all are registered trademarks. The article is a quest for understanding international trademarks and intellectual property protection in the digital age.*

Keywords: *“copy culture”, intellectual property rights, international protection, compensation actions.*

1. INTRODUCTION

Innovation and technology undisputedly improve goods, services or processes created and offered to the market and society. Many innovations changed or created new markets, and brought changes in society, the environment, and in law. Technology patents registered at the European Union (EU) countries level is increasing, and the research and development EU programmes certainly contribute to this increase. According to World Intellectual Property Organization (WIPO) statistical report⁶, after 6 years of decrease (2011-1599 applications), patents in Romania recorded an increase in 2017 with 14% compared with last year (1255 applications). Regarding the industrial design and the trademark Romania did not register the same trend as it was for the patents: the first one increased with 41% since last year, and the last one with only 7%. Overall, Romania in 2017 was on the rise in all areas, but it created only 3% of all registrations of Germany and 7% of France. The Romanian level is way back to the West

⁶ WIPO statistical country profile – Romania, available at https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=RO, (accessed on January 30, 2018).

countries, and under the EU average. As we noticed, the difference between developed and developing economies in the EU is significant. Because intellectual property rights foster creativity in high technology, strengthening its protection is a priority for the developed nations.

Intellectual property rights are policies that assign and protect the rights to earn income from innovative and creative activities. They influence the profitability of industrial research and the rewards to creative activity and most of the times their protection may come with high expenses and low availability. Even if developing countries prefer a low level of protection the doctrine should contribute to the mainstreaming of a culture of intellectual property rights protection. In this long-term commitment public administration institutions can contribute with facilitating mechanisms and reliable information.

For these reasons, we consider that a short review of the applicants' challenges raised by the WIPO administrative procedure is an important step forward to increase awareness among future Romanian developers and/or designers of goods, services and domains.

The study highlights step by step the application procedure in relation with registration of trademarks and content in order to avoid the common registered pitfalls. Through this we will try to demonstrate the hypotheses of the research: firstly that in the WIPO's procedure on the international protection of intellectual property the "heavy part" is in the hands of the national offices; and secondly that a new culture of protection of intellectual property rights is needed, a culture of compensation and community oriented. The study uses as research methods literature and rules review, accompanied by the procedural and cases examinations.

Intellectual property has two main branches: (a) industrial property-covering inventions, trademarks, industrial design, and protection against unfair competition, including protection of trade secrets; and (b) copyrights-which concern literary, musical, artistic, photographic, and cinematographic works (Subhash, 1996, p. 9). From the above mentioned ones, we consecrated the study to the trademarks. A trademark may serve as quality index and is a word, symbol, or device that identifies the source of goods. In the sale of services similar rights may be acquired as marks. In international regulation the registration of goods and services may vary, some allow service trademarks others not. Trademark/mark laws prevent others of creating a good or service with a confusingly similar characteristics, hence it should be registered in every country in which protection is desired for the entire life of it. Besides trademark/mark, copyright, mask work, trade secret are also protected by international regulations, more precisely by the treaties, and all of them fall under the jurisdiction of WIPO.

2. THE ENHANCED ROLE OF WORLD INTELLECTUAL PROPERTY ORGANISATION IN TRADEMARK AND COPYRIGHT PROTECTION

WIPO and national agencies for intellectual property protection role is increasing when we witness the "copy culture" which infringe any boundary between private and public or commercial and non-commercial. Adults and youths from around the world

have admitted that internet is used more for downloading and sharing copyrighted material (Karaganis and Renkema, 2013), but worryingly is that the age of downloaders decreased to 11-12 year olds (Kemp, 2013). Users' behaviour is not altered by the copyright law and by its enforcement; new legal and administrative mechanisms are needed. The role of administrative authorities must be changed from control to prevention, from punitive sanctions to compensative actions. Moreover, for the judicial systems another issue is brought forward by global and multijurisdictional nature of the copyright law and of the protection of goods/services. Internet challenges, the determination and identification of the responsible person for violation of copyrights laws require enforcement mechanisms at the local branches of international institutions or at the national offices. This copyright protection wheel is not just for state actors, but also for local, civil society and even private actors, for the entire community (Reed, 2013, p. 362), and the internet introduced new dynamics.

