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za strukturne spremembe
v javnem sektorju**

**Options and Opportunities
for Structural Changes
in the Public Sector**

Gostujoči urednik / Guest Editor

Janez Stare

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Uvodnik

Drage bralke in bralci,

javni sektor je podvržen vedno večjemu zanimanju glede prihodnjega razvoja s tem pa tudi iskanja možnosti in priložnosti uveljavljanja strukturnih sprememb. Ideje in rešitve, ki so povezane s procesi spreminjanja, se navezujejo na primerjalne študije in primere dobrih praks, predvsem pa na ideje iskanja novih modelov in logik delovanja. Namen pričujoče posebne izdaje *Mednarodne revije za javno upravo* je spodbuditi razpravo tako glede ključnih področij kot vsebine, možnosti in priložnosti za strukturne spremembe v javnem sektorju.

Prvi članek obravnava odnos med družbeno odgovornostjo in organizacijsko pripadnostjo v lokalni javni upravi. Ob zahtevah glede vse večje pomembnosti boljšega zadovoljevanja potreb javnosti je iskanje morebitnih spodbud, ki lahko izboljšajo učinkovitost in delovanje lokalnih javnih organizacij, toliko bolj smiselno in potrebno. Raziskava se podrobneje ukvarja s tem, ali imata državljansko vedenje in družbena povezanost uslužbencev blagodejni učinek na odnos med družbeno odgovornostjo in organizacijsko pripadnostjo v službah lokalne javne uprave.

Delovanje in razvoj javnega sektorja je vseskozi povezano z odločitvami in tveganji. Ključni mehanizmi obvladovanja tveganja pripomorejo k izvajanju vladnih strategij, kar je predmet proučevanja drugega članka. V tem okviru so izpostavljeni postopki za obvladovanje tveganja, ki pomagajo pri spremembi vsake dejavnosti, ki bi lahko ovirala doseganje ciljev vlade, in hkrati omogočajo izkoriščanje morebitnih priložnosti.

Temu sledi članek o vlogi občinskega sveta pri povečanju državljanske participacije v lokalnem proračunskem procesu. Avtorja članka razpravljata o mehanizmih državljanske participacije in vlogi občinskih svetnikov pri spodbujanju državljanske participacije v proračunskem procesu v Republiki Makedoniji. Sklicujeta se na številne strokovnjake, ki so raziskovali te odnose, osvetlita pa tudi dejstvo, da so se predhodne raziskave osredotočale predvsem na enosmerno komunikacijo med svetniki in državljansko participacijo.

Procesi reguliranja na področju javne administracije in raziskovanja javnih politik so ena od pomembnih in aktualnih tematik tako v svetu kot pri nas. Avtorji naslednjega članka menijo, da ni presenetljivo, da je področje reguliranja predmet številnih, pogostokrat protislovnih razprav, zato je raziskovanje procesov reguliranja, podprto s številnimi metodološkimi prijemi, prineslo ugotovitve v obliki empiričnih podatkov in teoretičnih konceptov. Članek obravnava vrednostno prenavo regulacije in ugotavljanje ter zagotavljanje kakovosti izobraževanja.

Posebna izdaja prinaša tudi članek, povezan z javno porabo na področju otroškega varstva, ki obravnava upoštevanje različnosti spolov v proračunu. Pri tem je poudarjen velik delovni potencial žensk, katerih status na trgu dela, po mnenju avtorjev, ni ustrezen. Glede na to, da mora vlada spodbujati enakost vseh prebivalcev, se vse bolj poudarja, da morajo vlada in preostali nosilci oblasti pred sprejetjem vsake odločitve o zbiranju in porabi javnih financ, poleg drugega, ugotoviti tudi, kakšne učinke bo odločitev imela na ženske in kakšne na moške.

Spreminjanje delovnega okolja prinaša nove ideje in inovacije tudi na področje oblikovanja in opravljanja dela. K temu so v javnem sektorju doprinesle spremembe v delovanju javnih uprav, še posebej v povezavi z uporabo informacijskih in komunikacijskih tehnologij (IKT). Res pa je, da je tem inovacijam namenjenih manj pozornosti, morda tudi zato, ker »le« podpirajo postopke, ki jih izvajajo ljudje in imajo torej organizacijski učinek. Kot primer take inovacije je predstavljeno delo na daljavo, kot oblika organiziranja in opravljanja dela zunaj prostorov delodajalca. V članku so na konkretnem primeru opisane spodbude in ovire, ki so odgovorne za uspeh ali neuspeh uporabe dela na daljavo.

S procesom delo zaposlenih se ukvarja tudi članek, povezan s promocijo zdravja. Usmerjen je v ugotavljanje ekonomskih učinkov finančnih investicij v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju. Osredotoča se na ugotovitve študij, raziskav oziroma dobrih praks s področja izvajanja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju, s ciljem predstaviti rezultate raziskav in projektov o donosnosti finančnih investicij v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju ter predstaviti dobre prakse s tega področja.

Poleg navedenih sedmih znanstvenih člankov prinaša posebna izdaja tudi tri strokovne članke. Prvi obravnava postsovjetske lastnosti madžarskih upravnih ved. Glavni namen tega članka je podati odgovore na vprašanja, kot je: »Ali je res, da so trije glavni stebri madžarske znanosti – navedeni pred tem – ostali bolj ali manj nespremenjeni v svoji strukturi?« oziroma: »Ali politični dejavniki še vedno negativno vplivajo ali preobremenjujejo predstavnike določenega znanstvenega področja?«. Če je tako, ali obstaja kakšna povezava med trenutno situacijo in preostalimi dejavniki sovjetske preteklosti? Koliko so trenutne lastnosti posledica preteklosti?

V drugem članku je predstavljena analiza nekaterih neodgovorjenih vprašanj, ki se postavljajo ob kolektivnem pogajanju o pogojih dela v javnem sektorju. Članek obravnava postopek kolektivnega pogajanja, ki na področju španske javne uprave upošteva posebnosti, predvidene v Temeljnem zakonu o javnih uslužbencih, pri tem pa opozarja na vrsto posebnosti tega postopka.

Posebno izdajo zaključuje članek, ki obravnava glavne razloge za preoblikovanje madžarskih obveznih zasebnih pokojninskih skladov. Pri tem

opozarja na različna pristopa k razumevanju naložbenih pokojninskih sistemov: starega, ki jih razume kot varnejše od dokladnega mehanizma in novejšega, ki temelji na spoznanju, da je kriza finančnih in kapitalskih trgov negativno vplivala na obrestne mere, finančno stabilnost različnih skladov socialnega zavarovanja in razvoj donosov. Posledice so bile resne zlasti za večštebrne pokojninske sisteme in donos pokojninskih sredstev.

Upamo, da bomo s pomočjo posebne izdaje *Mednarodne revije za javno upravo* oziroma navedenih člankov spodbudili dodatno razpravo in ideje glede smeri in vsebin uvajanja nekaterih sprememb v javnem sektorju. Prepričani smo, da lahko tudi na tak način pripomoremo k splošnemu razumevanju problematike ter iskanju primernih rešitev.

Gostujoči urednik
Mednarodne revije za javno upravo
Izr. prof. dr. Janez Stare



Editorial

Dear Readers,

The public sector is subject to increasing interest with regard to future development and the search for opportunities to introduce structural change. Ideas and solutions linked to transformation processes are related to comparative studies and examples of good practice, especially ideas relating to the search for new operational models and logic. The purpose of this special edition of the *International Public Administration Review* is to facilitate discussion on key areas, such as content, possibilities, and opportunities for public sector change.

The lead article deals with the relationship between social responsibility and organisational commitment within the local public administration. Requirements for increased importance in terms of the better fulfilment of public need make the search for potential incentives for improving efficiency and the operations of the local public administration even more reasonable and necessary. The research deals in detail with the question of whether the social behaviour and social connectedness of employees beneficially affect the relationship between social responsibility and organisational commitment in terms of local public administration endeavours.

The operations and development of the public sector are constantly connected to decisions and risk. The key mechanisms for risk management contribute to the implementation of government strategies and are the second article's subject of analysis. In this context, risk management procedures which help to change activities which could interfere with the achievement of government goals and which simultaneously allow for taking advantage of potential opportunities are highlighted.

The following article is concerned with the role of the municipal council in strengthening citizen participation in the local budget process. The authors of the article discuss the mechanisms for citizen participation and the role of municipal councillors in the promotion of citizen participation in the budget process in the Republic of Macedonia, making reference to numerous experts who have carried out research into this and shed light on the fact that earlier research focuses predominantly on the one-way communication from council members to citizens.

Regulatory processes in the field of public administration and research into such public policy are globally and locally topics of current importance. The authors of the following article believe that it is of no surprise that the area of regulation has been the subject of much, often contradictory, debate. Research into regulatory processes, supported by numerous methodological approaches, therefore leads to conclusions in the form of empirical data

and theoretical concepts. The article deals with the regulation's value recovery and determination, and assurance of quality education.

This special edition also includes an article regarding public consumption in the field of childcare with regard to budget gender sensitivity, contextually emphasising the great working potential of women whose labour-market status is inappropriate according to the authors. Given that government must promote equality of all citizens, it is increasingly emphasised that the government and other power holders must also determine the effects of decisions on women and men prior to adoption of each decision on the collection and use of public finance.

Working environment changes also bring innovation in the field of the design and performance of work, and this has been brought about by operational change, especially in connection with the use of information and communication technologies (ICT), within public administrations. It is true that these innovations receive less attention, perhaps because they are also 'only' support procedures performed by people and must have an organisational effect. Teleworking services as a form of organisation performed outside the employer's premises is presented as an example of such innovation. Within this article, the incentives and obstructions responsible for the success or failure of teleworking are presented as concrete examples.

Employee work process is also dealt with in an article related to the promotion of health, which focuses on determining the economic effects pursuant to employee health and well-being promotion in the working environment carried out by financial institutions. It focuses on studies, research and good practice in the field of employee health and well-being promotion in the working environment with the objective of presenting the results of the studies and projects concerned with the profitability of financial investment in terms of employee health and well-being promotion in the working environment and presenting good practice in this field.

Besides the seven aforementioned scientific articles, the special edition also includes three professional articles. The first of these deals with post-Soviet characteristics in terms of Hungarian administrative sciences. The main purpose of this article is to give answers to questions such as, 'Is it true that the aforementioned mentioned three main pillars of Hungarian science remain more or less unchanged in structure?', or, 'Do political factors still have negative impact or do they still overload representatives of certain scientific fields?' If so, is there any connection between the current situation and other factors relating to Soviet history? To what extent are present characteristics consequences of the past?

The second professional article presents an analysis of some of the unanswered questions raised from when collective bargaining with regard to public sector conditions of work took place. The article deals with

the collective bargaining process which, in Spain's public administration, takes into account particularities foreseen in the basic Civil Servants Act and draws attention to several procedural particularities.

The final article of the special edition deals with the main reasons for the conversion of Hungary's mandatory private pension funds. It draws attention to different approaches for understanding investment pension systems: the old system understood as safer than the pay-as-you-go system and the new system based on a recognition that the financial and capital market crisis had negative impact on interest rates, the financial stability of various social insurance funds and the development of return. The consequences were especially serious for the multi-pillar pension system and pension asset return.

We hope that this special edition of the *International Public Administration Review* and its aforementioned articles will encourage further discussion and innovation in terms of direction and content in relation to the implementation of public sector change. We are certain that this is also a way to contribute to the general understanding of the issue and to the search for appropriate solutions if and when such solutions are necessary.

Guest Editor of the
International Public Administration Review
Associate Professor Janez Stare, PhD

A handwritten signature in black ink, appearing to be 'J. Stare', written in a cursive style.

Social Responsibility and Organisational Commitment in Local Public Administration: The Moderating Role of Organisational Citizenship Behaviour and Social Bonding

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ABSTRACT

The commitment of public employees to organisations is an imperative deliberation that affects the efficiency of public services organisations. The objective of this study is to investigate whether the social responsibility among local public administrators raises organisational commitment. This study subsequently explores the moderating role of citizenship behaviour and social bonding (permanent vs temporary employees) of public employees in the relationship between social responsibility and organisational commitment. In this study, empirical data are collected from local officials working in local public administration services organisations in Pakistan (n = 308). The statistical analysis is used to test the relationship between social responsibility and commitment and the moderating effect of citizenship behaviour and social bonding on social responsibility-organisational commitment relationship.

The results show that social responsibility is a determinant to organisational commitment and citizenship behaviour and social bonding moderate the social responsibility-commitment relationship. The effect of social responsibility on organisational commitment is stronger in permanent public administrators having high perspective of organisational citizenship behaviours than in temporary public administrators having low perspective of organisational citizenship behaviours. This study contributes to knowledge of the effect of social responsibility on organisational commitment in local public employees and proves that citizenship behaviour and social bonding affect the social responsibility-commitment relationship in local public administrators.

Keywords: social responsibility, organisational commitment, citizenship behaviour, social bonding, local public administration

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1 Introduction

The emergence of modern public administration means a shift to administrative responsiveness and responsibilities (Vigoda-Gadot, 2004). However, the changing role of public managers in services organisations with the advent of new public management reforms, have challenged untested assumptions in public organisations (Barzelay, 2002). Therefore, this new managerialism has received a substantial amount of organisational research attention towards various directions of organisational commitment (Christensen, Roness, & Røvik, 2008). Public sector employee organisational commitment is related to organisation members to change their understandings, orientation and behaviours in organisations (Pollitt & Bouckaert, 2004). Organisational research scholars have examined the concept of organisational commitment of public employees in public sector organisations (Stritch & Christensen, 2016; Christensen et al., 2013; Lavelle et al., 2009).

Numerous scholars have searched a number of the factors of organisational commitment in public organisations such as organisational climate and cultural values (Christensen, Lægreid, Roness, & Røvik, 2008; Harter, Sharma, Pant, Singhal, & Sharma, 2007), identification and exchange (Balfour & Wechsler, 1996; Meyer & Allen, 1991), work behaviour (Ahmad, Khurram, Shams-ur-Rehman, Khan, & Shad, 2010), interpersonal trust (Ronald, 1999), organisational support (Jørgensen, 2014; Brunetto et al., 2013; Kim, Egan, & Moon, 2014), organisational performance (Maertz, Griffeth, Campbell, & Allen, 2007; Pickett, 2002; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002), job involvement (Seppälä et al., 2009; Hallberg & Schaufeli, 2006), job satisfaction (Coomber & Barriball, 2007) and organisational citizenship behaviour (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). However, little attention has been paid to organisational commitment from the perspective of social approach, although this perspective conveys a strong message of the importance of intrinsic human consideration in organisations (Weir, 2004).

The local public administration has evolved over time to provide better services to society and this urges the need for committed employees in public sector. To act for the benefit of society is a critical obligatory factor in an organisation which can be attributed to social responsibility (Joyner & Payne, 2004; Jenkins, 2005). Striving for social responsibility helps individuals and government organisations to have a positive impact on society and social responsibility related to socially responsible behaviour in an ethical sense (Nicholas, 2007; Chandler & Werther, 2014). The strength of social obligation of an individual employee in an organisation depends on the employee's perception of social values in the organisation. Benefiting society in an ethically responsible manner is a moral and social obligation (Coombs & Holladay, 2012) that develops in employees to benefit society, and is deeply grounded in social values of organisation culture (Năstase, 2004). Although the early focus of organisational researchers was on corporate social responsibility in business

organisations (Carroll, 1979; Campbell, 2007), the mechanism explaining the relationship between social responsibility and organisation commitment in public sector services organisations has largely been ignored (Waters & Ott, 2014).

Moreover, the effects of social responsibility on commitment may vary according to perspective of employee perception because employee with different citizenship behaviours and social bonding may exhibit various patterns of social values in the organisational setting. For instance, employees that emphasise more consciousness show more social responsible behaviour than less conscious employees (McWilliams & Siegel, 2000). In addition, employees in different job status (permanent & contractual) believe that organisation owns them not in same level; the notion of social obligation suggests that these employees (permanent & contractual) have different levels of affiliation to the organisation (Seong, Hong, & Park, 2012). Although an increasing amount of research has addressed the factors of organisational commitment in employees (Hallberg & Schaufeli, 2006; Saks, 2006; Seppälä et al., 2009), few studies have addressed how citizenship behaviour and social bonding are related to the effects of social responsibility on organisational commitment. As such this study aims to contribute to the work on organisational commitment and fill the gaps in research while investigating effect of social responsibility on organisational commitment of public sector employees.

In summary, this study investigates the relationship between social responsibility and organisational commitment. In addition the paper tests the moderating effect of citizenship behaviour and social bonding in relationship between social responsibility and organisational commitment. Specifically, this study is focused on whether employee citizenship behaviour and social bonding apply a moderating influence on the social responsibility-organisational commitment relationship in local public administration in services organisations context. The increasing importance of providing better necessities to public, push that employee organisational commitment can enhance efficiency and performance of local public organisations. The study was a cross-sectional study of public employees in local public administration of Pakistan and hierarchical regression is used to test the hypothesis. It was found that social responsibility employed a considerable effect on organisational commitment. This study contributed a new mechanism of social responsibility ethical aspect discussed in this stream of research. The further article structure is that first we present literature review leading to hypotheses development, discussing the concepts of social responsibility, citizenship behaviour and social bonding in organisational commitment. Second, data and methods for the study are described. Third, we present results, following (fourth) by a section of discussion, the limitations, implications and recommendations of the study.

2 Literature Review and Hypotheses Development

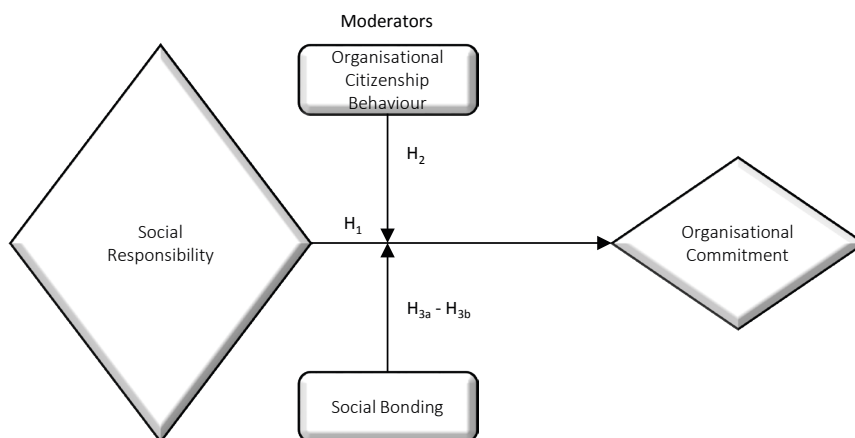
A global trend in public sector reforms in services organisations is that to improve services delivery and transform the environment of public sector to strengthen its customer orientation (Ritz, Giauque, Varone, & Anderfuhren-Biget, 2014). Responsiveness and consciousness in organisational citizenship behaviour is increased in the last decade to be an indicator of efficient public administration (Denhardt, Denhardt, & Blanc, 2013). Another trend is that public sector services organisations are attracting potential employees on temporary basis to improve specialised skill sets (Curristine, Lonti, & Joumard, 2007; Fernandez, Smith, & Wenger, 2007). Therefore, in social bonding, elements of attachment and involvement of permanent and temporary employees may affect the organisational commitment development in the public organisational social settings (McSwite, 2006; Sims, 2002). González and Garazo (2006) also indicated that conscientiousness commitment is less predictive in permanent employees than in temporary employees. In public administration services departments, managers must clearly understand temporary employees' emotions and sustain the organisation-employee attachment (Boles, Madupalli, Rutherford, & Wood, 2007; Vigoda, 2000a).

A key objective of making public administration more productive and competitive is to enable public sector socially responsible and to maintain organisational committed relationship between employees and organisation (Maynard, Thorsteinson, & Parfyonova, 2006). Thus, the focus of organisational commitment is considering whether all public services activities are directed toward establishing, developing and maintaining social approaches in relational exchanges (Jørgensen, 2014; Pedersen, 2014). Jørgensen (2014) also argues that public organisations need to find ways for better usage of human capital and organisational support in order to facilitate the development of organisational commitment. Thus, organisational commitment remains one of the most widely studied variables in the organisational behaviour literature (Maertz et al., 2007) with many critical organisations variables such as organisational performance (Riketta, 2002), job satisfaction, employee engagement (Welbourn & Schlachter, 2014) and citizenship behaviour (Bowler & Brass, 2006).

Social responsibility is the move to provide benefits to society and a tool for organisations to support and solve social issues to fulfil commitments (Kotler & Lee, 2005). Thus, social responsibility role in organisation is commitment of managers to improve and protect societal and environmental health (Campbell, 2007). Several researchers have examined the contribution of corporate social responsibility to organisational commitment in business management fields, such as employee perceptions of corporate social responsibility (Brammer, Millington, & Rayton, 2007), business performance (Gössling, 2011), corporate social responsibility and organisational commitment (Farooq, Payaud, Merunka, & Valette-Florence, 2014; Nejati & Ghasemi, 2013).

In the public organisational context, social responsibility is concerned with organisational ethics, transparency, committed to community and public image of non-profit organisations (Ihlen, Bartlett, & May, 2014). Further the operationalisation of constructs explains the importance of study variables in analytical framework. In order to direct the subsequent discussion, an analytical framework identifying the key hypotheses is included in this study in Figure 1.

Figure 1: Proposed Analytical Framework



2.1 The Role of Social Responsibility in Employee Organisational Commitment

The role of social responsibility in organisational commitment is the psychological attachment, involvement and sense of belonging of employee to the organisation (Meyer & Allen, 1991). Public sector social responsibility may include approaches that indicate equal employment opportunities, ethical behaviour, community involvement, contribution to the quality of life, environment protection, preservation of natural resources and contribution to local development (Jones, 2010). In this study, social responsibility refers to ethical aspects as screening out unethical influences, encouraging social engagement and socially responsible behaviour (Glavas & Godwin, 2012); because socially responsible behaviour is related to the recognition of cultural diversity, honesty, listening respectfully, empathy, considering difference in point of views, and working to solve interpersonal problems calmly among colleagues within the organisation. Thus, this study proposes the following hypothesis:

H1. Local public administrators perceived social responsibility positively influences their organisational commitment.

2.2 The Role of Organisational Citizenship Behaviour

Organisational citizenship behaviour is essential with altruism, courtesy, conscientiousness, sportsmanship and civic virtue of employees that improves organisational efficiency and effectiveness (Chien, 2004). The topic of voluntary behaviour is getting attention by organisational behaviour scholars especially in public administration (Cohen & Vigoda, 2000). In modern societies voluntary contribution has effect on society within the areas of public administration due to potential benefits like improved productivity in organisation (Podsakoff, Whiting, Podsakoff, & Blume, 2009). From social perspective organisational citizenship behaviour means obedience or respect, loyalty and participation. Because of the nature of extra role behaviour in organisation, organisational citizenship behaviour in public employees is more likely to develop moral aspect of commitment to their organisation (Payne & Webber, 2006).

Public sector employees with civic virtue involve in a conception of strong emotional commitments to welfare of public and employees are driven by moral obligations and close social relationships (Westwood, Chan, & Linstead, 2004). Thus, employees with citizenship responsibilities and attitudes might exhibit unselfish behaviours and good interpersonal relationships among co-workers within the public administration (Goodsell, 2011). Therefore, this study proposes the following hypothesis:

H2. Local public administrators perceived organisational citizenship behaviour positively moderates the relationship between social responsibility and employee organisational commitment.

2.3 The Role of Social Bonding

Social bonding is a critical factor of the attachment, commitment, involvement and faith of employees in organisation (Sims, 2002). Involvement, sense of belonging and pride toward organisation give strength to employee identification with organisational commitment (Laroche, Kalamas, & Cleveland, 2005). In this study, social bonding refers to full or partial inclusion of employees in organisation and identification with organisation in form of permanent or temporary job status may have varied importance attached to organisation. Many studies indicate differences between permanent and temporary employees in their organisational commitment and relationship with the organisation (Wang, 2014; Sobaih, Coleman, Ritchie, & Jones, 2011; Mayfield & Mayfield, 2006; Stamper & Van Dyne, 2003). Employees depending on their identification to organisation show behaviours and attitudes towards organisations and co-workers. Therefore, this study proposes the following hypotheses:

H3a. Job status moderates the relationship between social responsibility and public administrators' organisational commitment.

H3b. The effects of social responsibility on organisational commitment are stronger for local public administrators working on permanent basis than for local public administrators working on temporary basis.

2.4 The Study Setting

Before we consider hypotheses testing, it is important to look into some general information on Pakistan. Pakistan is a South Asian developing country that became an independent state in 1947 after liberation from the British in the sub-continent. Since its independence, Pakistan cycled through a number of politicians who, for the most part were tarnished by inefficiency, public administration is also suffering in lack of governance, and the ranges of irresponsible behaviours are the challenges to reform public employees. A large proportion of the population is not satisfied with services provided by local governments and there is a need to maintain the moral standards and human values in the conduct of public affairs in democratic setup of public administration. Pakistan is 95% Muslim (CIA, 2011) and religion also contributes to ethical attitude (Wong, 2008; Pace, 2013) as values of Islam strongly emphasise honesty, social justice and voluntary attitude. Pakistan scores 14 in individualism/collectivism dimension of culture and higher score in power distance society (Hofstede, 2013) which shows that such kind of societies are more willing to accommodate injustice and inequality (Hofstede, Hofstede, & Minko, 2010). Public organisations do not have good reputation in public because of their performance and the trust and confidence of the people in public officials as custodians of public interest has reached an all-time low in Pakistan (Jafri, 2013). In Pakistan public administration is culture bound or shaped by its social settings and environments, and public services organisations do not promote much activities of social responsibility (Fayaz, Zahid, & Khalil, 2011). The context of this study provides an opportunity to elucidate this phenomenon because public employees are less likely to be committed to the overall organisation as they relate less to the organisation's broader goals.

3 Research Methodology

3.1 Sample and Procedures

In this research, a survey questionnaire was used to get empirical data from local public administrators. Local public administrators were reached in person to collect using non-probability convenience sampling of the employees of local public organisations providing public services in Pakistan. The participants for this study include local public administrators of six urban cities from two provinces.

Between June and August, 2014, questionnaires were completed by local public administrators in urban city local public administration offices. A total

of 350 questionnaires were distributed in both provinces, 30 in each city to have representation from all government offices. All major local public organisations sub-units (municipal services, health, fire, police, revenues, education and so forth) participated in the study. These unit samples were then examined to ensure that they were representative in terms of socio-demographic (gender, age, work experience, and job status). Thus, the survey tried to reduce the possibility of under- or over representation of population from each urban municipality. In order to harvest more responses, several visits were made by authors to local public organisations. To control for social desirability bias and to provide anonymity, the purpose of the study was explained by authors and participants were not identified by name or designations to maintain confidentiality. The seven-point Likert scale ranging from '1-strongly disagree' to '7-strongly agree' was used to examine responses and the two-page questionnaire containing cover letter was distributed among local public administrators in services organisations. Out of a total of 350 questionnaires, 308 participants returned useable responses in this paper and pencil survey on a response rate of 88%. To make the questionnaire more acceptable a pilot test of the questionnaire was conducted to make sure it was understandable and the pilot testing also involved evaluation of reliability and accuracy of measurements.

Among local public administrators, related to demographic characteristics, 83% were males and 17% were females among the respondents. More than half of the respondents, 78%, were aged between 25 to 35 years, 16% were aged between 36 to 45 years and in the 46 to 60 years age bracket 6%. In terms of work experience, 163 (53%) respondents were having 5 to 10 years work experience, 67 (22%) were having 11 to 20 years work experience and 78 (25%) were having 21 to 30 years' experience. Most respondents in this study were permanent employees (58 percent), and 42 percent of the respondents were temporary employees. The prominent characteristics of demographic information of the participants depicted a gender divide more towards male and the majority of respondents were between 25 to 35 years of age and the majority of the respondents had 5 to 10 years of work experience, which gave a better roadway for analysing organisational commitment in public administrators.

3.2 Measures

Social Responsibility. Social responsibility measures used in this study were influenced by previous studies (O'Reilly & Chatman, 1986; Edwards, 2001; Jones, 2010; Glavas & Godwin, 2012) and modified according to the study setting to fit the current research context. The social responsibility was measured using three items on a seven-point Likert-type scale ranging from 1 'strongly disagree' to 7 'strongly agree'.

Organisational Commitment. The organisational commitment was assessed using a three-item scale adopted and modified from the study of Meyer

and Allen (1997) on a seven-point Likert-type scale ranging from 1 'strongly disagree' to 7 'strongly agree'.

Organisational Citizenship Behaviour. The organisational citizenship behaviour measures using in this study were influenced and modified from previous studies (Denhardt & Denhardt, 2000; Cohen & Vigoda, 2000; Chien, 2004; Podsakoff et al., 2009) and six items were used on a seven-point Likert-type scale ranging from 1 'strongly disagree' to 7 'strongly agree'.

Social Bonding. Social bonding to organisation was measured on the basis of job status of employees on permanent and temporary basis.

3.3 Results

Table 1 presents descriptive statistics, reliabilities, and inter-correlations among the variables. The reliabilities for all variables in the study are acceptable and the inter-correlations also demonstrate that most of the relationships predicted in the study are supported.

Table 1: Descriptive statistics, discriminant validity and correlations

	M	S.D.	1	2	3	4	5	6	7
1 Gender	0.68	0.47							
2 Age	35.80	7.49	0.07						
3 Work experience	8.99	7.39	0.19	0.33					
4 Social Bonding (Job Status)	0.58	0.37	0.08	0.11	0.07				
5 Social Responsibility	4.02	1.94	0.58**	0.21**	0.16**	0.21**	0.81		
6 Organisational Commitment	5.38	1.42	0.20*	0.34**	0.23**	0.16**	0.30**	0.74	
7 Organisational Citizenship Behaviour	5.43	1.38	0.15**	0.36**	0.62**	0.46**	0.44**	0.41**	0.71

** < 0.01 level, * < 0.05 level

Bold numbers on diagonal indicate the square root of average variance extracted for each construct.

Gender was encoded male = 1 and female = 0. Job Status was encoded permanent = 1 and temporary = 2.

The study constructs were ascertained using both exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). All constructs and 12 items were first included in EFA, and the principal components method with varimax rotation was applied to purify the measurement and the results revealed that, for the 12 scale items loaded on their respective factors, all item factor loadings were > 0.5, and each factor had an eigenvalue > 1, indicating that the measurement items possess high discriminant validity.

Table 2: Accuracy analysis

Constructs	Cronbach's alpha	CR	AVE	Items	Loading	T-statistics
Social Responsibility	0.80	0.93	0.71	I give importance to ethical values at priority.	0.76	12.46
				I believe that I and my colleagues serve for the interest of society.	0.74	14.12
				I am conscious of my actions in official matters.	0.90	21.12
Organisational Commitment	0.74	0.92	0.66	I feel a strong sense of belonging to my organisation	0.85	19.69
				My stay with my organisation is a matter of necessity as much as desire.	0.88	14.58
				I will not leave my organisation because I have a sense of obligation to the people in it.	0.76	20.26
Organisational Citizenship Behaviour	0.82	0.85	0.77	I help co-workers in difficult tasks.	0.90	15.16
				I promote truthfulness and responsiveness in my organisation.	0.83	18.69
				I show integrity in my office work.	0.92	23.39
				I communicate well and cooperate with my colleagues.	0.87	32.66
				I obey my seniors and maintain good relations with them.	0.83	24.22
				I am responsible and make good use of resources	0.82	18.69

Confirmatory factor analysis (CFA) is conducted of all latent constructs and items to determine the reliability and validity of the constructs. To measure the latent constructs, reliability of scales is initially assessed via Cronbach alpha coefficient and social scientists suggest Cronbach alpha should be over 0.7 for a scale to be considered reliable. In Table 2, all Cronbach alphas range from 0.72 to 0.89. It shows Cronbach alpha is above 0.7 of all constructs. The convergent validity of model can be assessed through composite reliability and the average variance extracted. The average variance (AVE) exceeds 0.5 and composite reliability exceeds 0.7, the acclaimed value to be considered valid (Hair, Anderson, Tatham, & Black, 1998). Finally, Tables 1 and 2 clearly show that none of the squared correlations exceeded the AVE estimates. The results indicate that the measurement items have high discriminant validity. Hierarchical moderated regression is conducted to examine the relationship between social responsibility and organisational commitment and the moderating effect of organisational citizenship behaviour and social bonding (job status) on the social responsibility-organisational commitment relationship. Moderated regression allows for simultaneous estimation of multiple structural equations and permitted modelling of correlated criteria (Elbanna, Ali, & Dayan, 2011), and is particularly appropriate because it is used to examine the moderating effects of one or more variables on the relationship between two variables (Abebe, 2012).

**Table 3: Hierarchical moderated regression analysis
(moderating effects of organisational citizenship behaviour)**

	Model – 1.1			Model – 1.2			Model – 1.3		
	Standardised Coefficients			Standardised Coefficients			Standardised Coefficients		
	β	Sig.	<i>t</i>	β	Sig.	<i>t</i>	β	Sig.	<i>t</i>
(Constant)		0.000	3.48		0.000	3.79		0.000	0.18
Social responsibility	0.36	0.000	6.04	0.37	0.000	6.95	0.97	0.000	8.90
Organisational Citizenship Behaviour (OCB)				0.14	0.002	3.65	0.71	0.014	5.47
Social responsibility × OCB							0.55	0.026	3.89

OCB = organisational citizenship behaviour. Dependent Variable: organisational commitment

**Table 4: Hierarchical moderated regression analysis
(moderating effects of social bonding (job status))**

	Model – 2.1			Model – 2.2			Model – 2.3		
	Standardised Coefficients			Standardised Coefficients			Standardised Coefficients		
	β	Sig.	<i>t</i>	β	Sig.	<i>t</i>	β	Sig.	<i>t</i>
(Constant)		0.000	3.48		0.000	5.79		0.828	0.22
Social responsibility	0.36	0.000	6.04	0.36	0.000	7.05	0.95	0.000	8.12
Social bonding (Job status: 1 = P; 2 = T)				0.25	0.000	7.65	0.51	0.204	3.27
Social responsibility × Job status							0.51	0.043	2.01

(Job Status): P = employee on permanent basis. T = employee on temporary basis. Dependent Variable: organisational commitment

In this analysis, a series of three regression equations is used to test for moderating effects. First, organisational commitment is regressed on social responsibility, and then secondly, organisational commitment is regressed on social responsibility and the moderators (organisational citizenship behaviour or social bonding). Third, organisational commitment is regressed on social responsibility and the moderator (organisational citizenship behaviour or social bonding), and an interaction term is formed by multiplying the independent variable and the moderator. Two hierarchical moderated regression analyses are completed to test the main effect and the interaction hypotheses. In Table 3 and Table 4, models show the results and it is indicated in Model 1.1 and 2.1 that the effect of social responsibility on organisational commitment is significant at a level of 0.000 ($\beta = 0.36$; $p < 0.001$), thus supporting H1. The results in Model 1.3 show that the moderating effect of organisational citizenship behaviour on the social responsibility-organisational commitment relationship is significant at the 0.05 level ($\beta = 0.55$; $p < 0.05$), thus supporting H2. The moderating effect of social bonding (permanent vs temporary employees) on the social responsibility-organisational commitment relationship is significant at the 0.05 level ($\beta = 0.51$; $p < 0.05$), as shown in Model 2.3, thus supporting H3a and H3b. Based on these results, an increase in social responsibility yields a positive effect on organisational commitment. The effects of social responsibility on local administrators' organisational commitment are also stronger for permanent or having high

context organisational citizenship behaviour employees than for temporary or low context organisational citizenship behaviour employees.

Overall, the results in Table 3 show that social responsibility has strong relationship with organisational commitment in Model 1.3 as compared to model 1.1 and 1.2. Organisational citizenship behaviour has strong relationship with organisational commitment in Model 1.3 as compared to 1.2. Social responsibility along with citizenship behaviour modifies relationship with organisational commitment in Model 1.3. Table 3 has explained the proposed hypotheses H1 to H2 relationship between social responsibility, citizenship behaviour and organisational commitment. In Table 4, the results show that social responsibility has a strong relationship with organisational commitment in Model 2.3 as compared to Model 2.1 and 2.2. In Model 2.2, social bonding has a strong relationship with organisational commitment as compared to Model 2.3. Social responsibility along with social bonding modifies relationship with organisational commitment in Model 2.3. These relationships presented that social responsibility is very influential with relationship organisational commitment. However citizenship behaviour and social bonding presented little modified relationship with social responsibility and organisational commitment.

4 Discussion and Conclusion

Promoting services quality and general outcomes of public organisations have captured the attention of both academic researchers and practitioners in the field of public sector organisational behaviour (Meyer et al., 2002; Vigoda, 2000b; Huang & Hsiao, 2007). Several studies were done on such effects in the field of organisational behaviour but few studies focused on predicting organisational commitment from the social responsibility perspective in the public sector. Consequently, this study conceptualises social responsibility as predictor of organisational commitment. This study considers the effect of organisational citizenship behaviour and social bonding (work status) as moderators of the relationship between social responsibility and organisational commitment. The results show that social responsibility positively influences organisational commitment, and that employee citizenship behaviour and job status (i.e. permanent vs temporary) moderate the relationship between social responsibility and organisational commitment.

This study shows the effect of social responsibility on organisational commitment and the moderating role of organisational citizenship behaviour and social bonding in the social responsibility-organisational commitment relationship. The results clarify that social responsibility employs a considerable effect on organisational commitment. Local public administrators have perceived the positive role of social responsibility in organisation, such as listening respectfully to colleagues, serving for the interest of society, and screening out unethical behaviours. This indicates that employees who find

social cohesion in organisation feel a sense of obligation to be committed to the organisation. The results also indicate that organisational citizenship behaviour and social bonding (job status) moderate the influence of social responsibility on employee organisational commitment. The effects of social responsibility on organisational commitment are stronger for local public administrators with high levels of organisational citizenship behaviour or for permanent employees than for local public administrators with low levels of organisational citizenship behaviour or temporary employees. The results suggest that responses of employees with voluntary actions and with diverse job status vary in their effect on social responsibility that enables public organisations to align organisational social responsible behaviour in employees.

4.1 Contribution and Implications

This study enhances our understanding of the social responsibility–organisational commitment link by exploring moderating effects of relation oriented factors. We have introduced a new mechanism of social responsibility ethical aspect discussed in this stream of research. Previous studies instead are primarily based on social exchange and examine the link between social responsibility and organisational commitment. By drawing substance of social responsibility from ideas such as serving for public and ethical values at work place, this study opens new avenues for social responsibility in public organisations. Furthermore, whereas organisational behaviour literature mainly focuses on leadership social drive and other forms of social exchange, we introduce the concept of social bonding related to job status in organisation and suggest that employees reciprocate some of the conscious actions of the organisations that can produce good image of public services organisations.

The findings also contribute in existing literature that involvement of employees and behaviours in organisation influence differently on employee organisational attitudes (Cohen & Keren 2010). High levels of organisational citizenship behaviour and social bonding in the shape of job status can increase values and autonomy, and this understanding may help managers to formulate an effective social responsible environment (Podsakoff et al., 2009). This research also offers an interdisciplinary framework, in that it applies sociology and psychological aspects to public organisational phenomenon which needs more attention in contemporary public administration to comply with new public management approach.

Finally, results have significant practical implications for public organisations in general and for local public organisations in particular providing services. The effects of social responsibility on organisational commitment suggest that to ensure public employee commitment, public organisations must create a positive social responsibility environment, even though organisational actions are not necessarily controlling social responsibility. Moreover, the public management should recognise the social and ethical components

in the public sector as collectivist societies are inclined to form more commitment as well as socially inclined because of the high moral values that emphasise commitment to the workplace. Therefore, public managers may promote positive social responsible behavioural activities, such as responsiveness to public, screening out unethical behaviour and consciousness to enhance their perceived social responsibility in the public services organisations.

Organisational citizenship behaviour is a powerful tool that deserves more attention in the study of public administration and management. Managers in public organisations can also anticipate the critical role of participatory climate to increase committed employee organisational citizenship behaviour more effectively by providing social responsible environment. Public employees working in organisations need to consider close relationships with co-workers and public to improve quality of services. Local public organisations providing basic services may increase awareness that a high level of organisational citizenship behaviour necessitates collective social responsibility of employees.

Sense of belonging and pride toward organisation increase faith and consistency in public employees and indicates social bonding of individuals with government. Permanent employees feel more secure in public organisations than temporary or employees on contract basis. The findings of this study suggest that social bonding in form of permanent employees in public organisations integrates fully into the social setup of their organisation, and job security with organisation is crucial in forming attachment with organisation. In addition, social responsibility for permanent employees increases employee commitment to the organisation. Therefore, public managers should focus on facilitating social responsible environment in the organisational setting to satisfy the sense of belonging of permanent as well as of temporary employees.

Based on the contribution and implications of this study, public organisations can develop participatory involvement of employees by understanding the role of social responsibility in the organisation. This empirical study indicates the moderating role of organisational citizenship behaviour and social bonding in the relationship between social responsibility and organisational commitment, and provides useful insight to public services organisations in facilitating social responsibility environment among employees to promote effectiveness in the public arenas.

4.2 Limitations and Future Research

Despite its contributions, the present study has certain limitations. First, the study was conducted only in Pakistan, and the respondents were local public administrators in public organisations providing basic services to public. Although previous research has suggested that an ethical climate within

a public organisation is crucial for Pakistani employees (Jabeen & Jadoon, 2004; Islam, 2004), the antecedents and effects of organisational behaviour might differ among countries and cultures. A deeper understanding of the impact of social responsibility on organisational commitment across various public organisations can enable managers of public services sections to become more aware and take advantage of the differences in the effects of social responsibility among various social settings. Therefore, future studies should determine the validity of the current research findings regarding the organisational citizenship behaviour of public employees in other developing countries.

Second, the current study examined the effect of social responsibility on organisational commitment. The results show that social responsibility is more influential in determining organisational commitment for employees with high level of organisational citizenship behaviour and on permanent basis than for temporary and with low levels of organisational citizenship behaviour. The results indicate that other variables not addressed in the model must be causing commitment to occur for temporary employees. Because an increasing number of public employees are hired on contractual basis to serve in services organisations in local public administration, future research should consider other antecedents of organisational commitment for temporary employees. This study considers social responsibility as antecedent of organisational commitment in local public organisations providing services to public. Hence, future research can extend this analysis to other public organisations at provincial and federal level in Pakistan and in other developing countries. Further research is required to enhance the various social bonding strategies that result in response to various attachment and involvement bonds to public organisations such as benefits and reward system.

Third, methodologically, we used a convenience sample for data collection purposes. Therefore, the employees may not be representative of a wider population. The data used in this study are cross-sectional and, therefore do not provide evidence of causality. Conducting a longitude study will thus be worthwhile. Fourth, the sample was limited to local organisations providing services to public from six urban cities; it potentially limits generalisability of the results to other public organisations at provincial and federal level. By comparing differences in public employees responses to organisational commitment according to various social setups in other public organisations, future research can provide additional astute guidelines to organisational research from social responsibility perspective.

4.3 Recommendations and Conclusion

In management and organisational psychology, the emerging competitive public services environment emphasises a valuable self-derived contribution by public employees that can lead to better organisational commitment and success inside the workplace in Pakistan. Because socialisation of management practices in the public sector provide public managers with better tools for participation and involvement of administrators inside the workplace and the general promotion of citizenship altruistic behaviour at all social levels (Vigoda-Gadot & Golembiewski, 2004). This study focused on the effect of social responsibility on organisational commitment and examined the moderating effect of organisational citizenship behaviour and social bonding on the social responsibility-commitment relationship. This study recommends practical suggestions to improve organisational commitments of public sector employees in Pakistan because there is need for local public sector organisations to create good reputation in the public. In Pakistan public administration is culture bound or shaped by its social settings and environments and public services organisations should promote much positive activities of social responsibility. The public management top leaders should find motivational factors to boost employees to be more responsive to citizen needs. The objectives and strategies of the public sector are formed by the government of Pakistan and settings of behavioural strategies at organisational level should be included in their goals. Some rules should be set for maintaining ethical environment in the public organisations and ethics training should be given to public administrators delivering public services.

In the competitive public services environment, there is more need to promote understanding of the employee social responsibility-organisational commitment relationship in Pakistan that will lead to improve effectiveness and efficiency of public services. Social bonding (job status) between employees and government in public organisations must be taken into consideration using motivational factors for temporary employees. The organisations should provide the employees an opportunity to grow committed organisational citizenship behaviour within the organisation to combat corrupt behaviour in public administration of Pakistan. If public organisations in Pakistan can introduce the concept of social responsibility activities, they can find a number of determinants that can induce organisational commitment for their organisations.

It is concluded that this study clarifies the effect of social responsibility on organisational commitment and the moderating role of organisational citizenship behaviour and social bonding in the social responsibility-organisational commitment relationship. The findings of the present study point out the need for organisations to provide employees with the necessary social responsibility activities that lead to organisational commitment. Local public administrators have perceived positive role of social responsibility

in organisation, such as listening respectfully to colleagues, serving for the interest of society, and screening out unethical behaviours. This indicates that employees, who find social cohesion in organisation, will feel sense of obligation to be committed to the organisation. The results also indicate that organisational citizenship behaviour and social bonding (job status) moderate the influence of social responsibility on employee organisational commitment.

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POVZETEK

1.01 Izvirni znanstveni članek

Družbena odgovornost in organizacijska pripadnost v lokalni javni upravi: Blagodejna vloga organiziranega državljskega vedenja in družbene povezanosti

V članku proučujemo, ali družbena odgovornost uslužbencev v lokalni javni upravi povečuje organizacijsko pripadnost. Poleg tega raziskujemo blagodejno vlogo državljskega vedenja in družbene povezanosti javnih uslužbencev (pri zaposlenih za določen in nedoločen čas) v povezavi z družbeno odgovornostjo in organizacijsko pripadnostjo. Empirični podatki za raziskavo so bili zbrani pri lokalnih uradnikih v službah lokalne javne uprave v Pakistanu ($n = 308$). V članku proučimo odnos med družbeno odgovornostjo in organizacijsko pripadnostjo ter preverimo blagodejni učinek državljskega vedenja in družbene povezanosti na odnos med družbeno odgovornostjo in organizacijsko pripadnostjo. Raziskava se podrobneje ukvarja z vprašanjem, ali imata državljsko vedenje in družbena povezanost uslužbencev blagodejni učinek na odnos med družbeno odgovornostjo in organizacijsko pripadnostjo v službah lokalne javne uprave. Ob vse večji pomembnosti boljšega zadovoljevanja potreb javnosti ugotavljamo, ali je lahko organizacijska pripadnost zaposlenih spodbuda, ki izboljša učinkovitost in delovanje lokalnih javnih organizacij.

Pričujoča raziskava nam bo pomagala izboljšati naše razumevanje povezanosti med družbeno odgovornostjo in organizacijsko pripadnostjo s pomočjo raziskovanja blagodejnih učinkov na dejavnike, osredotočene na ta odnos. Uporabili smo nov mehanizem etičnega vidika družbene odgovornosti, o katerem razpravljamo v tem delu raziskave. Predhodne raziskave temeljijo predvsem na družbeni izmenjavi in proučujejo povezanost med družbeno odgovornostjo in organizacijsko pripadnostjo s tega vidika. Ta raziskava pa za temelje družbene odgovornosti postavi ideje, kot so služenje javnosti in etične vrednote na delovnem mestu, in s tem odpre nove možnosti družbene odgovornosti v javnih organizacijah. Poleg tega smo v nasprotju z obstoječo literaturo o organizacijskem vedenju, ki se osredotoča predvsem na vodenje, družbeni pogon in druge oblike družbene izmenjave, uvedli koncept družbene povezanosti v povezavi s statusom delovnega mesta v organizaciji. Naša hipoteza je, da se uslužbenci odzovejo na zavestna dejanja organizacije, kar lahko privede do pozitivne podobe lokalnih družbenih organizacij.

Naša odkritja prinašajo dodatne dokaze za idejo, izraženo v obstoječi literaturi, ki pravi, da imata vključenost zaposlenih ter vedenje organizacije neposreden učinek na odnos zaposlenih do organizacije. Visoka stopnja organiziranega državljskega vedenja in družbene povezanosti v obliki statusa delovnega mesta lahko poveča vrednote in avtonomijo, s čimer lahko vodje ustvarijo učinkovito okolje za družbeno odgovornost. Raziskava ima interdisciplinarni okvir, saj se nanaša na sociološke in psihološke vidike fenomena javnih organizacij, ki mu moramo v sodobni javni upravi posvetiti več pozornosti, če želimo delovati v skladu z novim pristopom javnega upravljanja.