An international key agent of change is World Intellectual Property Organisation. WIPO is a specialised agency of the United Nations established in 1967 by Convention, which was signed at Stockholm on July 14, and amended on September 28, 1979. It administers international treaties that concern intellectual property, including the rights relating to (a) trademarks, (b) literary, artistic and scientific works, (c) performances of performing artists, phonograms, and broadcasts, (d) inventions in all fields of human endeavour, (e) scientific discoveries, (f) industrial designs, (g) service marks, and commercial names and designations, (h) protection against unfair competition and all other rights resulting from intellectual activity in the industrial, scientific, literary or artist fields⁷. After almost 50 years of existence 191 states hold membership in WIPO (UN-193MS). WIPO facilitates international agreements and is more a policymaking body without binding decisions and punitive sanctions. The solving mechanisms used by WIPO are mediation and arbitration.

The Madrid System provides a process for obtaining and maintaining trademark protection in multiple jurisdictions. It is a legal and policy cross-national solution for the protection of signs under which the goods and services are sold. The intellectual property rights protection is not new, because according to Kapitzke (2006, p. 432) it constitutes the revamping of late medieval guild laws. Nowadays, there is little evidence that the use of trademarks guarantees quality, as WIPO sustains (2018, p. 8) because they do more a product differentiation and promotion.

Three millennia ago, Indian and Chinese artisans signed their goods before they sold them outside their premises. In the Roman Empire, over 1000 different pottery marks were used to distinguish different craftsmen. In Europe, during the Middle Ages, guild markings were in common use to identify goods and crafts in commerce. These days, consumers everywhere rely on trademarks to assure that the goods they buy meet their individual desires and are of a quality that they can trust (Mossinghoff & Oman, 1997, 107). Therefore, a strong and effective trademark protection is necessary.

A trademark is defined by WIPO as "a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks are protected by

⁷ According to art. 2 (viii) of the WIPO Convention.

intellectual property rights”⁸. In other words, a trademark is an indicator of source that allows consumers to take decisions efficiently on the market (Osei-Tutu, 2017, p. 214). The sign may consist of words, letters, numerals, drawings, symbols, three-dimensional features such as the shape and packaging of goods, non-visible signs such as sounds or fragrances, or colour shades used as distinguishing features – the possibilities being almost limitless according to WIPO.

The protection of trademarks was first stated in the Paris Convention for the Protection of Industrial Property (March 20, 1883, revised), which stipulates at article 6 (1) that “The conditions for the filing and registration of trademarks shall be determined in each country of the Union (i.e. country to which the Convention applies) by its domestic legislation”, therefore the registration of trademarks was at national level.

Later on, the possibility to register a trademark was extended internationally by the Madrid Agreement concerning the international registration of trademarks of April 14, 1891 (the Madrid Agreement) and by the Protocol of the Madrid Agreement of June 27, 1989 (the Madrid Protocol or the Protocol), conveniently referred to as the Madrid System.

After the creation of the European Union, another possibility for the trademark’s registration has appeared through the Council Regulation (EC) no.40/04 on the Community trademark, repealed consequently, and now made possible by the Regulation (EU) 2017/1001, which states the trademark registration, on the territory of all member states of the European Union through a single application.

3. ADMINISTRATIVE REGISTRATION PROCEDURE OF TRADEMARKS AT WORLD INTELLECTUAL PROPERTY ORGANISATION

The registration process is the important key to trademark rights protection. In principle, only a registered trademark will provide exclusive rights. Registration will provide legal certainty and will reinforce the position of the right holder, in case of litigation (Sangsuvan, 2013, p.271). In order to acquire legal protection, a trademark must be registered to the competent authorities of the territory where the protection is desired, and is very important to take into consideration that the protection is granted on the principle of “first come, first served”. Any person, either natural or legal, may register a trademark.