Key Mechanisms of Risk Management in South Africa's National Government Departments: The Public Sector Risk Management Framework and the King III Benchmark

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ABSTRACT

Government provides essential services to the population and therefore, uncertainties that could hinder government's objectives should be identified, mitigated/controlled and monitored. Using the content analysis for data extraction in the annual reports of national government departments (NGDs), this paper explored risk management practices in South Africa's public service, with national government departments as a case in point. The findings are that in general, there are poor risk management practices in the NGDs as the majority of the observed categories were not disclosed in the NGDs annual reports.

Since risk deals with the uncertainties on the objectives, it is concerning that NGDs have poor risk management practices, particularly because they are enablers (implementers) of government overarching strategy. As enablers of government strategy, it is recommended that NGDs view risk management as a process that enables them to identify threats which could hinder the attainment of their objectives, whilst also leveraging opportunities that may arise. It is further recommended that the risk process is viewed as a scenario or option analysis exercise that allows NGDs to properly plan, understand the intended outcomes and prepare responses to deal with any uncertainties. A summarised and harmonized risk governance requirement used for the purpose of exploring risk management disclosures has been suggested by this study and it could be used as a reference point of risk disclosure improvement by NGDs.

Keywords: risk management, risk disclosures, annual reports, national government departments

JEL: M4

1 Introduction

Risk management has evolved overtime to become a cornerstone of corporate governance. Today, any organisation wishing to succeed in achieving its objectives has got to identify almost all uncertainties around its strategic objectives. If uncertainties are projected to be negative (threats), those charged with governance should ensure that those uncertainties are thoroughly mitigated to support the achievement of objectives. If uncertainties are positive (opportunities), they should be leveraged upon to deliver more value.

Governments, particularly those in developing countries are essential in delivering key services to their populations. On the one side, the inability of government to achieve its objectives could have a considerable implication to the wellbeing of the general public, particularly the vulnerable groups of society. On the other side, any opportunity that could be leveraged by government to deliver services beyond the projected objectives could have a lasting positive impact on the wellbeing of the general public, particularly the vulnerable groups of society.

The descriptions provided in the paragraphs above relate to risk and its management. There are other descriptions of risk that support the views expressed above on risk, for instance; Kliem and Ludin (1997), Knight (1999), the Government of Ontario in Canada (2000) all view risk as potential obstacles, consequences and opportunities impacting on the ability of an organisation to meet its objective. Importantly, the Government of Ontario in Canada (2000) accepts that risks of an organisation could be found internally as well as externally. The awareness that risks could emanate internally or externally is vital to the identification of all possible occurrences that could impact on the objectives, including monitoring developments that could have an implication on the organisational objectives. For instance, if the economy is reliant on exports in a certain region, a decline in demand on that region would mean lower revenues for the exporting company, however; this would have implications for government, in this instance lower tax base (collection). Therefore a state department responsible for revenue collection would be expected to capture this uncertainty on its objective.

South Africa is facing multiple challenges, the main ones being the slow rate of economic growth, poverty, unemployment and high levels of inequalities. To address these challenges, the South African government published the document 'Strategic Agenda of Government' which identifies certain key focus areas (priorities) namely; education; health; rural development; fighting against crime and corruption, the creation of decent work and sustainable livelihood and human settlements (Presidency, 2015).

From the risk perspective, it could be inferred that these are strategic objectives of the South African government which are expected to be

delegated to relevant national government departments (or its agencies) for implementation. If the risk management process has been adopted as required by the Public Sector Risk Management Framework (National Treasury, 2010), those departments (and their agencies) tasked with achieving these objectives need to identify uncertainties around the key strategic objectives. As indicated earlier, on the one hand, should uncertainties be projected to be negative (threats), those charged with governance will have to ensure that those uncertainties are thoroughly mitigated (controlled) to support the achievement of the government objectives. On the other hand, should uncertainties be positive (opportunities), they should be leveraged upon to deliver more value.

Given the importance of a government in a developing country such as South Africa where there are challenges related to the delivery of essential services, challenges relating to the slow rate of economic growth, poverty, unemployment and high levels of inequalities, it is not surprising that the South African government has given priority to the above-mentioned objective areas (Presidency, 2015). Failure to address these challenges would mean the failure to fulfil the aspirations of the population. It follows then that a tool that permits for the identification, analysis, mitigation, management and monitoring of activities that could hinder the achievement of government objectives should be seen and treated in a serious manner.

Since national government departments (and their agencies) are enablers of government strategy, they should have proper risk management processes in place to aid in the modification of any activity that could hinder the attainment of government objectives. Therefore, the main aim of this study is to evaluate the risk management practices in South Africa's NGDs using the information disclosed in their annual reports as a proxy of their risk management practices. The information in the annual reports has been content analysed in order to test if the predetermined risk management practices have been disclosed.

The first limitation of this study was that it assessed risk management in national government departments. All other public institutions present an area of future research. Further limitations were that the assessment was limited to the thirty four (34) published annual reports that were located (Moloi, 2015). During the collection phase, it was noted that two NGDs were consolidated as part of the Presidency's annual report (they did not have separate annual reports for analysis). Annual reports for the other four (4) departments could not be located on their websites and any other potential source. The rest of the NGDs (34) had their annual reports published on their websites. In addition to publishing their annual reports on their respective websites, thirty two (32) NGDs annual reports were available on the government online website.

The remainder of this paper is structured in the following manner: the review of relevant risk management literature and the discussion of risk management

requirements in the South African public sector. The method followed in extracting the relevant data is discussed and then a section presenting the research results and an analysis and interpretation of the findings is presented.

2 Review of Existing Literature on Risk Management in the Public Sector

Risk management in South Africa's public sector has not been widely studied. Siswana (2007) agrees with the statement that risk management was a fairly new subject in the South African Public Service. Since risk management was a fairly new subject in the South African context, Siswana (2007) then argued that this had been resultant to the focus being placed more onto the financial risks and other risks did not receive much prominence. It can be argued that the reason why Siswana (2007) highlighted the emphasis on financial risk could be that risk management in the public sector at the time was driven through the PFMA (RSA, 1999), in other words, it was before the publication of the Public Sector Risk Management Framework (National Treasury, 2010).

In their paper, Coetzee and Lubbe (2013) also appear to agree with Siswana (2007) that risk has not been widely studied, even though in their case, they argue that it has not been widely studied, not only in South Africa, but across the globe and in both the private and the public sectors. Coetzee and Lubbe (2013) studied the risk maturity of South Africa's public and private sector organisations. Their findings were that South Africa's private sector organisations were mostly risk mature, whilst their counterparts in the public sector lacked many elements within their risk management frameworks.

Coetzee and Lubbe (2013) assertion that risk management was behind across all sectors (not only in the public service) is shared by Ene and Dobrea (2006) who argue that every industry has its unique challenges and that the public service is therefore not unique in having risk management challenges. In their assessment, Ene and Dobrea (2006) argue that due to their size, public sector institutions are generally very slow-moving making it difficult to get on with any risk management programme. In addition to this, Ene and Dobrea (2006) believe that due to their nature, public sector institutions are far more open to media and public scrutiny making them susceptible of scrutiny.

Cooper (2010) also shares Coetzee and Lubbe (2013) as well as Ene and Dobrea (2006) assertions. Cooper (2010) explored the critical success factors and barriers to strategic risk management within the province of Newfoundland and Labrador. One of the findings of this study was that risk management was a relatively recent management activity and it had not been fully implemented in most organisations especially those in the public sector.

Following their evaluation of the United States risk management in the public sector, Braig, Gebre and Sellgren (2011) concluded that implementing a proper risk management was more difficult in public sector than in the private

sector. Accordingly, the following were highlighted as risk management challenges in implementing risk management in the public sector:

1. Mission goals that override other considerations,
2. Frequent leadership changes and vacant leadership positions,
3. Leaders who lack knowledge of risk management and business,
4. Separation of operating budgets from program budgets,
5. Lack of clear risk metrics,
6. Complex procedural requirements, and
7. Limited risk culture and risk mind-set.

To address these public sector deficiencies, Braig, Gebre and Sellgren (2011) suggested the development of a risk constitution, the creation of transparency in the processes, establishment of a dedicated risk organisation, building of a risk culture and focussing on few core processes as key things that need to be done.

3 Discussion of Risk Management in South Africa's Public Service

Risk management in South Africa's public sector is administered through the Public Sector Risk Management Framework (National Treasury, 2010). This document provides guidance on how the South African public service should manage the overall process of risk. Accordingly, the Public Sector Risk Management Framework (National Treasury, 2010) document was developed in response to the requirements of the Public Finance Management Act (RSA, 1999) as well as the Municipal Finance Management Act (RSA, 2003) for the relevant public service institutions to implement and maintain effective, efficient and transparent system of risk management and control.

The Public Sector Risk Management Framework (National Treasury, 2010) defines risk as an 'unwanted outcome, actual or potential, to the institutions service delivery and other performance objective, caused by the presence of risk factors'. Further in the definition, the framework acknowledges that some risk factors also present an upside potential. This definition is consistent with other definitions that views risk as both a threat and an opportunity (Williams, Smith, & Young, 1995; Kliem & Ludin, 1997; Knight, 1999; AIRMIC, Alarm & IRM, 2010).

Of importance in this definition is the realisation that risk can both be a threat or an opportunity. Therefore, those charged with governing public service institutions need not only view risk as negative (threat) but also positive (an opportunity). Should the uncertainty be negative (threat), proper mitigations/controls need to be defined and vice versa if the uncertainty is positive (opportunity), this has to be leveraged to increase value. A further important layer of the definition is the outright statement indicating the unwanted

outcome that could impact service delivery and performance objective. This is a crucial link between risk and the strategic objectives (to be achieved through performance) of public service institutions.

The main criticism that could be levelled against the definition provided in the framework is that it does not incorporate a perspective that would seek to emphasise to those charged with governance that risks could emanate both internally as well as externally. This could weaken the process as those identifying risks could only focus on certain risk factors, likely to be internal factors ignoring external shocks. It has been indicated earlier that the awareness that risks can emanate internally or externally is vital to the identification of all possible occurrences impacting the objectives, including monitoring developments (internally and externally) that could have an implication on the organisational objectives.

In terms of its applicability, the Public Sector Risk Management Framework (National Treasury, 2010) approach is principle based rather than being prescriptive based. This means that institutions in the public sector can develop their own systems of risk management, however; these systems should be premised on the principles advanced by the framework. The framework places a substantial emphasis on the accounting officer/authority of the institution concerned to be a pillar of risk management activities in the organisations they are responsible for.

The Public Sector Risk Management Framework (National Treasury, 2010) appears to be based on the ISO 31000, the Australian and New Zealand (ANZ) standards as the the risk management process adopted follows the following approach; 1) risk identification, 2) risk assessment, 3) risk response, 4) communication and reporting, and lastly, 5) risk monitoring.

Chapter 13 of the framework introduces the risk management committees. The difference between the risk committees as proposed by the framework and the ones proposed in the King III Report on Corporate Governance (IoD, 2009) is that the risk management committees in King III are a sub-committee of the board whereas in the Public Sector Risk Management Framework (National Treasury, 2010), these committees are appointed by the accounting officer/ authority so that they could assist with an oversight of risk (these committees report to the accounting officer/authority). In the absence of risk committee, the framework proposes that the audit committee performs the risk committee functions. It was noted that the framework requires that the chairperson of the risk committee should be an independent person (not an employee of the department). This requirement also applies to the chairperson of the audit committee in the public sector (National Treasury, 2001 & RSA, 1999).

4 Research Method Followed

This paper critically explored risk management practices in national government departments based on the developed, harmonised requirements of the Public Sector Risk Management Framework (National Treasury, 2010) which is a framework applicable to the public sector organisations and the King III Report on Corporate Governance risk requirements (IoD, 2009), applying to all entities regardless of manner or form.

Due to the fact that the data that check compliance with the required framework were coded directly from the annual report, a method that supports the coding of information was applied. This method is called the content analysis method. Several researchers are in agreement that content analysis is a method that cuts between qualitative and quantitative traditions and therefore it is widely used for rigorous exploration of many important but yet difficult issues to study (Gephart, 1993; Carley, 1993; Morris, 1994; Kelle, 1995).

Researchers such as Erdener and Dunn (1990), Jauch, Osborn and Martin (1980), Mangena (2004), Barac and Moloji (2009), Barac, Marx and Moloji (2011), Moloji (2014, 2015a+b+c) have all supported the use of content analysis method in extracting information by a way of coding and they all agree that content analysis has been growing in the course of the past decades and has now become an accepted research methodology in the social and business studies. For Holsti (1969) and Weber (1990) there are validity and reliability concerns on the manner in which content analysis method is used.

To analyse how NGDs performed in reporting the required risk management information in their annual reports, the coding principles were formulated and these principles were utilised in coding and analysing relevant information from the NGDs annual reports. Once the determination was made in line with the formulated coding principles, the information was then entered into the code-book for analysing the NGDs performance. Formulated coding principles for themes reported in the audit committee reports were based on the following guideline:

Annual reports coding principles followed	Contained (C)	Not Contained (NC)
	If the annual report of the NGD under review contains the coded category of information, the item is marked as Contained (C) in the designed code-book.	On the contrary, if the annual report analysed does not contain the coded category of information, the item will be marked Not Contained (NC) in the designed code-book.

5 Research Findings and Interpretation

Table 1: Public sector risk management requirements vs King III risk requirements

Public Sector Risk Management Framework	King III Report on Corporate Governance – Risk
<p>Governance of Risk</p> <ul style="list-style-type: none"> - The Accounting Officer/ Authority is the ultimate Chief Risk Officer of the Institution and is accountable for the institutions overall governance of risk - The Accounting Officer/ Authority is responsible for ensuring that the institutional environment supports the effective functioning of risk management - The Accounting Officer/ Authority must ensure that the institution has and maintains an effective process to identify the risks inherent to the institutional objectives - The Accounting Officer/ Authority must ensure that the institution manages risks effectively, economically and efficiently - The institution must operate within the terms of risk management policy approved by the Accounting Officer/ Authority - Risk management policy should be communicated to all incumbent officials and arrangements should be made for communicating the policy to new recruits 	<p>Governance of risk</p> <ul style="list-style-type: none"> - The board has to ensure that the policy and plan for system and process of risk management is in place - The board should comment on the integrated reporting on the effectiveness of the system and process of risk governance - The board has to express their responsibility of the risk governance on the charter - Risk governance incorporated in the boards on-going training - The board is to ensure that documented, approved risk management policy and plan are widely distributed across the company - The board is to ensure that the implementation of risk management plan is reviewed at least once, annually - The board should continually monitor the implementation of risk management plan
<p>Determination of tolerance and appetite levels</p> <ul style="list-style-type: none"> - The Risk Committee considers, reviews and recommends approval by the Accounting Officer, the risk appetite of an institution - The Risk Committee considers, reviews and recommends approval by the Accounting Officer, the risk tolerance of an institution 	<p>Determination of tolerance and appetite levels</p> <ul style="list-style-type: none"> - Determination of the levels of risk tolerance as well as the appetite levels annually - Risks taken are within the tolerance and appetite levels
<p>Relevant committee to assist the Accounting Officer</p> <ul style="list-style-type: none"> - Oversight of risk could be performed by the audit committee in the absence of the risk committee - Membership to consist of both management and external members - The Chairperson of the Risk Management Committee should be an independent external person - The Committee considers, reviews and recommends approval by the Accounting Officer, the risk management policy, strategy and implementation plan 	<p>Relevant committee to assist the board</p> <ul style="list-style-type: none"> - Committee consider risk management policy and plan and monitor the risk management process - Membership consists of executive, non-executive and senior management. Committee has access to independent experts - Committee have a minimum of three (3) members who meet at least twice per annum - Performance of risk committee evaluated by the board once a year
<p>Delegation of responsibilities to management</p> <ul style="list-style-type: none"> - The Accounting Officer/ Authority should delegate roles and responsibilities in a manner that ensures coordination and synergy of risk management activities - The Chief Risk Officer (CRO) should possess necessary skills, competencies and attitudes to execute the risk management functions - Management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines - Internal processes to be established to sensitise all employees of the relevance of risk management to the achievement of their goals 	<p>Delegation of responsibilities to management</p> <ul style="list-style-type: none"> - Management has risk management systems and processes to execute the board risk strategy - Management ensures that risk is integrated on day to day activities of the company - CRO is experienced on strategic matters and has access to the board or its committee and executive management
<p>Risk identification and assessment</p> <ul style="list-style-type: none"> - A process that is systematic, ensures risks are documented, and that there is formal risk assessment at least once annually - Divergent risks are raised - Risk should be prioritized - The Risk Committee considers, reviews and recommends approval by the Accounting Officer, the risk identification and assessment methodologies - The Risk Committee evaluates the effectiveness of risk management policy and strategy (including the plan) 	<p>Risk identification and assessments</p> <ul style="list-style-type: none"> - A process that is systematic, ensures risks are documented, and that there is formal risk assessment at least once annually - Risks are prioritized and ranked - Divergence risks are raised - Top down approach in risk assessments - Board regular receives and reviews risk register
<p>Risk response and monitoring</p> <ul style="list-style-type: none"> - Risk response leads to identification and exploitation of opportunities to improve the performance of the institution - Management to develop response strategies for all material risks - Management is responsible for designing, implementing and monitoring the effective functioning of system of internal control - Response strategies to be documented and responsibilities and timelines attached thereto should be communicated to all relevant risk owners 	<p>Risk response and monitoring</p> <ul style="list-style-type: none"> - Noting of risk responses to the risk register - Risk response leads to identification and exploitation of opportunities to improve the performance of the company - Responsibility for monitoring risks is defined in the risk management plan
<p>Assurance and disclosures</p> <ul style="list-style-type: none"> - The Risk Committee review the material findings and recommendations by assurance providers on the system of risk management and monitor the implementation of such recommendations 	<p>Assurance and disclosures</p> <ul style="list-style-type: none"> - Management assurance that risk management is integrated in the company's daily activities - Internal audit's written assessment on the effectiveness of the system of internal controls and risk management

Usually NGDs in South Africa would focus on the implementation of the Public Sector Risk Management Framework as guided by the National Treasury department. Since the publication of King III Report on Corporate Governance which is supposed to be applied by all organisations regardless of manner or form, a harmonization of the King III risk requirements and the Public Sector Risk Management Framework had to be made to identify if consistencies exists as NGDs are expected to buy into the spirit of the King III Report by applying its contents in their processes. A harmonised table (Table 1) has been prepared to demonstrate the requirements of both the Public Sector Risk Management Framework (National Treasury, 2010) and the King III Report on Corporate Governance (IoD, 2009). It is clear in Table 1 that there are no glaring inconsistencies between the King III risk requirements and the Public Sector Risk Management Framework.

The results projected in Table 2 and Table 3 below present the aggregated research findings obtained based on the content analysis performed on the annual reports of National Government Departments (NGDs).

Table 2 shows coded risk management categories relating to the governance of risk, determination of tolerance and appetite levels, establishment of relevant committee to assist the Accounting Officer/Authority and the delegation of responsibilities to management of an institution concerned.

Using the annual report as a proxy of risk management practices in the NGDs, it is clear in Table 2 that, in general, there are poor risk management practices in the NGDs as the majority of the observed categories were not disclosed in the NGDs annual reports. It is observed in Table 2 that eight (8) NGDs disclosed the fact that the Accounting Officer was the ultimate Chief Risk Officer and therefore ultimately responsible for the overall governance of risk in the NGD they oversee. A further eight (8) NGDs disclosed that the Accounting Officer ensures that the institution has and maintains an effective process to identify risks inherent to the institutional objectives.

Further, eight (8) NGDs disclosed the fact that the Accounting Officer was responsible for ensuring that the institution manages its risks effectively, economically and efficiently. Seven (7) NGDs disclosed the information that the Accounting Officer was responsible for ensuring that the institutional environment supports the effective functioning of risk management. In addition to this, ten (10) NGDs indicated that their NGDs operated within the terms of risk management policies approved by the Accounting Officers. The inability to explicitly state this in an organization could cloud the message of setting the tone from the top and the risk process may not receive the prominence it deserves and may not feature in the strategic nerve centre of decision making process.

Table 2: Governance of risk, tolerance & appetite, relevant committee and delegation of responsibilities

Code	Category observed	Incorporated (I)		Not incorporated (NI)	
		n NGD	%	n NGD	%
A	Incorporation of statements relating to the governance of risks within the organisation observed				
A1	Oversight body has approved the policy and plan for the system and process of risk management (n = 34)	10	29	24	72
A2	Oversight body has commented in the integrated (annual) report with regards to the effectiveness of the system and process of risk governance (n = 34)	8	24	26	76
A3	Oversight body has expressed its responsibility of risk governance on the charter (n = 34)	8	24	26	76
A4	Risk governance is part of an ongoing oversight body's training (n = 34)	0	0	34	100
A5	Approved risk management policy and plan widely distributed across the organisation (n = 34)	0	0	34	100
A6	Risk management plan is approved by the oversight body annually (n = 34)	0	0	34	100
A7	Oversight body continually monitor the implementation of risk management plan (n = 34)	7	21	27	79
B	Incorporation of statements relating to the levels and the extent of risk appetite and tolerance within the organization				
B1	The organisation determines the levels of risk appetite and tolerance levels annually (n = 34)	1	3	33	97
B2	Risks taken within the previous year and reported on are within the defined tolerance and appetite levels (n = 34)	1	3	33	97
C	Incorporation of statements relating to the relevant committee of the oversight body				
C1	The relevant committee considers risk management policy and plan and it monitors the risk management process (n = 34)	5	15	29	85
C2	Membership of the committee consist of executive (as invitees) and non-executive members (n = 34)	14	41	20	59
C3	The relevant committee has access to independent experts (n = 34)	0	0	34	100
C4	The relevant committee has a minimum of three members who meet at least twice per annum (n = 34)	34	100	0	0
C5	Performance of relevant committee is evaluated the oversight body annually (n = 34)	0	0	34	100
D	Incorporation of statements relating to the delegation of responsibilities to management by the oversight body				
D1	Management has risk management systems and processes to execute the oversight body's risk strategy (n = 34)	9	26	25	74
D2	Management has ensured that risk is integrated on the day to day activities of the organisation (n = 34)	19	56	15	44
D3	The Chief Risk Officer is experienced on strategic as well as risk related matters (n = 34)	11	32	23	68
D4	The Chief Risk Officer has access to the oversight body or its committee and executive management (n = 34)	11	32	23	68

n: number of Integrated/annual reports observed in a sector
oversight body: Executive/accounting authority (Minster/Director-General)
NGD: National Government Department

There was no NGD disclosing whether the risk management policy was communicated to all incumbent officials and that arrangements were made to ensure that the policy was made available to all new recruits. Poor disclosure of information relating to the NGDs appetite and tolerance levels was observed. In this regard, of the thirty four (34) evaluated NGDs annual reports, only one (1) NGD indicated that its risk committee considers, reviews and recommends approvals of the NGD's risk tolerance and appetite levels to the Accounting Officer.

Further, of the thirty four (34) evaluated NGDs annual reports, five (5) NGD indicated that the risk committee considers, reviews and recommends the approval by the risk management policy, strategy and the implementation plans. The non-disclosure of this information raises doubts as to whether the appetite and tolerance levels have been determined. It further raises doubts about the value added by the risk committees.

The limited disclosure of information relating to the risk committees, in this regard, the indication of whether the chairperson of the committee was independent and not an employee of an NGD concerned further raises doubt about the objectivity and independence of these committees (thirteen (13) of thirty four (34) observed NGDs disclosed this information). It is reiterated here that the King III Report on Corporate Governance and the Public Sector Risk Management Frameworks calls for the chairperson of the risk committee to be independent.

Further limited disclosures were observed on the disclosure of information relating to the competencies of the Chief Risk Officers (eleven (11) of thirty four (34) observed NGDs disclosed this information), the establishment of mechanisms to inform all employees on the importance of risk management in the attainment of their individual organisational objectives (nine (9) of thirty four (34) observed NGDs disclosed this information) and the delegation of roles and responsibilities by the Accounting Officer to ensure the coordination and synergy of risk management activities (no NGD disclosed this).

There was, however one category where NGDs observed had improved disclosure and that category relates to the integration of risk management strategy to the NGDs operational routines. In this regard, nineteen (19) of the thirty four (34) observed NGDs had indicated that there was an integration of risk management strategy to their operational routines.

As indicated in the introductory, risk is concerned with the uncertainty on the objectives. It is worrying that NGDs have poor risk management practices, particularly because they are enablers of government overarching strategy. Failure to identify, assess, control / mitigate / leverage and manage uncertainties could result in the inability to deliver the government's strategic imperatives, leading to a negative impact on the delivery of services or even failure to see the opportunity to leverage and deliver more.

Table 3 shows coded risk management categories relating to the risk identification risk assessment, risk response, risk monitoring as well as assurance and risk disclosure. There was a better performance in categories coded in Table 3, compared to those coded in Table 2. In this regard, thirty one (31) NGDs indicated that the risk management process was viewed as a systematic process which ensures that risks are documented and that there was a formal risk assessment at least once per year.

With regard to the identification and documentation of divergent risks, it was observed that twenty six (26) NGDs disclosed that they had done this. Another improved disclosure was observed on the disclosure of information relating to the development of response strategies for all material risks by management, where twenty one (21) disclosed that they had done this exercise.

Table 3: Risk identification, assessment, risk response, risk monitoring, assurance and risk disclosure

Code	Category observed	Incorporated (I)		Not incorporated (NI)	
		n NGD	%	n NGD	%
E	Incorporation of statements relating to the risk approach				
E1	To identify risks, the organisation follows a system that is systematic and this system ensures that risks are documented (N = 34)	31	91	3	9
E2	Top down approach to risk assessment is followed (n =34)	0	0	34	100
E3	Risk assessments are conducted, at least once annually (N = 34)	31	91	1	3
E4	Risks are ranked for prioritization (N = 34)	15	44	19	56
E5	Divergent risks have been rased (N = 34)	26	76	8	24
E6	The oversight body receives regular risk reports, it reviews and deliberate on these reports (N = 34)	4	12	30	88
F	Incorporation of statements relating to risk response and management responsibility of risk monitoring				
F1	Risk reports submitted to and reviewed by management contains risk responses (N = 34)	21	62	13	38
F2	Risk responses contains opportunities that have been exploited to improve performance of the organization (N = 34)	2	6	32	94
G	Incorporation of statements relating to the role of relevant parties in the combined assurance				
G1	The organisation has an approved combined assurance framework (N = 34)	0	0	34	100
G2	Management (through Enterprise Risk Management division) as a first line of defence in the combined assurance has provided assurance that risk management is integrated in the organisation's daily activities and that controls are in place (N = 34)	0	0	34	100
G3	Internal audit as the second tier of defence has provided a written assessment on the effectiveness of risk management and the entire system of internal controls (N = 34)	0	0	34	100
G4	Other external assurance providers as the third tier of defence have provided a written assessment on the effectiveness of risk management and the entire system of internal controls (N = 34)	0	0	34	100

n: number of Integrated/annual reports observed in a sector
oversight body: Executive/accounting authority (Minster/Director-General)
NGD: National Government Department

With regard to the information relating to the documentation of response strategies as well as communication of timelines to all risk owners, it was observed that nineteen (19) NGDs disclosed this information. The final improved disclosure was observed on the disclosure of information relating to the responsibility of designing, implementing and monitoring the effectiveness of the system of internal controls where seventeen (17) NGDs disclosed this information.

There was, however; some weak disclosure of information observed, particularly in categories relating to the prioritisation of risks as only fifteen (15) NGDs disclosed this information. In addition to this, of the thirty four (34) NGDs observed, only three (3) NGDs recorded the information relating to the evaluation of effectiveness of risk management policy and strategy (including the plans) in their annual reports.

Four (4) NGDs disclosed the category relating to the review and recommendation of approval by Accounting Officer of the risk identification and assessment methodologies. The non-disclosure of this information cast doubt as to whether the right tone is set from the top. Two (2) NGDs indicated that they had identified risk responses leading to the exploitation of opportunities to improve the performance of the institution. Risk has to be seen in the context of both the threat and opportunity.

Looking at the risk from only the threat perspective could result in an oversight on possible opportunities that may be leveraged to derive more value.

With regard to the consideration and reviewing of all material findings and recommendations by assurance providers on the system of risk management and monitoring the implementation of such recommendations, it was noted that no NGD disclosed this category.

6 Conclusion and Recommendations

The main aim of the study was to evaluate the risk management practices in South Africa's NGDs using the information disclosed in their annual reports as a proxy of their risk management practices. The content analysis method was used to extract the risk related information in the NGDs annual reports.

The results obtained indicate that in general, there were poor risk management practices in the NGDs as the majority of the observed categories were not disclosed in the NGDs annual reports. Since risk deals with the uncertainties on the objectives, it is concerning that NGDs have poor risk management practices, particularly because they are enablers (implementers) of government overarching strategy. The implications of poor risk management practices is that NGDs may not necessarily identify threats that could hinder the attainment of government objectives. At the same, they may also fail to leverage opportunities that may arise. As enablers of government strategy, it is recommended that NGDs view risk management as a process enabling them properly identify, analyse, mitigate, manage and monitor all activities that could hinder to achieve government objectives.

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POVZETEK

1.01 Izvirni znanstveni članek

Ključni mehanizmi obvladovanja tveganja na ministrstvih nacionalne vlade Južne Afrike: Okvir za obvladovanje tveganja v javnem sektorju in merilo King III

Ministrstva nacionalne vlade (in njihove agencije) izvajajo (omogočajo) splošno vladno strategijo v Južni Afriki. Zato je bistvenega pomena, da uporabljajo ustrezne postopke, ki pomagajo pri spreminjanju vsake dejavnosti, ki bi lahko ovirala doseganje ciljev vlade, in hkrati omogočajo izkoriščanje morebitnih priložnosti.

V tem prispevku ocenjujemo prakso obvladovanja tveganja na ministrstvih nacionalne vlade Južne Afrike s pomočjo informacij, objavljenih v njihovih letnih poročilih, kot predstavitev ukrepov za obvladovanje tveganja. Analizirali smo informacije v letnem poročilu vsakega ministrstva, da bi preverili, ali vsebujejo načrtovano prakso obvladovanja tveganja, ki je bila sestavljena z uporabo predpisa Okvir za obvladovanje tveganja v javnem sektorju in poročila King III o upravljanju podjetij.

Ministrstva v Južni Afriki navadno izvajajo Okvir za obvladovanje tveganja v javnem sektorju v skladu s smernicami Državne zakladnice. Po objavi poročila King III o upravljanju podjetij, ki ga morajo upoštevati vse organizacije ne glede na vrsto ali obliko, je bila potrebna uskladitev zahtev glede tveganja v poročilu King III in v Okviru za obvladovanje tveganja v javnem sektorju, da bi našli morebitne neskladnosti, saj se od ministrstev pričakuje, da bodo poročilo King III upoštevala in njegovo vsebino uporabljala v svojih postopkih. V postopku usklajevanja se je izkazalo, da med zahtevami poročila King III in okvira za obvladovanje tveganja v javnem sektorju ni očitnih neskladnosti.

Pridobljeni rezultati kažejo, da je praksa obvladovanja tveganja na ministrstvih slaba, saj večina opazovanih kategorij ni bila objavljena v letnih poročilih ministrstev. Ker je tveganje povezano z negotovostjo ciljev, je slaba praksa obvladovanja tveganja na ministrstvih skrb vzbujajoča, zlasti ker prav ministrstva omogočajo (izvajajo) splošno vladno strategijo. Posledica slabe prakse obvladovanja tveganja je, da ministrstva morda ne opažajo groženj doseganju ciljev vlade. Poleg tega morda ne izkoriščajo vseh morebitnih priložnosti. Ministrstva kot izvajalci vladne strategije bi morala obvladovanje tveganja razumeti in privzeti kot postopek, ki omogoča pravilno ugotavljanje, analizirati, blažiti, upravljati in spremljati vse dejavnosti, ki bi lahko ovirale doseganje ciljev vlade.

Role of Municipal Council in Increasing Citizen Participation at the Local Budget Process

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ABSTRACT

The paper explores the role of the municipal councilors in the budget process in the Republic of Macedonia as well as their role in motivating citizen participation in the budgetary process in the Republic of Macedonia. We demonstrate that municipalities in the Republic of Macedonia employ various forms of participatory mechanisms in the process of public policies and budgets according to their context. There are vivid dissimilarities in terms of opportunities and scope of citizen participation as well as discrepancies of councilors capacity to facilitate this process when cross-matching information and data derived from small rural and bigger urban municipalities. It is evident that very little has been accomplished in terms of defining uniformed processes and developing systems related to the relations between councilors and local community. We identify barriers that are impediment to a genuine involvement of the councilors as mediators between the Mayor and the community in the local budgeting process. We argue that any policy intervention in this dimension ought to be tailor-made, hence every municipality has its specific features that ought to be taken into account when designing an intervention to address shortcomings of the processes and the systems.

Keywords: councilors, citizen participation, budget process, local units, Republic of Macedonia

JEL: H72

1 Introduction

This paper strives to explore the processes and the established systems of municipalities in employing citizen participation and the capacity of the councilors to facilitate this process. More specifically, it focuses on the dynamics of relations of the councilors with the local community and municipal administration in the budget process. Exploring the budgetary process it most vividly exemplifies the major functions of the councilors, decision making (approval of the budget), oversight (control of spending) and representation (to serve as voice of the local community). Moreover, it explores endogenous and exogenous factors that influence the position of the councilors with adherence to the principle of voice and citizen participation in the budget process on the local level in the Republic of Macedonia.

We explore and identify similar patterns and differences of approach in the municipalities in terms of opportunity for citizen participation in the budgetary process and the level of ownership that councilors have in the budget process, taking to account different socio-political and demographical contexts of municipalities in the Republic of Macedonia.

The paper is divided into three major parts; the first part dwells on the theoretical framework on effective citizen participation and the impact of city councilors on citizen participation at the municipal level. The second part of the paper deals with the function and role of the municipal council in budgetary process at the local level. This section examines budgetary process in general, the role of the councilors in the budget process as well as for citizen participation in the decision making process and the legislative framework for citizen participation in the budget cycle process. The last section presents empirical findings of field research at six municipalities and the conclusions.

2 Theoretical Framework – Citizen Participation in the Budget Process

In this part of the article we will dwell on the work of the scholars of ‘citizen participation’ in the budgetary process. When analyzing the literature on citizen participation there are certain features that are *condicio sine qua non* for the mechanism of budget participation.

Ebdon and Franklin (2006) developed an interesting typology of elements and variables that are important in unfolding and explaining the mechanism of citizen participation in the budget process in terms of its adoption, process design, mechanisms, goals, and outcomes. According to these scholars three commonly reported variables (independent variables) are important for structuring budget participation: (1) the governmental environment, (2) the design of the process, (3) the mechanisms used to elicit participation. The fourth element (a common dependent variable) represents the goals and outcomes desired from participation in budgetary decision making.

- a) The governmental environment encompasses variables such as: the structure and form of government, political culture, legal requirements, population size and diversity as variables the budget process.
- b) The design of the process encompasses variables such as: type of budget allocations (program or earmarked funds, operating, capital) participants (selection method, numbers, representativeness), sincere preferences/willingness to pay.
- c) The mechanisms to elicit participation can be public meetings, focus groups, budget forums, simulations, advisory committees, surveys.
- d) The goals and the outcomes imply capacity building of the participants about the budget, support for budget proposals, gathering inputs for decision making, changing resource allocation and enhancing the trust of the community.

The second dimension which deserves attention is the relation between local government and citizen participation as a cornerstone of our analysis. There is an ambiguity of theoretical approaches regarding the linkage and correlation between the local government and citizen participation. The debate at this level focuses mainly on the dichotomy between council managers versus strong mayor. According to the scholars researching citizen participation, the most important variable for the civic engagement is the form of government (Greenstone & Peterson, 1971; Streib, 1992). Ebdon and Franklin (2006) support the view that the form of government makes a difference in participatory budgeting adoption in the way that 'the council-manager form of government appears to be more likely to solicit input'.

Similarly, Kweit and Kweit (1981) argue that communities with the council-manager form of government, due to the fact that they employ a full-time professional, are more likely to seek citizen input. Nalbandian (1991) stresses that cities with a council-manager form of government are more prone to stimulate citizen participation. According to Greenstone and Peterson (1971) council-manager cities have more citizen participation than strong-mayor cities, because information necessary to mobilize and empower citizens is often withheld by the mayor. Yang and Callahan (2005) argue that council-manager governments are more likely to adopt involvement mechanisms such as public hearings, community meetings, and citizen surveys; but they do not differ from other governments with regard to citizen involvement in strategic decision making, management, and service delivery.

On a contrary, Wang (2001) does not find evidence of such a correlation, regardless of the dimensions of participation. Cole (1974) goes even further arguing that council-manager governments have less participation. Marlowe and Portillo (2006) assume that city managers are important for citizen participation in local governments because if they 'do not view participation as adding value to budget decision processes', they may discount it or even discourage it. Political culture may also be an important variable

in the environment's influence on budget participation because the history of participation is a fairly good predictor of the forms that participation will take (Kweit & Kweit, 1981).

Miller and Evers (2002) suggest that the government must want to seek participation as much as the participants want to give it, and citizens are less likely to participate if the political environment is not positive and accepting of input. Using Elazar's political culture typology, Ebdon (2002) found differences in the use of budget participation methods in cities with varying political cultures. Northern moralistic cities generally have greater use of participation, followed by southern cities with traditional cultures, with the least participation in individualistic cities in the central part of the country.

In addition, legal budget requirements on local governments (such as public hearings) may either enhance or constrain participation. In the case of Macedonia we argue that in addition to the above mentioned variables political institutions are an important one. A contrary to the bottom-up approach which emphasizes cultural and other societal factors (culture), institutionalist scholars adopt a 'top-down' approach and postulate that key characteristics of the country's political context are crucial in shaping civic engagement. Here, two strands can be distinguished. Firstly, there are approaches, grounded on historical institutionalism, which emphasize path-dependent relationships between key processes and structures of a country's history (such as the constellation of social forces, particularly organized religion, or the emergence of different types of welfare regimes) and the size and shape of contemporary civil society (Salamon & Anheier, 1996). Secondly, other studies suggest that features of the current political environment, such as the quality of democracy, effectiveness of the state, extent of rule of law and other factors of a democratic governance system, provide important enabling conditions for the growth of civil society (Hadenaius & Uggla, 1996). Population size and heterogeneity may also affect the participation environment. Participation has been found to be more prominent in larger cities (Wang, 2001; O'Toole, Marshall, & Grewe, 1996; Ebdon, 2000). Protasel (1988) argues that larger cities are more heterogeneous, which might lead to increased political conflict because of varying group demands. Citizens in bigger cities might desire increased access to decision makers (Nalbandian, 1991).

Even though all of the variables mentioned are important, this article focuses on municipality councils as agents for eliciting citizen participation in the budgetary process.

3 Function and Role of the Council, Budget and Budgeting Process at Local Level

3.1 Role of Council

This part of the paper explores the function and the role of the Municipal Councils in the Republic of Macedonia in general and specifically the entry points for interposition by the Councilors and citizens in the process of the budget cycle.

The Municipal Council has a significant role in the public policy process. The councilors are mediators between the citizens and the municipality administration. In this manner they have a responsibility to participate in the work of the Council through active involvement in discussions on local issues, submitting proposals on solutions for local problems, and, by posing questions to the Mayor.

They can propose initiatives in the frame of the Council's responsibilities. In other words, Councilors may undertake initiatives (in accordance with Law on Local Self-Government) to amend the proposed regulations, propose regulations for those matters under municipal jurisdiction and may present their own ideas and initiatives with regard to municipality competencies. Related, as a body composed of citizens' representatives, the Municipal Council is charged with the responsibility to:

- enact the statute of the municipality and other regulations;
- adopt the municipal budget and the annual balance sheet of the municipality;
- determine the amount of the own resources of revenues for financing the municipality within the frameworks determined by law;
- establish public agencies within the competence of the municipality and supervise their work;
- appoint members of the managing boards of the public agencies established by it;
- adopt work programmes and financial programmes for financing public agencies established by the municipality;
- adopt the budget execution report and the annual balance sheet of the municipality;
- decide on issuing permits for the performance of public interest activities in accordance with law;
- adopt the reports on the operation and the annual balance sheet of public agencies established by the municipality;
- dispose of the municipal property;
- elect the head of the regional unit of the Ministry of Interior Affairs in the municipality in accordance with law;

- review and adopt the annual report on public safety on the territory of the municipality which is submitted to the Minister of Interior Affairs and the Public Attorney;
- give recommendations to the head of the regional unit of the Ministry of Interior Affairs in the sphere of public safety and traffic safety; and
- perform other activities determined by law.¹

In order to carry out those responsibilities it is crucial to have councils which possess the capacity and the skills and competences to perform the three functions: decision making, representing and overseeing the work of the local self-government. All these functions in one or another feature are vividly reflected in the budgeting process.

Related, the councilors have a particularly important role because:

- They have the possibility to influence the priorities that are financed;
- Overseeing the way how budget funds are spent;
- Overseeing the spending made by the municipal administration and the other budget beneficiaries.

In that light, a very important dimension is knowledge and competences of a councilor about the budget and the budgeting process, as a *condicio sine qua non* for active involvement of the councilors at all stages of the budgeting process.

3.2 Budgetary Process and Entry Point for Participation

The budget of the municipality is a declaration on the values and priorities of the local self-government. The analysis of the budget reveals the priorities of the local self-government. Planning the budgeting and fiscal techniques are the key elements in maintaining the fiscal integrity and are significant for all levels of government, including the local government. This is particularly important for preserving the confidence of the citizens who have entrusted them to spend their money. In accordance with the Law on Budgets, the budget of the municipality represents an annual plan in line with the Law on Budgets, the budget of the self-government unit is an annual plan of incomes, other inflows and approved funds and it includes the basic budget, subsidy budget, donation budget, borrowings budget and self-funding activity budget.²

The local government is supposed to have a realistic budget, i.e. a system of planned financial activities. The basic elements of such a system are: a realistic basis, analytical approach, defining of options and informing about the options, complete coverage of the expenditures and incomes, powerful mechanisms for monitoring and control, etc. Planning incomes should match the needs of the local self-government units. In recent practice, budget planning which

1 Article 36, The Law on Local Self-Government (Official Gazette of R. Macedonia, nr. 5/2002)

2 Law on Budgets (Official Gazette of the Republic of Macedonia, no. 64/05, 4/08, 103/08, 156/09, 95/10, 180/11 and 171/12)

covers several years is more a practice of the central government, but is becoming regular practice of the local self-government.

a) Process

Based on the Law on Local Self-Government and the Law on Financing Local Self-Government Units, the budget for the coming year is adopted by the Municipal Council, as proposed by the mayor, by 31 December of the current year at the latest. If the Municipal Council, due to any reason, fails to adopt the budget within the envisaged deadline, it is obliged to adopt a Decision for Temporary Financing and Financial Plan for its implementation during the first quarter of the year. The Municipal Budget is produced in compliance to the Law on Budgets and following guidelines provided by the Finance Minister. It has to be balanced, that is, in balance between revenues and expenditures and disbursements, by planning necessary funds to finance all activities. The municipality is obliged to, within 15 days following the budget adoption; send it to the Finance Minister for monitoring of the acknowledged total public spending in the country. When adopting the budget, the Municipal Council is bound to adopt a Budget Execution Decision. It is important to emphasize that the budget funds should be spent per allocation, as per defined amounts. The budgeting is a process of planning and executing municipality's revenues as per set priorities to satisfy the needs and obligations. The process shall start by 30 September at the latest, which is a timeframe until when the Finance Minister shares a Circular, informing the municipalities of the basic macroeconomic indicators, main instructions to prepare the budget, the subsidies for the municipality to be transferred from the Budget of the Republic of Macedonia, as well as the revenues from other sources. The budgeting is unfolded into stages, within deadlines set by the budget calendar, as adopted by the Municipal Council. The mayor shall share the main instructions to produce the budget, with the budget beneficiaries. Afterwards, the budget beneficiaries shall submit their financial plans to the mayor and he/she shall submit the budget-proposal to the Municipal Council.

Should, during the fiscal year, revenues and expenditures fail to follow the plan, the mayor shall propose to the Council budget amendments and supplements (reallocation). The mayor is responsible of the budget execution. A budgeted reserve is planned to finance unplanned or not sufficiently planned expenditures in the budget. All budget beneficiaries shall submit to the mayor monthly reports on executing their financial plans and the mayor shall submit quarterly reports on the budget execution to the Municipal Council and the Finance Ministry. The Municipal Council shall adopt final balance sheet on the previous year of the budget, following a mayor's proposal and after the expiry of the fiscal year and by 15 March at the latest, shall submit it to the Ministry of Finance by 31 March at the latest. The Municipal Council shall adopt annual report, consisted of:

- Final Balance Sheet;
- Report on funds, liabilities and sources of funds and their value;
- Report on the implementation of investment programs, allocation, capital and block subsidies and subsidies for transferred competences; and
- Report by the responsible accountant assuring the accuracy and faithfulness of the final balance sheet.

b) Relevant Municipal Council Committees

Two council committees have significant role in the budget process: The Finance and Budget Committee which is responsible for oversight and review of the budgetary cycle and the Committee for Equal Opportunities for Women and Men which has power to review the budget programs from gender budgeting perspective.³

c) Citizen participation

Legislative framework in the area of local self-government stipulates the right of the direct participation of citizens in the decision-making process in the municipality.

Accordingly, citizens directly take part in the decision-making regarding matters of local importance through citizen initiatives, citizen meetings, referendums, in a manner and procedure defined by the Law.⁴ The financial costs of direct citizen participation in the decision-making are covered by the municipal budget.

Moreover, the Law stipulates specific citizen participation mechanisms such as: citizen initiatives according the citizens' right to propose to the Council adoption of a specific legal act or resolve a specific matter which is municipality responsibility. The Council is obliged to discuss proposals of citizen initiatives if they are supported by at least 10% of municipal voters of the community affected by the given matter.⁵ In addition, the Law stipulates the right of referendum, public forums, surveys, complaints and proposals as additional mechanisms in decision making process.

The citizen participation in the budgeting process is a very important part of the process. In the budget process, the capacity of the local authority is normatively assessed in implementing the good governance principles such as: transparency, accountability, responsibility, participation and consensus-orientation, rule of law, equity and inclusiveness. Through the budget process citizens participate in the process of setting the priorities and monitoring and implementation. At the same budget the local authorities verify and legitimize policies and enhance citizens' trust.

³ Article 14, paragraph 6, The Law on Equal Opportunities for Women and Men (Official Gazette of RM, nr.6/2012)

⁴ Article 25, The Law on Local Self-Government (Official Gazette of R. Macedonia, no. 5/2002)

⁵ Article 26, The Law on Local Self-Government (Official Gazette of R. Macedonia, no. 5/2002)

Citizen participation process is activated by submitting previous reporting on the budget to all stakeholders, with a pledge to share their opinions. Then, by organizing public forums on: draft budget in rural and urban neighborhoods, meeting with civic associations, institutions from the area of education, social protection, culture, sports. On the completion of the public debate and entailment of useful proposals in the text, the budget proposal is further submitted to the Council for adoption. In the recent years, considerable number of municipalities are organizing community forums on the budget planning process with the support from the international donor community primarily by Swiss Development Agency (SDA).

3.3 Hypotheses

Theoretical ramifications discussed in the paper are tested in the municipalities in the Republic of Macedonia in terms of assessing the role of Councilors (as citizen representatives, decision makers) in eliciting citizen participation.

It is evident that the Councilors can have a tremendous impact on citizen participation because they are a link between citizens and the Mayor and municipality administration.

We are interested to test the following research questions:

- What is the role of municipal councilors in budget process?
- If municipality councilors have knowledge and competence and skills, will budget process have more input and will the process be more open to citizen involvement?
- If the councilors have access/logistics/support to implement proper mechanisms of communication with citizens, will municipalities be more open to citizen involvement in the budget process?

Municipal councilor's knowledge, competence and skills can be indicated by their professional education, participation in professional associations, and professional experience. Professional education is an important component of professionalism because it is supposed to enrich person with professional skills and professional ethics. Having in mind that the contemporary models of governance taught in higher education institutions focus on good governance principles, we are inclined to propose that municipality council education would increase their willingness, skills and the capacity to promote citizen participation in the budget process.

Thus we are testing the following:

H1. Councilors knowledge, competence and skills are positively correlated with the municipality approaches regarding citizen involvement in the budget process.

In addition we assume that networking is the crucial factor for sharing good practices and multiplying these practices in different municipalities across the political and demographic scope.

H2. Networks of Municipality councilors are positively associated with the municipal adoption of citizen involvement in the budget process.

Councilors' inability or ability is affected by their institutional authority and political environment. Institutional authority or autonomy refers to the legitimate power that one exercises within the organization. There are voices that argue that limited powers of the Municipal Council in comparison with Mayor in terms of powers have ramification on the perception of citizens in viewing Councilors as formidable actors that can push the agenda of the citizens.