A trademark may be registered as follows:

- at national level, at the national intellectual property office – the protection shall be secured only on the territory of that state;
- at European Union level, at European Union Intellectual Property Office (EUIPO) – the protection shall be secured on the territory of all member states of the European Union through a single application;
- at international level, at WIPO – the protection shall be secured on the territory of the selected state/states through a single application.

⁸ WIPO, What is a trademark?, https://www.wipo.int/trademarks/en/#accordion__collapse__01 (accessed on January 15, 2018).

Furthermore, the legal effects of trademark registration are territorially, meaning that the registration of a trademark in one country does not cover other countries, and so registration procedure must be followed in each country where the good and/or service are/is predicted to be commercialised. As we previously mentioned, the international registration of the trademarks at WIPO is established by the Madrid System. The Madrid Agreement and the Madrid Protocol are independent, parallel treaties, with separate, but overlapping membership. Therefore, there will be two groups of members of the Madrid System: (i) states and organizations parties only to the Madrid Protocol and (ii) states parties to both the Madrid Agreement and the Protocol⁹.

The advantage of registering an international trademark consists in one action instead of one hundred and three actions. Therefore, instead of doing things of one hundred and three times around the world, WIPO allows the applicant to do it once, internationally (Harris, 2014, p.13), through one application, in one language and by paying one fee. This is instead of separated applications at the trademark offices of various member countries in different languages and separated fee at each trademark office. By fill in an international application under the Madrid System can save the applicant's time and money compared to the individual trademark application in each country where the trademark is sought to be registered (Sangsuwan, 2013, p.275). However, after the submission of the application for international registration, the procedures for trademarks' registration are basically governed by national and regional rules and regulations of trademarks offices¹⁰, so the trademark must comply with the rules of each country where registration is sought (Sangsuwan, 2013, p.273).

In order to better present the procedure at WIPO we addressed one question for each step that an applicant should follow for the trademark registration. The questions' review of the procedure is used in order to provide an easy way of understanding of all the steps, processes that an applicant must go through for international trademark protection.

Step 1: Who should use the Madrid System?

The Madrid System of international registration of trademarks may be used only by a natural person or a legal entity that (i) has a real and effective industrial or commercial establishment in, or (ii) is domiciled in, or (iii) is a national of, a country which is party to the Madrid Agreement or to the Madrid Protocol, or (iv) which has such an establishment in, or is domiciled in, the territory of an intergovernmental organization which is a party of the Protocol, or is a national of a member state of such an organization¹¹. Therefore, if the applicant accomplishes one of the above conditions the international registration of a trademark is possible, otherwise not.

Step 2: Which trademark is subject to an international registration?

⁹ Today, all states party to the Madrid Agreement are also party to the Madrid Protocol, according to status of WIPO available on January 15, 2019 https://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf (accessed on January 15, 2018).

¹⁰ WIPO, Industrial Property Statistics Glossary, <https://www.wipo.int/ipstats/en/statistics/glossary.html> (accessed on January 15, 2018).

¹¹ According to art. 1 (2) of the Madrid Agreement and to art. 2 (1) of the Madrid Protocol.

In order to be able to access the Madrid System, the interested person has to have either an already registered trademark to the intellectual property office of a country which is party to the Madrid Agreement or to the Madrid Protocol (Office of origin), either an application for the registration of a trademark in the Office of origin. In this situation, a Swiss company, which registered or sent an application for an European Union trademark and does not have a real and effective industrial or commercial establishment in an EU member state is not entitled to file an international application through the EUIPO¹².

Step 3: Which are the necessary processes for registration, according to the Madrid Protocol¹³?

The creative process – is ideal to create the image of the trademark in order to reflect the characteristics of the good/service. The trademark must be original, unique and memorable. It must not be composed, for example¹⁴:

- of elements devoid of any distinctive character – such as “Peter Pan”, “Cinderella” for books. However, “Peter Pan”, “Cinderella” etc. are capable to be registered as trademarks for paint, clothing, pencils, any other goods and/or services which are not related to books¹⁵;
- exclusively of signs or indications which may serve to designate the quality (e.g. “light”, “extra”, “fresh”¹⁶), quantity (e.g. “one litre” for drinks, “100 gram” for chocolate bars¹⁷), intended purpose (e.g. “slim belly” for fitness training apparatus¹⁸), value (e.g. “cheap”, “more for your money”¹⁹), geographical origin;
- exclusively of signs or indications which have become customary in the current language (e.g. a white “P” on a blue background for parking places²⁰);
- of elements that may deceive the public, for instance as to the nature, quality or geographical origin of the goods or services (e.g. “Lactofree” for lactose goods²¹).

¹² EUIPO, Guidelines for examination of European Union trademarks. Part M. International marks, October 2017, p. 8, https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-M/01-part_m_international_marks/TC/part_m_international_marks_tc_en.pdf (accessed on 28 of December 2018).

¹³ Having in regard that all states which are members to the Madrid Agreement are also members to the Madrid Protocol, the present section will only analyse the provisions of the Madrid Protocol, being the only one which is applicable.

¹⁴ These examples apply for all types of trademarks (national, European, international).

¹⁵ EUIPO, „Guidelines for examination of European Union trademarks. Part B. Examination. Section 4. Absolute Grounds for refusal. Chapter 3 Non-distinctive trademark, p. 5 https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-B/04-part_b_examination_section_4_absolute_grounds_for_refusal/part_B_examination_section_4_chapter_3/TC/part_B_examination_section_4_chapter_3_Non-Distinctive_tm_tc_en.pdf (accessed on 28 of December 2018).

¹⁶ Idem, Chapter 4 Descriptive trademarks, p. 5.

¹⁷ Idem.

¹⁸ Idem, p. 6.

¹⁹ Idem.

²⁰ Idem, Chapter 5 Customary signs or indications, p. 3.

²¹ Idem, Chapter 8 Deceptive trademarks, p. 4.

The research process – involves the screening of the chosen sign to become trademark with the already registered trademarks and with the prior applications of third-parties for a trademark. This step is very important because it helps applicant to find out if there are any identical and/or similar registered trademarks or in the process of evaluation, because in this case, the owners of the prior registered trademarks and/or of the prior trademarks' application may oppose to the registration of the subsequent trademark, and therefore it will be rejected to registration by the competent authorities. Not only the registration could be rejected, but also the money invested on marketing will be lost and the created trademark could not be used. For example, it is better to avoid the situation in which it was Hardihood Brewery, which after four years had to change its name just a day before its launch, or Sol Kitchen (coffee and juice bar) was sued for trademark infringement after its owners already spent \$10,000 on marketing. These examples show the importance of properly conducted trademark searches and the high costs involved in combatting infringements. (Reading 2018, p.29) According to SAEGIS on SERION, in 2018 were over 67 million active trademarks. Therefore, the research process is much more important than ever (Reading 2018, p.29).

Ideally, the research for identical and/or similar trademarks is better to be performed across all jurisdictions where the business is currently done, as well as on potential new areas.

This step is not compulsory, but it is a good practice to follow it because it could save time and money in case there are already identical and/or similar prior trademarks whose owners may oppose to the registration of the later trademark. For instance, if the research step is not followed, the applicant may be in the situation in which it asks for registration of an identical or similar trademark with an earlier trademark, as it was in the case of:

- Vega vs Daniela Vega – the signs being found similar and the goods and services identical, therefore the trademark Daniela Vega being rejected to registration;²²
- Gaim vs Gaim – both signs being word trademarks – they were found identical and the subsequent registered trademark Gaim was cancelled from registration²³.