H3. Councilors (statutory authority) is positively associated with the municipality's adoption of citizen involvement in the budget process.

Councilor's authority and their ability in the position is significantly influenced by the local political environment – whether the local politics is rational, healthy and easy to deal with, and whether there is political stability.

H4. Political stability is positively associated with the municipality's adoption of citizen involvement in the budget process.

Endogenous factors which are correlated with the organizational culture and the institutional capacity to support, promote and carry out civic engagement are crucial for promotion of civic engagement in the budget process. If the municipal administration does not have the capacity to utilize the tools of transparency during the budgetary cycle, to utilize ICT to inform citizens, then the civic engagement is not real proposition.

H5. Administrative capacity and the organizational culture of municipal administration are positively correlated with citizen involvement in citizen in the budgetary process.

3.4 Methodology

a) Semi-structured interview

The primary data source was gathered by semi-structured interview that was designed for a broader project. The instrument of semi-structured interview was conducted with representatives of municipality councils and municipality administration in six municipalities in the Republic of Macedonia. In order to triangulate data from variety of sources and actors for the purpose of the analysis the semi-structured interview was conducted with the following institutional actors in the Municipality:

- Chairperson of the municipality council
- Chairperson of the committee for budget of the Municipal Council

- Chairperson of the committee for equal opportunities of the Municipal Council
- Chairperson of the committee for inter-ethnic relations
- Office of finance and budget

Involved municipalities in the assessment are representation of the landscape of the Macedonian municipalities. We assessed small rural municipalities (Gradsko, Bogovinje and Bogdanci) councilors and big urban municipalities (Gostivar, Gevgelija and Kisela Voda). A total of 30 interviews were conducted in November 2015 – December 2015.

b) Observation

Information and data from semi-structured interviews were validated with observation of the municipal web portals. Observation in the context of this assessment is crucial for methodological triangulation and validation of information acquired with the semi-structure interviews. Related to this analysis, observation was a useful tool to validate the data acquired from the interviews and compare to the information received from the municipalities and validate via observation of the municipality web pages in terms of accessibility of information that would imply adherence of the municipality to the promotion and respect of principles of transparency, voice, participation and accountability in the budgeting process of local service delivery. Observation of the municipality web portal was carried out immediately after obtaining data from semi-structured interviews (November–December, 2015).

4 Findings Based on the Field Research in Six Municipalities

In this part of the paper we will focus on the findings in the six municipalities encompassed in the study. The main pillars of interest were the established processes and systems in the municipality in terms:

- Involvement of councilors and citizens on Budget preparation and Budget approval;
- Information (lack) and transparency (lack of) on the issue of capital budgeting by the councilors;
- Accountability to the citizens and the councilors regarding the Service delivery (reporting to the municipality councilors, citizen satisfaction surveys etc);
- Accountability to the council and general public on Public Procurement;
- Existence and accountability of the complaint mechanisms;
- Council communication with the public.

Table 1 explains the abovementioned dimensions comparatively in the municipalities encompassed in the study.

Table 1: Process and system in the municipalities

Guiding Questions	Municipalities					
	M1	M2	M3	M4	M5	M6
Involvement of councilors on Budget preparation and Budget approval						
	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (Orientation toward consensus)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (Orientation toward consensus)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)	Active involvement Programing phase Lack of input in committees Lack of input in plenary session (political divide)
Barriers for councilor input						
	Lack of skills and knowledge, capacity of municipal administration	Lack of skills and knowledge	Lack of skills and knowledge	Lack of skills and knowledge (politisation of the process)	Lack of skills and knowledge, capacity of municipality administration	Lack of skills and knowledge
Involvement of citizens						
Information Consultation Involvement in the decision making	Information in programing phase	Information in programing phase neighborhood units no input after	Consultation prior to programing phase no input after	Consultation prior to programing and after programing no input after	Ad hoc information	Consultation at programing phase via neighborhood units
Transparency*						
Publication of budget proposal on the Web	Yes	X	X	X	X	X
Publication of the yearly report on the Web	X	X	X	X	X	X
Publication of semest reports on the Web	X	X	X	X	X	X
Account to the citizens and the councilors regarding the Service delivery (reporting to the municipality councilors, citizen satisfaction surveys etc)**						
	Non existent	Non existent	Non existent	Non existent	Non existent	Non existent
Account to the council and general public on Public Procurement***						
	Non existent	Non existent	Non existent	Non existent	Non existent	Non existent
Existence and accountability of the complaint mechanisms						
	Non-existent	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public	Yes, no analysis and follow up reporting to the Council and the public
Council communication with the public****						
	Not satisfactory	Not satisfactory		Not satisfactory	Not satisfactory	Satisfactory
Need for training and networking						
	Yes	Yes	Yes	Yes	Yes	Yes

Notes

- M1 Municipality Brvenica is in the north-west part of Macedonia. The municipality has been independent since 1996 and includes 10 villages along the Suva Gora Mountain. The population is ethnically mixed with 15,855 inhabitants on a territory of 164.3 km². The council consists of 15 councilors from 5 different political parties.
- M2 The Municipality of Bogdanci is in the southern part of the Republic of Macedonia with a population of 8,707 (monoethnic) covering an area of 114.54 km². The Council consists of 11 councilors from two political parties.
- M3 Municipality Gevgelija is in the most southern part of the Republic of Macedonia, covering an area of 485 km². The population is 22,988, out of which about 15,685 citizens live in the municipal center, the town of Gevgelija. The Council consists of 19 councilors from two political parties.
- M4 Municipality Gostivar is in the north-west part of the Republic of Macedonia. It covers an area of 513.39 km² and has a population of 81,042 (ethnically mixed). The council consists of 31 councilors representing from 6 political parties.
- M5 Municipality Gradsko is in the Tikvesh Valey bordering Lozovo to the north, Shtip to north-east, Negotino to the east, Rosoman to the south, Chashka to the south, Rosoman to the south and Velse to the north-west. According to the last census, Gradsko Municipality has a population of 3,760 (ethically mixed) on an area of 236.19 km². The Council consists of 9 councilors from two political parties.

Role of Municipal Council in Increasing Citizen Participation at the Local Budget Process

- M6 Municipality Kisela Voda covers an area of 46.86 km² and is located in the south-east part of Skopje Valley. It borders with Centar Municipality and the newly established municipalities of Aerodrom, Studenichani and Sopište. Based on data from the last census the population is 58,216 out of which 91.2% Macedonian. On the territory of the municipality there are 13 local communities to meet the needs of the population. The council consists of 23 councilors from three political parties.
- * These reports are published in the Official Gazette of the Municipality. This model is falling short of transparency due to the fact that entry and finding the document by the model is more complicated compared with attaching it in the web page of the municipality.
 - ** Existence of accountability mechanisms such as citizen surveys, citizen cads, minimum standard of services and reporting the data to the Council members.
 - *** Reports to the municipality council, publication of the public procurement planning documents in the municipality web-page.
 - **** Assessment of the communication with citizen derived from the following indicators: perception of the councilors that have optimal communication with citizens, information on the web page about council members (email, telephone contact), assignment of office for councilors to meet constituency, assignment of days to meet constituency, visit of neighborhood units to explain the budget proposal to the local community.

It ought to be underlined that the citizen participation was measured solely by the responses from the municipal counselors and office of budget and finance of the municipality.

H1 confirmed. Councilor's knowledge, competence and skills are positively correlated with the municipality approaches regarding citizen involvement in the budget process. Councilors do not understand the budget and thus are not confident to discuss this matter with their constituency. Interviewed councilors stressed that lack of knowledge, competences and skills of the councilors on the budget technics and budget components are crucial impediments for more comprehensive input and thus have a clear ramification on citizen involvement. Moreover, they were quite outspoken about the need for obligatory orientation trainings at the beginning of the mandate of the councilor.

H2 Confirmed. Networks of Municipality councilors are positively associated with the municipal adoption of citizen involvement in the budget process.

Professional networking is seen crucial for councilors to get access to training, best practices, opportunities, and socialization. It is interesting that professional association of Mayors and sectorial professional of municipal administration (finance, ICT, economic development) have been established via Association of Local Self Government Units. Unfortunately, until now there is no initiatives that would bring together Councilors from different municipalities that serve in the same committees.

H3 is partially supported by empirical evidence. Councilors statutory authority is positively associated with the municipality's adoption of citizen involvement in the budget process.

There are no legal obstacles that hinder genuine involvement of Councilors in initiating citizen involvement. However, the lack of funds (municipality is not covering the travel expenses), logistical support are a result of the statutory authority. In majority of the municipalities there is no office for the councilors where the Council members could meet the citizens and representatives of the local community. Majority of the municipality web sites does not provide CV or contact information of municipal councilors.

H4 rejected. Political stability is positively associated with the municipality's adoption of citizen involvement in the budget process.

A contrary to our presumption, citizen involvement in any way is not correlated with the political stability in terms of existence majority, minority or coalitions of parties that make the Council. In our case easy and stable local politics is not in a positive correlation with citizen participation. Identical grievances and issues concerns were raised from councilors across the ideological and party lines.

H5 confirmed. Administrative and institutional capacity and the organizational culture of municipal administration are positively correlated with citizen involvement in the budgetary process.

Involvement of the council in the process of budget preparation is not satisfactory due to the lack of infrastructure, logistics, funds, lack of motivation of the administration to undertake these activities with the public and last but not the least the perception of the public that the person of power in the municipality is not the Councilor but the Mayor. Urban municipalities with more administrative capacity have trained human capital to undertake these mechanisms, while in the smaller municipalities the process is often outsourced to expertise outside of municipality.

In addition, demographics, population size are correlated with citizen involvement. Formal models of engagement (neighborhood units, forum of municipality and budget forums) are tools utilized in bigger municipalities. However, a shortcoming of the research is that it did not assess who is involved in these mechanisms, is there a genuine involvement of the variety of segments of the local population or is the process monopolized by specific interest groups.

ICT and interactive web-portals are tools used more comprehensively in bigger municipalities than in smaller municipalities who lack capacity and human resources to regularly maintain their web portal. On the other hand, a comparative advantage of the smaller municipalities is at least at political level to strive for consensus between political parties, which is the result of being part of smaller community and smaller councils.

5 Conclusions

Municipalities in the Republic of Macedonia employ various forms of participatory mechanisms in the process of public policies and budgets according to their ecology. For some municipalities this process is uniform and established on existing legislation, and for the others this process is a result of the specific context and characteristics of the municipality and often it is an outcome of the ad hoc solutions which are consequence of incentives from the donor community (budget forums).

There are vivid dissimilarities in the implementation of the underlying principles of good governance such as transparency, voice and accountability, when cross-matching information and data derived from small rural and bigger urban municipalities. The smaller municipalities such as Brvenica and Gradsko evidently lack municipal administration capacity and thus insufficiently use ICT, i.e. web portals to increase the level of information, consultation and active participation of the citizens in the public policy process in general, and in the budget process in particular.

Thus, any policy intervention in this dimension ought to be tailor-made hence every municipality has its specific features that ought to be taken into account when designing an intervention to address the abovementioned shortcomings of the processes and the systems.

An obvious discrepancy between municipalities is noted in terms of regular updating of the web sites with the important internal municipality documents such as: Statutes, Rules of Procedures, Budget proposal, Budget, Quarterly reports, Balance sheets, Annual reports etc.). According to the councilors this state of affairs is a result of the fact that citizens do not show interest for these information and data on the web site of the municipality, but also the result of the lack of personnel in the municipalities to respond to this trend of communication with the citizens. Other studies researches verify this findings. These findings are supported by other research according to which 38% of the municipalities in the Republic of Macedonia have no employees or ICT-related job position (Memeti & Kreci, 2016).

It is evident that very little has been accomplished in terms of defining the processes and developing systems related to accountability and responsibility of the municipality, the municipal administration the Council towards the local community. There are endogenous and exogenous factors that contribute to the situation. It seems that there are pivotal barriers for performing their function of decision makes, mediators and oversight of the policies at local level. Majority of the interviewed councilors believe that they do not have sufficient knowledge, competence and skills regarding the budgeting process for a more substantial role in the budget cycle. Some councilors argue that the councilors themselves are also to blame due to the lack of interest for proactive approach in creating linkage with their constituency.

Having in mind the heterogeneity of the councilors in terms of the education status (formal education) there is a need for holistic approach for bridging the gap in terms of education, competences and skill through obligatory orientation trainings regarding the powers and responsibilities of the councilors at the beginning of the mandate of the councilor.

In parallel, councilors argue that they are excluded by the citizens themselves from any meaningful involvement of addressing the community needs. This situation is a result of the perception of the citizens that it is more expedient

to communicate with the Mayor than with the councilors when resolving their problems in question. Majority of the municipalities have no assigned offices for the councilors where they can meet representatives of the local community.

There are voices from interviewed institutional actors that argue that the process of identifying priorities is unnecessary. Because the Mayor gets the citizens' trust with the election process for a political platform any citizen involvement is costly endeavor in terms of finance and time.

For the process of comprehensive overseeing councilors need to have access to analytical reports on financial management submitted from the internal auditors of the municipality (legal and statutory requirement). Half of the interviewed municipalities did not have internal audit office or assigned internal auditor. Any proposition that implies adherence to the principle of accountability without the establishment of the internal audit mechanisms is proposition that is deemed to fail from the beginning. Municipality councilors should insist on finding opportunities to install this key mechanism for the accountability and prerequisite for rational decision making process. Thus, an obvious approach to overcome the deficiency would be to utilize the instrument of inter-municipal cooperation through which internal auditors of one municipality could perform internal audits in other municipalities.

More emphasis ought to be given to professional networking of the Councilors (sectorial association by serving comities) to improve access to training, best practices and exchange experience.

Although this study was carefully designed and vigorously applied in the units of analysis, we are aware of its limitations. First, the sample population of 6 municipalities from 81 municipalities is relatively small. In addition, since both methodological instruments (semi-structure interviews and observation) were realized by the authors themselves, a certain degree of subjectivity in interpretation can be found when analyzing findings of the methodological instruments.

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POVZETEK

1.01 Izvirni znanstveni članek

Vloga občinskega sveta pri povečanju državljske participacije v lokalnem proračunskem procesu

Avtorja članka razpravljata o mehanizmih državljske participacije in vlogi občinskih svetnikov pri spodbujanju državljske participacije v proračunskem procesu v Republiki Makedoniji. Sklicujeta se na številne strokovnjake, ki so raziskovali te odnose, osvetlita pa tudi dejstvo, da so se predhodne raziskave osredotočale predvsem na enosmerne korelacije med svetniki in državljsko participacijo. Nasprotno ta članek preizprašuje oziroma se osredotoča na vprašanje vzročnosti in povezanosti zmožnosti svetnikov ter odnosov moči med njimi z obstojem ustreznih mehanizmov za spodbujanje državljske participacije v proračunskem procesu.

Da bi proučila vzročnost, avtorja preizkusita naslednjo hipotezo/vprašanje: ali so znanja, kompetence in veščine svetnikov pozitivno povezani s tem, kako občina pristopa k vključevanju državljanov v proračunski proces, in kakšna je vloga mrež občinskih svetnikov pri občinskem vpeljevanju vključenosti državljanov v proračunski proces. Trdita, da je oblast svetnikov (zakonska oblast) pozitivno povezana z občinskim vpeljevanjem vključenosti državljanov v proračunski proces in da je politična stabilnost pozitivno povezana z občinskim vpeljevanjem vključenosti državljanov v proračunski proces. Nazadnje predvidita, da sta upravna zmogljivost in organizacijska kultura občinske uprave pozitivno povezani z vključenostjo državljanov v proračunski proces.

Zasnova raziskave je bila izvedena z dvema metodološkima instrumentoma, ki sta zajemala polstrukturirana in odprta vprašanja (30 intervjujev z občinskimi uslužbenci in odločevalci), da bi ocenili v občinah vzpostavljene procese in sisteme za vključitev državljske participacije v proračunski proces, vlogo občinskih svetnikov in zmožnosti za njihovo celovito vključenost v uporabo mehanizmov za državljsko participacijo ter spremljanje spletnih portalov šestih občin, da bi potrdili podatke in ugotovitve iz polstrukturiranega intervjuja.

Avtorja sta po pričakovanjih ugotovila, da obstaja pozitivna korelacija med veščinami in kompetencami na področju proračunskih tehnik ter mreženjem za pristno vključenost državljanov. Iz predstavljenih rezultatov je razvidno, da politična stabilnost glede obstoja večinskih in manjšinskih koalicij v svetu ni povezana z izvajanjem mehanizmov državljske participacije. Raziskava razkriva, da priprava proračuna ni zadovoljiva zaradi pomanjkanja infrastrukture, logistike, sredstev, motivacije uprave za lotevanje teh dejavnosti ali javnosti za komuniciranje in nenazadnje zaradi dojemanja javnosti,

da oseba na oblasti v občini ni svetnik, ampak župan. Poleg tega sta demografija in velikost prebivalstva povezani z vključenostjo državljanov. Formalni modeli vključevanja (enote v soseskah, občinski forum in proračunski forumi) so orodja, ki jih uporabljajo večje občine. IKT in interaktivni spletni portali so orodja, ki se celoviteje uporabljajo v večjih občinah kot pa v manjših, ki nimajo zmogljivosti in človeških virov za redno vzdrževanje svojega spletnega portala. Tako je primerljiva prednost manjših občin vsaj na politični ravni prizadevanje za konsenz med političnimi strankami, kar je posledica vključenosti v manjše skupnosti in manjše svete.

Avtorja trdita, da obstajajo bistvene razlike pri izvajanju instrumentov državljanske participacije v občinah in uporabi IKT v proračunskem procesu. Tako bi morale biti politično posredovanje s tega vidika posebej prilagojeno; vsaka občina ima posebne lastnosti, ki bi jih bilo treba upoštevati pri snovanju intervencije za naslavljanje zgornjih pomanjkljivosti procesov in sistemov.

Članek prinaša pomembne posledice na področju politike v makedonskem kontekstu, saj daje zanimive in posebej prilagojene politične rešitve za povečanje zmožnosti svetnikov ter uvajanje mehanizmov državljanske participacije v proračunskem procesu na občinski ravni.

Valuational Overhaul of Regulation and Assessing and Maintaining Education Quality in Slovenia

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ABSTRACT

The aim of this article is to present practices for regulating elementary and secondary education from an international perspective. It presents processes needed to introduce a system of external evaluation and takes account of the danger that if not carefully thought out, external evaluation can adhere to procedure to too great an extent, to the detriment of actual improvements in education. An external evaluation model that could be implemented in the Slovenian education system is then proposed. The proposed model stresses schools' accountability to the public, the dissemination of effective practices, and the delivery of relevant information to those in charge of national school policy. The model upgrades existing mechanisms for assessing and maintaining quality and links them with a legislation proposal to form a coherent whole.

Keywords: regulation, quality, external evaluation, elementary and secondary education

JEL: I28

1 Introduction

Regulation processes in the fields of public administration and public policy research are an important and current issue for professionals in these fields, both in Slovenia and throughout the world (Lodge, 2014). As an activity, these processes are seamlessly linked to the effective functioning of government. They involve classification, inspection, licensing, prohibitions and sanctions

(Carpenter & Moos, 2014). It comes as no surprise that the field of regulation has been the subject of numerous, often contradictory, discussions. While some actors call for an end to regulation, others are demanding even more regulatory processes. Regulatory processes have also been a topic of research, and as such have been subjected to a variety of methodological approaches and have led to findings in form of both empirical data and theoretical concepts. The financial crisis presents a sound point of departure for rethinking the practices and research of regulatory processes, as a number of authors (Carpenter & Moos 2014; Pitman, 2014) feel that both practice and research around regulatory processes are experiencing a crisis of their own.

All of the above is true of Slovenia, where current trends in state development highlight the importance of the quality governance of societal subsystems. This cannot be achieved without coordination between developmental policies linked to the introduction of reforms in specific sectors. The focal points of these reforms are sustainable development and strategic importance and accountability of policy. Points of departure and principles for regulation are the result of a need to (once again) reform the functioning of the state on the basis of two key common denominators:

- The transfer of best practices facilitating the introduction of measures that would once again legitimate the necessity of power structures in society;
- Close cooperation of authorities with all interested groups from the non-state environment, which would bring about a greater transparency and a greater degree of democracy and with it a new, important source of legitimacy for the functioning of authorities (Kustec Lipicer, 2013).

De Francesco (2012) recommends that regulatory reforms take place in three phases. The first phase represents 'deregulation'. It is followed by a phase called 'regulatory reform'. The process concludes with the third phase, known as the 'principle of regulatory governance'.

The field to which the above observations clearly apply is education. Substantial systemic reforms introduced in the 1990s placed schooling in Slovenia on a firm, modern footing. But with the development of society over the past decade, the need for certain systemic upgrades and enhancements in this field has appeared. Such upgrade is the augmentation and development of mechanisms through which the quality of the functioning of the school system is assessed and maintained.¹ In 2014, the European Council acknowledged the importance of this. It encouraged the European Commission to support member states in their efforts to develop policies and systems that can help assess and maintain education quality (Eurydice Report, 2015). Quality education is of decisive importance for employment

¹ Task of the Working Group for the Operationalization of Quality in the Field of Education, 2014.

prospects, for development of social cohesion and for general economic and social advancement in individual countries and in Europe as a whole.

This article presents the practice of regulation in the field of elementary and secondary education from an international perspective. It analyses processes needed to introduce a system of external evaluation and takes account of the danger that if not carefully thought out, external evaluation can adhere to procedure to too great an extent, to the detriment of actual improvements in education. The analysis presented here is based on the descriptive method, which was used to analyze similar solutions in school systems in other countries. The comparative method is then applied to compare the collected data and to search for commonalities and differences between countries. An external evaluation model that could be implemented in the Slovenian education system is then proposed. The proposed model is based on the experience of other countries and stresses schools' accountability to the public, the dissemination of effective practices, and the delivery of relevant information to those in charge of national school policy (Faubert, 2009; Nevo, 2001; Nutley, Morton, Jung, & Boaz, 2010). The model upgrades existing mechanisms for assessing and maintaining quality and links them with a legislation proposal to form a coherent whole.

2 Theoretical Points of Departure

The findings of the OECD (2013) and the European Commission (2015) show that mechanisms for assessing and maintaining quality in education are becoming an increasingly important catalyst for school development. The systems being introduced in European countries increasingly exceed narrow considerations of schools and focus on creating and expanding a culture that places quality teaching and learning at the forefront, as well as the inclusion of and dissemination of information to various stakeholders. Emphasis is on improving the school as a whole and not just improving particular aspects of school effectiveness (such as scholastic achievements).

The evaluation of a school is linked to a broad range of school activities that encompasses both teaching and learning as well as various aspects of school management. In practice, two basic methods of school evaluation have been implemented in most European countries (Eurydice Report, 2015): internal and external evaluation. Systems of self-evaluation and external evaluation underscore the development of educational institutions that can set areas for improvements in their own practices and assume responsibility for their own development. Responsibility for assessing and maintaining quality in education is also divided out among other important partners. One of these is the government. Governments are accountable for the condition of the school system, which is why they always seek out ways to harmonize internal and external quality control in the framework of their competencies. The search for the ideal equilibrium between both processes presents a considerable

challenge for professionals in the field. It therefore comes as no surprise that these questions have been addressed by a number of professionals.

2.1 Definition of Terms

Evaluation can be defined as the systematic collection of data pertaining to some phenomenon with the purpose of producing a valuation which can then serve to improve the said phenomenon. Scriven (1991) states that evaluation is a process through which the given and added value of that which is being evaluated is assessed. A given value is something which the evaluatee has a priori, and an added value is that value which the evaluatee develops in a given context. Patton (2002) stresses the importance of the use of evaluation results and defines evaluation as the systematic collection of information on activities, characteristics and results of a program, through which an assessment of the program is produced with the aim of enhancing its efficiency and making decisions regarding its future. Wiggins (1991) stresses the importance of the criteria used to judge the value of the evaluatee. Preskill and Torres (1999) stress that an evaluation must serve as an opportunity for self-learning at the institution conducting the evaluation, and that it must be integrated into working processes at the institution. Although different authors define evaluation in different ways, their definitions do have four things in common:

- Evaluation is a systematic process that is planned in advance and carried out with a specific purpose;
- Evaluation demands a systematic collection of data about critical points at an institution or in a program;
- Evaluation is conducted for the purpose of deepening understanding and making decisions about improving programs, processes and products on the basis of assessments of the given and added value of the evaluatee.

Discussions on these questions have brought issues associated with assessing and maintaining quality at educational institutions to the fore. The term quality ties in with the expectations of a number of partners, including the government, school managements, school councils, pupils and teachers. Because the expectations of stakeholders differ and are diffuse, they must be delineated and specified based on where these stakeholders are coming from. Vanhoof and Petegem (2006, 2007) divide expectations into internal expectations at the school itself and external expectations. Some expectations are rooted in legislative documents, while others are not. The government supports and demands conformity with legislative provisions; external stakeholders, who usually have a broad range of expectations, also communicate demands for cooperation in decisions linked to the implementation of quality-enhancement measures in education. This is of course also true of internal expectations at a school. The expectations

of all stakeholders are legitimate and must be brought into harmony, but differences in views are also present, for instance around the question of who is to assume responsibility for assessing and maintaining quality at educational institutions (Scriven, 1991; Nevo, 2001).

2.2 The Potential Complementarity of Internal and External Evaluation Processes

Authors (Vanhoof & Petegem, 2006, 2007; Altrichter & Kemethofer, 2015) define the field of quality assessment and maintenance from two perspectives:

1. Perspective linked to ensuring public accountability;
2. Perspective oriented towards development and improving quality at schools.

The focus of the first perspective with its emphasis on public accountability are school reviews. This involves checking objectives and points of departure as outlined by the government (society) and defined in the applicable legislation. This aspect of quality assessment and maintenance is more direct and focuses on assessing the effective functioning of a school. Initiative for this approach comes from outside the institution.

The second perspective is more developmental in nature and is based on the concept of quality development. It focuses on processes outlined and developed by schools themselves. Planned improvements to internal quality demand dialogue between school management, teachers, pupils, parents and the local community. With this perspective, initiative comes from the school itself.

In the literature (Vanhoof & Petegem, 2006, 2007; Ehren, Altrichter, McNamara, & O'Hara, 2013) the aspect of 'providing for public accountability' has usually been linked to the process of external evaluation, while the aspect of 'improving school quality' is traditionally the province of internal or self-evaluation. Over time, this traditional division of tasks and perspectives became a constraint, thus giving rise to demands for reconsiderations of the relationship between the two forms of evaluation. The question of linking up the two perspectives is a complex one. Nevo (2001) claims that from the perspective of public accountability, self-evaluation is subordinate to external evaluation. Viewed from the developmental perspective, it is the other way around. Nonetheless, authors (Van Hoyweghen, 2002; Christie, Ross, & Klein, 2004; Shewbridge, Hulshof, Nusche, & Stoll, 2011; Ehren et al., 2013, Altrichter & Kemethofer, 2015) have listed and broken down various features common to both processes. These authors conclude that the processes of internal and external evaluation are complementary and round each other out. When handled in a sensible manner, the introduction of internal and external evaluation augments the added value of both forms of evaluation; if one of the two is absent, the added value of the other is diminished.

2.3 External Evaluation and Its Role in Improving the Quality of Work at Schools

Although studies of the impacts of external evaluation on the quality of work at schools have not been particularly plentiful, this area has received a fair share of attention in recent years. In their in-depth research about the methods of work of the School Inspection Service in the UK, Matthews and Sammons (2004) conclude that without changes in the nature of the work of this body, it would not be realistic to assume external evaluation has a direct impact on the quality of work at schools. However, two recent studies from the Netherlands found that schools do use reports from external evaluations and that this does affect school development (Bekkers, Catalini, Martinelli, & Simcoe, 2012; Janssens, 2012). Another study from Australia (Nees, 2007) reported that all six of the schools included in the study took into account recommendations produced through external evaluation and did in fact improve working processes. This echoes the findings of a report from Sweden (Ekonomistyrningsverket, 2006) on an external evaluation process conducted between 2003 and 2006. The report states that most schools constructively applied the recommendations of external evaluations and improved the quality of their work. It is interesting to note that improvements in the quality of work at schools which paid heed to external recommendations were more rapid than is usually the case. Teachers' representatives from the French community in Belgium report similar experiences (Blondin & Giot, 2011). The application of recommendations and feedback from external evaluators is an important aspect of the culture of self-evaluation at schools.

One larger project that was financed by the European Community (Ehren et al., 2013) analyzed official documentation at institutions that perform external evaluations in six countries: the Czech Republic, Austria, Ireland, the Netherlands, Sweden and England. The authors collected data on a sample of 2,200 respondents, using in-depth interviews to identify commonalities that represent forces in quality improvement at schools. They reached the following conclusions:

- External evaluation strengthens expectations regarding school quality (through criteria and indicators that tell what a good school is);
- Stakeholders are also briefed on the results of external evaluation (school management, parents and pupils); their sensitivity to the results is enhanced, which leads to demands for improved quality at a school;
- External evaluation promotes and encourages improvements in the self-evaluation process at schools.

The findings show that external evaluation methods at schools set in place clear expectations regarding areas for assessment and quality indicators, while the inclusion of stakeholders encourages their sensitivity with regard to the process of external monitoring and typically has an impact on schools. At the same time, all this typically ties in with improvements in the self-

evaluation process at schools. Expectations regarding external evaluation are directly linked to both a wish and willingness for improvement. This shows that the quality improvement process at schools includes systemic self-evaluation as a vital developmental strategy (Ehren & Hendriks, 2010, Ehren et al., 2013). At the same time, Jung, Namgoong, and Kim (2008) concluded, on the basis of reports from teachers, that the external evaluation process presents an opportunity to refresh the climate at a school and facilitates a range of discussions and consultations about a school's strong and weak points. In a recent study, Altrichter and Kemethofer (2015) researched the effect of 'accountability pressure' as an element in understanding how external evaluation works. The study included 2,300 principals from seven European countries. The findings show that those principals who feel greater accountability pressure when communicating with evaluators are more prone to quality control. They are more sensitive to initiatives from stakeholders linked to evaluation results and more consistent in their selection and application of activities for improving conditions at their schools. This pressure also produces a range of other effects. Principals in the countries included in the study view the external evaluation system as one of their responsibilities vis-a-vis demands for improving practices at their schools.

But there is the danger that if not carefully thought out, an external evaluation can adhere to the 'by the book' procedure to too great an extent, to the detriment of actual improvements at a school. The haphazard implementation of external evaluation can also encourage an excessive rise in administrative demands, which already represent a considerable burden on schools (Faubert, 2009). Teachers do not monitor processes that overemphasize a top-down approach as opposed to innovation; specifically, they view such processes as creating a 'culture of obedience' (Leithwood, Aitken, & Jantzi, 2001). The latter finding should sound the warning that external evaluation processes for the most part should not be an (additional) burden on teachers and other professionals at schools through their demands for reporting, recordkeeping and similar activities, and that the 'reporting burden' (filling out evaluation questionnaires and forms) should be shifted onto the external evaluators to the greatest possible extent. An excessive and unproductive burden can of course also result from reckless, overly nuanced self-evaluation.

2.4 Practices to Date

Models and experiences related to assessing and maintaining quality at educational institutions differ from country to country. In certain countries evaluation processes are more prevalent, and impact quality development at schools to a greater extent. Different countries naturally have different cultures and different school systems. A report published last year by the European Commission (Eurydice Report, 2015) shows that both internal and external evaluations take place in the school systems of 26 European countries. This mechanism is still in the test phase in Italy and Hungary. In most

European countries assessment of the quality of work at schools takes place at the central level. Evaluation work is conducted either by school inspectors or special evaluation groups. In Denmark, Latvia and Iceland, responsibility for carrying out external evaluations is shared among central and local school authorities. In most European countries, external evaluation is focused on a range of school activities with both evaluative aspects and management aspects. Some countries systematically evaluate only specific aspects of school work, but occasionally obtain additional data from studies. Despite differences in methods and types of approaches to assessing and maintaining quality at schools in different European countries, the implementation of external evaluation is everywhere based on a recognizable structure that includes analysis, school visits and reporting.

Despite the positive contribution of external evaluation to the holistic assessment and maintenance of quality, this form of evaluation has long been viewed with a fair degree of skepticism (Nevo, 2001). For this reason, and because of decentralization processes and the increasing autonomy of schools, evaluation processes in a number of countries have developed in the direction of greater participation and self-development (Robinson & Cousins, 2004; McNamara & O'Hara, 2005). Besides external evaluation, over the past decade processes and methodologies that encourage schools themselves to evaluate education quality and plan adequate measures for its enhancement have also taken shape in European countries. It is a fact that internal and external evaluation processes grounded in the concept of school system management and supported by evidence-based governance are becoming a strategy for ascertaining and improving the level of quality of education systems in most European countries (Boaz, Grayson, Levitt, & Solesbury, 2008; Nutley et al., 2010; Eurydice Report, 2015).

Self-evaluation is defined in legislation governing the school system in Slovenia (Articles 48 and 49 of the Financing and Organization of Education Act). Apart from examples of best practices at certain schools (KEKS, 2015), no information about how self-evaluation is to take place or about whether self-evaluation is fulfilling its intended purpose is provided. According to reports from a representative of school inspectors (records from a session of the Working group for operationalizing quality in the field of higher education, 20. 2. 2015) schools do prepare reports on self-evaluation. However, the quality of these reports is questionable. The main issue is whether the development and performance of self-evaluation at Slovenian schools is moving in the right direction. This is understandable to an extent, as self-regulation processes, that is, a culture of and protocol for self-evaluation, do not have a long tradition in Slovenia. Planned, systematic training for school managements is therefore needed, as is assistance for schools in developing self-evaluation processes. The introduction of a suitable external evaluation model would also be a significant step. Studies and reports (Conley-Tyler, 2005; Simola, Rinne, Varjo, Pitkanen, & Kauko, 2009; OECD, 2013) show

that even countries with a long tradition and strong culture of evaluation (for example, Scotland and Germany) have introduced and intensified self-evaluation processes in response to external evaluation processes. Some have even adopted the areas, criteria and indicators used in external evaluations. This should be taken to mean that external evaluation would also benefit schools without substantial experience with internal evaluation.

Experiences with external evaluation in Slovenia only date back 25 or 30 years, when the school authorities at the time began to monitor the work of schools in a fairly systematic manner. Of course, this monitoring was adapted to demands of the time concerning the development of schools. Unfortunately, these experiences and the solutions they produced were poorly documented in the professional literature. One must also ask whether these measures, which in many cases were bureaucratic and often too strictly top-down in their orientation, encouraged self-regulation processes and school development. Today, a school inspection agency has been written into law and is active. Its activities are a part of processes for assessing and maintaining quality at schools. In accordance with the School Inspection Act, the agency pursues specific objectives. This system sets Slovenia apart from other European countries. Besides Slovenia, the only other countries where external evaluation focuses exclusively on checking whether school operations conform to legislation are Turkey and Estonia (Eurydice Report, 2015, p. 8 and p. 51). In most countries external evaluation processes focus on multiple areas of school operations. Some of the most common areas are educational and managerial aspects of school governance (Eurydice Report, 2015, p. 8).

On the other hand, over the years the question of the public and its access to information has received greater emphasis. These questions basically express the public's concern with how good is the school their children attend. The parents of elementary- and secondary-school pupils are interested in where their child ranks in terms of quality standards; How do they fare compared to other children? If empirical evidence were available on all areas that can (still) be improved at a school or even about things a school has yet to do, parents could even demand these things through their representatives. The question of how good schools are is even more important for the state (Braithwaite & Coglianesi, 2007). It is the state which must ensure that all children have access to quality education (Merljak, 2015). Without data and analyses, the management of education policy is a daunting task (Campbell & Levin, 2009). A recent report from the Court of Audit of the Republic of Slovenia (2016) that assessed the orderliness of the job duties of elementary-school teachers largely confirmed this. The findings show that the Ministry does not have adequate insight into how teachers fulfill their job duties.

The ministry has since outlined changes for the future (KEKS, 2015). A national framework for quality assessment and maintenance is supposed to uncover problems and also offer solutions. By using it, schools are expected to be able

to determine what they're good at and where they could stand to improve. The reports, which are to be prepared by schools every three years, are supposed to serve as a basis for any necessary systemic reforms. However, this national framework does not foresee an adequate system for the external review of schools; instead, it aims to encourage a culture of quality through internal evaluation conducted by school members themselves. But at a number of school, these same persons have already been overseeing quality for some time. And at a number of schools, the knowledge or desire to make use of the results of legally mandated self-evaluation to improve pedagogic processes is lacking. The fear that schools where reports from self-evaluations are treated as just another piece of paper will maintain this attitude is therefore justified. In environments where information tends to get swept under the rug, it is difficult to expect that steps will be taken towards implementing a culture of quality simply because the Ministry would like to nudge schools in this direction (Merljak, 2015).

Parents, teachers, the local community and the state would therefore need some other mechanism for setting minimum standards on the systemic level that would warn schools when they are sliding below a certain point and offer assistance in overcoming their problems. A sensible system of external evaluation is needed.

3 An External Evaluation Model

Below an external evaluation model is proposed. It can be put into place without making substantial changes to the Slovenian education system. The model places emphasis on quality and does not interfere with the organization of education or foresee additional allocations of funds. It does however demand the reorganization of existing support processes and produce satisfactory results both in terms of assessing quality (data collection) and maintaining quality (carrying out measures on the national and school levels).

The presented model, which is suitable for the implementation of external evaluation at elementary and secondary schools, can be introduced in practice without considerable difficulties. It can be conducted over a longer period of time and encompasses all schools in an adequately frequent cycle, that is, every five years. This is the most frequent time interval for external evaluations in European countries (European Commission, 2015, p. 23). The proposed external evaluation model presents minimum conditions for implementing external evaluation; over time, it can be supplemented with new areas of evaluation and new stakeholders. From a content standpoint, a key advantage of the proposed model is that it does not focus on just one aspect of quality, but rather stresses both the achievements of education participants and the pedagogic process.

The proposed model stresses schools' accountability to the public and provides for the transfer of effective practices and the provision of relevant information

to those in charge of national school policy. On the institutional level, this will require an adequate degree of organization, while the group conducting the evaluation will be expected to perform its activities in accordance with the fundamental values of integrity, objectivity and impartiality. Emphasis would be on considerations of school development, teaching quality, the attainment of high-quality knowledge, school management and continuous development. External evaluation under the proposed model would have the following goals:

1. To evaluate the work of educational institutions and to encourage the improvement of quality;
2. To ensure high-quality education at all educational institutions or, ipso facto, to all those enrolled in the education process;
3. To provide information that enables overviews of conditions in the field of education and to monitor measures for improving these conditions.

The implementation of the model would be made possible with a clear definition of external evaluation in the Organization and Financing of Education Act, the adoption of a suitable protocol for conducting external evaluation and the establishment of an evaluation group or groups at an existing institution in the field of education. Another possible solution – though it does not seem to be an optimal one – would be to establish the evaluation group within the Inspectorate of the Republic of Slovenia for Education and Sport. This solution is interesting because over time it could have an impact on refurbishing the content of the inspections currently conducted at schools and kindergartens and bring about a new, different role for the inspection agency in assessing and maintaining quality in education processes.

Presentation of an External Evaluation Model

The external evaluation model would be carried out according to a pre-defined framework that outlines fundamental areas which serve as a basis for assessing the quality of work and preparing measures for improving quality in those areas where it is not satisfactory or fails to meet predefined standards. The framework for external evaluation would at the same time provide a framework for conducting self-evaluation at schools. The framework for quality assessment consists of the following areas:

1. Working conditions
2. Processes
 - 2.1. Pedagogic management and organization
 - 2.2. Conducting classes
 - 2.3. Inclusion of education participants and their parents
3. Achievements of education participants
4. Internal evaluation and development at a school

Working conditions are one of four external evaluation areas that are not completely dependent on how the evaluator or school does their job. Working conditions are primarily material resources, human resources, climate and culture, legislation, curricula and training possibilities. Any failure to achieve quality in those segments of this area which are not dependent on the school itself but on outside factors is not included in area 4 of the external evaluation.

The pedagogic process or processes form the area to which the greatest weight is applied in the external evaluation. The achievements of other education participants also depend on these processes, which in turn depend of working conditions. Due to its complexity, the pedagogic process is broken down into multiple sub-areas. The three main sub-areas are pedagogic management and the organization of work, teaching classes and including education participants and their parents in processes at the school (the democratization of these processes, user satisfaction).

In the framework of the external evaluation, the achievements of pupils would be monitored using external or comprehensive testing (at the end of elementary or secondary school). Testing would be conducted as an independent activity and would also serve other purposes besides inputting data in evaluation processes.

Internal evaluation or the self-evaluation and development of schools (area 4) has a special place in the framework. These are two activities that would continually take place at schools. Their aim is to ensure the quality performance of the processes in areas 1, 2 and 3. From the standpoint of external evaluation, area 4 involves checking how self-evaluation is being carried out and applying the findings towards the ongoing development of the school. Inasmuch as a school fails to achieve satisfactory or target quality levels, activities for improving quality at the school would be conducted in the framework of this area. These activities would involve the evaluation group, the school and others. Data and findings from the external evaluation would also be used in self-evaluation processes, along with data obtained by the schools themselves in line with a prescribed methodology.

Although the proposed external evaluation model has been developed independently of the external evaluation models used in other countries, it does share certain commonalities with them. For example, the four main areas are identical to those in the external evaluation model used in Germany (Landesinstitut für Schulentwicklung, 2011). Together with the tasks conducted by inspectors (assessing whether operations conform to regulations), the proposed external-evaluation model covers all the typical areas of evaluation: quality of teaching and learning, scholastic achievements, multiple aspects of school management and the conformity of school operations to regulations.

The proposed external evaluation model and its mandatory self-evaluation portion would be integrated in the main school legislation and defined in detail in a protocol for conducting external evaluation and self-evaluation at educational institutions.

4 Conclusions

In the process for assessing and maintaining quality in the field of education, both the self-evaluation process and the external evaluation process have important roles. The two forms of evaluation are complementary and round each other out. Whereas internal or self-evaluation processes at Slovenian schools have at least become a topic of discussion (KEKS, 2015), support for external evaluation processes is scarce. This course of action – or rather inaction – undermines the important impacts of a holistic learning environment capable of producing better results and creating greater added value than one made up of otherwise good components which, however, do not function in unison.

The mechanisms through which the quality of work in the school system is currently assessed and maintained must be developed further. The expectation that a school will regulate itself without outside, modern professional support that can deliver relevant information to the school, school authorities and other stakeholders, is unrealistic. The model proposed here upgrades existing mechanisms for assessing and maintaining quality and links them up with a legislative proposal to form a coherent whole.

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POVZETEK

1.02 Pregledni znanstveni članek

Vrednostna prenova regulacije in ugotavljanje ter zagotavljanje kakovosti izobraževanja v Sloveniji

Procesi reguliranja na področju javne administracije in raziskovanja javnih politik so eno od pomembnih in aktualnih strokovnih vprašanj tako v svetu kot pri nas (Lodge, 2014). To je aktivnost, ki je neločljivo povezana z učinkovitim delovanjem vlade. Ni presenetljivo, da je področje reguliranja predmet številnih, pogostokrat protislovnih razprav. Raziskovanje procesov reguliranja, podprto s številnimi metodološkimi prijemi, je prineslo ugotovitve v obliki empiričnih podatkov in teoretičnih konceptov. Finančna kriza je dobro izhodišče za ponovni premislek o praksi in raziskovanju procesov reguliranja, saj številni avtorji (Carpenter & Moos, 2014; Lodge, 2014; Pitman, 2014), menijo, da sta tako praksa kot raziskovanje procesov reguliranja v krizi. To velja tudi za Slovenijo, saj sodobni trendi razvoja države poudarjajo pomen kakovostnega upravljanja družbenih podsistemov. Tega ni mogoče opraviti brez koordinacije razvojnih politik, povezanih z uvajanjem sprememb na posameznih področjih.

Vse povedano velja tudi za področje šolstva. Večje sistemske spremembe, uveljavljene v devetdesetih letih, so slovensko šolstvo postavile na trdno sodobno osnovo. Z razvojem družbe v zadnjem desetletju pa se je tudi na šolskem področju pokazala potreba po določenih sistemskih posodobitvah in izboljšavah. Taka posodobitev bi bila tudi dopolnitev in razvoj mehanizmov, s pomočjo katerih je mogoče učinkovito ugotavljati in zagotavljati kakovost delovanja šolskega sistema. Ugotovitve OECD (2013) in Evropske komisije (2015) kažejo, da postajajo mehanizmi ugotavljanja in zagotavljanja kakovosti v izobraževanju vse pomembnejše gibalno razvoja šol.

Sistemi, ki jih uvajajo evropske države, vse bolj presegajo ozke šolske vidike in se usmerjajo na ustvarjanje in širjenje kulture, ki poudarja izboljševanje šole kot celote in ne le nekaterih ozkih vidikov šolske učinkovitosti (na primer učenčevih dosežkov). Praksa kaže (Eurydice Report, 2015), da sta bila v večini evropskih držav uvedena dva načina evalviranja šol: notranja in zunanja evalvacija. Odgovornost za ugotavljanje in zagotavljanje kakovosti v izobraževanju je porazdeljena. Eden od partnerjev je vlada. Je odgovorna za stanje v šolstvu, zato v okviru svojih pristojnosti vedno išče možnosti, kako najbolj optimalno uskladiti notranjo in zunanjo regulacijo kakovosti. Področje ugotavljanja in zagotavljanja kakovosti avtorji (Vanhoof & Petegem, 2006; Altrichter & Kemethofer, 2015) opredeljujejo z dveh perspektiv. Gre za perspektivo, povezana z zagotavljanjem javne odgovornosti (*public accountability*) in perspektivo, usmerjeno v razvoj in kakovost izboljševanja

šole. V literaturi (Vanhoof & Petegem, 2006; Ehren et al., 2013) je bil vidik »zagotavljanja javne odgovornosti« običajno povezan s procesom zunanje evalvacije, vidik »izboljševanja kakovosti šole« pa je bil v domeni notranje evalvacije ali samoevalvacije. Sčasoma je tako tradicionalno ločevanje postalo utesnjujoče, zato so se pojavile zahteve po ponovnem razmisleku o odnosu med obema oblikama evalvacije. Različni avtorji (Van Hoyweghen, 2002; Christie et al., 2004; Shewbridge et al., 2011; Ehren et al., 2013, Altrichter & Kemethofer, 2015) iz tega zaključujejo, da sta procesa notranje in zunanje evalvacije komplementarna in se dopolnjujeta. Pri smiselnem uvajanju notranje in zunanje evalvacije se povečuje dodana vrednost obeh oblik, v primeru odsotnosti ene od njih pa se zmanjša vrednost druge.

Čeprav raziskave o vplivih zunanje evalvacije na kakovost dela v šolah niso ravno številne, je v zadnjih letih tudi temu področju namenjeno kar precej pozornosti. Ugotovitve kažejo, da prijemi zunanje evalvacije v šolah vzpostavljajo jasna pričakovanja glede področij spremljanja in kazalnikov kakovosti, vključenost deležnikov pa spodbuja njihovo senzibilnost glede procesa zunanjega spremljanja in značilno vpliva na šole. Obstaja pa tudi nevarnost, da nepremišljena izpeljava zunanje evalvacije v preveliki meri sledi proceduralnim postopkom, namesto izboljšanju šole. Nepremišljena vpeljava zunanje evalvacije lahko spodbudi tudi pretirano porast administrativnih zahtev, ki jih je v šolah že tako ali tako preveč (Faubert, 2009).

Modeli in izkušnje, povezane z ugotavljanjem in zagotavljanjem kakovosti v izobraževalnih institucijah, so v različnih državah različne. V slovenskem šolskem sistemu je zakonsko opredeljena le samoevalvacija (48. in 49. člen Zofvi). Poleg primerov dobre prakse, ki jih predstavljajo nekatere šole (KEKS, 2015), natančnejših podatkov o tem, kako samoevalvacija poteka, ali služi svojemu namenu, ni. Po poročanju predstavnika šolskega inšpektorata (zapisnik seje Delovne skupine za operacionalizacijo kakovosti na področju VIZ, 20. 2. 2015) šole sicer pripravljajo poročila o samoevalvaciji, vendar je kakovost teh poročil vprašljiva. Vprašanje je, ali gre za razvoj in izvajanje samoevalvacije v slovenskih šolah v pravo smer. To je do neke mere razumljivo, saj procesi samoregulacije oziroma kultura in protokoli samoevalvacije pri nas nimajo tradicije. Hkrati je v Sloveniji uzakonjena in deluje šolska inšpekcija, ki je del ugotavljanja in zagotavljanja kakovosti. V skladu z Zakonom o šolski inšpekciji zasleduje specifične cilje. S tako ureditvijo Slovenija izstopa med evropskimi državami. Preverjanje skladnosti delovanja šole z zakonodajo poznajo le še v Turčiji in Estoniji (Eurydice Report, 2015, str. 8 in str. 51).