The identification of the country where the international trademark will be registered²⁴ must be one of the member states of the Madrid System²⁵. It is important to know that in the case of the United States of America for the trademarks which are on the list for international registration, a different declaration²⁶ is required. The declaration has

²² EUIPO, Opposition Division, Opposition no. B 3 029 843, Decision of 06.02.2018.

²³ EUIPO, Cancellation Division, Cancellation no. 15 247 C (Invalidity), Decision of 23.01.2018.

²⁴ It is important to know that the fees that are going to be paid to the WIPO for the international registration will be based also on the number of designated states.

²⁵ In the present, there are 103 member states of the Madrid Protocol and 55 of the Madrid Agreement and all member states to the Madrid Agreement are also members of the Madrid Protocol.

²⁶ WIPO, Madrid Protocol concerning the international registration of marks. International registrations containing a designation of the United States of America, Information notice no. 16/2010, https://www.wipo.int/edocs/madrdocs/en/2010/madrid_2010_16.pdf (accessed on January 15, 2019) and according to the forms MM2E https://www.wipo.int/export/sites/www/madrid/en/forms/docs/form_mm2.pdf (accessed on January 15,

to state among others the bona fide intention to use the trademark on those territories, and that no other person, firm, corporation, association, or other legal entity has the right to use it, either in its identical form thereof or in such near resemblance thereto so it may cause confusion, or mistake, or it deceives.

The application for registration of the trademark at national level, in a member state of the Madrid System – applicant has to follow the registration procedure of that national state (Basic application), but it is not necessary to wait for the entire procedure to finish. It is sufficient to have only the trademark application for registration in order to move forward with the registration at international level²⁷. Also, the applicant could already have a registered trademark at national level, in a member state of the Madrid System. The application for registration of the trademark at international level in front of the Office of origin – the application for the registration of the trademark at international level must be submitted to the Office of origin (i.e. the office where the national application was filed/the trademark is already registered)²⁸. Prior to submitting the application for the international registration of the trademark, it is verified if the applicant:

- is a national of the country where the Office of origin is situated or
- is domiciled or has a real and effective industrial or commercial establishment in the country where the Office of origin is situated.

The application must contain: (i) the state whose office is the Office of origin; (ii) the name, address, telephone, fax, e-mail of the applicant; (iii) the preferred language of correspondence; (iv) the identification details of the applicant; (v) the identification details of the representative, if the case; (vi) the details of the basic application or basic registration; (vii) the reproduction of the trademark; (viii) other details of the trademark (e.g. type, description, verbal elements); (ix) the goods and/or services in respect to which protection of the mark is claimed and also, if possible, the corresponding class or classes according to the Classification established by the Nice Agreement concerning the international classification of goods and services for the purposes of the registration of marks²⁹; (x) the colours or the combination of colours claimed, if the case³⁰; (xi) the states where the applicant wishes to register its international trademark (Designated states)³¹; and (xii) the certification fee. If the requirements mentioned-above are met, the Office of origin will certify the application and transmit it to WIPO.

Step 4. What WIPO does with the application?

2018) and MM18E https://www.wipo.int/export/sites/www/madrid/en/forms/docs/form_mm18.pdf (accessed on January 15, 2018).

²⁷ According to art. 2 of the Madrid Protocol. However, if the application at national level will be rejected to registration, the international registration will also be rejected.

²⁸ The application is not transmitted directly to WIPO, because it will not be taken into consideration.

²⁹ According to art. 3 (2) of the Madrid Protocol.

³⁰ According to art. 3 (3) of the Madrid Protocol and it must be taken into consideration that the international application may relate only to goods and/or services covered by the Basic application or Basic registration.

³¹ It should consider that the fees for the international registration of the trademark will depend on (i) the number of states where the trademark will be registered, (ii) the number of classes according to Nice Agreement, (iii) the type of the trademark – colour or black.

Analyse the application in order to verify if all the legal requirements are met – if WIPO considers that there is an irregularity (e.g. with respect to the classification of goods and/or services; with respect to the indication of the goods and/or services; with respect to the declaration of intention to use the trademark) it will communicate this fact both to the Office of origin and to the applicant (WIPO, 2018)³² in order to amend it, in the time specified by WIPO, otherwise, the application is rejected.

Register the international application - After receiving the application from the Office of origin and if there are no irregularities to be remedied or the irregularities have been amended, according to art.3 (4) of the Madrid Protocol, the WIPO shall register immediately the trademark. The registration will be either (i) with the date on which the international application was received in the Office of origin, if the WIPO receives the application within two months from that date, or (ii) with the date on which the international application was received by WIPO if it does not receive the application within two months from the date of application to the Office of origin. Notifies the office(s) of the Designated state(s) and the applicant –WIPO notifies the international registration without delay to the office(s) of the Designated state(s) and send a registration certificate to the applicant.

The role of WIPO ends with the publication of the international application in the WIPO Gazette of international trademarks – in each Designated state, the trademark owners with trademarks already registered in those states, have a legal period to oppose to international trademarks similar and/or identical with their earlier trademarks designated those states. For example, in Romania, the opposition period is of two months after the publication of the international trademark, and at EUIPO the opposition period is of three months as of the publication of the international trademark.

Step. 5 What is the role of the office(s) of the Designated state(s)³³ within the WIPO procedure?

After the Designated state receives WIPO's notification regarding the international registration, it will proceed to its examination according to their national rules and regulations³⁴, the duration of examination differs from state to state. For example, the office of Romania will examine ex-officio the international trademark from the perspective of absolute grounds of refusal or invalidity (e.g. signs which are devoid of distinctive character, signs which are contrary to public policy or to accepted principles of morality) and if the trademark accomplishes all the conditions for registration, it will be registered. If within two months from the trademark publication no person/entity will formulate opposition to the trademark registration, based on a relative ground of refusal

³² WIPO, Guide to the international registration of marks under the Madrid Agreement and the Madrid Protocol, Geneva 2018, para. 09.01 <https://www.wipo.int/export/sites/www/madrid/en/guide/guide.pdf> (latest access January, 15, 2018).

³³ All communications and notices from the office of the Designated state shall be sent to the applicant through the WIPO, the WIPO receives the communications and notices from the office of the Designated state and sends them to the applicant.

³⁴ These rules and regulations differ from state to state, but regarding the member states of the European Union there are harmonised rules and regulations by the Directive (EU) 2015/2436 of the European Parliament and of the Council to approximate the laws of the Member States relating to trademarks.

(e.g. prior right - prior identical and/or similar trademark or prior identical and/or similar application) the trademark remain valid. At this step the applicant should consider that there are states, like Serbia, where other parties cannot formulate opposition to the trademark registration, because the office examines ex-officio also the relative grounds of refusal.

In regard of the absolute grounds of refusal, at European Union word trademark “Divino” was rejected at registration, it was considered to be composed of generic words that could lead to the conclusion that the sign is devoid of distinctive character because it informs the consumers that the goods applied for are of an excellent quality, beautiful design and/or perfect, flawless fabrication³⁵. In respect to the relative grounds of refusal, the European Union figurative trademark no.16806655 “Jiu Tu” was rejected to registration following the opposition of the owner of the earlier trademark “YouTube”³⁶. If the trademark is definitively refused at registration by the office of a Designated state³⁷, regardless of the ground (i.e. absolute or relative), the trademark is not considered to have protection on the territory of that state and the applicant is not allowed to start using it or must cease to use it on that territory. According to art. 4(1)(a) of the Madrid Protocol, the protection of the trademark in each Designated state shall be the same as if the trademark had been deposited and registered directly with the office of that Designated state. After the first international registration, the applicant may subsequently extend its international registration to other member states of the Madrid System by following the same procedure described above. According to art.6 (1) and art.7 (1) of the Madrid Protocol, the period of validity of the international trademark is for ten years, with the possibility of renewal for further periods of ten years.