Na drugi strani pa se z leti vse bolj poudarjajo vprašanja javnosti glede dostopa do informacij. Gre za vprašanja, kako dobra je šola, ki jo obiskujejo njihovi otroci. Starše učencev in dijakov zanima, kakšne standarde kakovosti dosega njihov otrok, kje je v primerjavi z drugimi. Če bi imeli empirične dokaze, kaj vse bi na šoli še lahko izboljšali in kaj bi celo morali narediti, bi to lahko prek svojih predstavnikov tudi zahtevali. Še bolj kot za starše pa je pomembno za državo, kako dobre so šole, (Braithwaite & Coglianese, 2007). Prav država

namreč zagotavlja, da imajo vsi otroci dostop do kakovostnega izobraževanja (Merljak, 2015). Brez podatkov in analiz pristojni težko vodijo izobraževalno politiko. Nedavno poročilo Računskega sodišča (Revizijsko poročilo, 2016), ki je preverjalo urejenost delovne obveznosti učiteljev osnovnih šol, to povsem potrjuje. Starši, učitelji, lokalna skupnost in država bi zato potrebovali še mehanizem, ki bi na sistemski ravni določal, kaj je minimalni standard, ki bi šole opozarjal, če zdrsnejo pod to raven, in bi jim zagotavljal podporo pri premagovanju težav. Potrebovali bi smiselni sistem zunanje evalvacije.

V nadaljevanju predlagamo model zunanje evalvacije, ki zahteva le reorganizacijo obstoječih podpornih procesov in daje zadovoljive rezultate tako glede ugotavljanja kakovosti (zbiranje podatkov) kot glede zagotavljanja kakovosti (izvajanje ukrepov na nacionalni in šolski ravni). Predlagani model poudarja odgovornost šol do javnosti, zagotavlja širjenje učinkovite prakse in informiranje nacionalne šolske politike. Sestavljajo ga naslednja področja: pogoji dela, pedagoško vodenje in organizacija, izvedba pouka, vključevanje udeležencev izobraževanja in njihovih staršev, dosežki udeležencev izobraževanja in notranja evalvacija ter razvoj šole.

Mehanizme, s katerimi že sedaj ugotavljamo in zagotavljamo kakovost delovanja šolskega sistema, je treba razvijati naprej. Pričakovanja, da se bo šola samoregulirala brez zunanje sodobne strokovne podpore, ki bi zagotavljala potrebne informacije tako šoli, šolskim oblastem in drugim deležnikom, so nerealna. Predlagani model zato nadgrajuje obstoječe mehanizme za ugotavljanje in zagotavljanje kakovosti in jih z zakonodajnim predlogom povezuje v smiselno celoto.

Public Spending on Childcare as an Indicator of Gender Sensitivity of Budget

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ABSTRACT

Nowadays, women make more than 60% university graduates, but their status in the labour market does not fully reflect educational achievements, which leads to greater financial dependence of women on men and gender inequality in other areas. To determine the potential solutions to this situation the paper analyses correlation between public spending on childcare services, gender equality in terms of time spent in unpaid work and differences in employment rates of women with children under the age of 6 and women without children in EU. Results confirm significant positive correlation between specified variables and highlight the need to take into account different gender roles of men and women in the decision-making during the budgeting process in order to ensure equal opportunities to male and female labour force in the labour market as a precondition for greater gender equality.

Keywords: gender equality, gender-sensitive budgeting, childcare

JEL: H52, I24, J12

1 Introduction

In spite of legislation and the perception of individuals, gender inequality in European society is still powerful and best-reflected in the position of women in the labour market. Nowadays, women make more than a half of the population, and more than 60% of university graduates, but their contribution to appraised economic activities, growth and prosperity is far below their potential. Although women are an enormous human resource, their status in the labour market does not fully reflect educational achievements. In the labour market, gender inequality is still present, and it is reflected in lower

activity of female labour force, lower employment rates, and lower incomes of women in comparison with men¹.

Exclusion from the labour market results in women who are financially dependent on men, which creates a hierarchical subordination between equally valuable social groups and deepens the problem of gender inequality. Only by employment do women achieve financial independence which gives them control over their own lives and the possibility of choice. Greater financial independence will improve the position of women in other areas; therefore, more intense involvement of women in the labour market is the basic precondition for greater gender equality in society.

In order to understand the problem of the unequal position of women in the labour market, it is necessary to make a clear distinction between the concepts of sex and gender. Basically, the word *sex* is used in relation to mankind, for all distinctive features that are biologically and inherently conditioned. On the other hand, *gender* indicates a common social and cultural concept of sex in human society, i.e. implies culturally and socially produced images, perceptions, expectations, norms, conventions, attitudes, values, behaviours, and emotions that society ascribes to biological sexes, i.e. men and women (Galić, 2009).

The problem of gender inequality in the labour market occurs because of disregard of gender differences that result from different roles the society assigns to men and women. According to the GEI (Gender Equality Index), which is a measure of gender equality in the EU, the greatest inequality between women and men was reported in terms of time, which implies time spent in unpaid work² and leisure³. Women do much more unpaid work, and most women are still disproportionately burdened with housework and childcare. This is the result of socially shaped roles of men and women according to which women take care of the household and raise children, while men support the entire family. Such a division of roles results in unequal distribution of unpaid work between women and men, which puts women at disadvantage in relation to paid work and can be considered one of the main causes of inequality in the labour market.

1 In 2014, the average activity rate of women aged 15-64 in all 28 EU Member States was by 11,6 percentage points lower than the activity rate of male labour force. The average employment rate of women aged 15-64 in 2014 was by 11 percentage points lower than the employment rate of men (Eurostat LFS). In 28 EU Member States in 2013, women's incomes were lower, on average, by 15 percentage points than men's incomes, i.e. women earn only 85% of the incomes of men (Eurostat).

2 Unpaid work implies all production activities that take place outside of the labour market, which an individual performs as part of household work; for example, housework, care for children, the elderly and disabled, volunteer work, transportation services, major and minor repairs, working in the family business, etc. These activities are considered production activities because they try to meet human needs with limited resources, and are classified as unpaid work, because the individual performs them independently, regardless of the fact that, in theory, they can be done by purchasing services and products on the market (Swiebel, 1999).

3 More at: <http://eige.europa.eu/>

The paper does not question whether the existing roles and responsibilities of men and women are right or not; the focus of the paper is on examining and proving with solid arguments that disregard of the existing gender differences results in gender inequality, and that it is necessary to take into account different roles of men and women in order to solve this problem, and to provide them with equal opportunities in the labour market despite their differences. Therefore, greater emphasis has recently been placed on measures that will enable women to reconcile work and family life, and thus provide them more intense involvement in the labour market, which is a precondition for greater equality in other areas.

2 Gender-Sensitive Budgeting

The problem of gender inequality is increasingly discussed in economic research papers due to realisation that gender equality is a critical component of social progress and that it has a wide and clear impact on economic and social development. The results of various studies have proven that greater gender equality has the following economic effects: an increase in human capital⁴, increase in competitiveness⁵, increase in savings⁶, reduction of corruption⁷, greater macroeconomic stability⁸, and reduction of the risk of poverty⁹.

By making macroeconomic decisions, the government can increase losses in the society which are the result of inequality between men and women. To avoid this, it is necessary to take into account the existing inequalities and

4 Human capital is defined as knowledge, experience, abilities, creative skills, and innovativeness that make the labour force productive. Increasing human capital from the quantitative aspect implies an increase in the number of workers, while the qualitative aspect implies knowledge, skills and innovativeness of individuals. Greater equality in education results in more educated, and therefore more effective, female labour force (Murphy, 2009).

5 By providing equal opportunities to men and women in the labour market, companies will be able to hire the most productive workers, which will result in higher output and greater competitiveness of the company (Ward, Lee, Baptist, & Jackson, 2010). Besides, more productive labour force ensures a higher return on investment and thus attracts investments. Increase in investments directly increases economic growth. This effect is relatively small, but statistically significant (Klasen & Lamanna, 2009).

6 A study conducted in 20 mid-industrialised countries showed that an increase in the employment rate of women and women's incomes has a positive effect on savings. Savings are diverted into investments through the financial sector. Savings of the population are an important source of capital, especially in countries that have limited access to foreign capital markets. It is also important to note that the impact of greater gender equality on savings also depends on the movements of interest rates, taxation, the propensity to save through credit cooperatives, national culture, etc. (Sequino & Floro, 2003).

7 Increase in the proportion of women in the Parliament by 25 percentage points increases the Corruption Index by 1 point. The Corruption Index ranges from 0 – the maximum level of corruption to 6 – the lowest level of corruption (Swamy, Knack, Young, & Azfar, 2001).

8 A research conducted in Switzerland proved the thesis that greater participation of women in decision-making results in a reduction of budget deficit in local budgets. This is attributed to longer life expectancy of women and their awareness of the negative consequences of a great deficit on future generations, which indirectly has a positive effect on macroeconomic stability (Krogstrup & Wälti, 2007).

9 A higher level of women's education increases the possibility of getting a better-paid job and thus significantly reduces the risk of poverty (Ward et al., 2010).

differences between men and women in the decision-making process, and to implement decisions that contribute to gender equality.

Contemporary macroeconomic policy is a combination of measures in several segments of economic policy: monetary policy, balance of payments, income, prices, and fiscal policy. Given that the issue of gender inequality can be closely connected with inadequate redistribution of resources and opportunities and inequality in meeting the needs of men and women, fiscal policy is considered an excellent tool for achieving gender equality, particularly the budget as its most important instrument.

The state budget is the main instrument for financing public expenditure in a country. Budget usually refers to a plan of public revenues and expenditures for a specific time period, usually one year. However, the budget is much more than that; it is not only economic, but also political, social and developmental instrument. Its structure on the revenue and the expenditure side clearly shows how the national government sets its priorities and how it forms and intends to implement its policies and decisions (Wehner & Byanyima, 2004). The budget, as the basic financial planning act of a country, is also one of the most important instruments for implementation and enforcement of the planned government decisions and can also be used for achieving the objective of gender equality.

The government and citizens see the budget as a gender-neutral instrument, because total public revenues and expenditure, which result in budget surplus or deficit, are shown numerically (Budlender & Sharp, 1998). None of the budget classifications imply participation according to gender (Sikirić & Vašiček, 2013). However, due to different socially and naturally shaped roles of women and men, their needs are different, and therefore, decisions made in the budgeting process have a very different impact on men and women; thus on gender equality. By making budgeting decisions i.e. using the method of collecting public revenues through various tax measures and decisions on the structure of public spending, the government could further deepen or reduce existing social inequalities between women and men.

Since the government is obligated to promote equality among citizens, redistribute resources from those who have to those who have not, and equally meet the needs of all citizens, there has been a growing need in the past 20 years for the government and other authorities, before they make any decisions on collection and spending of public money, to consider, among other things, what effects their decision will have on women and men. The budget that attempts to eliminate the existing gender inequality is in theory called gender-sensitive budget, i.e. gender budget (Sikirić & Vašiček, 2013).

Budlender and Sharp (1998) define gender-sensitive budget as a budget analysis that determines different impacts of the budget on women and men.

The Council of Europe defines gender budget as implementation of the gender awareness policy¹⁰ in the overall budgeting process where the implementation of gender awareness policy is reflected through a gender evaluation of budget effects, inclusion of a gender perspective in all phases of the budget cycle, and modification of public revenues and expenditures in order to promote gender equality (COE, 2005).

Schratzenstaller (2008) highlights the dual focus of gender budgeting. The first focus is on analysing the impact of public revenues and expenditures on gender equality. Based on the results of the analysis, the focus is then placed on the modification of the budget structure in such a way that public revenues and expenditures contribute to greater gender equality.

According to Klatzer and Stiegler (2011), gender budget is the application of financial and budgetary cycle, i.e. public revenues and expenditures, in order to achieve the goals of gender awareness policy.

The Ministry of Women and Child Development in India defines gender budget as a budget in which gender-conditioned patterns of behaviour of men and women in the society are recognised, and public funds are allocated for the implementation of policies and programmes that will lead to changes in these patterns of behaviour so that they could contribute more to gender-equal society (Government of India, 2007).

Several main features of gender-sensitive budget are pointed out from the above definitions:

- Gender-sensitive budget takes into account different social roles of men and women in society,
- Gender-sensitive budget implies the analysis of the entire budgeting process from a gender perspective, which determines the effects of public revenues and expenditures on male and female population,
- Gender-sensitive budget implies a modification of public revenues and expenditures so that they contribute to greater gender equality in society,
- Gender-sensitive budget directs the collection of public revenues and public spending to achieve the objectives of gender awareness policy, i.e. greater gender equality.

Overall definition of gender-sensitive budget can be derived from the above features:

Gender-sensitive budget, taking into account different socially shaped roles and needs of men and women, is a process of continuous analyses of spending and methods of collecting budget revenues from the perspective of gender equality at all levels of the budgeting process, and their modification

¹⁰ Gender-awareness policy implies reorganisation, improvement, development, and evaluation of political processes, so that gender equality is included as an objective in all policies at all levels and at all stages (COE, 2005).

with the goal to achieve greater gender equality in society. The starting point is the assumption that the budget does not only affect distribution of material and financial resources, but also of non-material resources, especially time. The basic objective is to implement such a budget that will not only have a different impact on women and men, but will also promote gender equality as one of the important economic, political and social objectives.

Gender budgeting is often misunderstood as a 'feminist initiative' or a budget that puts women in a privileged position. It should be clear that gender budgeting does not imply a separate budget for women, but that it rather, unlike the usual budget, recognises and takes into account unpaid work in the household as well as care for the family and the community in addition to paid work (Elson, 2002). Unpaid work covers a range of different activities, but this paper highlights the activities relating to childcare and education. The reason is that the impact of overall unpaid work can hardly be precisely measured and determined, while the impact of parenthood is expressed more clearly and concretely by monitoring specific economic and social phenomena. One of them, for example, is the ratio of the level of employment of women with children and women without children. Thus, in the EU Member States in 2014, the average employment rate of women aged 20–49 with one child under the age of 6 was 89,6 % of the employment rate of women without children, the employment rate of women with two children under the age of 6 was 84,5%, and the employment rate of women with three or more children under the age of 6 was 62,4% of the employment rate of women without children (Eurostat LFS).

Motherhood increases the amount of women's unpaid work and therefore has a negative impact on women's employment rates, which ultimately results in lower employment rates and lower incomes of women in relation to men. Women are at greater risk of unemployment, have more difficulties in keeping the job and it is harder for them to return to the labour market after the absence. In other words, women's exclusion from employment caused by motherhood reduces work experience, human capital, makes it more difficult to return to employment and retain managerial positions, and in case of more children, the atrophy of human capital becomes more acute. Employment breaks also reduce economic independence and future social security of retired women (Fultz & Stenhilber, 2004; according to Matković, 2008). In contrast, fatherhood has a positive impact on men's employment rates. Employment rates of men with children are considerably higher (by about 8 percentage points) than employment rates of men without children, which is undoubtedly a consequence of socially formed roles and responsibilities of men and women (Mills et al., 2014).

Gender-sensitive budget tends to meet the different needs of men and women to achieve greater gender equality. Greater gender equality is possible if women are financially independent, i.e. employed, and they will be employed if they are able to harmonise their professional obligations

with family. Therefore, in order to meet the needs of women, it is necessary to finance the budget measures which will allow reconciliation of work and family life. One way is the financing of childcare; the government can use its budget to facilitate reconciliation of work and family life. By providing a sufficient number of places in public institutions of childcare and subsidising the costs of services of childcare, women are 'liberated' from all-day childcare, which enables full employment, i.e. working full-time. The goal is to provide women, if they so wish, with the possibility to return to their workplaces and work full-time. Therefore, the provision of adequate childcare service may be one of the key elements of a gender-sensitive budget.

Availability of childcare services has been recognised by scientists and public policy makers as a very important precondition for the employment of women, especially those with children younger than 6. Increasing public spending on childcare is also associated with an increase in full-time employment of women (OECD, 2012). Besides, the availability of childcare services enables family planning, so the countries that have done the most in terms of childcare presently have the highest employment rates, but also the highest fertility rates (EC, 2013a).

3 Literature Review

Overview of scarce scientific literature has not produced any studies covering the topic of gender-sensitive budget or the effects of financing the function of early childhood education. However, a number of empirical and theoretical research, independent of the concept of gender-sensitive budget, indicates the positive impact of availability of childcare on women's employment, i.e. implicitly on improvement of the position of women in the labour market. Thus, the impact of availability of public services of childcare on the reduction of the extent of unpaid work of women and women's employment is very relevant for the research in the context of achieving greater gender equality in the labour market, and thus indicators of establishment of a gender-sensitive budget.

Previous studies of gender-sensitive budgeting and the impact of childcare on women's employment are presented below.

3.1 Literature Review on Gender-Sensitive Budgeting

Gender-sensitive budgeting is a new, interdisciplinary, and underexplored area that emerged as a reflection of a modern, high level of democracy development and human rights in the broadest sense. The complexity of the effects of implementation of gender budgeting refers to many fields of social sciences. They can be identified and studied in terms of economics, public finance, sociology, political science, demography. Only a few researchers have covered gender-sensitive budgeting, and among them, especially important are Debbie Budlender, Diane Elson and Rhonda Sharp, whose research

and works greatly contributed to the development of the idea and concept of gender-sensitive budgeting. They participated in the launch of initiatives for introducing gender-sensitive budget, identification of preconditions for its introduction, participants in the process, as well as problems that slow down the process.

The first initiatives related to gender-sensitive budgeting emerged in 1984 in Australia (COE, 2005). The example of Australia served as the basis for launching initiatives in other countries, primarily in the United Kingdom in 1989, Canada in 1995, and South Africa in 1996. In Europe, the UK's gender-sensitive budget initiative remained isolated until the end of the 1990s, when France started following their ideas, and other countries followed (COE, 2005). Nowadays, gender equality is one of the main priorities of the EU, but instead of creating a separate policy for the promotion of gender equality, the European Commission decided in 1996 to incorporate gender equality in all policies and activities (Galizzi, 2010). In 2001, under the presidency of Belgium, the European Union set the year 2015 as the ultimate deadline for the Member States to implement gender-sensitive budgeting (IPU, 2004)¹¹.

From 1984 to 2011, over 40 countries around the world started 'experimenting' with the gender budget (Nallari & Griffith, 2011). However, Hofbauer (2003) suggests that there is still lack of progress in achieving greater gender equality, because priority is constantly given to economic objectives, and in the macroeconomic decision-making, one does not take into account the different needs, roles and responsibilities of men and women. Elson (1999) points out that this is the most obvious disregard of unpaid work in the decision-making process, which places women in a disadvantaged position in comparison with men in terms of paid work.

In recent years, the subjects covering gender-sensitive budget in scientific literature were almost exclusively covered by implementation guidelines and various reports on the steps taken so far, the experiences of different countries, the recorded problems or shortcomings which slowed down the process (Budlender, 2009; COE, 2005; Government of India, 2007; Nordic Council of Ministers, 2006; Prenner, 2007; Ratsan, 2008; UN Women, 2012). Most of the published works are descriptive, narrative or prescriptive. Only a few references are analytical, but they also fail to provide any concrete evidence of the results of gender-sensitive budgeting research. Previous studies have only provided recommendations and emphasised the necessity

¹¹ In some European countries, gender-sensitive budgeting is built into core legislation. An example of such a country is Austria, which was the first country that has built gender budgeting into its constitution in 2009, and made it legally binding for all administrative bodies in the public sector (Klatzer, 2010). In other countries, gender-awareness policy is included in government activities and has a strong influence on the decision-making process during the budgeting cycle and the implementation of other policies. In some countries, ongoing initiatives related to the introduction of gender-sensitive budgeting are usually in the form of a pilot-project as a way of testing the ground, while some countries have committed to the introduction of gender budgeting, but the process has not started yet, and priority was given to solving of some other problems (Elson & Sharp, 2010).

and potential positive effects of gender-sensitive budgeting. The studies have mainly focused on the analysis of public spending from the perspective of gender, in particular spending related to education and health care, under the assumption that these are the sectors that mostly cover the so-called 'female issues' (Combaz, 2013).

3.2 Literature Review on Childcare and Female Employment

The impact of childcare on women's employment has two dimensions: price and availability. Researchers from the USA, Canada, and the United Kingdom focused in their research on the relationship between the price of childcare services and women's employment (Anderson & Levin, 1999; Baker, Gruber, & Milligan, 2005; Connelly, 1992; Powell, 1997; Viitanen, 2005). Assuming that an increase in prices of childcare services reduces the effective salary of women, different scientific methods were used to estimate sensitivity of women's employment to the change in costs of childcare services. The obtained results proved that an increase in prices of childcare services reduces the likelihood of women's employment, greater sensitivity to price changes was recorded in countries where the availability of childcare services is not limited, while sensitivity to price changes is barely noticeable in areas where childcare services are limited, or their working hours do not correspond to full-time working hours (Gustaffson & Stafford, 1992).

In the EU Member States, childcare services are mainly public and both the price and the availability of the service are very important factors (Kreynefeld & Hank, 1999). Availability has two dimensions: the working hours and the number of vacancies in relation to the number of children in a particular area. If an area does not have a sufficient number of places in preschool institutions, then the price has almost no influence on the decision on employment and the use of childcare service (Del Boca & Vuri, 2006). Even if there is a sufficient number of places, working hours are often not adapted to full-time work (at least 9 hours, because travelling to work should also be counted in), nor are the working hours flexible, which results in the fact that, although parents have the option of using the service of childcare, this does not offer the possibility of full-time employment (Kreynefeld & Hank, 1999; Wrochlich, 2004).

In addition to childcare, some authors included maternity leave and maternity compensations in the model (Spansenoska & Fethu-Vehapi, 2011; Gornick, Meyers, & Ross, 1996, 1998; Misra, Budig, & Boeckmann, 2011; De Henau, Meulders, & O'Dorchai, 2010; Mikucka, 2008). Maternity leaves allow mothers to spend more time outside of the labour market; by contrast, adequate childcare services allow mothers to spend more time in the labour market; in other words, they enable reconciliation of family life with full-time work of both parents and thus have a direct positive impact on women's employment.

Although the relationship between availability, cost, demand for childcare services and the supply of female labour force is very complex and diverse,

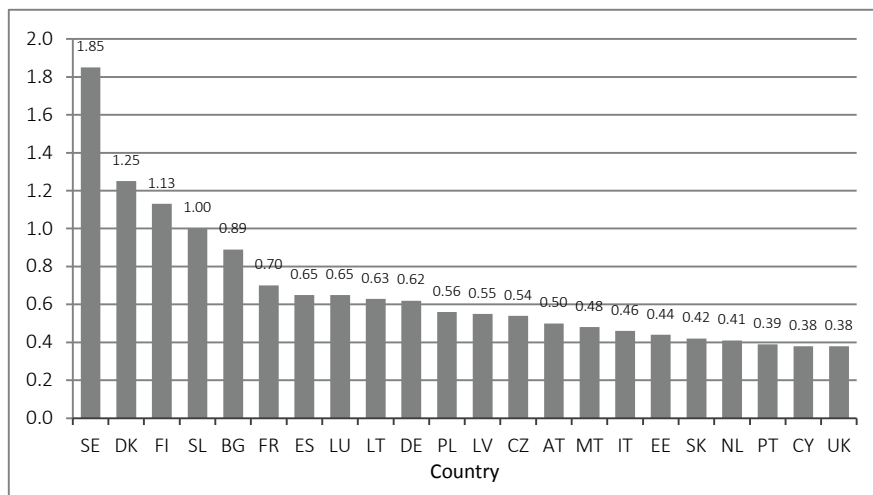
previous empirical studies have confirmed the theoretical hypotheses that adequate childcare services increase the likelihood of women's employment. In this paper impact of childcare services on women's employment will be linked for the first time with gender sensitive budgeting by analysing correlation between public spending on childcare and gender equality in terms time spent on unpaid work as a precondition for higher employment of women with children younger than six years.

4 Data and Methodology

Nowadays, all the EU Member States have established a system of formal childcare. However, its organisation and financing considerably varies from country to country. Many countries consider childcare a necessary public function and allocate significant public funds for its financing. Increased allocations make the service of childcare financially more accessible to citizens. Thus, in some countries, children can use the childcare services practically for free from the earliest childhood, while in some countries, provision of the services of childcare is left to the private sector, and parents are expected to cover the costs. High costs of childcare services reduce the likelihood of their use as well as the effective income of women, which has the same effect as a reduction of income, i.e. reduces the likelihood of employment and the number of working hours. Lowering the cost of childcare services increases the likelihood of women's employment (Connelly, 1992; Anderson & Levin, 1999; Del Boca & Vuri, 2006).

Since relative commitment of a government to a certain area is shown by the share of expenses allocated for a specific purpose in GDP, Figure 1 presents the share of public spending on childcare services in GDP for individual EU Member States for which data were available. Based on these data, it will be clarified which countries recognise the service of childcare as an important factor of parents' return to the labour market.

Figure 1: Total public spending on childcare - as % of GDP, 2012



Source: Eurostat, European Union Statistics on Education, [educ_uoe_fine06]

Available data on public spending on childcare as a percentage of GDP were found in the database of Eurostat for only 22 countries. The available data show that the greatest allocation for childcare services is in Sweden, followed by Denmark, Finland, and Slovenia. In these countries, all the childcare institutions are public or subsidised from public funds. Bulgaria and France allocate slightly lower amounts because a part of the service, especially that relating to children less than 3 years of age, is transferred to the private sector and it is expected from parents to cover a share of the costs of these services (EACEA, 2014). Ensuring affordable childcare services in other countries is not high on their list of priorities, or its organisation is largely left to the private sector; this especially relates to Cyprus and the United Kingdom¹².

Data on the amount of public spending expressed as a percentage of GDP allow for the comparison of different European countries with different economies, monetary currencies and living standards, but basically do not tell much about the adequacy of childcare services in countries. An increase in public spending can make the childcare service financially more accessible; however, although affordability is a very important factor in providing access to childcare for all children, especially those in need, i.e. children who come from families with low income, availability is equally, if not more, important. If in a given area there is an insufficient number of a vacancy in childcare institutions, the price has almost no influence on the decision to use childcare services and choose employment (Del Boca & Vuri, 2006). Even if there is a sufficient number of vacancies, working hours are often not adapted to full-time work (at least 9 hours), nor are working hours flexible, which results in the fact that, although

¹² It should be taken into consideration that in rich economies with high GDP, a relatively small share of expenditures for preschool education in relation to GDP could imply higher investment in absolute terms than a larger share in countries with a lower GDP.

parents have the option to use the childcare service, it does not give them the possibility of full-time employment (Kreynefeld & Hank, 1999; Wrochlich, 2004). In this context, the EU set the so-called Barcelona target in Barcelona in 2002. It implied that by 2010, all Member States have to provide childcare to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under 3 years of age (EC, 2013b).

By 2010, only six¹³ Member States met both criteria. The average inclusion of children less than 3 years of age in childcare services at the EU level was lower than 25%, and children aged 3 to school age, 84% (EC, 2013a). In March of 2011, the Member States again committed to reach the Barcelona target in the framework of the European Pact for Gender Equality (2011–2020), because the desired employment rate of 75% cannot be achieved without increased involvement of women in the labour market, and it can be facilitated by the harmonisation of family and professional obligations.

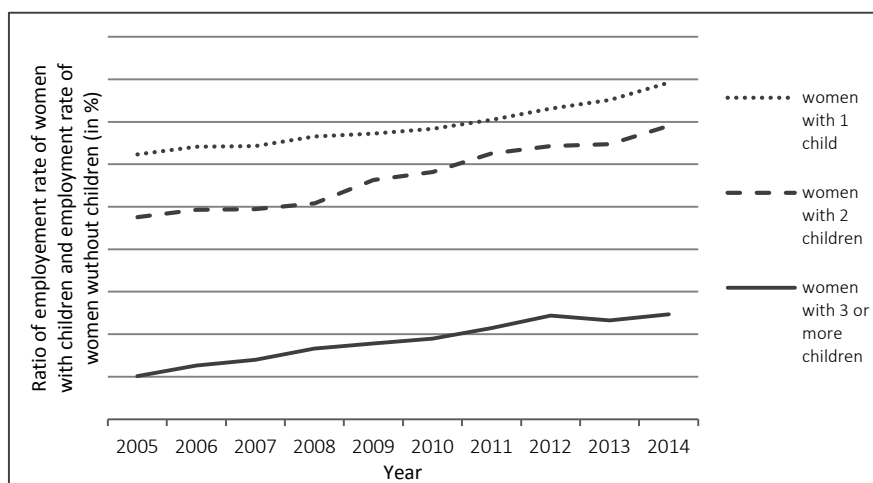
By 2012, at the level of all Member States, fulfilment of the criterion related to children under the age of 3 was 27%, which is an increase of more than 2 percentage points compared to 2010, while fulfilment of the criterion relating to children older than 3 was 83%, which is a decrease of 1 percentage point compared to 2010.

Of the 28 Member States, only six countries managed to meet both criteria of availability of childcare services: Denmark, Sweden, Belgium, France, Slovenia, and Spain. Except for these six countries, the first criterion relating to the availability of childcare services for children under 3 years of age was fulfilled by three other countries: the Netherlands, Luxembourg, and Portugal, and the second criterion by five more countries: Germany, Italy, Estonia, Malta, and Bulgaria. Countries with the lowest percentages of fulfilment of the criteria are mainly East European countries, especially Poland and the Republic of Croatia. These countries still have a long way to go before they fulfil the criteria set by the Barcelona target.

Whether or not setting of the Barcelona target resulted in greater employment of parents, especially women with children under the age of 6, is shown on Figure 2 which shows the trend of employment rates of women with children under the age of 6 at the level of EU-28 expressed as a proportion of the employment rate of women without children.

¹³ Belgium, France, Sweden, Slovenia, Denmark and the United Kingdom.

Figure 2: Employment rates of women aged 20–49 with one, two, three or more children under the age of 6 expressed as a proportion of the employment rate of women without children at the level of EU-28, 2005–2014

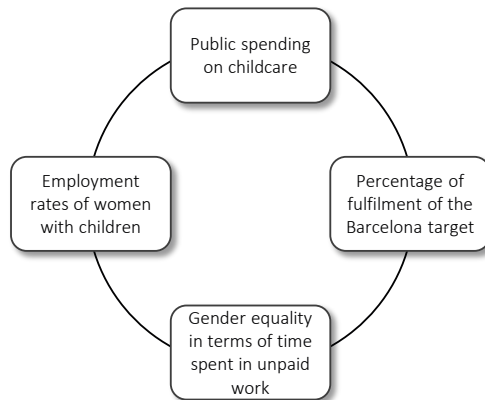


Source: Eurostat, European Union Labour Force Survey (EU-LFS), [[fst_hheredch]

The data on employment rates of women with children under the age of 6 and without children are available from 2005 onwards. However, regardless of the fact that it is impossible to obtain insight into the relationship of employment rates of women with children under the age of 6 and the employment rates of women without children before the introduction of the Barcelona target, Figure 3 shows a growing trend from 2005 to 2014, which indicates that, by gradual fulfilment of the set criteria, the difference between employment rates of women without children and employment rates of women with children under the age of 6 started declining. By expressing the employment rate of women with children under the age of 6 as a share in the employment rate of women without children, the effect of all other factors that have an impact on increasing employment of women with children and without children is nullified. It is therefore assumed that the current growth of the ratio of employment rates of women with one, two, three or more children under the age of 6 and employment rate of women without children is associated with greater availability of childcare services.

The research is based on the hypothesis that childcare services, by reducing the extent of women's unpaid work, contribute to greater gender equality in terms of time spent in unpaid work, which creates a basic precondition for a more intensive involvement of women in the market as the basic precondition for greater gender equality in society. However, it can be assumed that there is also a correlation in the opposite direction, i.e. in the desire to return to the labour market after maternity leave, women aspire to reduce unpaid work, which increases the demand for childcare services, and increased demand also results in greater supply and higher public spending for childcare services (Figure 3).

Figure 3: Correlation between childcare services with gender equality in terms of time spent in unpaid work and employment of women with children under the age of 6



Source: created by the author

The direction of relationship between childcare services and employment of women with children cannot be easily determined, but possible research hypothesis is that the variables will show a positive linear relationship. Because positive linear relationship is assumed, calculation of Pearson's correlation coefficient will be used to analyse potential statistical correlation level between the following variables:

1. The share of public expenditure for childcare services in GDP (CCPE¹⁴) and the percentage of fulfilment of both criteria of the Barcelona target (BT¹⁵) for the 22 EU Member States in 2012 to determine whether a larger percentage of fulfilment of the set criteria is linked with the amount of public spending for childcare services;
2. Percentage of fulfilment of both criteria of the Barcelona target (BT) and gender equality in terms of time spent in unpaid work (TGE¹⁶) measured by the GEI index for EU-28 in 2012 in order to establish whether greater gender equality in terms of time spent in unpaid work is associated with the availability of childcare services;
3. Gender equality in terms of time spent in unpaid work (TGE) measured by the GEI index, and the relationship between the employment rate of women aged 20-49 with one (ER1) or two (ER2) or three and more children (ER3¹⁷) under the age of 6, and the employment rate of women aged 20-49 without children for EU-28 in 2012 to determine whether employment of women with children under the age of 6 is associated with gender equality in terms of time spent in unpaid work.

¹⁴ Source: European Union Statistics on Education, [educ_uae_fine06]

¹⁵ Source: European Union Statistics on Income and Living Conditions (EU-SILC), [ilc_caindformal]

¹⁶ Source: European Institute for Gender Equality, Gender equality index in 2012, available at <http://eige.europa.eu/gender-statistics/gender-equality-index>

¹⁷ Source: European Union Labour Force Survey (EU-LFS), [fst_hheredch]

5 Results and Discussion

In order to establish the correlation between childcare services, gender equality in terms of time spent in unpaid work and differences in employment rates of women with children under the age of 6 and women without children, the calculated correlation coefficients are presented in Table 1. The purpose is to examine whether increased public spending for childcare services and greater availability of childcare services by reducing the extent of unpaid work of women increases gender equality in terms of time spent in unpaid work and employment of women with children under the age of 6, and vice versa.

Table 1: *The correlation coefficients between variables*

Variables	CCPE	TGE
BT	0.528* (0.012)	0.720** (0.000)
ER1		0.556** (0.005)
ER2		0.481* (0.017)
ER3		0.521* (0.011)

Notes:

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Source: Author's Calculations

The correlation coefficient between public spending for childcare services (CCPE) and the percentage of fulfilment of the Barcelona target criteria (BT) is 0.528 (Table 1) and points to mid-level positive correlation, which is statistically significant at the 5% level of significance. This confirms the hypothesis that greater availability of childcare services is associated with higher public spending for childcare services, and vice versa.

The correlation coefficient of 0.720 in Table 1 between the percentage of fulfilment of Barcelona target criteria (BT) and gender equality in terms of time spent in unpaid work (TGE) indicates a mid-level positive correlation, which is statistically significant at the level of significance of 1%. In other words, greater gender equality in terms of time spent in unpaid work (TGE) is associated with a higher percentage of fulfilment of the criteria set by the Barcelona target (BT), and vice versa. Increased availability of childcare services liberates women from all-day childcare and reduces the extent of unpaid work, resulting in greater equality between men and women in terms of time spent in unpaid work.

Correlation coefficients in Table 1 also confirm the positive correlation between gender equality in terms of time spent in unpaid work and the ratio of employment rate of women with one child (ER1), or two children (ER2),

or three or more children (ER3), and employment rates of women without children. The increase in the correlation between employment rates of women with children under the age of 6 and women without children indicates that the existing difference between them is reduced. According to correlation coefficients, smaller difference is associated with greater gender equality in terms of time spent in unpaid work, and vice versa. The highest coefficient was recorded in the variable that refers to employment of women with one child under the age of 6, which is statistically significant at the significance level of 1%, while the two others are slightly lower and are statistically significant at the significance level of 5%.

The obtained correlation coefficients confirm the correlation between the level of public spending for childcare services and their availability. In other words, in order to fulfil the criteria set by the Barcelona target, it is necessary to engage public funds and use them to make childcare services more accessible to more inhabitants and thereby reduce the extent of unpaid work in the household and increase gender equality in terms of time spent in unpaid work. Reducing the extent of unpaid work and greater gender equality in terms of time spent in unpaid work facilitate women's harmonisation of family and professional life and intensifies their return to the labour market. It can certainly have a positive impact on gender equality in the labour market. The greatest correlation of gender equality in terms of time spent in unpaid work and employment of women with children under the age of 6 was recorded with the variable ER1, which refers to the share of the employment rate of women with one child under the age of 6 in the employment rate of women without children, indicating that childcare services largely increase return to the labour market of women with one child, and to a lesser extent, women with two children, assuming that they have more difficulties in reconciling family and professional life, despite childcare services. Three and more children under the age of 6 certainly make balancing professional and family life more difficult, but the correlation variable is slightly higher than in the case of women with two children, which means that an increase in the availability of childcare service increases the employment rate of women with three or more children more than in the case of women with two children. This can be interpreted as follows: if childcare services were not available, a smaller number of women with three or more children would decide to return to the labour market than women with two children; thus, the provision of childcare services increases employment of women with three or more children to a greater extent than of women with two children.

Correlation coefficients confirm a relation of medium intensity; however, since women's employment depends on a number of other factors, it would be unrealistic to expect a higher correlation coefficient. For example, in addition to availability, it is important that the working hours of childcare institutions are adapted to full-time work, preferably to flexible working hours, for parents who work in shifts, because parents often have the option

of using the service, but for reasons of limited working hours of institutions do not have the possibility of full-time employment (Kreynefeld & Hank, 1999; Wrochlich, 2004). Besides, Blau and Ferber (1992) point out that, if women were willing to sacrifice unpaid work for paid work, it should primarily be socially acceptable (according to Gornick et al., 1996). Research results indicate that highly educated women care less for stereotypes and it is thus easier for them to decide to work, but it is also a fact that they earn more in the labour market than less educated women, so the opportunity cost of their non-inclusion in the labour market is higher (Kreynefeld & Hank, 1999). Maternity leave and maternity compensations are also important factors. Too little and too much maternity leave has a negative effect on women's employment, because if there is no leave, mothers have to leave the labour market to take care of their child, and if the leave lasts too long, their work continuity diminishes, as well as their salaries and the likelihood of a return to the labour market. Leaves allow mothers to spend more time outside the labour market; by contrast, adequate childcare services allow mothers to spend more time in the labour market. In other words, they enable reconciliation of family life with full-time work of both parents and have a direct positive impact on women's employment (Del Boca & Vuri, 2006; Spansenoska & Fethu-Vehapi, 2011; De Henau et al., 2010; Mikucka, 2008). Stier, Lewin-Epstein and Braune (2001) suggest that, in some countries, women's employment rates are high because of the possibility of working part-time. However, Gelo, Strmota and Smolčić (2010) argue that part-time work can be an alternative to termination of employment, but accepting such jobs aggravates the position of women in the labour market in the long run, and should therefore be viewed as a link to full employment in later life.

6 Conclusions

Gender inequality and its consequences has become a frequent subject of discussion in the framework of economic research. The fact that women, although they presently make more than a half of university graduates, are still under-represented in the labour market in all EU countries indicates that gender inequality is not just a problem of socially and economically underdeveloped countries, but also of modern societies. The reason for unequal participation of men and women in the labour market can be linked to their socially shaped roles according to which men are providers for the family, and women take care of the children and the household. In other words, society expects of men to participate in the labour market, while women are expected to do most of the unpaid work, which often deprives them of opportunities and places them in a disadvantaged position in the labour market. Exclusion of women from the labour market results in their financial dependence on men, which limits their control over their own lives and results in gender inequality in other areas.

Due to its functions of allocation and distribution, the budget is considered an excellent tool for achieving the objective of gender equality. Although the budget may seem gender-neutral, assuming that men and women, because of their different roles, also have different public needs and social positions, decisions made in the budgeting process certainly do not have the same impact on male and female population. It is therefore necessary to consider the differences between men and women in the decision-making process and analyse all public revenues and expenditures from the point of view of gender aiming to introduce changes that will contribute to greater gender equality and equal meeting of the needs of men and women.

Since the basic precondition of greater gender equality is financial independence of women, it is necessary to intensify involvement of women in the labour market. Women will be included in the labour market if they are able to harmonise their professional and family obligations. Therefore, a gender-sensitive budget should be used to finance measures and programmes that will facilitate the harmonisation of obligations in terms of unpaid and paid work. One of such measures is childcare service, which liberates parents from all-day childcare and enables them to return to the labour market after maternity leave. By engaging public funds, this service is made available to a large number of the population, which has a positive impact on gender equality in terms of time spent in unpaid work through reduction of unpaid work. Reduction of unpaid household work makes it easier for women to harmonise family and professional life and enables them to return to the labour market and exploit their work potential, if they so wish.

For all of the above reasons, public spending for childcare services could be an important indicator of gender sensitivity of the government and one of the steps towards a gender-sensitive budget. It should be taken into account that the implementation of gender budgeting requires a longer period of time, expressed political will, opening of the budget process to a wider group of participants, setting priorities for equality issues, insisting on recognition of unpaid work and changing the way in which national and local budgets are planned and executed. Introduction of a gender budget should start by raising awareness of the negative consequences of the existing, often unintentional, gender inequality, the impact of government decisions on gender equality, and positive effects of gender budgeting.

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POVZETEK

1.02 Pregledni znanstveni članek

Javna poraba na področju otroškega varstva kot kazalnik upoštevanja različnosti spolov v proračunu

Ženske so danes izredno velik delovni potencial, vendar njihov status na trgu dela ne odraža njihove izobrazbe. Na trgu dela je še vedno prisotna spolna neenakost, ki se kaže v nižji aktivnosti ženske delovne sile, nižji stopnji zaposlenosti in nižjih dohodkih žensk v primerjavi z moškimi. Vse to je deloma posledica družbeno oblikovane vloge ženske kot matere in gospodinje, zaradi česar so ženske, ki so obremenjene z gospodinjskimi opravili in s skrbjo za otroke, na trgu dela v slabšem položaju kot moški. Zaradi obveznosti v okviru neplačanega dela imajo ženske premalo časa za vključitev na trg dela in za zaposlitev za polni delovni čas. Nezmožnost zaposlitve za polni delovni čas pa vodi v finančno odvisnost od moškega ter posledično do spolne neenakosti tudi na drugih družbenih področjih.

Glede na to, da mora vlada spodbujati enakost vseh prebivalcev, prerazporejati sredstva po različnih področjih ter se truditi v enaki meri zadovoljiti potrebe vseh prebivalcev, tako moških kot žensk, se v zadnjih dvajsetih letih vse bolj poudarja, da morajo vlada in preostali nosilci oblasti pred sprejetjem vsake odločitve o zbiranju in porabi javnih financ, poleg drugega, ugotoviti, kakšne učinke bo odločitev imela na ženske in kakšne na moške. Proračun, s katerim se poskuša odpraviti obstoječa neenakost spolov, se v teoriji imenuje »proračun, občutljiv na spol« oziroma »spolni proračun«.

Tak proračun teži k zadovoljitvi potreb tako moških kot žensk s ciljem večje enakosti spolov. Enakost spolov je mogoča le, če bodo ženske finančno neodvisne oziroma zaposlene, zaposlile pa se bodo takrat, ko bodo lahko uskladile svoje profesionalne in družinske obveznosti. Za zadovoljitev potreb žensk je nujno, da se iz proračuna financirajo ukrepi, ki bodo omogočili usklajevanje profesionalnega in družinskega življenja. Eden takšnih ukrepov je tudi storitev predšolske vzgoje in izobraževanja, ki ženski omogoča, da se malce »osvobodijo« od celodnevnega ukvarjanja z otroki. Zato so lahko javni izdatki za storitve predšolske vzgoje in izobraževanja indikator proračuna, občutljivega na spol.

Raziskava temelji na predpostavki, da storitve predšolske vzgoje in izobraževanja z zmanjšanjem obsega neplačanega dela žensk pripomorejo k večji enakosti spolov na področju izrabe časa, s tem pa se ustvari temeljna predpostavka za intenzivnejše vključevanje žensk na trg kot osnovni pogoj za večjo enakost spolov v družbi. Vendar lahko predpostavljamo, da obstaja korelacija tudi v nasprotni smeri; ženske se po končanem porodniškem dopustu želijo vrniti na trg dela in težijo k zmanjšanju neplačanega dela, kar

povečuje povpraševanje po storitvah predšolske vzgoje in izobraževanja, posledica večjega povpraševanja pa so večja ponudba in višji javni izdatki za storitve predšolske vzgoje in izobraževanja.

Glede na to, da ni povsem preprosto določiti povezave med storitvami predšolske vzgoje in izobraževanja ter zaposlovanjem mater, je z izračunom Pearsonovega koeficienta mogoče določiti stopnjo povezanosti javnih izdatkov, dostopnosti storitev predšolske vzgoje in izobraževanja, enakosti spolov na področju izrabe časa in zaposlenosti mater. Cilj je raziskati, ali višji javni izdatki za storitve predšolske vzgoje in izobraževanja in večja dostopnost le-teh z zmanjšanjem obsega neplačanega dela žensk povečujejo enakost med spoloma na področju izrabe časa in zaposlenost žensk z otroki, mlajšimi od 6 let, in obratno.

Dobljeni koeficienti korelacije potrjujejo povezavo med višino javnih izdatkov za storitve predšolske vzgoje in izobraževanja in njihovo dostopnostjo. Drugače povedano, nujno je uporabiti javna sredstva in z njihovo pomočjo storitve predšolske vzgoje in izobraževanja približati večjemu številu prebivalcev ter tako zmanjšati obseg neplačanega dela v gospodinjstvu in povečati enakost med spoloma na področju izrabe časa. Zmanjšanje obsega neplačanega dela in večja enakost spolov glede časa omogočata ženskam lažje usklajevanje družinskih in profesionalnih obveznosti ter pomagata k intenzivnejši vrnitvi žensk na trg dela, kar vsekakor pozitivno vpliva na enakost spolov na trgu dela. Največja povezanost enakosti spolov na področju izrabe časa in zaposlovanja žensk z otroki, mlajšimi od 6 let, je zabeležena s spremenljivko, ki se nanaša na delež zaposlenosti žensk z enim otrokom, mlajšim od 6 let, v stopnji zaposlenosti žensk brez otrok, kar kaže na to, da storitve predšolske vzgoje in izobraževanja k vrnitvi na trg dela v največji meri pripomorejo ženskam z enim otrokom, medtem ko so ženske z dvema otrokoma manj zastopane, ob predpostavki, da slednje kljub storitvam predšolske vzgoje in izobraževanja težje usklajujejo družinske in profesionalne obveznosti. Trije ali več otrok, mlajših od 6 let, zagotovo predstavlja dodatno težavo pri usklajevanju profesionalnih in družinskih obveznosti, vendar je koeficient korelacije nekoliko višji kot pri ženskah z dvema otrokoma. To pomeni, da povečanje dostopnosti storitev predšolske vzgoje in izobraževanja povečuje zaposlenost žensk s tremi ali več otroki, ne pa žensk z dvema otrokoma. To si lahko razlagamo tudi tako, da bi se, če storitve predšolske vzgoje in izobraževanja ne bi bile dostopne, za vrnitev na trg dela odločilo manj žensk s tremi ali več otroki kot žensk, ki imajo dva otroke. Torej zagotavljanje storitev predšolske vzgoje in izobraževanja v večji meri povečuje zaposlovanje žensk s tremi ali več otroki kot pa zaposlovanje žensk z dvema otrokoma.

Telework in Public Sector Organizations: The Slovak National Library

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ABSTRACT

Reforms of government and public administration combined with use of information and communications technologies (ICT) have brought many innovations in public sector, including telework as a form of organizing and performing work out of the employers' premises. This structural change in work organization aims at increasing efficiency and in some cases, economy, too. The authors used qualitative and quantitative approach based on original survey data from own research, including data collected within the LIPSE project. Main findings point out the factors that influence the use of telework in the conditions of Slovakia in a selected public sector organization, e.g. the social, technological and inter-institutional dynamics factors playing a vital role in telework adoption.

Keywords: social innovation, ICT innovation, telework, public library, Slovakia

JEL: H11, H83, J45

1 Introduction

Since the raise of the New Public Management (NPM) paradigm (Lane, 2000; Bačlija, 2011) but also later, with Public Governance (Peters & Pierre, 1998) or Neo-Weberian state (Drechsler, 2009), growing attention has been paid to public sector innovations, both as a political priority and as a fully-fledged field of study. A vast and well-established literature exists with respect to the determinants and the adoption of social innovation in the public sector.

Public sector understood as a provider of public services funded with public finance, governed by public administration and decided by public choice, performs according to some authors, worse than private sector (Gore, 2000; Brinkerhoff, 2008). Therefore, the innovations in public sector are very vital. Public sector innovation is defined by Osborne and Brown (2005) as the introduction of new elements into a public service – in the form of new knowledge, a new organization, and/or new management or process skills which represent discontinuity with the past. Yet, little attention is paid to the ICT-driven social innovations within the public sector, i.e. those innovations characterized by a social content and simultaneously driven by ICT, and in particular those that assist human executed processes and thus have an organizational impact. ICT-driven innovation in the public sector is defined by the European Union as the use of Information and Communication Technologies (ICT) for the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in the efficiency, effectiveness and quality of public services as well as the wider operations of the public sector. It also refers to the ability of the public sector, as appropriate to its mandate and resources, to become more innovative in the way it operates and by itself support innovation in society.

One such a type of ICT social innovations refers to new media technologies that are focused on the creation of new ways of working (the so-called telework), providing civil servants with instruments to work at home, while making use of the ICT and data infrastructure of their organization. ICT offer new possibilities to public employees to co-create a working environment that is compatible with their work/life balance. This is also important for the attractiveness of public sector as an employer.

The goal of this paper is to identify factors influencing the use of telework in the conditions of Slovakia in a selected public sector organization and as it will be further described in the methodology section. The selected public sector organization is a public library (funded from public sources, providing public services in public interest). Therefore, it is a typical public sector organization, yet some of the public services it provides are not based on a direct communication with clients which enables the library to use telework. In the paper we present relevant drivers and barriers that account for the success or failure of telework use in the Slovak National Library in Slovakia.

2 Telework as an ICT-Driven Innovation

Telework can be described as a form of organizing and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employer's premises, is carried out away from those premises on a regular basis (EFAT, 2002). The Fourth European Working Conditions Survey (2007) provides

a slightly narrower definition, exclusively investigating telework from home. In order to further delimitate the concept, the definition provided by the Eurofound (2010) can be adopted: in order to qualify as a teleworker, the employee must work with a personal computer (PC) away from the employer's premises at least a quarter of the time. This definition is indeed congruent with the EFAT's one, since it includes telework that is done (on average) slightly more than one day a week.

Telework in Slovakia is governed in the Labour Code (§ 52) as follows: the employment relationship of an employee who performs work for an employer at home or at another agreed place, pursuant to conditions agreed in the employment contract, using information technology (hereinafter referred to as 'telework') within the working time arranged by himself/herself, which shall be governed by this Act, with the following deviations:

- a) provisions on the arrangement of determined weekly working time, continuous daily rest, continuous weekly rest and on stoppage shall not apply to such employee,
- b) in cases of substantive personal obstacles to work, the employee shall not be entitled to wage compensation from the employer, except in case of death of a family member,
- c) the employee shall not be entitled to wage for overtime work, to wage surcharge for a period of work on a public holiday, to wage surcharge for the period of night work and to wage compensation for work in constrained working environments, unless the employee agrees otherwise with the employer.

The Labour Code also deals with the measures on providing hardware and software necessary for the performance of telework by employer, protection for data processed and used in telework or prevention from isolation of teleworkers from other employees.

In Slovakia, the telework was implemented by an amendment of the Labour Code (Act no. 348/2007 of Statutes valid since 1st September 2007). This amendment was done in the effort to harmonise the Slovak labour legislation with the EU legislation, which brought some new elements into the new version of the Labour Code including homework and telework. The use of telework is supported in several documents and strategies, e.g. The National Employment Strategy of the Slovak Republic or the National Reform Programme of the Slovak Republic (especially the fields of Employment and social inclusion). At the local level, there are also initiatives of various NGOs who try to promote telework and increase its popularity among the employers and employees. Still, the method of telework was used in Slovakia by 3.7% of workers in 2011 and by 3.5 % in 2013 (see Table 1), i.e. less than 5% of the EU average.

Table 1: Share of telework on the employment

Rank	Country	Share (%) 2011	Share (%) 2013
1.	Luxemburg	12.2	12.7
2.	Denmark	12.1	11.2
3.	The Netherlands	11.6	13.0
4.	France	11.5	7.5
5.	Austria	11.4	10.8
6.	Belgium	10.1	9.1
7.	Finland	10.0	11.0
8.	Island	8.7	7.8
9.	Ireland	7.2	4.3
10.	Slovenia	6.8	7.3
11.	Portugal	5.9	7.0
12.	Estonia	5.0	6.2
13.	Sweden	4.9	5.5
14.	Poland	4.8	4.1
15.	Switzerland	4.7	4.6
16.	Norway	4.2	5.3
17.	Spain	4.0	4.3
18.	The UK	3.9	3.8
19.	Germany	3.9	3.6
20.	Slovakia	3.7	3.5
21.	Lithuania	3.4	4.1
22.	Czech Republic	3.3	3.5
23.	Malta	3.2	2.1
24.	Italy	3.1	3.3
25.	Hungary	2.9	3.9
26.	Latvia	2.2	2.3
27.	Turkey	2.2	1.5
28.	Cyprus	1.0	1.7
29.	Croatia	0.9	1.0
30.	Bulgaria	0.6	0.5
31.	Romania	0.5	0.3

Source: authors, based on data form Eurostat, 2011 and 2013

Mostly employees in the IT field (programmers, technicians), as well as marketing consultants, purchasing agents, brokers, journalists, financial analysts, accountants etc. work as teleworkers. Some are self-employed, others working for a private company or public administration. Teleworkers based on the employees' classification according to the character of their job description can be divided into two groups: 1) Secretarial and administrative work and 2) managerial and technical work (Matulová et al., 2008).

Telework seeks to increase benefits for the employers – higher productivity, lower staff turnover, growth of employees' work ethics and responsibility for their job performance, greater flexibility of the employer as an organization in response to consumer demands and to changes in the market situation

or in the industry, computerisation of the organization (Sullivan & Lewis, 1998; Lonti & Verma, 2003). Moreover, in some countries, compensation for commuting is enacted by law; in case of telework, a teleworker is not eligible for this compensation, which might result in potential savings.

As for the employees telework can be seen as an opportunity to help disadvantaged groups such as disabled citizens or those who take care of other household members (e.g. parents on maternity leave); or residents of regions with a high unemployment rate (rural areas, suburbs) in order to usefully find a work on the labour market (Hamilton, 2002). The benefits of teleworking for employees in Slovakia are not very evident – unless in the employment of disabled citizens where the social benefit is a social inclusion; for the great majority of teleworkers we can rather meet with a decrease of economic securities: lower salaries than their colleagues – regular workers, lack of other non-financial benefits that employer provides to regular employees, social problems connected with insolation, deterioration of interaction with other colleagues, conflicts between work and family roles, tendency to become a workaholic (Hanzelová, 2005; Matulová et al., 2008).

Benefits from the perspective of the society can be found in reducing traffic congestion and environmental pollution, greater equality of opportunity in the labour market for disabled groups (health disabled citizens, single parents, residents of rural and suburban areas) (Baker, Moon, & Ward, 2006).

From the point of social innovations, the benefits of telework are:

- Telework can bring increased gender equality in the public and private sphere.
- Increase of equality of opportunity in the labour market for disadvantaged groups and their social inclusion (disabled, single parents).
- Reducing of the gap between urban and rural areas, between city centres and suburban areas.
- Reducing the strain on the environment by relieving the transport system (reducing the number of cars used for commuting).

However, there are also potential threats in creating a so-called 'Autistic Society' – atomization of the society into individuals with problems of mutual communication based on real social relationship which are replaced by virtual relations. Another risk is concerning the IT data security once the work is carried out away from the secured workplace (Booz Allen Hamilton, 2002; Ungurean, 2007).

Telework as an ICT-driven innovation is influenced by several factors that act as drivers and barriers for this type of innovation. Based on a literature review, these factors can be divided to factors of outer context and factors of inner context.

Factors of outer context include:

- Inter-institutional dynamics: the presence of similar entities within the same context emerges as one of the most crucial determinant in adopting ICT-driven social innovations in ways of isomorphism or mimicking (Pollitt & Bouckaert, 2011; Walker, Schotanus, Bakker, & Harland, 2011).
- Economic factors: a positive association seems to exist between the wealth of the community involved and the adoption/diffusion of ICT-driven social innovation (Ahn, 2011; Bhatti, Olsen, & Holm Pedersen, 2011).
- Social factors: population's education seems one of the most important social determinant (Reddick & Norris, 2013; de Guzman & Jones, 2012), together with citizens' cultural well-being (Rodríguez Domínguez, García Sánchez, & Gallego Álvarez, 2011).
- Political factors: several political factors emerge as influential. For example, the degree of political competition, the degree of decentralization, and the parliamentary/governmental stability are relevant drivers (Ahn, 2011; Rodríguez Domínguez et al., 2011). While political support can foster innovation, political divergences and adversity can instead act as barriers (Walker et al., 2011).
- Demographic factors: the size of the innovation context expressed in terms of number of inhabitants as a key demographic factor: the larger the population, the more likely the adoption and diffusion (Moon, 2002; de Guzman & Jones, 2012).
- Technological factors: infrastructural capacity and ICT readiness in general are critical in e-government implementation (Cucciniello, 2014).

Factors of inner context consist of the following:

- Organizational factors: slack resources within the organization are one of the most mentioned factors in driving innovation. This implies the possibility of allocating a share of resources such as information, time, finances, technologies and skills to innovative activities (Moon, 2002; Ahn, 2011; Bhatti et al., 2011). Also management characteristics play a crucial role: such factors encompass knowledge management and organizational learning (Walker et al., 2011) and managerial leadership and support (Bekkers & Homburg, 2005): a proper leadership style can be supportive through the clear definition of goals, strategies, risks and incentives (Voorberg, Tummers, & Bekkers, 2014) and the attention paid to adaptation processes (Osborne & Brown, 2005). Organizational culture also represents a significant antecedent: within public organizations, a consolidated culture of risk aversion is often an important barrier to the adoption (Albury, 2005).

- Individual factors: first, employees' perceptions seem to play a major role in shaping the possibilities of innovation, such as the ease of use, the relative advantage and the perceived usefulness (Ahn, 2011). In the specific case of telework, the perspective of increasing productivity and improving the work/life balance are powerful drivers (e.g. Hamilton, 2002). With respect to employees' characteristics, public officials' autonomy and willingness to participate are important drivers (Lonti & Verma, 2003), while managers' and leaders' personal characteristics – such as their education, their age, their attitude towards technology etc. – can differently impact the adoption (de Guzman & Jones, 2012). Perhaps not surprisingly, professionalism and skills of public personnel are positively influential (Bhatti et al., 2011) and their scarcity can thus jeopardize the adoption and diffusion. The issue of professionalism is connected to individual ICT readiness, such as the employees' ICT skills and capabilities (e.g. Moon, 2002; Manoharan, 2013).
- Technological factors: the intrinsic features of innovation fit squarely with the technological factors that favour or hinder the diffusion of innovation. Such ICTs determinants regard their compatibility and adaptability (Ahn, 2011), complexity and accessibility, security and reliability (Manoharan, 2013). Furthermore, the organization as a whole can display variable degrees of readiness as well: for example, the technological readiness of an organization is signalled by the existence of an IT department or the number of computers and the Internet/Intranet availability (Reddick & Norris, 2013).

Those factors have been analysed as to whether they foster or hinder the telework adoption in a public sector organization in Slovakia.

3 Research

3.1 Methods

The goal of this paper is to identify factors influencing the use of telework in the conditions of Slovakia in a selected public sector organization. In the paper we present relevant drivers and barriers accounting for the success or failure of telework use in the Slovak National Library in Slovakia. This organization was chosen as one of a very few public organizations at national level that uses telework and was willing to cooperate in the research. It also fulfils the following criteria:

- if the total number of employees who work for the agency is less than or equal to 50, at least 3 of them have to be teleworkers; if the total number of employees who work for the agency is more than 50, at least 5 of them have to be teleworkers,

- teleworkers have to be provided by the public agency with instruments for working from home, while making use of ICT and data infrastructure of their organization,
- telework activities can be performed also at the employer's premises, but they are instead carried out away from those premises on a regular basis.

In Slovakia telework which fulfils the abovementioned criteria has been adopted only in the National Library.

The methodology of the paper is fully consistent with the methodology of the LIPSE research project¹. One part of the LIPSE research was dedicated to the identification of drivers and barriers that play a role in expanding ICT-driven innovations in the public sector in six countries (France, Italy, the Netherlands, Romania, Slovakia and Spain). The research was built on 30 interviews (5 interviews * 1 case * 6 countries = 30 interviews in total), conducted earlier in 2015. For this article we chose to analyse a case in Slovakia. We used both qualitative and quantitative methods, e.g. document analysis to develop a theoretical framework that addresses the role of expanding diffusion and adoption of ICT innovations and to develop a qualitative analysis of possible drivers and barriers of expanding; interviews with stakeholders and experts involved in the innovation practices.

We have followed a survey protocol conducted by the LIPSE research leader. The protocol contained both open (inductive) and closed (deductive) questions. We tried to interview all types of involved stakeholders. Regarding the outcomes, we have analysed to what extent telework has been beneficial and what are the main drivers and barriers to telework use, by comparing the interview results for different stakeholders:

- head of the IT department,
- teleworker on managerial position,
- representative from the top management,
- HR manager,
- teleworker.

3.2 Results

Slovak National Library is a budgetary organization established by Ministry of Culture. It is a modern scientific, cultural, informational and educational institution that serves all citizens of Slovakia and users from abroad. It collects and archives books and literary-museum artefacts and makes these collections available to public. It coordinates the development of the Library system

¹ LIPSE or *Learning from Innovation in Public Sector Environments* is a research project supported by the 7th Framework Programme of the European Union under the contract No 320090 to identify drivers and barriers to successful social innovation in the public sector in 11 EU countries and 7 policy sectors, running from February 2013 to July 2016.

of the Slovak Republic. It is a leading institution providing its own library and information services as well as intermediates services of partner libraries home and abroad. It has 357 employees.

The aim of the launching of telework in the Library was to introduce new procedures arising from internal incentive. There was no external/political pressure. Law no. 552/2003 Coll. on work in the public interest does not oblige nor forbid telework for public servants. The Library with seat in the town of Martin wanted to employ an expert who lived in Bratislava (approx. 230 km distance between Martin and Bratislava), so they used the possibility of telework. It was implemented in 2010. The library started with one teleworker at first, in 2011 there were 3 teleworkers, currently (2015) it employs 7 employees on telework.

The Library considers itself to be a pioneer: 'Our organisation was among the first who implemented telework despite the fact that it is not very common to use telework in public organizations. Motivation for introducing telework in the library stemmed from our internal needs, there was no external pressure. It is rather rare in public sector environments to see such autonomously adopted telework, according to a bottom-up dynamic' (words of a representative from the top management).

The words of one of the respondents 'We are not aware that there are any other libraries that use telework (as a national coordinator for library system in Slovakia we believe we would know if any other library would use it). Public sector is quite conservative in the use of telework, the standard ways of employment prevails. Anyway, we believe that use of telework is not suitable to every public sector organization, only to some specific organizations who can justify the need for teleworkers. We think that if telework was spread too wide, the citizens might get the feeling it is a waste of public finance (they might not get the grasp of somebody working from home and to be paid with public finance). Which might be due to a specific nature of Slovaks.'

Based on the analysis of the interviews, we can sum up the following determinants and barriers of telework adoption in the Library (Table 2).

Only two factors from the outer context have had a neutral role in the process of telework adoption, i.e. legislative and political factors. Although legislation can be a barrier in many innovations, this was not the case as the law does not oblige nor forbid the use of telework and it is only up to top management whether it introduce it or not. Public administration is governed by politicians but the Library is not a typical public administration body, this is not the case where politicians or political cycles would influence a hiring policy and type of employees in the Library.

Table 2: Determinants and barriers of telework adoption in the Slovak National Library

	Factor	Role	Specific factors emerged as
Determinants and barriers of the outer context	Inter-institutional dynamics	positive	imitating from private sector
	Legislative factors	neutral	–
	Political factors	neutral	–
	Social factors	positive	need-based demands
	Economic factors	positive	1. budget savings (indirectly budget constraints that led to savings on operating costs) 2. increase in efficiency
	Demographic factors	positive	availability of qualified workforce from other regions
	Technological factors	positive	ICT development and innovation
Determinants and barriers of the inner context	Organizational factors	positive	attitude of the top management
	Individual factors	positive	1. IT literacy 2. individual characteristics of teleworkers 3. flexible working hours in the organization
	Technological factors	positive	ICT readiness, IT security

Source: authors, 2015

3.3 Discussion

The first impulse for telework implementation was based on social factors – the need of organization for specific employees and lack of that qualified workforce in the region. Need-based demand is clear from a response: ‘On the one hand, there was our need for qualified employee, on the other hand there was a need of those people to find a job without the necessity of migration for this job. Telework seemed as a very suitable solution that satisfied needs on both sides.’ This is also proved by demographic factor as the Library employs several teleworkers who live in different regions, further than 200 km from the seat of the organization. Influence of this factor is explained by the HR manager: ‘There are some regions that are more attractive for living than the others, telework naturally eliminates the problem of unwillingness to migrate, qualified workforce is available from all regions of Slovakia without need to move.’

The inspiration came from the inter-institutional dynamics factor, as one of the respondents said: ‘We were inspired by some private companies who use telework, one of our teleworkers used to work also as a teleworker in private company before he started to work for us. He got the habits and system for telework which helped to create and improve the system of teleworking for other employees in our organization.’

The use of telework has proven to be useful not only from the social point of view, but also from the economic factors side, this impact is seen in savings on operating costs (no need to pay a rent for premises) and increased efficiency

due to the efficient use of time (no need to travel to work). The adoption of telework was facilitated thanks to technological factors such as widespread use of tablets and smartphones (ICT development and innovation).

About the inner side factors, it can be said that the attitude of the top management played a vital role in whole process, in words of a respondent: 'There was an internal will and positive attitude of top management that facilitated the implementation of telework, without this will it would have been impossible to introduce telework in the organization.'

Also important were individual factors. These were defined by the respondents as IT literacy (employees who want to be teleworkers need to know how to work with modern ICT). Individual characteristics of teleworkers (teleworkers should be able to organize their work and meet the deadlines, need to have some system/routine which can be quite difficult when working from home, therefore strong will and sense of order are necessary) and flexible working hours in the organization (if there are flexible working hours in the organization it can ease the process of telework implementation as other employees are already used to some other working regimes not just the fixed working hours).

Technological factors such as ICT readiness and IT security emerged because telework requires a certain level of IT equipment and defining of internal systems, IT security and IT support, which was fulfilled in the case of the Slovak National Library with sufficient IT equipment (computers, laptops, tablets) and the Internet/Intranet availability.

4 Conclusions

Based on our analysis we can state that due to a suitable and sufficient IT equipment, telework is really efficient in the Library. The most important factors beside the IT readiness/equipment, are support from the management and establishing a system for setting the rules of tasks delegating and their checking (individual factors).

Telework has brought time efficiency and also increased creativity of employees (not mentioned in the above analysis but this statement appeared several times in the interviews). Telework is perceived by employees as a benefit to them, they do not have to commute nor have to migrate for the purpose of getting a job.

Telework must be in compliance with the needs of the Library, not every position is suitable for telework. Library is about personal contact and services to the readers in first place, which cannot be done by telework and therefore the number of teleworkers cannot be much increased, although it has its benefits.

The Slovak National Library is a public sector organization, however, it provides some services that do not require direct contact with customers so it was easier for them to adopt telework as a change for work organization. Other public organizations of similar character (e.g. museums, operas or even schools) might be inspired by this example with proven benefits of telework. Further research should be focused on telework in different types of public sector organizations, which is rather scarce.

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POVZETEK

1.02 Pregledni znanstveni članek

Delo na daljavo v organizacijah v javnem sektorju: Slovaška narodna knjižnica

Reforme vlade in javnih uprav v povezavi z uporabo informacijskih in komunikacijskih tehnologij (IKT) so prinesle številne inovacije v javnem sektorju. Inovacija v javnem sektorju je opredeljena kot uvedba novih elementov v javno storitev – v obliki novega znanja, nove organizacije in/ali novih sposobnosti upravljanja ali postopkov, ki predstavljajo prekinitev s preteklim delovanjem. Kljub temu je le malo pozornosti posvečene družbenim inovacijam na podlagi IKT v javnem sektorju, tj. inovacijam, ki jih označuje družbena vsebina in jih hkrati narekujejo IKT, zlasti pa tistim, ki podpirajo postopke, ki jih izvajajo ljudje in imajo torej organizacijski učinek.

Primer take inovacije je delo na daljavo kot oblika organiziranja in opravljanja dela zunaj prostorov delodajalca. Delo na daljavo lahko opišemo kot obliko organiziranja in/ali opravljanja dela z uporabo informacijske tehnologije v okviru pogodbe o zaposlitvi/delovnega razmerja, pri kateri se delo, ki bi se lahko opravilo tudi v prostorih delodajalca, redno opravlja zunaj teh prostorov. Ta strukturna sprememba organizacije dela je namenjena povečanju učinkovitosti, v nekaterih primerih pa tudi ekonomičnosti.

Namen tega prispevka je bil ugotoviti, kateri dejavniki vplivajo na uporabo dela na daljavo na Slovaškem v izbrani organizaciji v javnem sektorju. V prispevku predstavljamo pomembna gonila in ovire, ki so odgovorni za uspeh ali neuspeh uporabe dela na daljavo v Slovaški narodni knjižnici. Organizacija je bila izbrana kot ena od redkih javnih organizacij na nacionalni ravni, ki uporablja delo na daljavo, bila je pripravljena sodelovati v raziskavi in ustreza naslednjim merilom:

- če ima agencija skupno 50 ali manj zaposlenih, morajo najmanj trije od njih delati na daljavo; če ima agencija skupno več kot 50 zaposlenih, mora najmanj pet od njih delati na daljavo;
- delavcem na daljavo mora javna agencija zagotoviti orodja za delo od doma, pri tem pa delavci uporabljajo IKT in podatkovno infrastrukturo svoje organizacije;
- dejavnosti, ki se opravljajo na daljavo, bi se lahko opravile tudi v prostorih delodajalca, vendar se redno opravljajo drugje.

Uporabili smo kvalitativni in kvantitativni pristop na podlagi izvernih podatkov, pridobljenih v lastnih raziskavah, vključno s podatki, zbranimi v okviru projekta LIPSE (Učenje iz inovacij v okoljih javnega sektorja). Sledili smo anketnemu postopku, ki ga je uporabil vodja raziskave LIPSE. Postopek je obsegal tako

odprta (induktivna) kot zaprta (deduktivna) vprašanja; intervjuje smo poskusili opraviti z vsemi vrstami vključenih deležnikov. Kar zadeva rezultate, smo analizirali, v kakšnem obsegu je bilo delo na daljavo koristno ter katera so glavna gonila in ovire pri uporabi takega dela. Primerjali smo rezultate intervjujev z različnimi deležniki:

- vodjo oddelka za informacijsko tehnologijo,
- delavcem na daljavo na vodstvenem položaju,
- predstavnikom najvišjega vodstva,
- vodjo kadrovskega oddelka,
- delavcem na daljavo.

Slovaška narodna knjižnica je proračunska organizacija, ki jo je ustanovilo ministrstvo za kulturo. Ta sodobna znanstvena, kulturna, informacijska in izobraževalna ustanova izpolnjuje potrebe vseh slovaških državljanov in uporabnikov iz tujine. Knjižnica zbira in arhivira knjige in literarnozgodovinske artefakte ter skrbi, da so njene zbirke dostopne javnosti. Usklajuje razvoj knjižničnega sistema Slovaške. Gre za vodilno ustanovo, ki zagotavlja lastne knjižnične in informacijske storitve pa tudi posredniške storitve za partnerske knjižnice na Slovaškem in v tujini. Zaposluje 357 ljudi. Cilj uvedbe dela na daljavo v knjižnici je bil uvesti nove postopke, ki izhajajo iz notranjega okolja. Prva spodbuda za izvajanje dela na daljavo je temeljila na družbenih dejavnikih – potrebi organizacije po določenih delavcih in pomanjkanju delovne sile z ustreznimi kvalifikacijami v regiji.

Glavne ugotovitve poudarjajo dejavnike, ki vplivajo na uporabo dela na daljavo v izbrani organizaciji javnega sektorja na Slovaškem, npr. dejavnike družbene, tehnološke in medinstitucionalne dinamike, ki so imeli bistveno vlogo pri uvedbi dela na daljavo. V postopku uvedbe dela na daljavo sta imela nevtralno vlogo le dva dejavnika iz zunanjega okvira, in sicer zakonodajni in politični dejavnik. Zakonodaja lahko pri mnogih inovacijah pomeni oviro, vendar v tem primeru ni bilo tako, saj zakon ne zapoveduje ali prepoveduje uporabe dela na daljavo, tako da je njegova uvedba odvisna le od najvišjega vodstva. Javno upravo urejajo politiki, vendar knjižnica ni tipičen organ javne uprave, tako da ne gre za primer, pri katerem bi politiki ali politični krogi vplivali na politiko zaposlovanja in vrste delavcev knjižnice.

Uporaba dela na daljavo se je izkazala za uporabno ne le z vidika družbenih zahtev, ampak tudi z vidika gospodarskih dejavnikov. Njen vpliv je viden v prihrankih pri stroških obratovanja (ni treba plačevati najemnine za prostore) in povečani učinkovitosti zaradi učinkovite porabe časa (ni treba potovati na delo). Uvedbo dela na daljavo so omogočili tehnološki dejavniki, kot je obsežna uporaba tablic in pametnih telefonov (razvoj in inovacije na področju IKT).

Ko gre za notranje dejavnike, lahko trdimo, da je imel v postopku bistveno vlogo odnos najvišjega vodstva.

Pomembni so bili tudi drugi, posamezni dejavniki. Te so sodelujoči opredelili kot računalniško pismenost (delavci, ki želijo delati na daljavo, morajo znati uporabljati sodobne IKT), osebne lastnosti delavcev na daljavo (delavci na daljavo si morajo znati organizirati delo in izpolnjevati roke, potrebujejo sistem ali rutino, kar je lahko pri delu od doma precej težko, zato morajo imeti trdno voljo in občutek za red) in gibljiv delovni čas v organizaciji (če organizacija uporablja gibljiv delovni čas, lahko to olajša postopek uvedbe dela na daljavo, saj so drugi delavci že navajeni na drugačne delovne režime, ne le na določen delovni čas).

Pojavili so se tehnološki dejavniki, kot sta pripravljenost na uporabo IKT in informacijska varnost, ker sta za delo na daljavo potrebna računalniška oprema na določeni ravni ter opredelitev notranjih sistemov, informacijske varnosti in informacijske podpore. Slovaška narodna knjižnica je te potrebe izpolnjevala z ustrezno računalniško opremo (računalniki, prenosniki, tablice) in dostopnostjo intraneta/interneta.

Na podlagi naše analize lahko trdimo, da je zaradi ustrezne in zadostne računalniške opreme v primeru knjižnice delo na daljavo zares učinkovito. Najpomembnejša dejavnika poleg pripravljenosti na uporabo IT in ustrezne računalniške opreme sta podpora vodstva in vzpostavitev sistema za opredelitev pravil za dodeljevanje nalog in njihovo preverjanje (posamezni dejavniki).

Zaradi dela na daljavo je čas učinkoviteje porabljen, povečala pa se je tudi ustvarjalnost delavcev. Ti delo na daljavo vidijo kot prednost, saj jim ni treba potovati na delo ali se preseliti, da bi dobili zaposlitev.

Delo na daljavo mora biti skladno s potrebami knjižnice; zanj ni primerno vsako delovno mesto. Pri knjižnici gre najprej za osebni stik in storitve za bralce, česar ni mogoče opraviti z delom na daljavo, zato števila delavcev na daljavo ni mogoče povečati z večjimi ukrepi, čeprav ima tako delo svoje prednosti.

Slovaška narodna knjižnica je organizacija javnega sektorja, vendar zagotavlja nekatere storitve, ki ne zahtevajo neposrednega stika s strankami, zato je bila uvedba dela na daljavo zanjo lažja, kot bi bila taka sprememba za delovno organizacijo. Ta primer z dokazanimi koristmi dela na daljavo bi lahko spodbudil tudi druge javne organizacije podobnega značaja (npr. muzeje, opere ali celo šole).

Ekonomski učinki finančnih investicij v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju

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IZVLEČEK

Stanje razmer v organizaciji se lahko zaznava, meri in predstavlja z različnih vidikov – tudi z vidika varnega in zdravega delovnega okolja. Učinki takšnega delovnega okolja se odražajo na zaposlenih oziroma na njihovem zdravju in počutju ter na rezultatih dela. Vloga zdravja in dobrega počutja zaposlenih v delovnem okolju je pomembna, saj pomeni eno ključnih determinant, ki vplivajo na uspešnost organizacije na eni strani in na drugi strani na prisotnost oziroma odsotnost zaposlenih z dela ter na drugo čustveno dožemanje dela in organizacije zaposlenih. Članek se osredotoča na predstavitev raziskav, projektov oziroma dobrih praks s področja izvajanja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju, s ciljem predstaviti rezultate raziskav in projektov o donosnosti finančnih investicij v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju ter predstaviti dobre prakse s tega področja. Rezultati proučevanja kažejo, da obstajajo številni primeri projektov oziroma programov izvajanja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju in so finančni učinki vloženih finančnih sredstev v zdravje in dobro počutje zaposlenih dolgoročno donosni. Slednje se odraža zlasti v zmanjšanju števila izgubljenih delovnih dni, kar je neposredno posledica boljšega zdravja in dobrega počutja zaposlenih v delovnem okolju.

Ključne besede: zdravstveni absentizem, promocija zdravja in dobrega počutja, zaposleni, delovno okolje, finančni učinki

JEL: Z00

1 Uvod

Dolgoročni življenjski standard državljanov na dolgi rok določa produktivnost delovne sile. Države, ki na dolgi rok z ukrepi ekonomske politike in kakovostjo institucij dosežejo visoko stopnjo rasti produktivnosti, dosežejo višji realni dohodek na prebivalca in posledično višji življenjski standard. Čeprav se ekonomska literatura v veliki meri osredotoča na identifikacijo ter analizo dejavnikov, ki bodisi spodbujajo bodisi zavirajo rast produktivnosti,

se učinki kakovostnega delovnega okolja na zdravje zaposlenih in posledično rast delovne produktivnosti ugotavljajo v bistveno manjši meri, čeprav so osrednjega pomena za zdravje in storilnost zaposlenih na delovnem mestu. Slabše zdravstveno stanje in počutje delovno aktivnega prebivalstva na eni strani lahko zmanjšuje storilnost zaposlenih ter na drugi strani zmanjšuje razpoložljivo ponudbo delovne sile na račun kratkoročnih in dolgoročnih bolniških odsotnosti z delovnega mesta ter zgodnjega upokojevanja. Slednja faktorja pa direktno obremenjujeta javnofinančne blagajne ter onemogočata javnofinančno konsolidacijo kot enega izmed gradnikov ekonomske politike. Pri tem se postavlja vprašanje, v kolikšni meri lahko mehanizmi, ki temeljijo na ekonomskih spodbudah, stimulirajo zasebni in javni sektor za vlaganje v zdravje in dobro počutje zaposlenih kot elementa zdravstvenega kapitala, saj ocenjeni stroški psihičnih bolezni in depresivnosti predlagajo, da trenutno stanje delovnega okolja v državah Evropske unije v nezadostni meri zagotavlja skrb za zdravo in varno delovno okolje, kar se odraža v visokih stroških za delodajalce, javnofinančni sistem in širše okolje.

Članek ima naslednje cilje: (1) predstaviti rezultate raziskav in projektov o promociji zdravja in dobrega počutja zaposlenih v delovnem okolju z namenom identifikacije dejavnikov, ki stimulirajo zdravje, dobro počutje in storilnost delovno-aktivne populacije in (2) prikazati finančne vidike izvajanja promocije zdravja in dobrega počutja v delovnem okolju s ciljem ustvariti boljše in vitalnejše delovno okolje. Temeljni namen članka je na podlagi teoretičnih ugotovitev, analiz dobrih praks in empiričnih rezultatov raziskav, predstaviti uspešnost finančnih vlaganj v aktivnosti za promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju.

Članek je strukturiran tako, da je v prvem delu predstavljen pomen zdravja in dobrega počutja zaposlenih v delovnem okolju. V drugem delu je predstavljena analiza raziskav, projektov oziroma dobrih praks s področja promocije zdravja zaposlenih in oblikovanja boljšega delovnega okolja. V nadaljevanju so nato navedeni rezultati ekonomskih učinkov (vidiki) finančnih vlaganj v izvajanje aktivnosti za promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju. V četrtem poglavju so predstavljene dobre prakse finančnih investicij v promocijo zdravja in dobrega počutja. V zaključku so podane ključne teze.

2 Pomen promocije zdravja in dobrega počutja zaposlih v delovnem okolju

Zaposleni, ki so zdravi in se dobro počutijo v delovnem okolju, so izziv in cilj, h kateremu stremi vse več organizacij in pri tem jih lahko spodbuja tudi država (po Nordenfelt, v: Backstrom, 2006, str. 33). Rezultati takšnega videnja oziroma razmišljanja se odražajo tudi z povečanim številom projektov in raziskav o zdravju in dobrem počutju zaposlenih v delovnem okolju ter z uvajanjem rešitev v praksi. Trendu povečanega zanimanja in ureditve področja zdravja in dobrega počutja zaposlenih v delovnem okolju sledi tudi normativni

vidik, saj se pojavljajo številne nove pravne norme, ki oblikujejo in določajo področje zdravja in dobrega počutja zaposlenih.

Skrb za zdravje in dobro počutje zaposlenih izvajajo delodajalci in država z aktivnostmi promocije zdravja in dobrega počutja. Pri tem je po mnenju Chuja (2000, str. 156) in drugih treba pojasniti, da pomeni delovno okolje enega najpomembnejših dejavnikov, ki vplivajo na telesno, duševno, ekonomsko in socialno blagostanje (počutje) zaposlenih, njihovih družin in tudi družbe. Glede na to delovno okolje tudi ponuja pomembno infrastrukturno obliko za izvajanje promocije zdravja in hkrati vpliva na številne druge faktorje, ki niso povezani z delom.

Promocija zdravja v delovnem okolju pomeni vlaganje skupnih naporov delodajalcev, zaposlenih in družbe (države) za izboljšanje zdravja in dobrega počutja zaposlenih v delovnem okolju (OSHA, 2010). Pri tem Health and Safety Authority – HSA (2010) poudarja, da gre pri promociji zdravja v delovnem okolju tudi za aktivnosti, ki v bistvu presegajo nekatere okvire, ki jih opredeljuje zakonodaja na področju varnosti in zdravja. Chu (2000, str. 156) in drugi pojasnjujejo, da se je promocija zdravja v začetku 80. let 20. stoletja osredotočala predvsem na t. i. »wellness« programe (npr. skrb za zdravo prehrano, izobraževanja o obvladovanju stresa, razgibavanje hrbtenice, itd.). V sodobnem času pa se je nato razvoj promocije zdravja na delovnem mestu preusmeril v multidimenzionalno razumevanje vsebine, saj je vključil tudi holistični pristop in izhajajoč iz tega so danes številni programi, ki so usmerjeni v izvajanje promocije zdravja, postali integralni del organizacijske kulture.

Pri promociji zdravja in dobrega počutja zaposlenih v delovnem okolju gre za proces informiranja, usposabljanja, izpopolnjevanja znanja ter izvajanja nadzora na področju zdravja zaposlenih, s ciljem doseči optimalno zdravje in počutje zaposlenih. Z aktivnostmi promocije zdravja in dobrega počutja lahko delodajalci in država vplivajo na zaposlene, da zaposleni dosežejo cilj »biti zdrav in se dobro počutiti«. Verdnikova in drugi (2011, str. 19) menijo, da imajo »največ koristi od promocije zdravja in dobrega počutja zaposlenih v delovnem okolju brez dvoma zaposleni«. Zaradi bolj zdravega vedenja in upadanja težav z zdravjem (v delovnem in bivalnem okolju – vzorce zdravega načina dela in življenja številna delovna populacija prenaša na vse prebivalstvo) se duševna in telesna blaginja povečujeta, stališče do dela pa izboljšuje. Od tega imajo korist tudi zdravstvene zavarovalnice, torej vlaganje v zdravje in dobro počutje zaposlenih koristi prav vsem (celotni družbi).

Prednosti izvajanja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju za organizacije so:

- učinek promocije zdravja v delovnem okolju je dolgoročno znižanje kazalnikov negativnega zdravja (bolniškega dopusta, poškodb pri delu, poklicnih bolezni, invalidnosti);
- promocija zdravja v delovnem okolju poveča motivacijo zaposlenih in izboljšuje delovno ozračje (izboljššan odnos slehernega zaposlenega

do dela, delovnega okolja, menedžmenta, podjetja). Posledice so večja fleksibilnost, bolj odprta komunikacija in večja pripravljenost sodelovati v organizaciji;

- promocija zdravja v delovnem okolju vodi do večje dodane vrednosti tako, da prispeva k večji kakovosti izdelkov in storitev, večji inovativnosti in ustvarjalnosti ter k večji delovni storilnosti (večji zaslužek lastnika in posledično tudi zaposlenih);
- promocija zdravja v delovnem okolju je tudi dejavnik prestiža, saj prispeva k izboljšani javni podobi organizacije (humanizacija dela in delovnega okolja, večja skrb za zaposlene in okolje – vse to daje organizaciji tudi večjo vrednost na trgu, večjo konkurenčnost in kakovost poslovanja).

Pozitivni učinki, ki so povezani z izvajanjem promocije zdravja in dobrega počutja zaposlenih v delovnem okolju, so številni. Po podatkih OSHA (2010, str. 1) promocija zdravja in dobrega počutja v delovnem okolju prispeva k boljšemu zdravju in počutju zaposlenih. Zdravje in dobro počutje zaposlenih pa glede na podatke Eurofounda (2011) pomembno vplivata na uspešnost organizacije, na zmanjšanje zdravstvenega absentizma in fluktuacije, večjo zadovoljstvo zaposlenih, itd. Rezultati raziskave Eurofounda (2011) so tudi pokazali, da so v številnih organizacijah zaradi boljšega zdravja in počutja zaposlenih zvišali produktivnost celo za 20 odstotkov. V literaturi se pogosto kot najpomembnejši pozitivni učinek izvajanja promocije zdravja v delovnem okolju poudarja predvsem zdravstveni absentizem, ki ga v članku opredelimo kot tisti čas, ko zaposleni ne delajo, oziroma so nezmožni za opravljanje dela zaradi bolezni, poškodb ali nege družinskega člana in takšna odsotnost traja omejeno obdobje (glej Buzeti, 2015). Kadar so zaposleni manj odsotni z dela zaradi bolezni oziroma poškodb, se pozitivne posledice takšnega stanja kažejo delodajalcem tudi s finančnega vidika, saj jim ni treba izplačevati denarnih nadomestil za plače ali nadomestne zaposlene, itd. K takšnemu stanju se lahko vsekakor prispeva tudi z aktivnostmi promocije zdravja v delovnem okolju. Številne pozitivne učinke izvajanja promocije zdravja v delovnem okolju izpostavlja tudi Svetovna zdravstvena organizacija (WHO), saj poudarja, da imajo od tega koristi zlasti (WHO, 2016):

- delodajalci: pozitivna podoba organizacije, izboljšanje morale zaposlenih, zmanjšanje absentizma in fluktuacije, povečanje produktivnosti, zmanjšanje zdravstvenih stroškov, itd.;
- zaposleni: delo v varnem in zdravem delovnem okolju, izboljšanje samospoštovanja, zmanjšanje stresa, izboljšanje morale, povečanje zadovoljstva na delu in izboljšanje spretnosti za lastno zdravje ter občutka za dobro počutje.

Promocija zdravja v delovnem okolju in s tem povezana skrb za zdravje in dobro počutje zaposlenih sta torej immanentno pomembni – toda to ni samo formalna in normativna obveznost, za katero so odgovorni delodajalci in država, ampak je skrb za zdravje in dobro počutje predvsem osnovna in

temeljna naloga slehernega zaposlenega. V želji, da se doseže cilj, »biti zdrav in se dobro počutiti v delovnem okolju«, morajo torej zraven delodajalcev in države (družbe) sodelovati tudi zaposleni.

3 Analiza raziskav s področja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju

V delovnem okolju izvajajo številni delodajalci aktivnosti s področja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju. V nadaljevanju (glej tabela 1) predstavljamo nekatere primere raziskav, ki so analizirale dobre prakse in projekte.

Tabela 1: Raziskave in projekti s področja promocije zdravja v delovnem okolju

Raziskava (avtorji)	Področje (dejavnost)	Aktivnosti za promocijo zdravja in dobrega počutja zaposlenih	Učinki promocije zdravja in dobrega počutja zaposlenih v delovnem okolju
Aldana et al. (2005)	Izobraževanje (osnovne in srednje šole)	Washoe County School District Wellness (11 različnih aktivnosti za spodbujanje dobrega počutja in zdravega življenja) – 2 leti (6246 zaposlenih).	– zmanjšanje absentizma (pri zaposlenih, ki so bili vključeni v program), – dobri finančni učinki za delodajalca.
Collins et al. (2005)	Kemijska industrija (podjetje Dow Chemical Company)	Preprečevanje psihičnih in fizičnih obolenj ter odvisnosti od kajenja in pitja alkohola.	– nižji zdravstveni absentizem, – povečanje psihofizičnih sposobnosti za delo, – zmanjšanje stroškov dela in finančnih izdatkov za nadomestila plač odsotnim zaposlenim.
Marshall (2004)	Javne agencije, bolnišnice, univerze, predelovalna industrija	Intervencije za spodbujanje fizične aktivnosti na delovnem mestu s fitnes napravami.	– statistično značilno zmanjšanje zdravstvenega tveganja za razvoj rizičnih psihičnih in fizičnih bolezni.
EU-OSHA (2015)	Podjetje Siemens	Ukrepi za zmanjšanje stresa (LiB – Life in Balance).	– zmanjšanje absentizma, – večja izobraženost zaposlenih.

Vir: lasten pregled na podlagi virov, navedenih v tabeli

V tabeli 1 so predstavljene nekatere raziskave oziroma projekti s področja promocije zdravja in dobrega počutja zaposlenih. Opis in rezultati raziskav oziroma projektov so v nadaljevanju predstavljeni bolj podrobno.

1. raziskava. Aldana in drugi (2005) so v sklopu svoje raziskave opravili analizo primera promocije zdravja zaposlenih na delovnem mestu v nekaterih srednjih in osnovnih šolah (izobraževalnem sistemu) v okraju Washoe County v zvezni deželi Nevada. Cilj raziskave je bila stimulacija zdravega načina življenja zaposlenih kot način spodbujanja produktivnosti na delovnem mestu, pri čemer so rezultati pokazali, da fizična neaktivnost zaposlenih vodi do nižje delovne storilnosti in višjih stroškov zdravstvene oskrbe. Programa »Washoe County School District Wellness Program« je trajal dve leti, pri čemer je program proučeval obseg stroškov zdravstvene oskrbe zaposlenih ter stopnje absentizma med letoma 2001 in 2002. Program promocije zdravja in dobrega počutja zaposlenih v delovnem okolju je vključeval enajst različnih aktivnosti za spodbujanje dobrega in vitalnega počutja ter zdravega življenjskega sloga. Ključne strukturne komponente programa so vključevale spodbujanje čiščenja

zob vsaj dvakrat na dan, izgube telesne teže med zahvalnim dnevom in novim letom, pitja vode na delovnem mestu in preprečitve dehidracije, preživljanja prostega časa stran od gledanja televizije, zdrave prehrane na delovnem mestu, fitnes aktivnosti na delovnem mestu, zadostne količine spanja, udeležbe v organiziranem triatlonu, dnevno branje literature ter stimulacijo dnevne fizične aktivnosti v razponu vsaj trideset minut dnevno (pet dni v tednu). Rezultati večletnega eksperimenta so pokazali, da se na kratek rok stroški zdravstvene oskrbe med udeleženci in neudeleženci programa ne razlikujejo v bistveni meri, medtem ko je za udeležence v programu statistično značilna nižja stopnja absentizma. Z vidika delodajalca so bili učinki programa na kratek rok omejeni, vendar so bili finančno ugodni na dolgi rok, predvsem z zmanjšano pojavnostjo kroničnih bolezni in s tem povezanim zmanjšanjem absentizma. Medtem ko študija podatkov o stroških programa ni razkrila, rezultati dokazujejo, da je program zmanjšal stroške absentizma za 2.297 milijona evrov na leto v obdobju 2001/2002 pri čemer analiza stroškov in koristi razkriva, da so ekonomske koristi znašale »15,6 USD na vsak ameriški dolar« investicije v wellness program, kar potrjuje visoko stopnjo realnega donosa investicije v spodbujanje zdravja zaposlenih na delovnem mestu.

2. raziskava. Collins in drugi (2005) so v sklopu svoje raziskave proučevali program vlaganja v zdravje zaposlenih v velikem podjetju v ameriški kemijski industriji z namenom določitve in ocene celotnih stroškov kroničnih psihofizičnih bolezni zaposlenih v ZDA za podjetje Dow Chemical Company. Metodologija ocenjevanja stroškov je temeljila na t. i. Stanfordski lestvici prezentizma, ki meri izostalo fizično produktivnost zaposlenih na delovnem mestu zaradi psihične izčrpanosti in nezmožnosti za delo. Informacije o zaposlitvenih, fizičnih in bolezenskih stanjih zaposlenih so bili zbrane na petih različnih lokacijah in so temeljile na lastnih in prostovoljnih pričevanjih zaposlenih o njihovem psihičnem, fizičnem in bolezenskem stanju. Pridobljeni anketni podatki so bili združeni s kontrolnimi spremenljivkami, kot so demografske značilnosti zaposlenih, zdravstvene in farmacevtske zahteve, informacije o kadilskih navadah, biometričnem proučevanju zdravstvenega tveganja, plači ter delovnem mestu. Kar 65 odstotkov anketirancev je poročalo o vsaj enem tipu kroničnih fizičnih in psihičnih bolezni, kot so alergije, artritis, togost ter bolečine v hrbtenici in vratnih predelih. Stopnja zdravstvenega absentizma v vzorcu zaposlenih po kroničnih boleznih je nihala med 0,9 ter 5,4 delovnih ur v štiritedenskem delavniku. Zaradi bolezenskih stanj so zaposleni v Dow Chemical Company utrpeli upad zmožnosti za učinkovito funkcioniranje na delovnem mestu reda velikosti med 17,8 odstotka ter 36,4 odstotka. Celotni strošek kroničnih bolezni je bil 10,7 odstotkov stroškov dela, pri čemer je kar 6,8 odstotka pripisano zmanjšani zmožnosti za delo. Zaključki študije ugotavljajo, da stroški zmanjšanja uspešnosti pri delu v bistveni meri presegajo kombinirani strošek absentizma in posledične medicinske oskrbe za vse tipe kroničnih bolezni, ki so jih avtorji proučevali. Študija zato sklepa, da program za vlaganje v zdravje zaposlenih bistveno prispeva k zmanjšanju zdravstvenega absentizma, ki za proučevano podjetje povzroča največje stroške.

3. raziskava. Marshall (2004) poda pregled literature o ukrepih za spodbujanje fizične aktivnosti na delovnem mestu med leti 1997 in 2004 v dvaintridesetih študijah v različnih državah (npr. Japonska, ZDA, Anglija, itd.), in sicer v organizacijah kot so javne agencije, bolnišnice, univerze in predelovalna industrija. Jedro študije predstavljata izračun in identifikacija velikosti povprečnih učinkov programov za zdravje zaposlenih na fizično aktivnost. Strategije pri zasnovi programov so se usmerjale na zmanjšanje faktorjev tveganja z rednimi zdravstvenimi pregledi, izobraževanjem zaposlenih, motivacijskimi shemami za višjo fizično aktivnost in redno telesno vadbo. Avtorji ugotavljajo, da fitnes naprave na delovnem mestu uporabljajo zgolj zaposleni, ki že uživajo visoko stopnjo fizične aktivnosti ter da se fizična aktivnost zaposlenih lahko stimulira le z dodatnimi programi, ki imajo za namen izboljšanje vedenjskih spretnosti zaposlenih, in individualnim svetovanjem, ki dviguje stopnjo ozaveščenosti zaposlenih o prednostih fizične aktivnosti.