4. CONCLUSION

The international registration of a trademark is much easier, less time-consuming and less expensive for the applicants who want to register their trademarks in multiple countries. However, the simple application for registration of an international trademark does not mean that the trademark will be registered in all states designated by the applicant, the registration for each state follows the national procedure of those states and the applicant must monitor the registration procedure for each state through the notifications received from WIPO. This article analysed the generic procedure of the intellectual property protection at the World Intellectual Property Organization. In particular, the study focused on the phases that an applicant must pass over in order to obtain an international trademark protection.

Findings revealed that WIPO’s moves depend, to a large extent, of those processes established at the level of the Designated state. Each decision of the applicant corresponds to a process or decision of the office of Origin state, office of Designated

³⁵ EUIPO, the Boards of Appeal, Case R 2521/2017-1.

³⁶ EUIPO, Opposition Division, Opposition no. B 2 954 728, Decision of 30.01.2018.

³⁷ Usually, following a notice of refusal on absolute grounds or a notice of opposition on relative grounds, the applicant has the possibility to file a defence and indicate the grounds for which its trademark should be registered.

state, and in the end of WIPO. The article mirrors for the professional community and also for the newcomer in the field the procedural and administrative arrangements to which they should reflect on before they start an application at WIPO. As we mentioned before the culture of compensation instead of the one of punishment is desirable and will probably have a significant impact in this field. Significant incentives have been already promoted without the state or international organizations implications, see in this respect the BBC Creative Archive, the Public Knowledge Project, and the Electronic Frontier in United States and Australia (Kapitzke, 2006, pp.440-1). This study considered two hypotheses and both of them were proved to be true. Moreover, they helped us to be aware of the fact that international property rights protection in the age of cloud computing and within a society with a great “copy culture” the national states’ offices must adopt a more proactive role in this area. WIPO deconcentrated administrative procedural system does not favour a community approach, based on incentives and not punishments for treaties’ violation. Nowadays, intellectual property protection, nowadays, is needed more than ever, and the role of WIPO in this new endeavour is not negligible.

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DEZVOLTAREA REGIONALĂ ÎN ROMÂNIA - O ABORDARE RETROSPECTIVĂ ȘI PROSPECTIVĂ

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Abstract: Dezvoltarea regională reprezintă un subiect foarte dezbătut în România actuală, dorindu-se un echilibru pe toate palierele vieții și un progres continuu. Încă de la începuturile fenomenului de regionalizare și a dezvoltării regiunilor, România a suferit modificări în ceea ce privește structura teritorială dar și statutul e-guvernării. Odată cu intrarea în Uniunea Europeană și cu accesul la fondurile structurale, societatea română reușește să implementeze o serie de programe și planuri de reorganizare prin care să atingă dezideratul de creștere economică și eliminare a disparităților intra și inter regionale. Astfel, dacă retrospectiva ne arată reformele aferente și implicațiile de ordin economic și social, cu menținerea unor disparități la nivelul regiunilor, în perspectivă, subiectul implică o mai bună coordonare pentru a elimina aceste inegalități. Lucrarea de față prezintă un scurt istoric a modului de implementare a politicii de dezvoltare regională în România, cu modalitățile aferente de implementare și o analiză retrospectivă și prospectivă asupra modului de evoluție a țării în urma fenomenului de regionalizare, cu posibilele implicații pe termen lung.