4. raziskava. EU-OSHA (2015) v svojem poročilu predstavlja raziskave oziroma primere dobrih praks na področju varnosti in zdravja pri delu. Med primere dobrih praks uvršča tudi primer podjetja Siemens v Belgiji. V mednarodni raziskavi, ki so jo opravili na področju zdravja in psihosocialnih tveganj, so ugotovili, da na lokalni ravni v Belgiji približno 16 % zaposlenih doživlja visoko stopnjo stresa. Kot posebna tveganja so bili opredeljeni neenakomeren ali dolg delovni čas, zaskrbljenost zaradi varnosti zaposlitve, posledice napak in intenzivnost dela. Oblikovali in uvedli so ukrep »Življenje v ravnovesju« (LiB – Life in Balance). Ukrep temelji na petih dejavnikih, ključnih za uspešno obvladovanje psihosocialnega tveganja in upravljanje virov: na ozaveščenosti, sodelovanju vodstva, komunikaciji, usposabljanju in programu za pomoč zaposlenim (EAP). LiB se kot pomemben del splošnega programa za upravljanje zdravja Fit@Work v Belgiji izvaja od leta 2013. Opredeljeni so bili dejavniki tveganja za izgorelost in stres ter visoko raven stigmatizacije, ki je povezana s temi težavami. Za ozaveščanje o teh težavah in njihovo destigmatizacijo je bil izdelan videoposnetek o izkušnjah prizadetega vodstvenega delavca, ki se je prostovoljno odločil spregovoriti o tej temi. Izdelana so bila tudi videonavodila, katerih namen je, da se drugim poslovnim enotam po svetu omogočita sprejetje podobnega pristopa ter razvoj izobraževalnih videoposnetkov. Rezultati, ki so jih dosegli, so bili, da se je do zaključka raziskave udeležilo izobraževanj na področju zdravja in dobrega počutja približno 10 % zaposlenih in da se je ob uvedbi programa Fit@Work močno znižala stopnja zdravstvenega absentizma, itd. (EU-OSHA, 2015).

Na podlagi analize raziskav in programov projektov s področja promocije zdravja in dobrega počutja zaposlenih ugotavljamo, da so najpogostejši učinki izvajanja promocije zdravja in dobrega počutja zaposlenih v delovnem okolju predvsem zmanjšanje števila nesreč, bolezni in poškodb, zmanjšanje zdravstvenega absentizma ter izboljšanje znanja in sposobnosti za lastno zdravje in dobro počutje.

4 Ekonomski učinki promocije zdravja in dobrega počutja zaposlenih v delovnem okolju

Ob aktivnostih oziroma dejavnikih za spodbujanje zdravja, dobrega počutja in posledično produktivnosti zaposlenih na delovnem mestu se postavlja vprašanje o ekonomskih učinkih¹ in uspešnosti tovrstnih programov. Izpad produktivnosti na delovnem mestu zaradi kratkoročne ali dolgoročne odsotnosti zaposlenih z dela in zmanjšanja zmožnosti za delo postavlja neposredno vprašanje o ekonomskih učinkih vlaganja v zdravje in dobro počutje zaposlenih oziroma v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju. Izhajajoč iz tega so bili pregledani nekateri projekti in raziskave s področja ekonomskih učinkov vlaganja (investiranja) finančnih sredstev v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju. Rezultate analize predstavljamo v nadaljevanju (tabela 2).

Tabela 2: Finančni učinki investiranja finančnih sredstev v promocijo zdravja

Organizacija in število zaposlenih	Vložena finančna sredstva	Vložena sredstva v program na zaposlenega	Pozitivne posledice vloženi sredstev	Finančni učinki vloženi sredstev	Finančni učinki na vloženi 1 €
Fleischerei Berufsgenossenschaft (FBG), Nemčija, 255.000 zaposlenih	8,32 mio € v 6 letih (2002–2007)	5,5 €/leto na zaposlenega	6000 manj nesreč v 6 letih – preprečitev nesreč	40,02 mio € v 6 letih na račun preprečenih nesreč	4,81 €
MATA Insurance, Farmers' Workers' Compensation Insurance, Finska, 110.000 zaposlenih	35,6 mio € v 6 letih (1998–2003)	53,94 €/leto na zaposlenega	5014 manj nesreč v 6 letih	36,08 mio € v 6 letih zgolj zaradi preprečitve nesreč	1,01 €
Ministry of Social Affairs and Employment, Ministry of Finance, Nizozemska, 4.370.000 zaposlenih	303 mio € v 8 letih (1999–2007)	14,44 €/leto na zaposlenega 3,61 €/leto na zaposlenega v štirih letih	Statistično značilna nižja stopnja zdravstvenega absenzizma	2,007 € mio prihrankov zaradi zmanjšane zdravstvenega absenzizma v primerjavi z referenčnimi panogami	3,00 €
Washoe County School District Nevada, ZDA, 6246 zaposlenih	Finančna sredstva, ki so bila vložena v program, niso predstavljena. (2001–2002)	Finančna sredstva, ki so bila vložena v program niso predstavljena.	Zmanjšanje stroškov zdravstvenega absenzizma v obdobju 2001–2002	2,297 mio € prihrankov zaradi zmanjšane zdravstvenega absenzizma	11,70 €
Zavarovalnica Triglav (Slovenija), več kot 2.000 zaposlenih	Finančna sredstva, ki so bila vložena v program, niso predstavljena. (leta 2008 so se pokazali prvi rezultati)	Finančna sredstva, ki so bila vložena v program niso predstavljena.	Zmanjšanje stroškov zdravstvenega absenzizma v obdobju 20011–2013	Znižanje stroškov zaradi zmanjšane zdravstvenega absenzizma za 8,6 % (140.000 €) v obdobju 2011–2013	/

Vir: lasten pregled na podlagi EU-OSHA (2015), Elsler et al. (2010), Aldana et al. (2005)

1 Raziskave kažejo, da je donosnost na en vloženi evro v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju izražena v donosnosti od 2,5 do 4,8 evrov zaradi manjših stroškov zdravstvenega absenzizma (OSHA, 2010).

V tabeli 2 so predstavljeni projekti in raziskave s področja ekonomskih učinkov finančnih investicij v promocijo zdravja in dobrega počutja zaposlenih v delovnem okolju. Opisi in rezultati raziskav oziroma projektov so v nadaljevanju bolj podrobno predstavljeni.

1. primer: Flesischerei Berufsgenossenschaft (FBG) – Nemčija

Študija učinkov ekonomskih spodbud za varnost in zdravje na delovnem mestu v zavarovalnem skladu za primer nesreč na delovnem mestu v mesarsko-predelovalni industriji v Nemčiji je potekala med leti 2002 in 2007. Celoten program je delodajalca v industriji stal 8.32 mio € v 6 letih. Za 225.000 zavarovanih zaposlenih je letni strošek zavarovanja na zaposlenega znašal 5,5 €/leto, medtem ko je dejanski bonus programa oz. zmanjšanje zavarovalne premije na zaposlenega znašal 14,06 €/leto. Od povprečnega dohodka so zavarovalni prispevki znašali 292,12 €/leto. Kasnejša evalvacija programa je pokazala, da je bilo na račun zavarovalne sheme preprečenih okoli 6000 nesreč v 6-letnem razdobju. Celoten obseg koristi ob upoštevanju potencialnih stroškov zdravljenja je znašal 40,02 € mio, kar v pomeni 4,81 € na 1 € investicij v program preprečevanja nesreč pri delu.

2. primer: MATA Insurance, Farmers' Workers' Compensation – Finska

Program za preprečevanje nesreč pri delu v kmetijski dejavnosti na Finskem je zajel 110.000 zaposlenih. Sistem zavarovanja pred nesrečo pri delu je v šestih letih trajanja programa (1998–2003) stal 35,6 mio €. Letno bi zaposleni pri zmanjšanju premije pridobil 53,94 € pri čemer bi obseg prispevkov znašal 217 € ter 42.92 € osnovnega plačila upravitelju programa in 1,3 % provizijo, ki je vezana na dohodek zaposlenega. Program zavarovanja pred nesrečami pri delu na Finskem je v obdobju šestih let trajanja programa skupaj preprečil 5014 delovnih nesreč. Skupaj se je obseg prihrankov zaradi zmanjšane števila nesreč in potencialnih stroškov zdravljenja povečal na 36,08 mio € v času trajanja programa oz. 1,01 € prihrankov na 1 € vložka v sistem zavarovanja.

3. primer: Ministry of Social Affairs and Employment, Ministry of Finance – Nizozemska

V programu spodbujanja zdravja in dobrega počutja v vladnih službah na ministrstvih za socialne zadeve in zaposlovanje ter za finance na Nizozemskem je skupaj sodelovalo več kot 4 mio zaposlenih, kar pomeni približno 52 % zaposlenih na Nizozemskem, saj je program zajel tudi podjetja v zasebnem sektorju, ki so prostovoljno sodelovala v programu. Celotni stroški programa, ki je trajal osem let (1999–2007), so znašali 303 mio €. Na zaposlenega je spodbuda za zmanjšanje zdravstvenega absentizma znašala potencialno korist v obsegu 14,44 € zaradi zmanjšanja zavarovalne premije v obdobju osmih let oz. 3,61 € v obdobju štirih let. Program se je financiral iz dveh virov in sicer 55 % prispevkov so plačali delodajalci iz preostalih sektorjev, medtem ko je 45 % prispevkov financirala vlada. Ex-post evalvacija programa je pokazala, da je program ne le finančno vzdržen, temveč tudi blagodejen do zaposlenih. Bolniška odsotnost iz dela je upadla za 28 % v panogah,

ki so sodelovale v programu, medtem ko se je v času šestih let zmanjšala za 11 % v panogah, ki niso sodelovale v programu. Ekonomska analiza programa za zmanjšanje zdravstvenega absentizma je pokazala, da prihranki obsega na račun zmanjšane stopnje zdravstvenega absentizma znašajo 2,7 € mld. več kot v panogah, ki niso sodelovale v programu, kar pomeni prihranek 3 € na 1 € vložka v program.

4. primer: Washoe County School District – Nevada (ZDA)

V primeru Washoe Country School District so izvajali program, s katerim so promovirali zdravje zaposlenih (npr. čiščenje zob, zmanjšanje telesne teže, pitje vode z namenom preprečitve dehidracije, zadostna količina spanja, dnevno branje literature). Posledice vlaganja finančnih sredstev v promocijo zdravja so se pokazale kot zmanjšanje števila izgubljenih delovnih dni (zdravstveni absentizem) in to zaradi boljšega zdravja in počutja ter boljšega načina življenja zaposlenih. Kljub temu, da finančna sredstva, ki so bila vložena v program, niso predstavljena, lahko na podlagi določenih predstavljenih podatkov ugotovimo, da je bil program stroškovno učinkovit in ekonomsko donosen, saj je ekonomska analiza pokazala, da so se stroški na račun absentizma zmanjšali za 2,3 mio evrov.

5. primer: Zavarovalnica Triglav – Slovenija

V zavarovalnici so opravili raziskavo o vzdušju v organizaciji in pri analizi rezultatov zaznali več psihosocialnih tveganj, ki so bila povezana s težavami pri vodenju in organizaciji dela, z domnevno nepravilno obravnavo, neučinkovito komunikacijo ter neravnovesjem med poklicnim in zasebnim življenjem. Posledice so bile doživljanje stresa, izčrpanost in slabo delovno vzdušje. V želji, da bi izboljšali stanje in okrepili zdravje in počutje zaposlenih ter dosegli dolgoročne učinke na zdravje, zadovoljstvo in zavzetost vsakega zaposlenega ter boljše obvladovanje psihosocialnih tveganj, so oblikovali program »Triglav.smo«. Različni ukrepi programa so bili osredotočeni tako na zaposlene kot na vodstveno osebje (npr. izobraževanje o obvladovanju stresa, delovnih obremenitvah, izboljšanju komunikacije in odnosov na delovnem mestu, itd.). Na podlagi teh izboljšav pri poklicnem razvoju in vključenosti zaposlenega se je povečalo zadovoljstvo pri delu (po EU-OSHA, 2015). Analiza rezultatov uvedenega programa v podjetju kaže, da se ocena vzdušja v organizaciji izboljšuje. Ocene so se izboljšale zlasti pri kategorijah, povezanih z upravljanjem. Od leta 2008 se konstantno zmanjšuje tudi stopnja zdravstvenega absentizma in v obdobju 2011–2013 so se stroški zdravstvenega absentizma znižali za 8,6 % (141.000 €). Povečujeta se tudi zadovoljstvo in zavzetost zaposlenih in sodelovanje med enotami, oddelki in službami. Tudi število nezgod pri delu je majhno in se še vedno zmanjšuje (po EU-OSHA, 2015).

Analiza projektov (programov) promocije zdravja in dobrega počutja zaposlenih kaže, da je učinek tovrstnih programov večplasten. Prvič, promocija zdravja zaposlenih vodi do nižjega zdravstvenega absentizma

in višjega zdravja zaposlenih, kar neposredno odraža število preprečenih nesreč pri delu. In drugič, programi za promocijo zdravja in dobrega počutja zaposlenih so finančno vzdržni in pomenijo investicijo s predvidljivim in razmeroma visokim donosom, glede na prihranke obsega zaradi preprečitve delovnih nesreč ter stroške zdravstvene oskrbe, ki nastanejo pri nesrečah na delovnem mestu. Na podlagi slednjega lahko ugotovimo, da se finančne investicije v promocijo zdravja in dobro počutje zaposlenih delodajalcem dolgoročno finančno obrestujejo, saj rezultati kažejo, da se finančne investicije na en vloženi evro, delodajalcem v dolgoročnem obdobju povrnejo v višini od 1 evra do 11,7 evra (glej tabela 2).

5 Razprava

Promocija zdravja in dobrega počutja v organizaciji obsega širok nabor aktivnosti oziroma ukrepov, ki jih je treba smiselno uvajati v delovno okolje. V začetni fazi se pogosto zastavlja tudi vprašanje, kakšni so ekonomski učinki finančnih investicij v izvajanje aktivnosti za krepitev zdravja in dobrega počutja zaposlenih. Analiza raziskav in projektov, ki smo jo opravili, je pokazala, da se učinki programov s področja promocije zdravja in dobrega počutja zaposlenih odražajo zlasti kot zmanjšanje števila delovnih nesreč in bolezni ter s tem posledično nižja stopnja zdravstvenega absentizma in bolj »zdrava, vitalna« prisotnost zaposlenih na delovnem mestu.

Dobre prakse finančnega vlaganja v zdravje in dobro počutje zaposlenih sicer kažejo, da so finančne investicije zajeten zalogaj – toda dolgoročno se investicije obrestujejo. Ključni vir prihrankov izhaja zlasti iz zmanjšanja števila izgubljenih delovnih dni zaradi različnih primerov odsotnosti zaposlenih z dela, kar je neposredno posledica boljšega zdravja in dobrega počutja zaposlenih v delovnem okolju. Tako primer dobre prakse oziroma programa v organizaciji Flesischerei Berufsgenossenschaft (FBG) kaže, da je celotni program z aktivnostmi promocije zdravja zaposlenih v delovnem okolju v 6 letih stal 8,32 mio evrov. Finančni učinki so se pokazali na način, da je znašal celotni obseg koristi dobrih 40 mio evrov v obdobju 6 let oziroma na 1 vloženi evro je imela organizacija 4,81 evra koristi. Tudi primer programa spodbujanja zdravja in dobrega počutja v vladnih službah na ministrstvih za socialne zadeve in zaposlovanje ter za finance na Nizozemskem potrjuje, da so finančna investiranja v promocijo zdravja in dobrega počutja, smiselna. Na Nizozemskem so v obdobju 8 let investirali 303 mio evrov v promocijo zdravja in dobro počutje zaposlenih. Ekonomska analiza programa je pokazala, da se je zdravstveni absentizem zmanjšal in da so prihranki zaradi zmanjšane zdravstvenega absentizma znašali 2,7 milijarde evrov v obdobju 8 let, oziroma na 1 vloženi evro je bilo 3 evra koristi/prihranka.

Na podlagi rezultatov proučevanja ugotavljamo, da lahko delodajalci z izvajanjem aktivnosti promocije zdravja in dobrega počutja vplivajo na zdravje in boljše počutje zaposlenih in s tem posledično, kot kažejo raziskave, vplivajo

na zmanjšanje stroškov, ki so povezani z zdravstvenim absentizmom. Boljše počutje in zdravje zaposlenih ne le dviguje delovno storilnost temveč hkrati tudi zmanjšuje prisotnost stresnih dejavnikov, ki so poglavitna ovira za boljše počutje na delovnem mestu. Dodatni vir prihrankov programov za promocijo zdravja izhaja iz višje dobičkonosnosti poslovanja, kar je posledica boljšega zdravja in počutja ter splošne organizacijske klime na mikroekonomski ravni, kot to dokazuje primer podjetja Siemens na Nizozemskem.

6 Zaključek

Investicije v promocijo zdravja in dobro počutje zaposlenih in v zagotavljanje boljšega delovnega okolja predstavljajo specifično obliko človeškega kapitala in aktivnosti različnih akterjev, s ciljem spodbuditi in širiti zavest o zdravju in dobrem počutju zaposlenih in s tem spodbujati rast produktivnosti na delovnem mestu. Osrednja tendenca za vlaganje v tovrstno obliko krepitve produktivnosti je preprečitev nastanka različnih delovnih nesreč in psihofizičnih bolezni v delovnem okolju, ki vodijo v različne oblike bolezni kot so depresija, kronična utrujenost, stres, shizofrenija, itd. Pojav tovrstnih bolezni na eni strani načenja fizično produktivnost zaposlenih ter na drugi strani delodajalcem povzroča dodatne stroškovne obremenitve prek višjih prispevnih stopenj za obvezno zdravstveno zavarovanje. Pregled relevantne literature s področja investicij v izvajanje promocije zdravja zaposlenih omogoča raziskovalcem, snovalcem politik, zaposlenim in delodajalcem vpogled v primere dobrih praks, učinkovitost posameznih ukrepov za stimulacijo zdravja in dobrega počutja zaposlenih na delovnem mestu ter identifikacijo ključnih ukrepov, ki vplivajo na oblikovanje boljšega delovnega okolja in v relaciji s tem spodbujajo zdravje zaposlenih ter vodijo do višje stopnje rasti produktivnosti ter zadovoljstva zaposlenih na delovnem mestu. V pričujočem članku smo analizirali in predstavili strukturne in finančne značilnosti izbranih programov za spodbujanje zdravja in dobrega počutja zaposlenih v delovnem okolju. Pri pregledu študij ugotavljamo, da finančni učinki programov za promocijo zdravja variirajo odvisno od zasnove in časovnega razpona. Dobro zasnovana organizacija programa z veliko mero preglednosti in z merljivostjo učinkov je osrednji pogoj za visoko stopnjo donosa na investicijo, kot je spodbujanje zdravja zaposlenih.

Dr. Jernej Buzeti je zaposlen kot asistent na Fakulteti za upravo Univerze v Ljubljani, kjer je leta 2010 uspešno zaključil magistrski študij in v letu 2015 uspešno zagovarjal doktorsko disertacijo z naslovom Povezanost vedenja vodij z začasno odsotnostjo zaposlenih z dela v javni upravi. Predmet raziskovanja, s katerim se ukvarja, je povezan s področjem vodenja in ravnanja s človeškimi viri oziroma z organizacijo javnega sektorja. Sodeluje tudi pri pripravi in izvedbi vaj ter seminarjev.

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Economic Impacts of Financial Investments in the Promotion of Health and Well-Being of the Employees in the Workplace

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ABSTRACT

The conditions in an organization can be perceived, measured and represented through various aspects – including the aspect of a safe and healthy workplace. The effects of such workplace reflect in the employees, namely in their health and well-being as well as in their work results. Health and well-being of the employees play an important role in the workplace as they represent one of the key determinants that have an impact on the organization's performance on the one hand, and the employees' presence or absence from work, as well as the employees' acceptance of the work and organization on the other hand. This paper focuses on the presentation of studies, projects and good practices in the field of implementing the promotion of health and well-being of the employees in the workplace with the aim to present the findings of the studies and projects regarding the relevance of financial investments in the promotion of health and well-being of the employees in the workplace and to present good practices in this field. The study results have shown that there are numerous cases of projects and programs designed to implement the promotion of health and well-being of the employees in the workplace and that the financial impacts of the financial resources invested in health and well-being of the employees are relevant in the long term. The latter especially reflects through the aspect of reducing the number of working days lost due to employees' absence from work which arises directly as a result of improved health and well-being of the employees in the workplace.

Keywords: health-related absenteeism, health and well-being promotion, employees, workplace, financial impact

JEL: Z00

1 Introduction

Long-term living standard of the citizens determines the productivity of the workforce in the long term. The countries that, by virtue of economic policy measures and the quality of institutions, achieve a high level of productivity growth in the long term experience a higher real per capita income and, consequently, a higher standard of living. Even though the economic references largely focus on the identification and analysis of factors that either promote or inhibit the productivity growth, the effects of the quality workplace on the health of the employees and, consequently, growth in labor productivity are identified to a significantly lesser extent, although they are of key importance for health and employee performance in the workplace. Poor health conditions and well-being of the economically active population may reduce the employee productivity on the one hand, and reduce the available supply of the workforce at the expense of short-term and long-term sickness absences from work and early retirement on the other hand. The latter two factors lead to a direct burden on the government public purse and prevent a public fiscal consolidation as one of the building blocks of the economic policy. This raises a question to what extent the mechanisms based on the economic incentives may stimulate private and public sectors to invest in health and well-being of the employees as elements of health capital since the estimated costs of mental illnesses and depression suggest that the current conditions in the work environment in the member states of the European Union do not sufficiently ensure healthy and safe work environment which manifests in high costs for the employers, public finance system, and wider environment.

The aim of this paper is to (1) present the findings of the studies and projects on the promotion of health and well-being of the employees in the workplace with the aim to identify the factors which may stimulate health, well-being and productiveness of the economically active population, and (2) to demonstrate the financial aspects of implementing the promotion of health and well-being of the employees in the workplace with the aim to create a better and a more vital workplace. The basic aim of this paper is to present the relevance of financial investments in implementing the activities designed for promoting health and well-being of the employees in the workplace on the basis of theoretical findings, analyses of good practices and empirical study results.

The paper is structured as follows: the first part presents the importance of health and well-being of the employees in the workplace. The second part presents the analysis of studies, projects and good practices in the field of employee health promotion and the creation of a better workplace. Further, the results of economic effects (aspects) of financial investments in implementing the activities to promote health and well-being of the employees in the workplace are shown. Chapter four presents good practices of financial investments in promotion of health and well-being. The key arguments are summarized in the conclusion.

2 Importance of Promoting Health and Well-Being of the Employees in the Workplace

The employees who are healthy and feel good in the workplace are a challenge and a goal to which an increasing number of organizations strive to and can be also encouraged by the state (Nordenfelt, in Backstrom 2006, 33). Such perspectives and mindsets also set forth an increasing number of projects and studies on health and well-being of the employees in the workplace and the implementation of solutions in practice. The trend of increasing interest in and regulation of health and well-being of the employees in the workplace is also followed by the normative aspect since many new legal norms that shape and define the field of health and well-being of the employees are emerging.

Concern for health and well-being of the employees is carried out by the employers and the state through the activities of promoting health and well-being. According to Chu et al. (2000, 156) it is thus considered appropriate to clarify that the workplace is of one of the most important factors that affect physical, mental, economic and social welfare (well-being) of the employees, their families and society as well. Correspondingly, the workplace also provides an important form of infrastructure necessary for the implementation of health promotion and, at the same time, it also has an impact on a number of other factors that are not related to work.

Health promotion in the workplace means investing joint efforts of the employers, employees and society (the state) to improve health and well-being of the employees in the workplace (OSHA, 2010). Hence, the Health and Safety Authority (HSA, 2010) stresses that health promotion in the workplace includes the activities that substantially exceed certain limits in the field of safety and health as defined by the legislation. Chu et al. (2000, 156) explain that, in the early 80s of the 20th century, health promotion focused mainly on the so-called 'wellness' programs (e.g. healthy nutrition concerns, stress management trainings, back exercises, etc.). However, in modern era, the development of health promotion in the workplace has been redirected towards a multidimensional understanding of the content, also including a holistic approach, and drawing on this basis, a number of programs aiming at the implementation of health promotion as an integral part of the organizational culture today.

Promoting health and well-being of the employees in the workplace is a process of informing, training, knowledge improvement and control implementation in the field of occupational health with the aim of achieving optimal health and well-being of the employees. Through the activities which are part of health and well-being promotion, the employers and the state have an impact on the employees, so that the employees may achieve the goal of 'being healthy and feel well.' Verdnik et al. (2011, 19) believe that the employees themselves clearly have 'maximum benefits of promoting health and well-being of the employees in the workplace.' Due to a more healthy behavior

and decrease in health problems (in workplace and living environment – the samples of a healthy work and living lifestyles are transferred on an overall population by a large economically active population), the employee mental health and physical well-being are being increased, thus improving their attitudes towards the work. The health insurance companies may also benefit from this, thus investing in health and well-being of the employees benefits everyone (the society as a whole). The advantages for the organizations of implementing the promotion of health and well-being of the employees in the workplace are as follows:

- Impact of health promotion in the workplace results in a long-term reduction of the negative indicators of health (sick leave, workplace injuries, occupational diseases, disability);
- Health promotion in the workplace increases the employee motivation and improves the work environment (improved attitude of each employee towards work, workplace, management, company). This results in a greater flexibility, more open communication and greater willingness to cooperate in the organization;
- Health promotion in the workplace leads to a higher added value as it contributes to a higher quality of products and services, enhances innovation and creativity and improves job performance (higher earnings of the owner and, consequently, of the employees as well);
- Health promotion in the workplace is also a factor of prestige since it contributes to an improved public image of an organization (humanization of work and workplace, greater concern for the employees and the environment – all this gives the organization a greater value in the market, enhances competitiveness and quality of business).

The positive effects correlated with the promotion of health and well-being of the employees in the workplace are numerous. According to OSHA (2010, p. 1), promotion of health and well-being of the employees in the workplace contribute to a better health and well-being of the employees. And according to the Eurofound (2011), health and well-being of the employees have a significant impact on the performance of the organization, reduction of health-related absenteeism and employee turnover, higher employee satisfaction, etc. The results of the Eurofound survey (2011) have also shown that a great number of organizations have increased their productivity as much as 20 percent due to improved health and well-being of the employees. As frequently stated in the references, health-related absenteeism is the most important indicator of implementing health promotion in the workplace, and as defined for the purposes of this paper, it refers to the time when the employees are off work and are (un)able to perform their work due to illness, injury or parental care and when such an absence lasts for a limited period (see Buzeti, 2015). In case of a low sickness absence from work, the positive consequences of such a situation can be also seen in the employers'

financial aspect as they do not have to pay for the salary compensations or any substitute employees, etc. The activities for health promotion in the workplace may certainly favorably contribute to this situation as well. Many positive effects of the implementation of health promotion in the workplace are also highlighted by the World Health Organization (WHO) which stresses that the benefits have in particular (WHO, 2016):

- Employers: positive image of the organization, improving employees' morale, reducing absenteeism and employee turnover, improving performance, reducing healthcare costs, etc.;
- Employees: work in a safe and healthy workplace, improving self-esteem, stress relieving, improving morale, increasing satisfaction at work and improving skills important for their own health and a sense of well-being.

Health promotion in the workplace and the associated concerns for health and well-being of the employees are therefore of imminent relevance – yet it is not only a formal and normative obligation under the responsibility of the employers and the state, but the concern for health and well-being is primarily a basic and fundamental responsibility of every employee. In order to achieve the objective of 'being healthy and feeling well in the workplace', the employees themselves must therefore take part in it along with the employers and the state (the society).

3 Study Analysis in the Field of Promoting Health and Well-Being of the Employees in the Workplace

Table 1: *Studies and projects in the field of health promotion in the workplace*

Research (authors)	Field (activity)	Activities to promote health and well-being of the employees	Effects of health and well-being promotion of the employees in the workplace
Aldana et al. (2005)	Education (primary and secondary schools)	Washoe County School District Wellness (11 different activities designed for well-being and healthy lifestyle) – 2 years (6246 employees)	– Reducing health-related absenteeism (the employees who were involved in the program), – Good financial impact on the employer.
Collins et al. (2005)	Chemical industry (Dow Chemical Company)	Prevention of mental health and physical problems and smoking and alcohol addiction.	– Lower level of health-related absenteeism, – Increase in physical and mental work capacity, – Reducing labor costs and financial expenses for absent employee compensation.
Marshall (2004)	Public agencies, hospitals, universities, manufacturing industry	Interventions for promoting physical activity in the workplace by using fitness devices.	– Statistically-proven significant health risk reduction related to the development of mental health and physical diseases.
EU-OSHA (2015)	Siemens company	Measures to reduce stress (LiB – Life in Balance).	– Reducing health-related absenteeism, – Employees with higher levels of education.

Source: own (based on sources in the table)

Some studies and projects analyzing good practices and projects in the field of employee health and well-being promotion are presented in the Table 1. The descriptions and findings of the studies and projects are presented in more detail below.

Study 1. Aldana et al. (2005) conducted, in the context of their study, a case analysis of health promotion in the workplace in certain primary and secondary schools (educational system) in the Washoe County District in the State of Nevada. The aim of the study was to stimulate a healthy lifestyle of the employees as a way to promote productivity in the workplace. The results have shown that physical inactivity of the employees leads to a lower work productivity and higher health care costs. The *Washoe County School District Wellness Program* lasted two years and examined the scope of health care costs and the level of health-related absenteeism in the period of 2001/2002. The workplace health and wellness promotion program included eleven different activities to promote sound and vital well-being and a healthy lifestyle. The key structural components of the program included the promotion of cleaning teeth at least twice a day, weight loss during the period from Thanksgiving Day through to New Year's Day, drinking water in the workplace and dehydration prevention, leisure time spent away from TV viewing, healthy diets in the workplace, fitness activities in the workplace, sufficient amount of sleep, participation in organized triathlon, daily literature reading and stimulation of daily physical activity in a range of at least thirty minutes a day (five days a week). The results of the multiannual experiment have shown that, in the short term, health care costs have not substantially differed among the participants and the non-participants of the program, while the participants of the program have shown a statistically typical lower rate of health-related absenteeism. From the employer's perspective, the effects of the program were limited in the short term but were financially favorable in the long term, especially with a reduced incidence of chronic diseases and the related reduction in absenteeism. While the study did not disclose any data on the costs of the program, the results demonstrated that, in the period of 2001/2002, the program reduced the costs of absenteeism to € 2.297 million per year, while the cost-benefit analysis revealed that the economic benefits amounted to 'US \$ 15.6 for each US \$' of investment in the wellness program which implies a high rate of real return on investment in promoting health of the employees in the workplace.

Study 2. Collins et al. (2005) examined, in the context of their study, a health investment program designed for the employees in a large company in the US chemical industry to define and estimate for the Dow Chemical Company the total costs of mental health and chronic physical illnesses of the employees in the US. The methodology used for costs estimation was based on the so-called Stanford Presenteeism Scale which measures the loss of employee physical productivity in the workplace due to mental exhaustion and inability to work. Information on employment, physical and medical conditions

of the employees were collected at five different locations and were based on the employees' own and voluntary testimonies regarding their mental, physical, and medical conditions. The survey data obtained were combined with the control variables such as demographic characteristics of the employees, health care and pharmaceutical requirements, information on smoking habits, biometric testing of health risks, salary and workplace. As much as 65 percent of the respondents reported at least one type of chronic physical and mental health illnesses such as allergies, arthritis, stiffness and pain in the back and neck areas. The rate of health-related absenteeism in the sample of employees suffering from chronic diseases fluctuated between 0.9 and 5.4 hours in a four-week workday. Due to the medical conditions the employees in the Dow Chemical Company suffered a decline in ability to function effectively in the workplace that was ranging from 17.8 percent and 36.4 percent. The total costs of chronic diseases accounted to 10.7 percent of labor costs, being as much as 6.8 percent attributed to a reduced work capacity. The conclusions of the study suggest that the costs of reduced work performance significantly exceed the combined costs of health-related absenteeism and subsequent medical care for all the types of chronic diseases examined by the authors. The study's implication suggests that the investing in health of the employees contributes to reducing economic costs of health-related absenteeism which presents the largest economic cost occurred to the analyzed company.

Study 3. Marshall (2004) gives an overview of the references on interventions to promote physical activity in the workplace in the period 1997/2004 in 32 studies in different countries (e.g. Japan, the US, the UK, etc.) in the organizations such as public agencies, hospitals, universities and manufacturing industry. The core of the study presents the calculation and identification of the scope of average impact of employee health programs on the physical activity. The intervention strategies used for designing the programs were targeting the reduction of risk factors by providing regular health check-ups, training for the employees, motivation schemes for a higher physical activity and regular workouts. The authors observed that the fitness equipment in the workplace was used only by the employees who were already engaged in a high level of physical activity and that the physical activity of the employees may only be stimulated by additional programs targeted at improving behavioral skills of the employees and individual counseling which raise the level of employee awareness about the benefits of physical activity.

Study 4. EU-OSHA report (2015) presents the studies and examples of good practices in the field of occupational safety and health. The examples of good practices also include the company such as Siemens in Belgium. The international study carried out in the field of health and psychosocial risks has found that in Belgium at a local level around 16 percent of employees experience high levels of stress. Irregular or long working hours, concern over job security, consequences of mistakes and work intensity

were identified as specific risks. The 'Life in Balance' (LiB) measure was designed and implemented. This measure is based on five factors critical to a successful management of psychosocial risks and resource management: awareness, management collaboration, communication, training and employee assistance program (EAP). LiB is an important part of general health management program Fit@Work carried out in Belgium since 2013. The risk factors of burnout and stress, and a high level of stigmatization associated with these problems have been identified. To raise awareness of these problems and their destigmatization, a video clip about the experience of an affected managerial employee who voluntarily decided to talk about this topic was created. The video instructions, whose purpose is to allow other business units around the world to adopt a similar approach and the development of educational video clips, were also drawn up. The results of this was that around 10 percent of employees attended the trainings in the field of health and well-being to date, and that by implementing the Fit@Work program the level of health-related absenteeism, etc., was greatly reduced (EU-OSHA, 2015).

Based on the analysis of program studies and project in the field of promoting health and well-being of the employees, we have found that the most common effects of implementation of promoting health and well-being of the employees in the workplace are, in particular, reduced number of accidents, illnesses and injuries, reduced health-related absenteeism and improved knowledge and skills for the employee's own health and well-being.

4 Economic Impacts of Promoting Health and Well-Being of the Employees in the Workplace

In addition to leisure and factors promoting health, well-being and, consequently, performance of the employees in the workplace, a question about the economic impacts¹ and effectiveness of such programs arises. The loss of productivity in the workplace due to short-term or long-term absence of the employees from work and a reduced work capacity directly raise the question of the economic effects of investing in the health and well-being of the employees and in the promotion of health and well-being of the employees in the workplace. Drawing on this, some projects and studies in the field of economic impacts of investing financial resources in the promotion of health and well-being of the employees in the workplace were analyzed. The results of the analysis are presented hereinafter (Table 2).

¹ The studies have shown that the return on € 1 invested in the workplace health and well-being promotion is expressed in yield from € 2.5 to € 4.8 due to lower costs of health-related absenteeism (OSHA, 2010).

Table 2: Financial impacts of investing financial resources in health promotion

Organization and number of employees	Financial resources invested	Financial resources invested in the program per employee	Positive effects of resources invested	Financial impact of resources invested	Financial impact per € 1 invested
Fleischerei Berufsgenossenschaft (FBG), Germany, 255,000 employees	€ 8.32 mio in 6 years (2002–2007)	€ 5.5 / year per employee	6000 less accidents in 6 years – accident prevention	€ 40.02 mio in 6 years only on account of accident prevention	€ 4.81
MATA Insurance, Farmers' Workers' Compensation Insurance, Finland, 110,000 employees	€ 35.6 mio in 6 years (1998–2003)	€ 53.94 / year per employee	5014 less accidents in 6 years	€ 36.08 mio in 6 years only due to accident prevention	€ 1.01
Ministry of Social Affairs and Employment, Ministry of Finance, the Netherlands, 4,370,000 employees	€ 303 mio in 8 years (1999–2007)	€ 14.44 / year per employee € 3.61 / year per employee in four years	Statistically significant lower rate of health-related absenteeism	€ 2.007 mio of savings due to a lower level of health-related absenteeism compared to the reference sectors	€ 3.00
Washoe County School District Nevada, USA, 6246 employees	Financial resources invested in the program were not presented. (2001–2002)	Financial resources invested in the program were not presented.	Cost reduction of health-related absenteeism in the period of 2001–2002	€ 2.297 mio of savings due to a lower level of health-related absenteeism	€ 11.70
Triglav Insurance Company (Slovenia), more than 2.000 employees	Financial resources invested in the program were not presented. (The first results were disclosed in 2008.)	Financial resources invested in the program were not presented.	Cost reduction of health-related absenteeism in the period of 20011–2013	Cost reduction due to a lower level of health-related absenteeism for 8.6% (€ 140.000) in the period 2011–2013	/

Source: own, based on EU-OSHA (2015), Elsler et al. (2010), Aldana et al. (2005)

The studies and projects in the field of economic impacts of financial investments in promoting health and well-being of the employees in the workplace are presented in the Table 2. The descriptions and findings of the studies and projects are presented below in more detail.

1. Fleischerei Berufsgenossenschaft (FBG) – Germany

The study on the effects of economic incentives for safety and health of the workplace accident insurance fund in the meat-processing sector in Germany took place in the period of 2002/2007. The overall program in the sector had a total expenditure in the amount of € 8.32 million in the period of 6 years. For 225.000 of insured employees, the annual cost of insurance per employee amounted to € 5.5 / year, while the actual bonus program, namely the lower insurance premiums per employee amounted to € 14.06 / year. The insurance contributions totaled € 292.12 / year from the average income. A subsequent evaluation of the program has shown that around 6.000 accidents in a 6-year range were prevented on account of the insurance scheme. By taking into account the potential costs of the medical treatment, the total scope of benefits amounted to € 40.02 million which means, in relative terms, € 4.81 per € 1 of investments in the workplace accident prevention program.

2. MATA Insurance, Farmers' Workers' Compensation – Finland

The workplace accident prevention program in the agricultural sector in Finland encompassed 110.000 employees. The workplace accident insurance system costed € 35.6 million over a 6-year period of the program (1998/2003). By reducing the premiums, the employee would gain € 53.94 per year, whereas the volume of contributions would amount to € 217, the program administrator would receive € 42.92 of the basic salary and 1.3% commission linked to the income of the employee. The workplace accident insurance program in Finland prevented a total of 5014 workplace accidents over a 6-year period of the program. During the course of the program, the volume of savings occurred due to a reduced number of accidents and potential treatment costs increased to € 36.08 million in total, or € 1.01 of savings per € 1 contribution in the insurance system.

3. Ministry of Social Affairs and Employment, Ministry of Finance – the Netherlands

The program promoting health and wellness in government departments, i.e. the Ministry of Social Affairs and Employment and the Ministry of Finance in the Netherlands, included a total of more than € 4 million employees representing approximately 52 percent of the employees in the Netherlands, since the companies in the private sector which voluntarily participated in the program were also included in the program. The total costs of the 8-year long program (1999/2007) amounted to € 303 million. The incentive to reduce health-related absenteeism represented a potential profit to the extent of € 14.44 per employee by reducing the insurance premium over a 8-year period, namely € 3.61 over a 4-year period. The program was financed from two sources, namely 55 percent of the contributions were financed by the employers from other sectors, while 45 percent of the contributions were financed by the government. The ex-post evaluation of the program has shown that the program was not only financially viable, but also beneficial to the employees. The sickness absence from work fell by 28 percent in the sectors that participated in the program while, in a period of six years, it was reduced by 11 percent in the sectors that did not participate in the program. The economic analysis of the program aimed at reducing health-related absenteeism has shown that the economy of scale at the expense of a reduced level of health-related absenteeism amounted to € 2.7 billion more than in the sectors that were not part of the program, which represented € 3 of savings per € 1 contribution in the program.

4. Washoe County School District – Nevada (USA)

The Washoe County School District implemented a program promoting health of the employees (e.g. teeth cleaning, weight loss, drinking water to prevent dehydration, sufficient amount of sleep and daily reading literature, etc.). The repercussions of investing the financial resources in health promotion were felt in a reduced number of working days lost (health-related absenteeism)

due to the improved health and well-being, and the lifestyle of the employees. Despite the fact that the financial resources invested in the program were not presented, on the basis of certain data available we may conclude that the program was cost-effective and economically profitable since the economic analysis has shown that the costs occurred due to the absenteeism dropped by € 2.3 million.

5. Triglav Insurance Company – Slovenia

The insurance company conducted a study on the work environment in the organization and the analysis results have identified several psychosocial risks associated with problems in the management and work organization, allegedly unfair treatment, inefficient communication, and imbalance between work life and personal life. The consequences included experience of stress, fatigue and poor work environment. In an effort to improve the situation, enhance health and well-being of the employees, and to achieve long-term effects on health, satisfaction and commitment of each employee as well as improved management of psychosocial risks, the so-called 'Triglav.smo' program was created. Various measures of the program were focused on both the employees and the managerial staff (e.g. providing trainings on stress management, workload, improved communication and relationships in the workplace, etc.). Based on these improvements of professional development and involvement of the employee, the employee satisfaction with the workplace increased (according to EU-OSHA, 2015). The results of the analysis of the implemented program in the company have shown that the assessment of the work environment in the organization has been improving. The assessments have improved in the categories associated with the management in particular. Since 2008 the level of health-related absenteeism has been continuously decreasing, and in the period of 2011/2013, the costs of health-related absenteeism have been reduced by 8.6 percent (€ 141.000). The satisfaction and commitment of the employees and cooperation between units, departments and services has been increasing as well. The number of accidents at work is low and is still declining (according to EU-OSHA, 2015).

The analysis of project (programs) of promoting health and well-being of the employees has shown that the effect of such programs is multi-faceted. Firstly, promoting health of the employees leads to a lower level of health-related absenteeism and improved employee health which directly reflects in a number of prevented workplace accidents. And secondly, the programs promoting health and well-being of the employees are financially viable, and represent an investment with a predictable and relatively high yield in relation to the economies of scale in workplace accident prevention and health care costs incurred in the workplace accidents. On the basis of the latter it can be concluded that the employers can financially benefit from the investments in the promotion of health and well-being of the employees in the long term since the results show that the financial investments relative to the amount of

€ 1 will generate, in the long term, a return on capital in the amount ranging from € 1 to € 11.7 (see Table 2).

5 Discussion

Promoting health and well-being of an organization comprises a wide range of activities and measures that need to be reasonably implemented in the workplace. The question that also often rises in the initial stage is what are the economic effects of the financial investments in implementing the activities to promote health and well-being of the employees. The conducted analysis of studies and projects has shown that the effects of the programs in the field of promoting health and well-being of the employees reflect, in particular, through the aspect of a reduced number of occupational accidents and diseases, and consequently, in a lower level of health-related absenteeism, more 'healthy and vital' lifestyles of the employees, and increased presence of employees in the workplace.

Good practices of financial investments in health and well-being of the employees however show that the financial investments are a major financial undertaking – yet such investments yield returns in the long term. A key source of savings result, in particular, in a reduced number of working days lost due to various cases of absence from work which are a direct result of improved health and well-being of the employees in the workplace. Thus, the example of good practice of such a program taking place in the Flesischerei Berufsgenossenschaft (FBG) organization shows that the entire program of health promotion activities for the employees in the workplace costed € 8.32 million in 6 years. The financial impacts have been demonstrated in a way that amounted to the full range of benefits of more than € 40 million over a period of 6 years, and from € 1 invested, the organization had € 4.81 of benefits. In addition, the program of promoting health and well-being in government departments in the Ministry of Social Affairs and Employment and the Ministry of Finance in the Netherlands confirms that the financial investments in health and well-being promotion are of relevance. In the Netherlands, € 303 million have been invested in the promotion of health and well-being of the employees over a period of 8 years. The economic analysis of the program has shown that the health-related absenteeism was reduced and the savings on account of a lower level of health-related absenteeism amounted to € 2.7 billion over a period of 8 years, namely € 1 invested generated € 3 of benefits/savings.

On the basis of the study results it can be concluded that the employers may have an impact on health and well-being of the employees by implementing activities to promote health and well-being of the employees and, consequently, as demonstrated by the studies, contribute to reduce the costs associated with health-related absenteeism. Improved well-being and health of the employees do not only increase the labor productivity but also reduce

the presence of stress factors which are the main obstacle to a growing well-being in the workplace. An additional source of savings generated by the health promotion programs comes from a higher profitability of operating as a result of improved health and well-being of the employees and general organizational climate at the microeconomic level as demonstrated by the Siemens company in the Netherlands.

6 Conclusion

Investments in employee health and well-being promotion and providing a better working environment represent a specific form of human capital and the activities of different actors with the aim to promote and raise awareness about health and well-being of the employees, and thus enhance the productivity growth in the workplace. The main tendency to invest in this form of enhancing productivity is to prevent the occurrence of various workplace accidents and physical and mental health problems in the workplace leading to various forms of diseases such as depression, chronic fatigue, stress, schizophrenia, etc. The occurrence of such diseases affects the physical productivity of the employees on the one hand, and leads to additional cost burden for the employers through higher contribution rates for compulsory health insurance on the other hand. The review of relevant references in the field of investments in the implementation of employee health promotion gives researchers, policy makers, employees and employers an insight into good practices, effectiveness of individual measures to stimulate health and well-being of the employees at the workplace and to identify key measures that affect the creation of a better workplace and, in relation to this, help promote health of the employees and lead to higher productivity growth rates and employee satisfaction in the workplace. In this paper, the structural and financial characteristics of the selected programs designed to promote health and well-being of the employees in the workplace are analyzed and presented. Based on the review of references we can conclude that the financial impacts of health promotion programs vary depending on the design and the time-frame of the program. A well-designed organization of the program with a high degree of transparency and measurability of the effects is a key prerequisite for a high rate return on investment such as employee health promotion.

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Post-Soviet Features of Hungarian Administrative Sciences

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ABSTRACT

The post-Soviet features of contemporary administrative sciences in Hungary are not just theoretical issues, they have a strong practical importance, as well. Our starting point is that the scientific field which does not have a clear relation to its own near past, may have neither a sound self-concept nor an exact vision of the future. One of the utmost weaknesses of Hungarian administrative sciences is the partial shortage of elaboration of inner processes after 1945 and the lack of systematic collection of scientifically relevant – but never published – documents of that period of time (1945–1990). Everyday tendencies of administrative sciences also offer some examples of post-Soviet features: the lack of the culture of criticism that is observable within the characteristics of scientific journals, and also within the features of professional record and qualification. Moreover, the positivist way of thinking of representatives of administrative law (and other administrative sciences) results in the dominance of commentaries, i.e. the philosophical and future-oriented, strategic scientific approaches to the problems are often secondary, residual. Actually, these effects in Hungary, compared with the situation within those countries that earlier also belonged to the Soviet bloc, do not show real differences as it has been proven by a questionnaire-based research conducted by the author.

Keywords: Hungary, administrative sciences, post-Soviet features, international comparison

JEL: I00, K00

1 Introduction: Goals and Methodology

What does the expression 'post-Soviet features of sciences' mean, especially related to the current Hungarian administrative sciences? If we can unfold the meaning and content of this notion we will be able to detect those fields or aspects that may influence the contemporary Hungarian administrative sciences.

As a preliminary question, we must make it clear that the given attribute, the notion *post-Soviet* does not refer to the particular practices of the current post-Soviet states (also collectively known as the former Soviet Union), rather to the specifics of a broader range of countries that belonged to the Soviet sphere of interest in Central and Eastern Europe before 1989, including Hungary. So, post-Soviet, in this regard, is a kind of equivalent or synonym for the expression *post-communist*.

We have to begin with the fact that the Soviet system of science reflected the broader economic and political order of Soviet society, in that it was 'centralized and authoritarian' (Graham & Dezhina, 2008, p. 163). The researchers were distributed across three main locations of scientific activity: a university system, the Academy of Sciences system of research institutes and research bodies within the ministries or other forms of central public administration (Rowe, 2013, p. 17). Scientists were successful in using their scientific expertise to influence government action only if a given issue, such as environmental problems, was already on the political agenda. (Rowe, 2013, p. 18).

'Before *glasnost*' serious Soviet analyses of science often overlapped with those of western experts in concluding that the Soviet scientific system underperformed. Scholars on both sides saw Soviet science as basically healthy but held back by the rigidities of bureaucracy. Since *glasnost*' Soviet and post-Soviet assessments have been less sanguine, seeing science as having been penetrated by the bureaucratic system to the point where the quality of scientific personnel has been seriously depleted. This suggested that science emerged from the Soviet experience with a lower potential for regeneration than had hitherto been thought' (Kneen, 1993, p. 251).

So, the main task of this article is to give answers on such questions like 'Is it true that the three main pillars of Hungarian science – mentioned above – remained relatively unchanged in their structure?' or 'Do political factors' still negatively influence or overwhelm the representatives of the given field of science'? If so, is there any correspondence between the current situation and the remaining factors of the Soviet past? To what extent are current features the results of that past?

Within the scope of the post-Soviet features of the Hungarian sciences of public administration², firstly we should collect and introduce those traditional public policy processes that are stable and span over several political courses, and their most relevant elements which directly or indirectly influence the possible methods and results of scientific researches, as well. Secondly,

1 Political factors are the results of government policy, such as new legislation or regulatory shifts and further political conditions that affect the features of democratic or non-democratic operation and create the context of the external environment in which – among other fields of social life – science also functions.

2 The science of public administration is rather a whole collection of sub-disciplines dealing with public administration using distinct methods. Nevertheless, some disciplines do have a major role, as they consider the study of the main aspects of public administration their key task. These are the science of administrative law, political science and management sciences, etc.

it is unavoidable to list those stereotypes that regularly evolve within the contemporary scientific descriptions of the era of state socialism in Hungary, but lack adequate scientific arguments. Thirdly, we must show and construe the current symptoms of administrative sciences in Hungary that reveal a close relationship with processes before 1989. And lastly, it is important to put this question in a broader context, inasmuch as the findings and statements related to the current Hungarian administrative sciences have become more approachable and interpretable by the results of a survey on the post-Soviet features of other states that belonged to the Soviet bloc.

It must be underlined that the aspects mentioned above are slightly unfolded within administrative sciences: public administration in post-Communist countries is a subject not researched sufficiently. It means that basic research is possible and needed because academic antecedents and previously collected data to lean on are rare. Fortunately, there are some newly published books that aim to fill this gap in the literature by examining newly independent states of the former Soviet Union and countries in Central and Eastern Europe (see e.g. Liebert, Condrey, & Goncharov, 2013).

In accordance with the methodology used in this article we must take notice of the fact that impacts and consequences of politics with regard to both Hungarian public administration and administrative sciences are almost the same in several cases, nevertheless we made an attempt to separate them where it was possible.

First of all, we must introduce the most meaningful features of the Soviet-type state operation (and also those of public administration) in the former 'Eastern Bloc'. These peculiarities do have a threefold importance related to the situation of contemporary administrative sciences in Hungary: firstly, these features and facts are or can still be relevant facts if someone researches on current administrative institutions, secondly, these data fit for an international comparison on certain developmental factors, and thirdly, we must predict that those specifics deeply influence the current practices not only within public administration but also within the scientific community - even two or three decades later...

'Under the impact of the well-known historical circumstances, the national systems of public administration, conditioned as they were by different patterns of historical development, adopted the Soviet model with the following major features:

- uniformisation, with their national peculiarities fading out or vanishing;
- a strict hierarchical regime of subordination and centralisation, with an appearance of elements of self-government;
- narrow margins of local initiative and voluntary action, with a general climate of „top-down expectations“;
- subordination of local and territorial public administrative organs to party organisations of the appropriate level;
- political reliability of the personnel being the basic requirement;

- the main function of public administration being to act as a surrogate of the executive apparatus of the one-party system.

These features were common to public administration in Central and Eastern Europe during the past period. It should be noted, however, that the said specifics varied in intensity by country, depending on more or less flexible forms of the one party system, and even experienced shifts in different countries and in different periods' (Baka, 1993, p. 16).

Based on the main features of the public policy/administrative environment it must be stated about Hungary in advance that a) due to the traditional 'from top-to down' system (Jenei, 2003, p. 127), a general – and tendency-like – weakness is the lack of democratic control, accountability and transparency; b) due to the politicised and instable practice of the reconciliation of interests (Gerő & Kopper, 2013), the quality of the decisions made in the public sector is often inadequate, as is their execution; c) public policy has balance problems; the weight and coordination of the relevant players is disproportionate and incalculable due to the extreme politicisation³, and to the fact that political predominance characterises the relationship of the political-administrative system and society; d) the final phase of public policy is missing; public policy processes begin but they often do not get to the end (Rixer, 2015, pp. 58–61). There is no evaluation phase and closure in many cases (Pesti, 2001, p. 206). Within the scope of the latter evaluation, the preliminary and subsequent impact studies are determinative, the main goal of which is grounding the decision-making situation of the legislator, in so far as the analysis expands the pool of factors the consideration of which is – or should be – essential for a carefully planned, grounded decision (*Aspects prepared by...*, 1995, p. 5).

The inner dynamics of decision-making processes remain almost the same, while metapolitics (Jenei, 2003, p. 129) shaping the casemaps of public policy decisions and actions indicate serious changes: e.g. as if the adoption of the new Fundamental Law of Hungary, the reform of the main service providing systems and continuous changes within the legal system would imply the intrinsic change of the decision-making processes and would broaden the scope of the participants within this process. In the Hungarian model of public policy decision making – as mentioned before – the 'top-down' approach is dominant, in so far as the institutional mechanisms of the involvement of interest protection-integrative organisations operate only formally (Jenei, 2010, p. 95). It is inseparable from the latter fact that the traditional features of the Hungarian political culture are paternalism, intolerance

3 Concentrating on the relationship between the sphere of politics and public administration we must ask 'How deep is the politicization of the public administration? How can we measure that politicization? The most frequent indicator is the extent of political appointments within the superstructure of public administration' (Vass, 2010, p. 69). The politicization of the leading positions (above the position of the head of a certain department) within Hungarian public administration was observable already in the past, and as a result of the transformation of some laws, it has increased since 2006, even though according to a new survey 98% of the civil servants refuses career based on political merits (Józsa, 2011, p. 169). It must be emphasized that when we speak about politics or party-politics related to Hungary, it does not necessarily mean a political system and a party system built up along traditional, western-type political ruptures (Hanley, 2004).

and the transformation of personal relations into political ones (Kulcsár, 1995, p. 336), and last, but not least the presence of corruption phenomena, which may be observed at a degree exceeding the average of the surrounding area (Building a Better..., 2010). Among the classic governmental failure phenomena – which are not traditionally Hungarian, but may definitely be observed here as well – the theoretical difficulties of setting and measuring public policy goals may be mentioned, as well as the influence of strong interest groups, the difficulties related to the size and complexity of governmental activities, and to the causal interconnection of certain public policy problems (Hajnal, 2012).

It is also important that in Hungary '[the] all-time present stands out by the strong and unreasonable delegitimizing of the all-time past, instead of putting forward its own performance' (Szigeti, 2008, p. 17). In this field of force even the changes of the governmental course have 'disastrous' features. The phenomenon of value crisis known in sociology can arise following such legitimacy struggle... (Szigeti, 2008, p. 17).

One can easily think that several allegations within this subsection are partial, incomplete or one-sided scientifically, but it must be emphasized that the facts and theoretical standpoints mentioned above do express the scientifically formed opinions of the vast majority of the representatives of social sciences in Hungary – and outside Hungary.

Panning out about the corruption issue, one of the most important elements of the traditional public policy processes in Hungary is the underdevelopment of forms of legal and moral responsibility towards clients and customers (beyond forms declared within criminal law).

Provisions of public sector ethics – even the Ethics Codes made by self-governments – usually stick in declaring some general demands of behaviour, that is, they do not provide details, examples, concrete recommendations (Bencsik, 2015, p. 54–55). Moreover, 57% of the lobbying outside the Parliament tries to influence the competent authorities (*szakhatóságok*) concerning particular cases (decisions of the Executive). These characteristics increase the risk of both bribery and corruption (Simon, 2009, p. 135). Personal (i.e. non-institutionalised) interest enforcement is a strong tradition in Hungary and politics nourishes this practice.

2 Contemporary Delusions Concerning Public Administration and Administrative Sciences of the Soviet-Era in Hungary

Several stereotypes have been evolved in the last 25 years related to the preceding Hungarian public administration and administrative sciences, and here are some of them.

'Non-democratic, i.e., underdeveloped'

András Tamás warns of excessive generalisations about Hungarian public administration, saying, '[The] public administration of state socialism is effective and cheap in many respects, while in reality it is absolutist and less democratic: but it would be a mistake to consider it "underdeveloped".' (Tamás, 2001, p. 104)

'Public administration and administrative sciences existing before 1945 did not have any influence on post-war public administration and administrative sciences'

By losing its political identity, Hungary did not lose fully its legal and administrative identity (Tamás, 2001, p. 106). We may talk about some kind of continuity not only in the sense that our public administration has kept (preserved) some kind of European spirit also in the era of state socialism, but also that '[the] organisational activities of our public administration, the rules of management, its sample documents, moreover, file cover documents in 1989 are very much like the K. und K. administration of the era before the Great War' (Tamás, 2001, p. 108). Lajos Lőrincz (1991, p. 1064) considers this – if we like, material, if we like, formal – continuity the conservatism of Hungarian public administration: '(...) the advantage of the cursed slowness of Hungarian public administration is shown now, in so far as forty years was not enough to live up to its latest idol: due to its recklessness it failed to break up all its connections to Europe.' So in Hungary the certain 'deep structural' continuity of civil values was observable even in the Soviet-era (Hankiss, 1986, p. 92). Continuing this logic, there are significant reasons to believe that the values, attitudes and expectations of communism have persisted after the political transformation as well. This 'instinctive logic' and often unwitting motivation may not only be observed on the side of administrative clients, but – as referred to before – on the side of the administrative staff, as well. So, this system of values is observable mainly in the sphere beyond itemised law, in the attitude and self-image of the staff of public administration, and in the social expectations placed on public administration.

'Reappearance (revival) of certain solutions of the Kádár-regime is restauration of state socialism'

It is a fact that '[the] collapse of an empire-like public administration has a great sucking force which is able to bury a lot of things underneath' (Tamás, 2001, p. 104). However, it may also be observed that as we are getting further away from the 1980s, instinctive opposition towards the earlier solutions is disappearing: partly the fading of memories, partly the instinct of returning to the previous patterns, partly the need for adequate and practical answers given to necessities emerging from the different crises weaken the uniformity of rejection which gave a definite 'no' to everything which was somehow related to the power and administrative solutions of state socialism.

In some fields, the solutions of the Kádár-era have reappeared, even though, it must be added, not with the intention to return to Kádárism [many of them were not even evolved (created) within the era of state socialism], but mainly because these solutions seemed to be adequate answers to the new problems, especially in those fields where the possibility of state – and material – control significantly decreased after 1989: e.g. in the field of public education supervision we may experience the return of some important elements of the structure which existed till 1985.

Within this scope, the disposition of certain tasks to unsuitable types of organisations or levels after the transition has been another reason. In this regard it is enough to refer to the notion of district (*járás*); the name (and partly the institutional structure) abolished in 1984, returned to Hungarian public administration law in 2010 as an old-new institution.

In addition to the professionally and properly reasoned conscious steps the – previously mentioned – unconscious mechanisms work too: earlier researchers believed that citizens favoured/favour the village meeting and the institution of community debate to a public hearing (Hóbor & Varga, 1998, p. 291), for which the reason, in the case of the village meeting, is probably – in the opinion of the researchers – that the institution originates from the era of councils (Act I of 1975 on councils introduced it), and thus, it has a tradition of several decades in villages, and has been built into public knowledge as a ‘classic’ legal institution (Kiss, 2013, p. 20).

However, in summary, it may be stated that a return to models and institutions similar to the administrative solutions of the Kádár-era does not primarily result from nostalgia for socialism, but from two other factors: on the one hand, it is the result of a special and continuous ‘swinging’, on the other hand, the forces of the global economic crisis lead to solutions which shift the diverse administrative institutions (institutional systems) towards the growing need for state control and centralising solutions. The notion of swinging refers to the phenomena that at the time of the change of regime the rejection of the solutions of the previous system showed constrained forms: staying away from the magnified disadvantages of the previous solutions understated by politics, often buried the viable (partial) solutions, well-operating practices, but with regard to these, the two decades, which have passed, clearly showed which elements should be considered really antidemocratic, contrary to real public interests, maybe restricting individual freedoms, or which disregard the requirements of basic transparency and effectiveness, and of which partial reintroduction – in line with the requirements of the rule of law (typically ensuring some kind of legal remedy) – may be reasonable.

In addition to the above-mentioned information, the fact of the crisis resulted in the revival and spread of institutions – earlier linked to socialism – such as the conscious support of co-operative forms, which existed before, and the introduction and strong support of new forms of these co-operatives,

also via organisation, coordination and information supply (naturally, not by the pattern of the forced formation of co-operatives which happened in two waves in the 1950s and 1960s).

Some implications come from these stereotypes: even though these statements are oversimplified, they result in precaution even in the examination and also in the propagation of the re-invention of particular institutions or solutions set up or used in the Kádár-regime.

3 Peculiarities Observable in the State-Socialism and the Survival of Which Can Be Proven

What are those specialities – both within administrative sciences and within public administration practice⁴ – that show a kind of continuity spanning over the last fifty plus years? The main findings of the author's research work were as follows:

1. Positivist approach

Hungarian public administration and the science of public administration – traditionally – are very much of legal character. This is not changed by the fact that the most acknowledged researchers of the science of public administration (earlier Zoltán Magyar, in the near past, Lajos Lőrincz) often expressed their concerns about the one-sided legal analysis of public administration. Nevertheless, the analysis of public administration primarily with jurisprudential methods and from a legal approach is comfortable, because '(...) the questions of public administration may be homogenised legally, and its mechanisms have been consciously based on law since the beginning of the 19th century' (Tamás, 2011, pp. 67–68), therefore, this is determinative also in practice. According to the data of a survey published not long ago, the civil servants questioned – in their own opinion – spend exactly two-thirds of their office hours on legal activities, and this rate is slightly higher in the case of jurists working in public administration (68%) (Gajduschek, 2011, p. 395).

The latest article of Márton Gellén (2014, p. 111) also states that the basic framework of public administration education – as a major driver of public administration culture – is still dominantly legalistic. Although the National University of Public Service (NUPS) is the primary promoter of non-legalistic general PA in Hungary (launching a doctoral school is the first tangible step), for the time being NUPS cannot entirely detach itself from its heritage. Changing the curriculum will still require a lot of effort (Gellén, 2014, p. 119).

⁴ Administrative sciences and practice of public administration are deeply interconnected and because of that one of the basic premises of the given article is that several tendencies and relevant features gained from the Sovietic past do have an interpretable meaning for both phenomena. That is why we do not separate the consequences and implications caused by certain influences of the past in several cases within these two fields.

Legal-type examinations are still dominant; science concentrates on the present, and commentary becomes the most frequent type of Hungarian scientific literature. According to its self-concept, its role mainly consists of reactive and interpretative activities.

One of the main effects on the present state of modern law and jurisprudence originates from the break up with the exclusivity of divine natural law: the transcendent (moral) verification of the validity of positive law made by man was profaned in form of rational natural law (Cs. Kiss, 1994, p. 8). Even though the need to verify the validity of positive law with transcendent, the so-called meta-juristic (moral) principles have not vanished yet, the verification problem itself shifted into the dimension of the history of the non-created world. Pál Kecskés (2002, pp. 219–220) wrote, 'As the conservatism of the historical-legal school established in the concept of Romanticism considered customs, which appeared in the historical spirit, the origin of positive law, with the urging of the historical method, it significantly facilitated the creation of legal positivism', which, by rejecting metaphysics – thus the existence and role of God – considered only concrete, positive law as the only existing and valid law (therewith that in its opinion the only possible background reason of the created rules must be found in historical circumstances). In this approach, the notion of law is limited to the material (positive) law, of which only origin and, therefore, the interpreter is the state or the will of the state.

With the advancing of the positivism of the law, the separation/division of ethics and law (morality and legality) from the strengthening of legal positivism pushing the natural law approach to the background, there has been the following alternative solution to the question of the 'origin and nature' of legal validity: positive law becomes valid either through a decision delivered in a rationalised (legal!) procedure, and it does not need any transcendent justification beyond law, or there is a need for external justification, reliance on metajuristic (moral) principles (Cs. Kiss, 1994, pp. 8–9). At this time it must be stated that nowadays we may witness the slow strengthening of the natural law approaches, interpreted in the broadest sense. Regarding legal positivism, which can still be considered the ruling approach, the assumption is realistic according to which '[law] as momentum related to the system of norms and values, requires the certification of its validity, and the changing world of positive experience cannot serve as sufficient justification; it could remain in the shadow only till the wise spirit is tied down by one-sided natural scientific knowledge' (Kecskés, 2002, p. 220).

How do these approaches fit together with public administration, especially with the Hungarian public administration? As Rabin (2003, p. 7) states:

'In the philosophy of law, a major division exists between those who assume laws to be human artifacts without any inherent moral value (the positivist school) and those who assess laws in terms of their relation to a higher law

standard (the natural law school). Each school generates numerous ethical positions, but for our purposes we offer them in caricature as the positivist ethics of obligation and the naturalist ethics of conscience. As applied by those who are held accountable, the ethics of obligation calls for adherence to the explicit rules that define a situation. Here, we find the ethics of neutral competence that has been so central to the norms of (...) public administration. The ethics of conscience, in contrast, is manifest in efforts to have public administration adhere to some „higher standard” when engaged in the enforcement or implementation of the law. Here, again, we find various standards from „regime values” and „public interest” to „social equity” and „justice-as-fairness”.

The strengthening natural law approach of law may be viewed as a relative natural law system of reasons which is strongly formalised in space and time, in so far as its direct point of reference is often the direct pressure imposed by the crisis, i.e. the financial and other (e.g. natural⁵) crises ongoing since 2008. However, it must be noted that different natural law principles and approaches did not appear in Hungarian law/legal life longer than just in the past few years; it is a phenomenon which shall be viewed as a process and which has become ‘more significant’ in the reviewed period, mainly after 2010. The Hungarian restitution process was realised along the ‘actualisation’ of certain natural law principles (Prugberger & Szalma, 2003), in so far as the partial correction of the previous lawful decisions became possible because they were unjust, realised ‘arbitrary deprivation’ in a lawful way. Despite the process-like, gradual and ‘periodic’ features of the realisation of this new Hungarian legal and normative development (and also in the narrowly interpreted public administrative law) there is a slight possibility for a positive law – relative natural law – Christian natural law ‘line’. The newest natural law – on a possible Christian basis and with such content – is new because it does not trace back the provisions of positive law exclusively to the establisher of the substantive law or to the ‘historical’ principles, but considers the general principles and certain specific expectations of the given – in Hungary Christian – system of beliefs – with wide-scale social support – as a direct justification and necessary origin of a given rule. The appearance of rules directly referring to Christianity, or originating from it or having Biblical background is registered in Hungarian substantial law, with special regard to self-definition and to the form of program norms (Rixer, 2012, pp. 41–43).

This paper does not want to introduce the scientific methods and new paradigms that are to overcome the one-sided jurisprudential methods of analysis of public administration in a more detailed way. Nevertheless, as it has been obvious for a long time, a sort of inter- or multidisciplinary method is needed for a strong scientific and material framework,

5 The so-called red mud catastrophe of Kolontár has been the most serious environmental catastrophe of Hungary: on 4th October 2010 approximately 700 thousand m³ strongly corrosive dangerous sludge covered Devecser, Kolontár, Somlóvásárhely, Túskevár, Apácatorna and Kisberzseny, because a supporting wall of the red mud storage basin of the privately owned aluminium factory in Ajka broke.

which allows further conclusions. And on the other hand, beyond multi- and interdisciplinarity, it is unavoidable to re-establish the philosophic synthesis between legal norms regulating public administration and the facts of real operation. In general, it may be stated that due to the crises social sciences shall start examining the broader frameworks of the analysed phenomena more and more, instead of using descriptive methods analysing exclusively the ways of operation.

2. Lack of strategic way of thinking

Hungarian public administration and the science of public administration must be oriented by certain facts of the future. Regarding Hungary, such questions are the Roma issue (Rixer, 2013) and the possible effects of climate change.

Attila Ágh (2008, p. 11) states in one of his articles, 'The underfinanced and marginalised social sciences do not meet the needs of strategic planning within the society; they broke up into introverted sub-disciplines that mostly do not communicate with each other'. This phenomenon is to be avoided by contemporary administrative sciences in Hungary.

If we had to determine what the core characteristic of the 'good state' is, we could say that it is the ability to reflect on real social problems. Under ideal circumstances, we could also add that the fact and content of material response for real questions should not depend on what short-term political consequences it has for the decision maker...

It is a pre-question in the examination of public administration, positive law, the performance of public administration and the effectiveness of law enforcement that at what degree the state and society will provide answers to the urging questions of the coming years and decades.

3. Undue carefulness concerning the new methods and techniques for effective teaching

When the scope of administrative sciences comes to an expansion, the reasons behind that are not only external ones, but they also relate to the changes in educational methodology and didactics. To mention only one example, public administration and fiction is an emerging discipline also in Hungary, which aims at revealing the literary context of legal and administrative phenomena.

Nowadays 'Law and literature' courses become more and more popular worldwide and also in Hungary. Examining these attempts we may conclude that legal problems do reach the students through mainly fictitious literary stories instead of real cases. Accordingly, the idea of 'Public administration and literature' courses can be proposed as well.

Among the reasons to introduce such courses we could detect new demands on the side of the students, the pretense for the methodological renewal of teaching and also the fact that the National University of Public Service already offers MA levels in administrative sciences.

The author's latest paper – providing several examples – summarizes the main fields and subjects of public administration shown in fine literature and it also collects the genres by which those administrative topics are most frequently introduced (Rixer, 2015a).

4. Shortages within critical thinking, restricted scientific debates

The development of critical thinking traits is of central importance because the healthy operation of any science requires the existence of substantive critical attitudes.

The elimination of the most natural mechanism of healthy science in the era of state socialism, i.e., the partial abolition of free critical thinking, led to the situation in which real scientific debates have disappeared from Hungarian administrative sciences, mainly from administrative law. On the one hand, it means that there are almost no reactions to particular articles in the next issue; and on the other hand, reviews (*recenzió*) do not contain parts that point to the shortcomings and other weaknesses of the given book. It also refers to the problem that there are only two scientific journals out of seven in 2015 that provide substantial expert review/peer review (*lektorálás*).

5. Influence of party-politics on sciences causes classification of researchers by political considerations.

One of the prerequisites of scientific objectivity is the clear demarcation between political and scientific values that is provided by well detectable and reachable guarantees. Unfortunately, even under democratic circumstances we see examples of strong self-censorship (Takács, 2005).

6. Restricted influence of the sciences of public administration

The starting point is the dilemma: to what extent is science able to influence the creation of public policies, the law-making processes and the content of individual administrative decisions?

The Hungarian scientific literature shows that the relation between law-making entities and administrative sciences is occasional and the utilization of the results is doubtful and hardly plannable. It comes from the fact that public policy processes begin, but they do not often get to the end. There is no evaluation phase and closure; moreover, there are almost no programs that span over political courses.

The fragmentation of the relationship of sciences and living law is also caused by the fact that legislative impact studies – either preliminary or subsequent (posterior) analyses (law-reviews) – are very rarely added to the detailed legal provisions. However, it is also a fact that by the time anyone could start such a subsequent impact study, the given legal instrument is not in effect any more (Fazekas, 2011, p. 38).

All in all, it may be stated that the relationship between the results of the science of public administration and the standard of legislative

and law enforcement products exists, but – due to the strong politicization and the practical *lex imperfecta* nature of certain legislative rules – it is not consistent.

The state-political practice not only failed to hinder the examinations of the different segments of administration but, though selectively, it used the science if its aims and interest needed so. Nothing proves this better than the fact that numerous government decisions⁶ defined different goals and tasks from term to term, even though they contained common recurring items (Józsa, 2014, p. 166).

However, it would be a mistake to accuse exclusively politics of the problems of the relationship: we must ask the question whether the representatives of administrative sciences did their best to make this relation an organic one. It is obvious that in order to strengthen this connection it is the given scientific field that must show inner integrity in advance.

We may detect the lack of stable research institutes independent from the state budget and/or political parties in Hungary as well.

So, what are the general and constant features of public policy determining the relation of administrative sciences and public administration in Hungary?

A starting point of this point is that new Central-Eastern-European democracies established after 1989 did not build the political system on layered, sophisticated consultation procedures and institutional systems based on wide scale social participation, but – almost exclusively – on the Parliament-centred formation of political structures based on the principle of representation. Many believe that one of the great problems of societies getting out from under a dictatorship is that due to the lack of civil society filling the space between individuals and the state during their socialisation, the members of these societies could never naturally learn the identification of problems, the formulation of their interests, the exchange of their thoughts, and the harmonisation of different opinions, due to which the various problem-handling methods were not developed, either. From the public policy side it may be stated that in Hungary the legal and institutional requirements of representative democracy were fulfilled after 1990, but since then no material change has occurred towards participative democracy; this means that Hungarian democracy 'has frozen into' the level of representative democracy (Jenei, 2010, p. 95).

A further tendency, a feature which may be hardly separated from the one mentioned earlier, is that the all-time state – formed after the transition – imitates, reconstructs and replaces the civil sector through its conscious efforts, making it weaker. During the analysis of this, it must not be forgotten that in the economic and sociological literature of the past one or two decades the state, by undertaking the 'replacement'

⁶ Since 1990 until now more than 50 Government Decrees was accepted on the modernisation of Hungarian public administration.

and 'simulation' of the organisation of market and self-regulating social mechanisms, and the political organisation of society, eventually hampers the connection between political decision-making mechanisms and the actual fragmentation of the interests of society.

Within the state-led and legal type transition at the very end of the 1980s, organised civil society, even though it is obvious that it was strengthening during that period, 'was not the foundation nor the driving force of that transition' (Rixer, 2015b, pp. 74–90). That transition appears mainly as a non-organic, non-revolutionary shift, which took place due to predominantly external and economic reasons. The weakness of the civil sphere was detectable not only in political, social, religious and other autonomous fields, but also within the features, integrity and power-dependence of scientific communities. The biggest danger concerning administrative sciences existing after the collapse of communism is that it tends to accept unnatural things as during the 'change of regime', conscious and natural mechanisms of proactivity beyond mere defence had not been built up. This approach to science is limited to commenting what happens, and though with critique, it is ready to accept whatever comes...

In addition, it must be mentioned that such scientific descriptions of public administration do also exist, which do not show or even hide the current reality by introducing the possible scenarios for the future. For example, the traditional Weberian concept of bureaucracy is still strong and dominant in public administration, and this fact has been questioned rather in academic debates (Johnson, 1999, p. 204) only within political and administrative sciences offering brand-new models.⁷

7. Weaknesses in terminology and dogmatics

Related to the linguistic tasks the most important question is whether there is a real need of an institutionalised, conscious neology in Hungary let it be everyday language or the special terminology of administrative sciences. The language, linguistic environment, the framework with which its highly regulated nature keeps together and from several aspects determines certain features of, and the dogmatics of, public administration. Language, expert terminology/dogmatic continuities, and their role in influencing scientific-professional, scientific-ethical directions are impossible to overrate (Rixer, 2014, p. 48). In the case of small languages shaping and actuation of scientific communities especially require the existence and continual maintenance of an independent specialised terminology. The UNESCO 'Guidelines for Terminology Policies Formulating and Implementing Terminology Policy in Language Communities', published in 2005, urging the establishment and upkeep of national terminology policy, draws attention to the fact that if the professional terminology of a language does not develop in certain subjects or the development is very slow, it may happen eventually that in today's speedy technological

⁷ See e.g. the description of subsidiary model of governance (Frivaldszky, 2012).

development material communication cannot be performed after a while in the given language in certain professional fields (this means that the functional loss of language functions may occur), and this may lead to the exclusion of unilingual communities from scientific development (Böcskei, 2011, p. 28). This problem may be raised in relation with the direct use of English language terminology in the science of public administration – in the lack of Hungarian equivalents.⁸

The contemporary Hungarian terminology is poor in some aspects, e.g. the word *kormányhivatal* – as a legal term – has two different meanings in today's substantial law in Hungary: on the one hand, it appears as a type of central state administration organisation (translated as government agency) with nationwide competence, and, on the other hand, it is the territorial (county and metropolitan) state administration organisation of the government with general competence (translated as metropolitan and county government offices).

The dogmatics of administrative law needs a renewal in many ways in Hungary. Such questions are the problem of para-administrative organisations (Lőrincz, 2005, pp. 141–142) or the need for the elaboration of a theory of administrative legal relations. The differentiation of the notions of co-regulation and co-decision seems to be unavoidable as well.

If we would like to find the most important reason behind the shortages within the dogmatics of administrative law, we must realise that Hungarian administrative sciences have chosen 'conservation supplemented by constrained adaptation' instead of the renewal of dogmatics.

'The further existence of the practices of state socialism and its „reconisation” in the process of the transition are not only present in the basic elements of public law/political/state organisational establishments, but also in the sciences of public administration. The continuity of dogmatic and scientific approaches means, at the same time, the presence of highly similar notions and terminology (specific linguistic expressions) appearing at the level of legal norms, and of the continuous revival of scientifically accepted approaches, paradigms, canonised by the few players who know each other well' (Rixer, 2014b, p. 53).

8. Shortages of relations with Hungarian scientific communities working outside Hungary

The intensification of relations with Hungarian scientific communities working outside Hungary/beyond the borders of Hungary is needed (Rixer, 2014a, p. 16). Such relations are mostly missing or are accidental; programs of those communities or independent researchers are isolated from the representatives of the mother country who work within the same field of science. In connection with this it must also be mentioned that even though the most widely interpreted administrative disciplines

⁸ The conference entitled 'The Renewal of the Hungarian Language and Hungarian Legal Language', organised by Lőrincz Lajos Research Group on 5th December 2013, also drew attention to the importance of that question.

(basics of management, public administration law, etc.) are present at courses of the neighbouring countries conducted in Hungarian (or are available in Hungarian, as well)⁹, it may be observed that the results of publication activities of researchers – with Hungarian as their mother tongue – teaching and living there are available mainly in English or German language publications.

9. Researchability of Hungarian public administration. Accessibility of materials in English

Having scientific ‘catalyzers’, by which particular institutions and certain solutions of a given state can be observed within their broader context, serves as a precondition for participation within international public life of science. It results in a situation in which foreign researchers do not have to ‘excavate’ the whole legal system and the superstructure of the administrative system of the given country again and again, one by one.

In 2010 a project was completed under the supervision of academician and professor Lajos Lőrincz, which aimed at analysing the public administration of each EU member state based on previously selected aspects [the result of the research is the following work: Szamel K., Balázs, I., Gajduschek Gy. & Koi, Gy. (Eds). (2011). *Az Európai Unió tagállamainak közigazgatása*. [Public administration of the member states of the European Union] Budapest: Complex. Moreover, the enhancement of the research of Hungarian public administration by external actors (by researchers from abroad) was also needed. This goal was facilitated by the book entitled *Hungarian Public Administration and Administrative Law*, presenting Hungarian public administration as a whole and in a complex way in English. It has come to fruition as a result of the cooperation between Lajos Lőrincz Research Centre for Public Law and the National University of Public Service (NUPS). Publishing the *Hungarian Public Administration and Administrative Law* was especially reasonable, because no book presenting the Hungarian public administration as a whole and from the aspects of several fields of science has been published in English or in any other foreign language before.

There are several explanations for the preceding lack of a comprehensive work presenting the Hungarian situation. Among these the most obvious is the one that assumes the relative isolation of the science of Hungarian public administration and supports its findings mainly with the internal structure of the science of public administration, with the traditional and significant relationship of public administration to a specific form of state, and with reference to linguistic limits.

9 E.g.: Babeş-Bolyai Science University, Faculty of Law (Cluj Napoca, Romania); Selye János University, Faculty of Economics (Komarno, Slovakia); Novi Sad University, Faculty of Economics (Novi Sad, Serbia); College of Nyíregyháza, Faculty of Economics and Social Studies – Berehove Campus (Berehove, Ukraine). Regarding certain relations of Hungarian erudition abroad which exceeds the limits and subject of this essay see Fábri (2011).

In addition, there is also a special reason behind the partial isolation of contemporary administrative sciences in Hungary that evolved within the era of state-socialism (Halász, 2015, p. 32):

'The Soviet legal norms and the works produced by the Soviet legal science had to be translated (...) [but] the personal contacts with Soviet scholars and colleagues were very limited because the 'iron curtain' existed not only between the socialist states and the western countries but also between the socialist countries and the Soviet Union. These contacts were more or less occasional'. These circumstances and the consequences of the abovementioned effects do have a strong impact even today, related both to the knowledge of foreign languages and the number and intensity of scientific relationships with foreign researchers.

10. Dominance of individual researches

A trend is to be shown in Hungary both in political sciences (Antal, 2011, p. 136) and in social sciences in general: the representatives of these sciences do seek international connections individually. Moreover, the dominance of books written by one author (without co-author) is visible, while prosperity of a given science depends on the existence of prestigious authors having multiple relations.

The Hungarian science of public administration has always been person-centred with some outstanding researchers whose interest field and orientation determined not only the characteristics of education and research but the line of the professional resupply, as well (Józsa, 2014, p. 165).

11. Shortages of the connection between representatives of administrative sciences and administrative authorities in Hungary

Related to the fact-finding researches we could say that scientific collaborations do operate mainly by the involvement of local self-governments (*helyi önkormányzatok*); the cooperation with state administrative organisations (*államigazgatási szervek*) is really rare, moreover, the forms of such cooperation are still rudimentary.

During the era of state socialism science had been under the control of the state; nowadays the state just fears the researchers and carefully backs off in many situations. The result is almost the same: the existence of a public administration that is hardly accessible for sciences. Nevertheless, there are some up-to-date initiatives, e.g. an important empirical research was carried out by the 'MTA-DE Public Service Research Group' of the Faculty of Law at the University of Debrecen and the Hungarian Academy of Sciences, headed by professor Tamás M. Horváth. The local government of Hajdúböszörmény also assisted that work by providing the necessary public data and information, as well as in finding the way to actors/representatives of bodies being in charge of the respective services at local level (Horváth & Bartha, 2014). Moreover, the assessment of the experiences of the existing pilot projects and the recovery

of the researches based on the utilization of the knowledge obtained from self-made pilot projects is also a promising development within the direct analysis of administrative practices in Hungary (see e.g. the results of the Ereky István Research Group of PPKE JÁK, Budapest) (Gerencsér, 2013).

During Socialism the methods of the analysis of the work processes were quite prevalent; since the fall of the Iron-curtain there has been a strong decrease, but the increase of such methods, ways of research is predictable again, parallely with the development of the scientific frameworks.

12. Lack of processing the achievements of the Hungarian sciences of public administration between 1945 and 1990

The shortage of the presentation and evaluation comes at least partly from the fact that the grouping of the authors and the existence of stable sights and consensuses for the evaluation of contemporary administrative sciences are almost completely missing. It seems as if the representatives of contemporary Hungarian administrative sciences deal more with the institutions of public administration and the situation of administrative sciences in the era of dualism (1867–1918) and with the period between the two world wars rather than with the similar phenomena of the post-war period (1945-1990) (Aczél-Partos, 2008; Halász & Schweitzer, 2015; Koi, 2015; Koi, 2013; Verebélyi, 2010).

The most intrinsic problem comes from the fact that any science which doubts its own past will be always sceptical towards its present and future. The difficulties of the research work in this field come from the fact that the comprehensive evaluation of the given discipline, the evaluation of the post-war period has not happened yet. There are so many reasons for that, the most important of which are the following:

- a) The lack of clearly separable scientific schools. It comes from the relatively small number of the representatives of the given fields, which results in the constant pressure for cooperation. On the whole, real competition conditions have not evolved yet. We may mention only different streams, directions, influential tendencies – instead of separate schools. Moreover, these ‘streams’ do not compete with each other, they rather follow each other.
- b) Those studies which undertake a kind of evaluation related to administrative sciences after 1945 often introduce their findings in extreme ways: they either absolutize negative tendencies (Jakab, 2008), or exaggerate the positive ones (Józsa, 2014; Szamel, 2010).
- c) The lack of serious political impacts on the given fields of science, visible personal continuity, the fact that researchers were charged with significantly growing researches in numbers, the growing number of researches financed from abroad, and the rising international relations made it possible and also necessary to avoid the comprehensive evaluation of administrative sciences after World War II.

- d) It also serves as an obstacle for the elaboration of post-war trends within administrative sciences that personal, political and professional aspects are fairly often mixed up concerning a given scholar. Moreover, some opinions do still function as political statements.
- e) Low availability and accessibility. Nowadays approximately 90% of all the scientific contributions are published somehow, and it reaches the broad public, but before the 1990's the very same index number was not more than 15–20% in Hungary [in the author's estimation]. In addition, even if some of those materials were printed by former techniques, the number was limited to 2 to 5 copies in many cases. Unfortunately, the collection, conservation and processing of materials written or printed between 1945 and the fall of the Iron Curtain is not organised or ordered at all; many of the most important materials still belong to private libraries of individuals.
- f) Memoirs and edited reminiscences are completely missing among the scholars belonging to this field of science; i.e. the indirect information on the public administration and administrative sciences of the era in question is still missing. Even though the development of technical tools is accelerating, this knowledge of intrinsic tendencies and other 'secrets' disappears easily within a few years or decades without gathering consciously the basic elements of the 'oral history' from the older generation.

For example, the most important features, directions and scientific results of the Magyary school, which existed before World War II, are well presented – but we still do not know how Magyary was able to influence and affect the poorly paid members of his team... This piece of information could be obtained only from records of scholars around Magyary.
- g) It was not a prevalent or even an acceptable practice to criticise living people, belonging to the same scientific field, publicly.

4 Comparative Aspects

Beside the internal analyses of administrative sciences of a given country, international comparison gives a broader and more detached picture. Moreover, the best solution is the analysis of countries, the history of which makes it possible to compare the Hungarian processes with those of the countries with fairly similar past. Actually, it requires an inquiry reflecting on the particular differences and similarities of countries that formerly belonged to the Soviet-bloc.

The quality and the transparency of governance is an important dimension of any state, moreover, it is also an important aspect by which states can be easily compared by independent researchers and also by international actors such as Freedom House or Transparency International. According to our current issue,

the comparison of the features of particular fields of public administration of the countries of Central and Eastern Europe has been mainly founded on the grounds of surveys in 'transitional states' or 'post-communist states'. We can observe that the most regular aspects of comparison were – and they still are – the steps of institutional transformation of the political and economic superstructures (Soós, 2011; Cook, 2007; Jackson, Klicj, & Poznanska, 2005; Felkay, 1997), the corruption (Sajó, 2007), the instruments of civil control over the public administration (Ekiert & Foa, 2011), the human resource management in public administrations (Houston, 2014), the new forms of the provision of financial resources of local self-governments (Coulson & Campbell, 2008; Elander, 1997) and some specific fields of growing importance (Carmin & Fagan, 2010; Lazdinis, Carver, Lazdinis, & Paulikas, 2009).

The author has made an attempt to clarify the absolute position of the approaches and the attitudes of contemporary Hungarian administrative sciences towards their recent past. It was worked out by a questionnaire (survey) sent to 125 scholars representing 18 countries (Albania, Armenia, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia, Serbia, Ukraine) that belonged to the former Soviet-bloc (plus Yugoslavia). There were three questions on the list, the first two of which were closely connected with the post-Soviet issue:

'Currently I research the past, the present and the near future of Hungarian administrative sciences. Working in this field it occurred to me whether the experiences and main observations in this context are the same in other states that formerly belonged to the Soviet bloc or not. I have formulated three questions, and I would be pleased if you could answer them – even if your answer is really short.

1. Do you face any direct consequences (implications) of the era of state socialism within the contemporary administrative sciences of your country? If yes, what are these [e.g. personal continuity, lack of external relations, lack of knowledge of languages, weaknesses and shortcomings of dogmatics, permanency (endurance) of old terminology]?
2. Have handwritten, typed or other not printed materials, documents of high value (belonging to the field of administrative sciences), from the era between 1945 and 1990, been collected, catalogued and processed consciously in your country since the change of the regime?
3. (...)

Forty detailed answers arrived from 14 countries at the beginning of the previous year (2015), and this number was high enough to draw some conclusions.

Ad 1. The vast majority of the respondents alleged that personal continuities linking sciences of the Soviet-era with the last 25 years have ceased

by that time. Nevertheless several phenomena of the past influencing contemporary administrative sciences (mainly administrative law) were mentioned. There is a lot of evidence about path dependence: a) though not the same persons are within the same positions, the selection and career mechanisms are still almost the same, and cause many problems, even contraselection; b) many respondents mentioned weaknesses in dogmatics and terminology; c) the lack of proper knowledge of foreign languages is also detectable; d) in many post-Soviet countries the absence of PhD in public administration can be seen; e) there are several old reflexes in the representatives of administrative authorities related to scientific researches; f) public administration education is still dominated by legal subjects in most of the countries.

Beyond the persistent impacts of the Sovietic era on administrative sciences, the notion of path dependency is often connected with several aspects of the current public administration as well. The strategic dilemmas and problems of institutional design involved in the transition from state socialism to democratic and market-orientated societies are almost always addressed in the articles and scholarly essays that try to tackle the issue of path dependency in post-socialism (Hausner, Jessop, & Nielsen, 1995; Johnson, 2003). As Magnin (2002, p. 73) states: 'However, Hungary is still facing serious problems of sectorial, regional and social disparities. The major part of these disparities has been inherited from the socialist period, such as the development gap between the eastern and the western part of the country or the Roma situation'.

Nevertheless, the post-communist features do not show up as if they were the only heritage of the past: the defense or the restoration of certain pre-1989 structures and values is often coupled with the defense of national identity, a national path of modernization in face of a global supranational capitalism, in form of a stronger representation of nationhood and the nation state (Márkus, 1998).

Ad 2. A detailed description of the administrative sciences of the given era is missing almost everywhere. Among the reasons we may find a) insecurity and fear deriving from over-politicized public life; b) conscious collection of written and other materials created during that period is missing in most of the countries; c) moreover, the lack of memoirs that contain elements of the 'oral history' is a constant phenomenon in the whole region.

5 Conclusions

To sum up, we have to list some suggestions as well. Suggestions that could be helpful in connecting the recent past of administrative sciences in Hungary with their present and future.

Firstly, all the scientific journals must be peer-reviewed – not only formally, but in reality. Secondly, the renewal of terminology shall not be avoided; this renewal can not be confined to the adaptation of the adequate EU terminology and wording. Thirdly, deliberate gathering of all the materials arisen within that period of time is enormously important, also. At least partly, it can be done by the extension of the LUDITA (Ludovika Digital Knowledge Repertory and Archives). LUDITA is a digital knowledge repertory which represents the intellectual wealth and research productivity of the National University of Public Service and is able to store and make documents, which were made during the educational and research work, and are worthy of preservation, researchable in full text and other multimedia formats (<http://ludita.uni-nke.hu/ludita>). Its purpose is to index, publish and archive educational and research achievements made at the faculties and their organisational units, inter-faculty institutes, doctoral schools, academic study groups and special colleges. LUDITA contains six repositories – separated in themes, divided into collections –, as well as a university academic cadaster.

And lastly, there is an urgent need for life story interviews with the most accepted and influential elderly representatives of the given field of science. The importance of these interviews comes from the fact that facts can be collected without the direct evaluation of any person; though the chances for this are given to the next generations.

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POVZETEK

1.04 Strokovni članek

Postsovjetske lastnosti madžarskih upravnih ved

Pojem »postsovjetski« se nanaša na posebnosti širšega območja držav, ki so bile pod sovjetskim vplivom v Srednji in Vzhodni Evropi pred letom 1989, vključno z Madžarsko. Postsovjetski je v tem pomenu neke vrste sinonim za izraz »postkomunističen«.

Sovjetski sistem znanosti se je odražal v širšem gospodarskem in političnem redu sovjetske družbe in je bil centraliziran in avtoritaren. Raziskovalci so bili porazdeljeni v treh glavnih področjih znanstvene dejavnosti: v univerzitetnem sistemu, v sistemu raziskovalnih inštitutov Akademije znanosti in v raziskovalnih organih znotraj ministrstev ali drugih oblik državne uprave. Znanstveniki so s svojim znanjem lahko vplivali na državne ukrepe le, če je bilo neko vprašanje, na primer okoljska problematika, že na političnem dnevnem redu.

Pred *glasnostjo* so se resne sovjetske analize znanosti z analizami zahodnih strokovnjakov pogosto ujemale v ugotovitvi, da sovjetski znanstveni sistem ni dosegal dovolj dobrih rezultatov. Strokovnjaki na obeh straneh so sovjetsko znanost dojemali kot v osnovi zdravo, njen razvoj pa naj bi ovirala okornost birokracije. Od glasnosti dalje pa so bile sovjetske in postsovjetske ocene manj optimistične, saj so ugotovljale, da je v znanost prodrli birokratski sistem, in sicer tako močno, da je bila kakovost znanstvenega osebja zelo osiromašena. Kazalo je, da je posledica sovjetskih izkušenj potencial za regeneracijo manjši, kot so domnevali.

Glavni namen tega članka je podati odgovore na vprašanja: »Ali je res, da je struktura treh glavnih stebrov madžarske znanosti ostala bolj ali manj nespremenjena?«, oziroma »Ali politični dejavniki še vedno negativno vplivajo na določeno znanstveno področje?«. Če je tako, »Ali je trenutno stanje povezano s preostalimi dejavniki sovjetske preteklosti? V kolikšni meri so trenutne lastnosti posledica preteklosti?«

Za analizo postsovjetskih lastnosti madžarskih upravnih ved bi morali, prvič, zbrati in predstaviti tradicionalne procese javne politike, ki so stabilni in so prestali več političnih sprememb, kot tudi njihove najpomembnejše elemente, ki neposredno ali posredno vplivajo na metode in rezultate znanstvenih raziskav. Drugič, treba bi bilo opredeliti tiste stereotipe, ki se redno pojavljajo v sodobnih znanstvenih opisih v obdobju državnega socializma na Madžarskem brez zadostnih znanstvenih argumentov. Tretjič, treba bi bilo predstaviti in pojasniti trenutne značilnosti upravnih ved na Madžarskem, ki kažejo tesno povezavo s procesi pred letom 1989. Nenazadnje pa postaviti ta vprašanja

v širši kontekst, saj so ugotovitve in ugotovitve in trditve, povezane s sedanjimi madžarskimi upravnimi vedami, postale lažje dostopne in razložljive, če jih primerjamo s postsovjetskimi lastnostmi drugih držav, ki so spadale v sovjetski blok.

Navedeni vidiki upravnih ved niso dovolj pojasnjeni; javna uprava v postkomunističnih državah je tema, ki ni zadostno raziskana. To pomeni, da so osnovne raziskave mogoče in potrebne, saj so akademski predhodniki in predhodno zbrani podatki, na katere bi se lahko oprli, le redki.

Glede na metodologijo, uporabljeno v tem članku, je treba poudariti, da so vplivi in posledice politike glede madžarske javne uprave ter upravnih ved v več primerih skoraj enaki, kljub temu pa smo jih poskusili razložiti, kjer je bilo mogoče.

Najpomembnejše lastnosti delovanja države sovjetskega tipa (kot tudi javne uprave) v nekdanjem »vzhodnem bloku« imajo trojni pomen glede stanja sodobnih upravnih ved na Madžarskem: prvič, te lastnosti in dejstva so relevantni še vedno lahko, če nekdo raziskuje današnje upravne institucije; drugič, ti podatki so primerni za mednarodno primerjavo nekaterih razvojnih dejavnikov; in tretjič, predvidevati moramo, da te posebnosti globoko vplivajo na trenutno prakso in to ne le javne uprave, ampak tudi celotne znanstvene skupnosti – celo dve desetletji ali tri desetletja pozneje.

Poleg analize upravnih ved določene države daje mednarodna primerjava širšo in bolj nepristransko sliko. Najboljša je analiza držav, katerih zgodovina nam omogoča, da primerjamo madžarske procese s procesi v državah s podobno preteklostjo. Pravzaprav bi bila potrebna raziskava, ki bi ugotavljala razlike in podobnosti držav, ki so nekdanj spadale v sovjetski blok.

Kakovost in preglednost upravljanja sta pomembni razsežnosti vsake države, poleg tega pa sta pomembni kot vidik, na podlagi katerega lahko neodvisni raziskovalci in mednarodni deležniki, kot sta *Freedom House* ali *Transparency International*, primerjajo države. Primerjava lastnosti določenih področij javne uprave držav Srednje in Vzhodne Evrope je večinoma temeljila na anketah v »tranzicijskih« ali »postkomunističnih državah«. Vidimo lahko, da so bili – in so še vedno – najobičajnejši vidiki primerjanja: potek institucionalnega preoblikovanja političnih in ekonomskih superstruktur, instrumenti civilnega nadzora nad javno upravo, upravljanje človeških virov v javnih upravah, nove oblike financiranja lokalnih samouprav in nekaj pomembnejših specifičnih področij.