Abstract: Regional development is a very debated subject in Romania today, because is required a stability at all levels of reality. Since the begining of this phenomenon of regionalization and regional development, Romania has changed in terms of territorial structure and status of e-government. With the entry into the European Union and access to structural funds, the Romanian fails to implement a series of programs and plans of reorganization that desire to achieve economic growth and to eliminate a series of intra and inter regional disparities. So, if retrospective view shows related reforms and economic and social implications, maintaining some disparities across regions, the prospective view calls for greater coordination to eliminate these inequalities. This paper presents a sumary history of the implementation of regional development policy in Romania, with the arrangements for implementation and a retrospective and prospective analysis of how the development of the country affected the phenomenon of regionalization, showing possible long-term implications.

ANALIZA POLITICILOR DE ORDINE PUBLICĂ ȘI SIGURANȚĂ NAȚIONALĂ ÎN PLAN EUROPEAN

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Abstract: În acest studiu se urmărește analiza politicilor de ordine publică și siguranță națională în plan European în conformitate cu normele impimentate si acțiunile Uniunii Europene în acest sens. Analiza urmărește să identifice principalii factori de risc, estimările privind influența acestora asupra ordinii publice și siguranței naționale, cum Uniunea își propune să facă față acestor pericole și câteva exemple

privind unele state membre. Aducând aceste exemple, ne dorim să identificăm obiectivele de acțiune și modul în care reprezentanții specializați își execută atribuțiile, ce resurse folosesc, care este rata criminalității și câți bani cheltuie.

Abstract: This study aims to analyze public policy and national security policies at European level in accordance with the impenitent norms and actions of the European Union in this respect. The analysis aims to identify the main risk factors, the estimates of their influence on public order and national security, how the Union aims to address these dangers, and some examples of some Member States. By bringing these examples, we want to identify the objectives of action and how specialized representatives perform their tasks, what resources they use, what is the rate of criminality and how much money they spend.

Cuvinte cheie: ordine publică, siguranță națională, siguranța cetățeanului, system, riscuri globale, riscuri naționale.

POLITICA DE DEZVOLTARE REGIONALĂ ÎN STATE CENTRAL ȘI EST EUROPENE

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Abstract: Politica de dezvoltare regională s-a dezvoltat prin prisma existenței unor disparități semnificative în ceea ce privește prosperitatea și productivitatea între statele Europei și între regiunile acestora. De-a lungul timpului politica de dezvoltare regională a cunoscut mai multe valențe în vederea îndeplinirii cu succes a obiectivului său de bază și anume de îmbunătățire a nivelului de trai. În această lucrare mi-am propus să studiez aspectele teoretice ce definesc politica de dezvoltare, precum și modul în care această politică a fost abordată în România și alte state Central și Est Europene. Studiu de caz comparativ privind nivelul, structura și dinamica cheluielilor publice (bugetare) în România și Estonia

STUDIUL DE CAZ COMPARATIV PRIVIND NIVELUL, STRUCTURA ȘI DINAMICA CHELUIELILOR PUBLICE (BUGETARE) ÎN ROMÂNIA ȘI ESTONIA

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Abstract: The present paper aims to highlight the comparative difference between Romania and Estonia in terms of the level, structure and dynamics of public expenditures, given by the analysis of the absolute size and weight of the total public expenditures on the economic structure and of the functional structure, but also of the level of expenditures on social-cultural actions, with the help of qualitative and quantitative indicators such as the share of public expenditures in GDP, the share of the total public expenditures for each category of expenditures or the coefficient of elasticity.

Abstract: Această lucrare își propune să evidențieze diferența comparativă dintre România și Estonia, prin prisma a ceea ce privește nivelul, structura și dinamica cheluielilor publice (bugetare), dat fiind analiza avută în vedere pentru mărimea absolută și ponderea din totalul cheluielilor publice asupra structurii economice și a structurii funcționale, dar și al nivelului de cheltuieli privind acțiunile social-culturale, cu

ajutorul unor indicatori calitativi și cantitativi precum ponderea cheltuielilor publice în PIB, ponderea din totalul cheltuielilor publice pentru fiecare categorie de cheltuieli sau coeficientul de elasticitate.



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