Avtor je poskusil pojasniti odnos sodobnih madžarskih upravnih ved do nedavne preteklosti z anketo, poslano 125 strokovnjakom iz 18 držav (Albanije, Armenije, Bolgarije, Hrvaške, Češke, Estonije, Gruzije, Madžarske, Kazahstana, Latvije, Litve, Poljske, Romunije, Rusije, Slovaške, Slovenije, Srbije in Ukrajine), ki so bile del nekdanjega sovjetskega bloka (ali Jugoslavije).

Na seznamu so bila tri vprašanja, od katerih sta bili prvi dve tesno povezani z lastnostjo postsovjetskosti.

Večina anketiranih je navajala, da so se osebne vezi, ki so povezovala upravne vede sovjetske dobe z zadnjimi 25 leti, do zdaj prekinile. Kljub temu obstajajo številni pojavi iz preteklosti, ki vplivajo na sodobne upravne vede (večinoma upravno pravo). Veliko je dokazov o odvisnosti od preteklosti: a) čeprav iste osebe niso na istih položajih, so izbirni in karierni mehanizmi še vedno skoraj enaki in povzročajo veliko težav, celo kontraselekcijo; b) veliko anketiranih je omenilo pomanjkljivosti v dogmatiki in terminologiji; c) mogoče je zaznati pomanjkanje ustreznega znanja tujih jezikov; d) v številnih postsovjetskih državah je mogoče opaziti odsotnost znanstvenih doktoratov v javni upravi; e) pri predstavnikih upravne oblasti ostajajo številni stari odnosi, povezani z znanstvenimi raziskavami; f) pri izobraževanju na področju javne uprave še vedno v večini držav prevladuje pravna tematika.

Analysis of Some of the Unanswered Questions That the Labour Collective Bargaining Presents Under the Framework of the Spanish Public Administration

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ABSTRACT

The collective bargaining over working conditions of employees in the Public Administration service finds a number of features that in some cases do not always have a clear legal protection and in others, they have some specific characteristics exclusively in the public sector, thus making it necessary to proceed to its analysis.

Keywords: public administration, collective bargaining, labour personnel, collective agreement

JEL: K31, K40

1 Introduction

This article, written following an analytical methodology, with legal analysis for legislation and jurisprudence, and hermeneutics methodology, with legal interpretation of the issues raised, aims to deepen the knowledge of some factors that particularise collective bargaining over working conditions in the public sector, specifically in terms of legitimacy to negotiate and limitations to the negotiating field.

In order to analyse some of the peculiarities of the process of collective bargaining over working conditions of employees in the service of the Public Administration in Spain, it is necessary to know a number of things:

First: In Spain, following the mandate laid down in Article 37 of our Constitution, namely: 'The Law will guarantee the right to collective labour bargaining between representatives of workers and employers as well as to the binding force of the agreements', collective bargaining is to be regulated by Royal Decree Law 2/2015, of October 23 by which the revised text of the Law of the Statute of Workers, hereinafter SW, is approved.

The SW gives its Title III, Articles 82 to 92 to organise the collective bargaining process and to regulate the figure of collective agreements. Thus, it is necessary to understand that there is no other channel to achieve the collective bargaining 'labour' agreement but rather the channel provided by its own SW. Collective agreements which comply with the procedure stipulated by the SW, will have regulatory efficiency while, on the contrary, if the negotiating parties do not agree to negotiate in accordance with the criteria determined by the SW, the 'in theory' resulting agreements will have no binding force beyond the compulsory nature typical of a signed contract *inter partes*.

From the foregoing, the collective agreement regulator of working conditions is a statutory collective agreement.

Second: When identifying the parties entitled to promote the negotiation of a collective agreement, SW Article 87 comes to distinguish two areas or two different areas, namely: one, corresponding to collective Company agreements, business groups or group workers with specific professional profile; and the other, corresponding to sectoral agreements.

Whenever the Public Administration holds in its contractual relationship with their working civil servants a position of company, the test for standing under SW Article 87, for which we would have to choose is the first of those described above, i.e. the company.

Third: In the field of Public Administration when workers are identified as service providers, we use the term public servants/employees. Within civil servants, Article 8.2 of Legislative Royal Decree 5/2015 of 30 October, by which the revised text of the Law of the Basic Statute of Public Employees is approved, hereinafter BSPE, is to distinguish four types of employees, namely: civil servants, acting officials, labour staff and temporary staff. Of these, a hired labour personnel is understood to be that hired according to any of the procedures laid down in labour legislation.

Fourth: In collective bargaining, the BSPE endows Articles 31 to 38, Chapter IV, to regulate the collective bargaining process involving public employees, without their differentiation among the different existing modes of public employees while its Article 32.1 specifically states that 'collective bargaining, representation, and participation of public employees with employment contract shall be governed by labour legislation, without prejudice to the provisions of this chapter expressly applicable to them.'

Starting from the exposed ends we have to understand that the regulatory framework of the collective bargaining process for employees at the service of the Public Administration, is sorted on the basis of the SW, bearing in mind the particularities provided by the BSPE.

What are the particular or differentiating elements of the collective bargaining process presented by the public sector versus the private sector?

Without being the only differentiating factors, we will make two basic assumptions, namely: the identification of persons authorised to negotiate and the setting of specific restrictions on the contents of the collective agreement, specifically on remuneration.

2 Identification of the Persons Authorised to Negotiate a Collective Agreement of the Public Administration

According to the SW Article 87, the Works Council, the staff representatives or union sections which, as a whole, join the majority of the members of the Works Council, are entitled to negotiate collective company agreements, on the side of workers. This approach, which would put the Administration as a legitimate part of the Company side, should not raise any controversy, if not because, in practice, it is not accepted as a decisive criterion for identifying the persons authorised in the negotiation processes carried out in the public sector. Faced with SW Article 87.1 cited above, BSPE Article 33.1 foresees that collective bargaining of working conditions of civil servants is carried out 'through the exercise of representative recognised unions...', approach that leads to recognise the legitimacy representing the workers, the most representative trade union representatives, approach typical of the negotiation at the supra business level or sectorial level.

The first thing we would deduce from a textual reading of BSPE Article 33 is that we have a criterion of legitimacy that is not widely applicable to all public employees but exclusively to civil servants so, in regard to staff labour, it would result from applying the rule of SW Article 87.1, which recognises as legitimate in the negotiation, first, the bodies of unitary representation, namely, staff delegates and works councils. While this criterion is originally adopted by the Spanish Case Law (see judgments of the Supreme Court of February 15, 1993, December 20, 1995 and July 7, 1997), it is not the only line with existing jurisprudence, highlighting a second line in the opposite direction that came to recognise the legitimacy exclusively to trade unions (see judgments of the Supreme Court of December 15, 1994, April 30, 1996, and June 21, 1996).

The presence of these opposing positions and legal uncertainty of them derived, ends leading to the judgment of the same body, of December 21, 1999¹, which diverges from the criteria of SW Article 87.1, recognising the existence of a 'peculiar negotiation unit'. To this end and bearing in mind the provisions of the aforementioned judgment, it has to be from a mixed approach under which we adopt collective bargaining at the enterprise level, the criterion of business standing, while we adopt collective bargaining at the sectorial level or supra business level, the legitimacy

¹ RJ/2000/528

of the workers' representatives. Therefore, the rules differ depending on the legitimacy of the parties concerned, applying the criteria of SW Article 87.1 on the company side and SW Article 87.2 (coinciding with BSPE Article 33.1) on the workers.

This configuration of a mixed negotiating unit, recognised mainly by the Spanish Case Law from the 1999 ruling, clashes with the lack of a legal mandate to justify it, since it cannot be grounded through BSPE Article 33, especially when it only mentions civil servants. It is not the competence of our courts the ex novo creation of a legal norm, especially when the recognised criterion is entirely unrelated to the rules of legitimacy provided by the SW.

On the other hand, despite the recognition made by the Supreme Court in its 1999 ruling by which the rule of legitimacy 'can find exceptions in those cases where the organisational structure of the entities in the bargaining unit is relatively simple' (Sala Franco, Blasco Pellicer, & Altés Tarrega, 2001, p. 19), the reality is that recognising the legitimacy negotiating for the most representative trade unions, has been confirmed as the prevailing rule; recognition, I come to understand, is justified by the vagueness of the 'relatively simple' expression.

3 Fixing the Contents of Specific Restrictions of the Collective Agreement: The Remuneration System

Facing generic recognition where in matters of collective bargaining Article 37 of the Spanish Constitution carries out, the Constitutional Court has come to recognise the possibility of introducing restrictions on collective bargaining². In this respect, concerning the employees at the service of the Public Administration, the BSPE has come to order some materials, sorting what must be known and respected by the collective agreements. Among these materials we can emphasise access to public employment and selective systems, the provision of posts and mobility, disciplinary measures or plans of equality, to name some subjects. However, one of the most relevant subjects that composes it is the remuneration system.

In this regard, BSPE Article 27 provides that 'the remuneration of the workforce shall be determined in accordance with labour legislation, the collective agreement that is applicable and the employment contract, always respecting the provisions of Article 21 of this Statute'. In this regard, BSPE Article 21.2 foresees that the remuneration amounts provided for by the agreement may not be subject to increases higher than those expected annually in the Law on State Budget. Thus, through collective bargaining the distribution of the compensation burden between different wage concepts can be estimated without thereby posing salary increases higher than those expected annually in the Law on State Budget.

² STC 210/1990, 20.12.

In any case, the limitations are valued on the salary mass which is not equivalent to recognise that wage increases should be linear between all workers. Therefore, we must play with two elements, namely: what do we mean by total payroll? How is it operated on the salary mass?

Salary mass shall mean the set of wage compensations and fringe benefits as well as the costs of social action accrued during the previous financial year, excepting in any case compensation for suspension or termination of the employment relationship as well as those resulting from transfers, supplemented expenses and contributions to the Social Security of which the company is in charge of as well as benefits and compensations of the Social Security (Torrents Margalef, 2007, p. 1283).

As to the second question, a limit to the maximum of the salary mass is recognised but not how to proceed to the distribution of this mass, which will be conditional to what is determined through the collective bargaining process. With them, the increases and salary adjustments are not of a linear character.

The lack of respect to control over the increases of the salary mass beyond the limitations arising from the Budget Act, will determine the illegality of the agreement.

4 Conclusions

In spite of starting from a recognition of the channels provided for in SW Chapter III with respect to computing processes of collective bargaining and its substantiation in the collective agreement, the reality is that the negotiation process within the public sector presents a series of particularities that come even in the field of legitimation to set up *ex novo* an ordering rule devoid of explicit regulatory support.

It is not understood in this sense that, after the successive legal reforms, a change in the standing determination of who holds the parties has not been made. For this reason, it would be advisable to rephrase the wording of SW Article 87 or recognise a specific regulation on legitimation, through BSPE.

On the other hand, as to the limitations on the contents under negotiation it is clear that it cannot recognise freedom of negotiation as an absolute principle but, on the contrary, it is subject to a number of limitations that do not operate implicitly, but present an explicit recognition.

The recognition of an express limitation to salary increases based on the provisions of the Law on General State Budgets may ask us discussion points in view of the lack of specification of the kind of administrative entity to which it is applied. Obviously it has repercussions on any administrative entity but it is true that the economic solvency posed by different administrations,

especially regional, is not the same. Therefore, a uniform limiting criterion, beyond the duty to control spending, may result in some discriminatory form.

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POVZETEK

1.04 Strokovni članek

Analiza nekaterih neodgovorjenih vprašanj, ki se postavljajo ob kolektivnem pogajanju o pogojih dela v javnem sektorju v Španiji

V skladu z določilom iz 37. člena Ustave, ki pravi: »Zakon mora zagotoviti pravico do kolektivnih delovnih pogajanj med zastopniki delavcev in delodajalcev kot tudi zavezujočo veljavo pogodb,« naj bi v Španiji kolektivno pogajanje urejal Kraljevi zakonski odlok 2/2015 z dne 23. oktobra, na podlagi katerega se odobri spremenjeno besedilo Zakona o delovnih razmerjih, v nadaljnjem besedilu: SW. SW ureja postopek kolektivnega pogajanja.

Na področju javne uprave postopek kolektivnega pogajanja upošteva posebnosti, ki so predvidene v Temeljnem zakonu o javnih uslužbencih, v nadaljnjem besedilu: BSPE.

Četudi izhajamo iz priznavanja metod, ki so predvidene v III. poglavju SW za postopke kolektivnega pogajanja in utemeljitve le-tega v kolektivni pogodbi, v resnici postopek pogajanja v javnem sektorju omogoča vrsto posebnosti, ki se izenačijo pri priznavanju legitimnosti, tako da se vzpostavi uredbeno pravilo brez izrecne regulativne podpore.

Špansko pravo priznava obstoj »posebne pogajalske enote«, ko govorimo o javnem sektorju: mešane pogajalske enote. Ta enota ni skladna z merilom, ki ga priznava SW. V skladu s tem, upoštevajoč člen 87.1 SW, člen 33.1 BSPE predvideva, da se kolektivno pogajanje o delovnih pogojih javnih uslužbencev izvaja »z uveljavljanjem reprezentativnih priznanih sindikatov ...«, kar je pristop, ki vodi k priznavanju legitimnosti za zastopanje delavcev, najbolj reprezentativnih zastopnikov sindikata, tj. pristop, za katerega je značilno pogajanje na nadpodjetniški ali sektorski ravni.

Po drugi strani pa se glede na omejitve vsebine pogajanj zunaj obsega SW višina nadomestila, določena v pogodbi, ne sme povečati za več, kot je predvideno letno v Zakonu o državnem proračunu. To pomeni, da je s kolektivnim pogajanjem mogoče oceniti porazdelitev bremena nadomestila med različnimi plačnimi koncepti, ne da bi prišlo do povečanja plačne mase nad zneskom, ki je letno predviden v Zakonu o državnem proračunu. Če se ne upošteva nadzor povečanja plačne mase glede na omejitve, ki izhajajo iz Zakona o proračunu, je pogodba nezakonita.

Main Reasons for the Transformation of Mandatory Hungarian Private Pension Funds

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ABSTRACT

The main purpose of writing this paper was to provide a clear summary of the main facts and motives of restructuring the financing of Hungarian social security system which has been in process since 2010. One of the main lessons learned from the development of the Hungarian pension system so far is that the mandatory private pension funds working on the basis of a funded scheme were not able to solve the problems whose solution they were established for. In addition, they caused further problems.

Keywords: budgetary deficit, EU's Stability and Growth Pact, Hungarian pension reform, mandatory private pension system, public debt

JEL: H55, H62, H63, H75

1 Introduction

In addition to determining the effectiveness of Hungarian mandatory private pension funds there was another important objective of this study to clarify the extent of effectiveness of the system in solving the demographic problem. The analysis of the demographic problem can be found in Barr (1979, 2002, 2012) and European Commission (2010, 2012, 2014, 2016) studies. According to the previous approach it is commonly referred to funded pension schemes as safer than the PAYG mechanism. In contrast, today it is widely known that the financial and capital market crisis negatively influenced the extent of interest rates and various social security funds' financial stability and regression of the yields. Which had serious consequences particularly for the multi-pillar pension schemes and pension assets return.

Only five countries had positive returns on the pension funds between 2008 and 2011, while in others, by contrast, a significant decrease occurred (Natali & Stamati, 2013). It is striking, however, that between 2002 and 2007, in five countries, the United Kingdom (0.3%), Czech Republic (1.3%), Hungary (2.1%), Austria (2.2%) and Germany (2.6%) the pension funds had only relatively low

return, the average net rate of return was of less than 3% could be achieved. The extremely greatest negative impact was in 2008, then a partial recovery period followed and then once again negative returns associated became characteristic of market uncertainty in 2011. The most adverse effects occurred in those countries where in investment portfolio of pension funds there was an outstanding weight (30% or greater ratio) of listed shares in stock exchange.

Therefore pension funds produced the worst yields in Ireland (-35.7%), Bulgaria (-32.3%), Belgium (-22.3%), Estonia (-23.1%) and Hungary (-21.7 %) in 2008. These processes worsened significantly with demographic problems, thereby making the pension system's long-term unsustainable (European Commission, 2012).

Table 1: *The development of the pension funds' actual net rate of return in some EU countries*

	Average return 2002-2007	2008	2009	2010	2011	Total return 2008-2011
Austria	2.2	-14.4	7.3	3.7	-6.0	-10.0
Belgium	4.7	-22.3	13.4	4.4	-4.6	-12.0
Bulgaria	4.6	-32.3	5.6	2.5	-3.0	-28.0
Czech Republic	1.3	-1.5	-0.6	-1.2	0.5	-2.0
Denmark	3.9	5.1	1.2	7.1	12.1	27.0
Estonia	6.5	-23.1	13.2	2.5	-7.9	-17.0
Finland	4.3	-19.7	14.0	7.1	-4.4	-6.0
Greece	n.a.	2.3	0.3	-7.8	-5.6	-10.0
The Netherlands	4.1	-17.3	11.5	8.8	8.2	8.0
Ireland	-7.3	-35.7	:	:	:	:
Latvia	:	:	:	18.6	-6.6	10.0
Poland	9.4	-17.3	8.9	7.2	-9.1	-12.0
Luxembourg	10.4	-11.3	6.5	0.7	-2.2	-7.0
Hungary	2.1	-21.7	12.8	4.2	-0.5	-8.0
Germany	2.6	0.5	3.9	3.4	:	7.0
Italy	:	-5.3	5.3	1.2	-2.8	-1.0
Portugal	4.4	-13.2	11.6	-3.0	-7.3	-12.0
Romania	:	10.7	10.3	8.5	-0.3	32.0
Slovakia	-0.1	-8.9	1.0	0.0	-3.8	-11.0
Slovenia	-1.0	-5.4	4.2	1.8	-1.8	-1.0
Spain	:	-9.9	6.9	-2.2	-2.2	-7.0
United Kingdom	0.3	-0.9	-0.9	-2.1	-2.5	-6.0

Source: Natali & Stamati (2013, p. 16)

Due to the protracted crisis in the period 2008 to 2011, the countries met with the worst results, which had the highest proportion of stock market securities in their portfolio and was the least pursued a conservative investment policy. So mainly in Bulgaria (–28%), in Estonia (–17%), in Belgium, in Poland and in Portugal (equally –12%), in Slovakia (–11%), in Austria (–10%) and in Hungary (–8%) it decreased the most actual net return on the pension funds in this four-year period. Before the crisis, in almost all EU Member States, the pension fund's portfolio dramatically increased the share of the stock market instruments. For example, in Bulgaria in 2007 it increased 11-fold in the proportion of listed securities compared to 2003 in the pension funds portfolio, while in Poland four times. But the majority of the 27 EU Member States have at least doubled their share. After the financial and economic crisis, this trend was reversed, and in many countries the proportion of these instruments decreased more than half. The least in Sweden (23%) and the UK (24%), while the most in Slovenia (by 78%) and Greece (87% respectively). In general it can be said that European pension funds due to the crisis increasingly began to turn in the direction of safer forms of investment, and therefore the share of government bonds was raised from over 50% of their assets.

2 Did Hungary Follow Argentina's Example?

Several analysts think that Hungary followed in the footsteps of Argentina in terms of restructuring the pension funds system when giving an ultimatum to employees that they could lose their entitlement to state pension unless they step back into the state pension funds system (Equality Law, 2010; Simon, 2010; Simonovits, 2011). According to these analysts' opinions, when Hungary took over the rather significant amount of assets of private pension funds, it followed the example of Argentina, whose government solved the problems arising from the negative consequences of the 2008 global financial crisis by nationalising the 24 billion USD wealth of Argentine private pension funds instead of taking huge loans again. The government of Argentina did so in October 2008, when Hungary was the first in Europe to request help from IMF and took a loan of approximately 25 billion USD in order to avoid bankruptcy. Therefore, those analysts would be right if Hungary had acted the same way as Argentina in order to avoid having to take this extremely huge loan from IMF and the EU. As it can be seen in the Argentine example, the Hungarian government at that time had this opportunity even then. However, it is a fact that if Hungary had chosen the Argentine way in the autumn of 2008, they should not have taken any IMF and EU loans and the debt of Hungary would have been less by 25 billion USD; therefore, the repayment of new loans would have meant significantly less burden for the state budget.

There is another important difference between the two countries, which is that Argentina actually nationalised private pension funds, while Hungary did not. Every member had the option of remaining a member of private pension funds if they wanted to. Even today, there are numerous private pension

funds operating in the country with a member list of around 70 thousand people. A Hungarian citizen filed a complaint in this matter which the Strasbourg European Human Rights Court dismissed on 13th January 2013 on the grounds that no rights to private property were violated (Hungarian Government – Ministry of Public Administration and Justice, 2013).

3 Reasons for the Modification of Formerly Mandatory Hungarian Private Pension Funds

In 2006, Hungarian macroeconomist János Kun drew the attention of the Hungarian government at the time to the fact that the private pension fund system established in Hungary is unprecedented in developed European countries (Kun, 2009). In developed European countries, there were voluntary private pension funds which made payments into the pension funds based on a sectoral agreement, a voluntary decision or a direct agreement with the employer. However, this payment was voluntary from all aspects and was not stipulated by law. Furthermore, it definitely did not result in a loss in the state pension fund. Since the amount of pension received by pensioners did not decrease when mandatory private pension funds appeared, the Hungarian social security system realised a loss in each subsequent year. In the beginning, active employees paid 6% to private pension funds, which then increased to 7% from 2003 and 8% from 2004. These amounts were missing from the pension payments of the given year.

Table 2: Changes of the rules of becoming a member of private pension funds in Hungary

Period	Mandatory membership of career-starters	Establishing voluntary membership
Before 1st January 1998	Establishing membership was not mandatory	If the conditions set out in PPA* exist, membership can only be established voluntarily
1st January 1998–31st December 2001	Establishing membership was mandatory	Membership can also be established voluntarily if the conditions set out in PPA* exist
1st January 2002–31st December 2002	Establishing membership was not mandatory	If the conditions set out in PPA* exist, membership can only be established voluntarily
1st January 2003–2nd November 2010	Establishing membership was mandatory	Membership can also be established voluntarily if the conditions set out in PPA* exist
3rd November 2010–	Establishing membership was not mandatory	If the conditions set out in PPA* exist, membership can only be established voluntarily
31st December 2011–	Establishing membership is not mandatory	Membership can only be established voluntarily, PPA does not stipulate any specific conditions thereto

* Act LXXXII of 1997 on Private Pensions and Private Pension Funds (PPA) which came into force on 1st September 1997.

Source: PSZÁF (2012)

Membership fees were deducted from pension fund members' wages by their employers and transferred directly to the given private pension fund in the period between 1st January 1998 and 31st December 2006. Starting from 1st December 2007, employers transferred the membership fees to the tax authorities and they transferred them further to private pension funds. The regulation of the amount of membership fee was included in paragraph 3 of the Act LXXX of 1997 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services.

In Hungary, in the structure established on 1st January 1998, the pension contributions paid by those entering the mixed system were divided. One part of the contribution was not paid into the social security pension system which operated on the basis of the 'pay as you go' principle, but it was credited to an individual fund account as private pension fund membership fee. According to the structure, around one quarter of contributions were paid into private pension funds. Therefore, private pension fund benefits should have covered the social security benefits which were around 25% lower. According to the 1998 plans, the second pillar would have gradually covered an increasing proportion of members until all of them were covered. Only career starters would have been obliged to enter the system. However, the actual legal regulations made it possible for everyone to freely decide to enter the mixed system until the middle of 1999. Nevertheless, those stepping into the mixed system had to face the fact that their future pension will decrease by 25% even if they had paid the whole pension contribution into the social security pension funds system before their voluntary entered the mixed system (Magyarország Kormánya, 2012, p. 106).

However, the number of people stepping into the mixed system in 1998–1999 did not live up to the expectations. There were many cases when people decided to enter the mandatory private pension fund system even if it was not a favourable choice for them. The fundamental reason for doing so was the rather single-sided information campaign related to introducing the pension reform, emphasising only the advantages of individual accounts and inheritance and neglecting the risks of entering the mandatory pension fund system. The declared purpose of establishing the funded pension pillar was to contribute to the financeability of the pension system. However, when setting the long-term objective, it should have been taken into consideration that there would be several decades of deficit in the state pension pillar following the introduction of this system. Although part of the contribution of members entering the mixed system was already transferred to their private pension fund accounts, the expense obligations of the state pillar remained unchanged. Extra expenses would have been eliminated only gradually and over a very long time, around 5-6 decades. Following this point of time, the costs saved as a result of lower benefits would have compensated for the deficit. In Hungary, due to the high number of people entering the mixed system, the amount of deficit – the extra burden of the social security pension

system – significantly increased during a short amount of time. The member list reached 50% of all insured members even by 2000, the second year after the introduction of the system and it gradually reached more than 60% by 2010. The deficit of the ‘pay as you go’ pension pillar gradually increased as a result of the loss of return and it reached 1% of GDP by 2004, while it was close to 1.3% of GDP by 2009.

The loss arising from contributions transferred to private pension funds was compensated for by the Hungarian state budget to the social security system every year. The financial loss arising this way increased from year to year. Based on the reports of the Hungarian Central Administration of National Pension Insurance (2015), the amount of contributions transferred to the mandatory private pension funds was 297 495 million HUF in 2007, 330 333.2 million HUF in 2008 and 354 099.1 million HUF in 2009. The amount of transferred contributions would have been 372 380 million HUF in 2010 if the government had not shut down the transfer of contributions to private pension funds and directed them to the state budget. Furthermore, the amount of loss in 2010 would have increased despite the fact that the then government took significant measures to reduce pension expenditures in 2009. The Hungarian mandatory pension funds system caused a nearly 2000 billion deficit to the state budget between 2004 and 2010. Furthermore, the standard of social security services deteriorated, the pensionable age increased and the purchasing power of pensions started to decrease during this period.

Table 3: The Hungarian budgetary deficit (against GDP percentage)

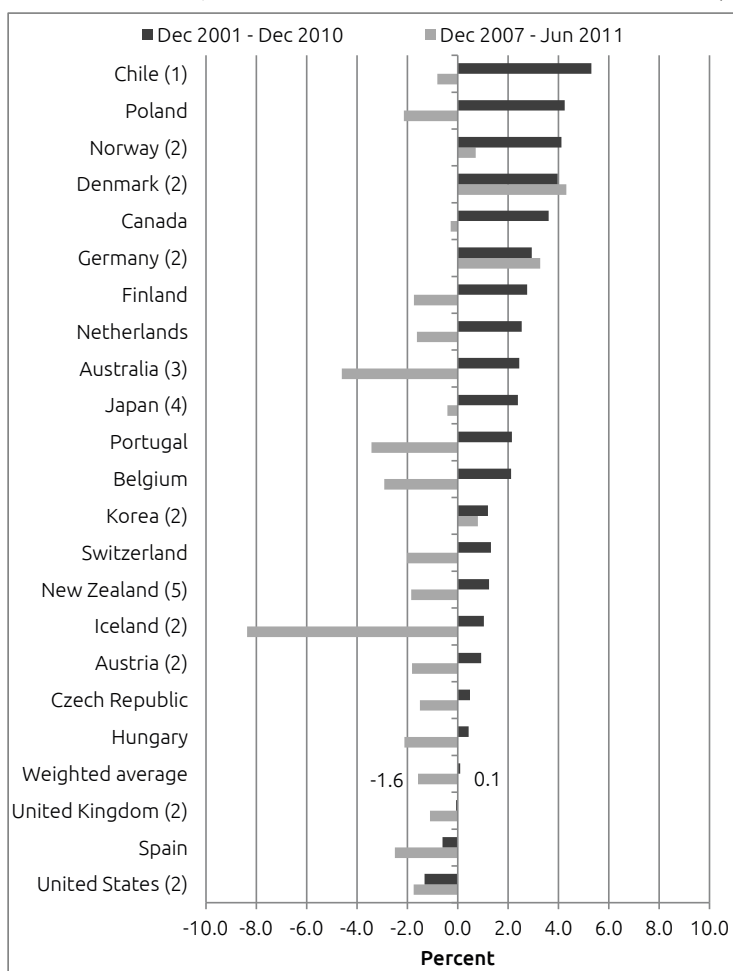
	2005	2006	2007	2008	2009	2010
Budgetary deficit (without private pension funds)	6.79	8.14	4.21	2.15	2.79	2.71
Budgetary deficit caused by private pension funds	1.11	1.17	0.79	1.68	1.26	1.38

Source: Nagy (2010, p. 11)

The deficit of the Hungarian state budget would have increased further for several years until those not members of private pension funds retire; therefore, they pay their whole pension contributions into the state system and receive their whole pension from the state pillar, while they take their place in the private pension fund members who paid part of their pension contributions into private pension funds. Therefore, this process would have been uninterrupted until all pensioners had been members of private pension funds. According to certain calculations, this process could have lasted until even 2040. Furthermore, the interest of the state debt increasing as a result of the deficit caused by private pension funds burdened the state budget with further hundreds of billions and they would have burdened the budget by further thousands of billions until 2040.

The average yearly return of mandatory private pension funds was only 0.1% in the ten-year-long period between December 2001 and December 2010, while the amount of return was negative (-1.6% on average) in the five-year-long period between 2007 and 2011. In the ten-year-long period, the yearly return of private pension funds was -1.3% in the United States, -0.6% in Spain and -0.1% in the United Kingdom. At the same time, the return realised in the same period was only between 0% and 1% in three other countries (Hungary - 0.4%, Czech Republic - 0.5% and Austria - 0.9%). In four other countries, private pension funds generated returns of only 1% or around 1% between December 2002 and December 2010 (Iceland - 1%, New Zealand - 1.2%, Switzerland - 1.3% and South Korea - 1.2%).

Graph 1: Average annual real net investment return of pension funds in selected OECD countries (Dec 2001 – Dec 2010 and Dec 2007 – Jun 2011)



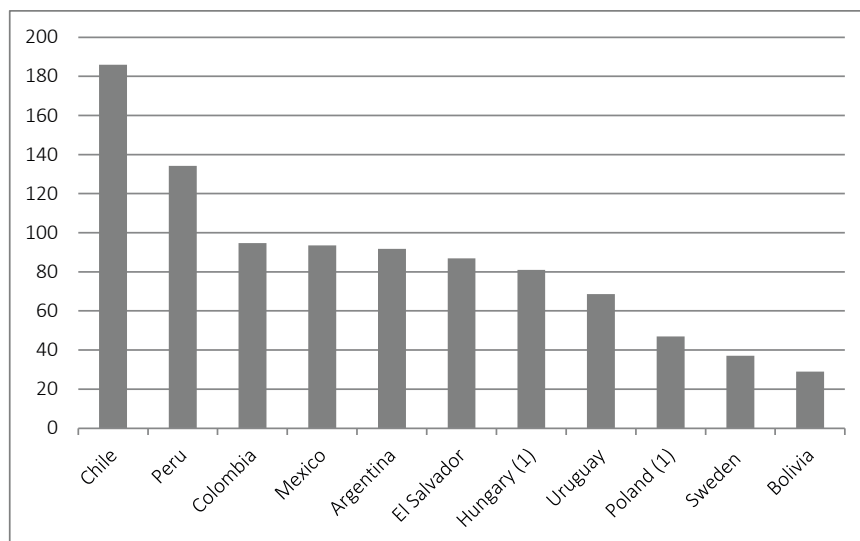
Source: OECD, (2012, p. 21; [Excel file] DOI: [10.1787/888932598113](https://doi.org/10.1787/888932598113))

According to the study of EuroFinuse (European Federation of Financial Services Users), the European representative body of people using financial services, these results are especially worrisome in the case of various countries because the OECD did not consider other fees and taxes which further reduce the return of private pension funds. For this reason, the actual return was even lower than reported by OECD (Berthon, Cronin, Prache, Struwe, & Viver, 2013).

The investment losses have a direct negative impact on the pension income of many pensioners, especially those who take part in a defined contribution (DC) program until their retirement. From month to month, it became obvious in an increasing number of countries that the mandatory private pension funds system was not working as expected. As a matter of course, the unsustainability of this system was first sensed by countries which were highly indebted and/or struggled with a significant deficit in their budget. As a result of the capital market processes in 2008 and 2009, the value of the mandatory private pension funds savings quickly decreased. This practical experience was the opposite of what they had previously heard about the advantages and safety of the mandatory private pension funds system. The members were not given any unambiguous promise for the period until the determination of the amount of pension. As regards future processes, they only had limited guarantee concerning the future increase of savings. This process greatly diminished society's trust in the mandatory private funded pension pillar in Hungary. A significant doubt emerged in a large proportion of pension fund members about whether the savings collected with the mandatory private pension fund system really helped them in establishing the financial background for a decent old age. The decrease of the accumulated savings and the loss of the society's trust happened also in other countries operating the mandatory funded pension pillar.

As the result of a 2009 study, OECD described the high cost level of the Hungarian mandatory private pension funds system as a negative example (OECD, 2009). Of all mandatory pension funds systems, members had to pay the highest administrative and management costs in Hungary, amounting to around 2% of the wealth managed by the system, while the fees were the lowest in Sweden (less than 0.5% of the managed wealth).

Graph 2: Administrative charges in selected OECD and non-OECD countries, 2007
(As percentage of total assets)



Note: (1) Data refer to the year 2006

Source: OECD (2009, p. 17; [Excel file] DOI: [10.1787/517052344408](https://doi.org/10.1787/517052344408))

Mostly as a consequence of the above described actions, the return of Hungarian mandatory private pension funds was especially low in the 13-year-long period between 1997 and 2010 and did not even on par with inflation; therefore, it had a negative return. None of the mandatory private pension funds operating in Hungary reached the level the index of short-term government bonds (RMAX), but they were significantly lower. Consequently, Hungarian mandatory private pension fund members would have been better off if these funds had invested the savings of their members into Hungarian government bonds (Magyarország Kormánya, 2012, p. 6).

The assumption that the conversion to a capitalised private pension funds system will automatically reduce the evasion of the payment of contributions proved to be wrong. Also, after the drastic reduction of benefits, the issue of maintaining the standard of future benefits gave grounds for serious concern and the measures of the previous governments resulting in the reduction of pensions and their value in real terms further increased these concerns.

Table 4: Average return of Hungarian private pension funds for 10 and 13 years considering the whole deposit

	Nominal return % (10 years)	Nominal return % (13 years)	Real return % (10 years)	Real return % (13 years)
Sector total	5.44	5.17	0.17	-0.21
AEGON Hungary Pension Fund	4.81	4.12	-0.42	-1.21
Allianz Hungary Pension Fund	5.42	5.72	0.16	0.33
Aranykor National Voluntary and Private Pension Fund	5.66	5.43	0.38	0.05
AXA Pension Fund	5.52	5.45	0.25	0.06
Budapest National Mandatory Private Pension Fund	4.24	3.83	-0.98	-1.52
Dimenzió Private Pension Fund	5.98	5.81	0.67	0.35
Életút First National Pension Fund	6.88	7.26	1.52	1.72
Erste Voluntary and Private Pension Fund	3.81	3.56	-1.36	-1.66
Évgyűrűk Private Pension Fund	1.70	1.49	-3.39	-3.70
Generali Private Pension Fund (established in 2008)	n.a.	n.a.	n.a.	n.a.
Honvéd Voluntary and Private Pension Fund	3.47	3.53	-1.53	-1.83
ING Pension Fund	6.45	6.09	1.13	0.63
MKB Pension Fund	6.45	5.93	1.13	0.51
OTP Private Pension Fund	6.21	5.86	0.90	0.44
Postás Private Pension Fund	6.86	6.98	1.50	1.46
Quaestor National Private Pension Fund	3.33	2.87	-1.83	-2.34
Vasutas Pension Fund	6.30	5.87	0.97	0.41
Pension Fund of Electric Energy Industry Companies	6.28	6.57	0.96	1.09

Source: Kormányzati Ellenorzesi Hivatal (2011, pp. 45–46)

Today, both internationally renowned financial experts and journalists ask what the point of the whole system is if no positive benefit can be expected from retirement savings (Flood, 2013). 'Not only did the mandatory private pension funds system not solve the problems of the already defective Hungarian pension funds system, but it became another severe social and economic problem itself...The amount of operational costs and unrealised profits is around 850 billion HUF' (Magyarország Kormánya, 2012, p. 4).

It also became clear that the solution of problems with demography and low economic activity cannot be postponed or swept under the rug on the pretext of reforming the pension system. These problems must be solved as soon as possible independently of the difficulties of operating the pension funds system. Similarly to all Member States of the European Union, Hungary faces a severe demographic crisis, the estimated life expectancy increased around

5 years during the last 50 years and it is predicted to increase by 7 years by 2060. In addition to the low number of births, there is a dramatic change of the age composition of the population, resulting in an ageing society. One of the consequences of these phenomena is that the old age dependency ratio will be doubled: currently, the EU average of the amount of people of active age per person above 65 years of age is four (the situation in Hungary is worse), while it is expected to be only two by 2060 (Prugberger & Barta, 2015). In addition, in the European Union the level of employment was the lowest in Hungary. According to 2010 data, the Hungarian employment level was 8.7% lower than the EU average. Of the new Member States of the EU, the level of employment increased by nearly 10% in Bulgaria and by nearly 8% in Poland between 2002 and 2010, while that of Hungary decreased (by 0.5%) in the same period (Novoszath, 2014). For this reason, in 2010, the new Hungarian government declared that they want to solve this problem by focusing the Hungarian economic policy on two areas: increasing employment and stopping population decline (Nemzetgazdasagi Miniszterium, 2011).

By the end of 2010, Hungary faced a dilemma due to the obligation of the EU's mandatory targeted budget deficit of 3.8% by 2010 and 3% by 2011 and the constantly increasing deficit caused by private pension funds. Hungary had to choose whether to eliminate and nationalise (similarly to Argentina) second-pillar of pension system or to follow IMF's recipe and the practice of the preceding government and further reduce pensions. However, the Hungarian government chose a third solution by not nationalising the private pension funds, but removing the protective screens of the state from them. As a result, the government does not guarantee private pension funds that their members will benefit even if their private pension funds make unfavourable financial decisions. Private pension funds still had the opportunity to provide above average pensions to their clients, but they lost all state-guarantee and had to fight real market risks. Also, this change made it possible to stop the decrease of the real value of pension in the case of those in the state pillar.

Table 5: *Table 5: Change of Hungarian pensions in real terms (percentage)*

	2002	2003	2004	2005	2006	2007	2008	2009
Change of real income	13.6	9.2	-1.1	6.3	3.6	-4.6	0.8	-2.3
Change of pensions in real terms	10.0	8.6	3.3	6.3	3.0	-2.2	1.8	-6.4

Source: Hungarian Central Administration of National Pension Insurance (2015, p. 17)

In the majority of cases, retirement is equal to poverty in Hungary. The conditions and consumption possibilities of pensioners are similar to those who have low income from many aspects. In 2010, 650 thousand pensioners lived under the poverty line in Hungary (Zentai, 2010). These people could not heat their homes and eat warm meals. The majority of them were lonely old people living in small villages. They could decide whether to spend on medications and food or turn the heat on. The value of pension in real terms

reached the 1989 level by 2003. The value of pension in real terms increased between 2004 and 2006, while both income and pension decreased in real terms in 2007. Real income increased by 0.8% in 2008. In 2009 a result of the reduction and phasing out of the 13th month salary pension in real terms decreased by 6.4%. The decrease of pension was more significant than that of real income.

In the Hungarian economic literature, several theories have emerged with regard to the appropriate directions for pension scheme reform. There was a general consensus that a social element, i.e. a basic pension protected by constitutional law, was necessary; however, incentives should include an element of pension contributions proportional to wages (Rab, 2014). Even until this point of time, private pension funds provided a better service and higher pensions only for people whose income had been above the average. Those who became unemployed and people who had been discriminated in the labour market in the first place (Roma people, those above 50 years of age, women, women with children, disabled people, etc.) or people whose income had been lower in the first place, had to face lower pension. For this reason, more than 60 000 people were forced to step back into the state pillar directly before their retirement in late 2009, when this option was available for the first time.

4 Legislative Changes of the Restructuring of the Hungarian Pension Fund System

In late 2010, the government discussed the conceptual issues of implementing the pension reform; they reviewed the duties in relation to the free choice of pension funds and agreed to the restructuring of the pension funds system. Government Resolution No. 1281/2010. (XII. 15.) about the conceptual directions of implementing the pension reform and the tasks in relation to the free choice of pension funds, as follows:

- in order to provide financeability in the short, medium and long run, Hungary returns from the three-pillar system to the two-pillar, solidarity and voluntary funded pension system also operated by 18 EU Member States;
- in addition to the state pillar, the voluntary pension insurance funds based on voluntary contribution will be maintained and strengthened;
- relieving the Pension Insurance Fund of non-pension related, but social payments and having these payments managed by the central budget;
- making legislative changes so that pension can only be funded from amounts paid for pension purposes and no other revenues of the budget may be charged for this purpose; also, contributions paid into the social security pension fund can only be spent on pension payments;

- the expenses of the reform are financed by the merging of the state and semi-state pillars while declaring that other budgetary resources cannot be used for the same purpose.

The possibility of returning to the state pillar was provided even to those who retired before 1st February 2011 and were provided retirement allowance in their own right concerning their membership in private pension funds. Based on the legislative background, previous private pension fund members returning to the social security pension system were provided the real return of their savings for pension purposes or they had the opportunity to transfer this amount to a voluntary pension insurance fund or to an individual account to be established in the social security pension system. The private pension fund members whose real return was negative and returned to the solidarity pillar of the state were provided their whole pension contributions plus inflation as if they had not even left it in the first place.

Act no. CLIV of 2010 established the legislative background of individual accounts in the social security pension system. The rules determined the method of pension system restructuring in detail: the private pension fund members who wanted to maintain their private pension fund membership had to make a declaration. The most accentuated part of the Act was the one which specified that those who did not return to the social security pension system still had to fulfil their obligation to pay contributions to the given private pension fund (10%, i.e. the whole amount paid by an employee) after 31st December 2011. According to the plans, the given employee would not have been entitled to pension benefits from the social security pillar, thereby 'contracting out' of the state-funded social security system (as a matter of course, the obtained rights of the employee would not have been infringed upon, i.e., they would still have been entitled to the social security benefits earned up to this point). It was an important element of this Act that it specified a rule which compensated for the 14-month-long suspension of the transfer of private pension fund membership fees: the whole amount of the pension benefits for this period were paid from the state pillar. The freedom of choosing pension funds made it possible for all fund members to step back into the social security pension system. Around 3 million people stepped back into the social security pension system and the Central Administration of National Pension Insurance (ONYF) provided all-inclusive information to the members concerning this action (Nemzetgazdasági Minisztérium, 2012).

These changes did not affect the third pillar, i.e., the operational frameworks of voluntary mutual pension insurance funds. In addition, the government supported the transfer of real benefits and membership fee supplements into voluntary mutual pension insurance funds with tax allowance.

Both the returning of private pension funds members into the state pillar and the transfer of private pension funds membership fees for 14 months resulted in extra income for the social security pension system, which was

partially a short-term and also a long-term extra resource. On the one hand, this amount reduced the increasing deficit of the social security pension system, while it was spent on reducing the state debt on the other. The extended scope of budgetary action made it possible to make measures needed for launching economic growth and for providing stable grounds for the Hungarian economy.

As a result of the legislative amendment in late 2011, the possibility of returning to the state pillar was provided to private pension fund members, the number of private pension fund members decreased below 75 000.

5 Conclusions

The Hungarian pension reform which entered into force on 1st January 1998 significantly contributed to increasing the budgetary deficit and the state debt. One of the main lessons learned from the failure of the partial privatisation of the Hungarian pension funds is that such comprehensive restructuring should not have been performed before preliminary and all-inclusive social and economic impact assessment. It is also very revealing that more than 12 years had to pass before this unbelievably unjust and money-wasting system which contributed to the indebtedness of the county could finally be abolished. Restructuring the previous mandatory private pension funds system was an especially significant initial step from the aspect of consolidating the severe financial situation of the country. Debt reduction should be constant and significant and a strong pension system has to be established which is able to provide the necessary protection in the long run in order to maintain the value of pensions in real terms also in the case of future recessions. It is necessary to develop a long-term pension strategy whose implementation calls for the proper tools and the necessary wealth in order to avoid current and future negative economic impacts. The compensation for labour market inequalities and ensuring gender equality is another important issue to be solved. In order to do this, it is important to develop a general pension calculation system which is independent of individual labour market preliminaries, while the realisation of labour market advantages could be performed by the voluntary section in the future. However, in addition to solving short term problems and challenges, the Hungarian pension system will be working in a stable and sustainable way in the long run only if the currently prevailing unfavourable proportion of active and inactive people can be altered drastically in Hungary and if the number of labour market newcomers would permanently surpass the number of those leaving the labour market. Also, the currently declining demographic trend would need to be reversed. None of the Hungarian governments in office before 2010 realised that the extension of employment, the reduction of economic inactivity among the active population and the increasing number of births are the key factors of the growth of the Hungarian economy and the financial stabilisation of the Hungarian pension system.

Hungary's example confirms that the mandatory private pension system will not automatically solve the problem of aging and will not make the pension system more sustainable. Another important lesson from the studies to take up the case of private or public pension systems is that without adequate and verifiable performance requirements of output growth can not be achieved. A good example of such a performance measurement and evaluation system is the activity of Canadian Public Sector Investment Board where the application provides a variety of customized benchmarks for the Canadian pension fund ongoing value creation (PSP Investments, 2015). The requirement that the management requires the minimum of benchmark levels of performance and only just recognized performance above the benchmark level. It is also an example of this just the other side of the Hungarian mandatory private pension funds because they were not able to over one and a half decades of operation at least bring a minimum contribution to the resources of the contributors, not to the merits.

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POVZETEK

1.04 Strokovni članek

Glavni razlogi za preoblikovanje madžarskih obveznih zasebnih pokojninskih skladov

Na splošno je veljalo, da so naložbeni pokojninski sistemi varnejši od dokladnega sistema. V nasprotju s tem je danes znano, da je kriza finančnih in kapitalskih trgov negativno vplivala na obrestne mere, finančno stabilnost različnih skladov socialnega zavarovanja in na razvoj donosov. Posledice so bile zlasti resne za večštebrne pokojninske sisteme in donos pokojninskih sredstev. Glavni namen tega prispevka je prikazati jasen povzetek glavnih dejstev in motivov za prestrukturiranje financiranja socialnega zavarovanja na Madžarskem, ki poteka od leta 2010.

Madžarska pokojninska reforma, ki je začela veljati dne 1. januarja 1998, je bistveno prispevala k povečanju proračunskega primanjkljaja in državnega dolga. Eden od glavnih naukov neuspeha delne privatizacije madžarskega pokojninskega sklada je, da se tako obsežnega prestrukturiranja ne bi smeli lotiti brez predhodne celovite ocene družbenega in gospodarskega učinka.

Po drugi strani se je madžarski pokojninski sistem do zdaj razvijal v tako smer, da obvezni zasebni pokojninski skladi, ki delujejo na podlagi naložbenega sistema, niso mogli rešiti težav, za odpravo katerih so bili vzpostavljeni. Poleg tega so povzročali še dodatne težave. Primer Madžarske potrjuje, da obvezni zasebni pokojninski sistem ne bo samodejno rešil težave staranja in ni poskrbel za večjo vzdržnost pokojninskega sistema. Toda ob reševanju kratkoročnih težav in izzivov bo madžarski pokojninski sistem na dolgi rok deloval stabilno in vzdržno le, če bo mogoče trenutno prevladujoče neugodno razmerje aktivih in neaktivnih ljudi na Madžarskem bistveno spremeniti in če bo število ljudi, ki vstopajo na trg dela, stalno presevalo število tistih, ki ga zapuščajo. Spremeniti bi bilo treba tudi trenutno upadajoče demografsko gibanje. Nobena madžarska vlada pred letom 2010 ni razumela, da so povečanje obsega zaposlovanja, zmanjševanje gospodarske nedejavnosti prebivalstva in povečanje števila rojstev glavni dejavniki za rast madžarskega gospodarstva in finančno stabilizacijo madžarskega pokojninskega sistema.

Raziskava prinaša še en pomemben nauk, kar zadeva primer zasebnih ali javnih pokojninskih sistemov: brez ustreznih in preverljivih zahtev za uspešnost rezultatov rasti ni mogoče doseči. Dober primer takega sistema merjenja in vrednotenja uspešnosti je delovanje kanadskega odbora za pokojninske naložbe javnega sektorja (*Public Sector Pension Investment Board*), ki zagotavlja vrsto prilagojenih meril uspešnosti za stalno ustvarjanje vrednosti kanadskega pokojninskega sklada. Pogoje je, da vodstvo zahteva vsaj najnižjo raven meril uspešnosti in priznava le uspešnost, ki to raven dosegata. Po drugi strani je madžarski obvezni zasebni pokojninski steber dober primer, da brez zahtev za uspešnost poslovanja ni vrednosti za državo in člane pokojninskega sklada.

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