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The Right to a Fair Trial Under Article 6 ECHR during the COVID-19 Pandemic: The Case of the Polish Administrative Judiciary System

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ABSTRACT

Purpose: The aim of the study is to analyse the possibility of modifying procedural law in the context of the legislative measures taken in connection with the COVID-19 pandemic on the example of the Polish administrative judiciary system.

Design/Methodology/Approach: The study employs the dogmatic-legal method, analysing the provisions of the ECHR and examples of the regulation of administrative court proceedings in Poland. The interpretation of the provisions is carried out taking into account the jurisprudence of the courts, in particular the jurisprudence of the ECtHR.

Findings: The study shows that no regulation taking away the right to have the case heard in public is compliant with the ECHR. Public hearing is in fact a crucial aspect of the right to a fair trial. However, in order to mitigate the effects of a pandemic, states may introduce such solutions which – within the limits of art. 6 sec. 1 ECHR – modify the law.

Academic contribution to the field: The study suggests theoretical and general solutions to the problem that arose during the COVID-19 pandemic: whether and how certain aspects of the right to a fair trial can be limited without violating its essence. The issue is analysed from the perspective of the administrative judiciary and legal solutions adopted in Poland, but the conclusions may also apply to the regulations of other European countries and even to the civil or criminal judiciary.

Practical Implications: The paper presents the requirements provided in art. 6 sec. 1 ECHR in the context of restrictions of public hearing implemented to counteract the spread of the COVID-19 pandemic. It may be a basis for further studies of the problem or for assessing the solutions adopted in the member states of the Council of Europe.

Originality/Value: Publications concerning modifications to procedural law in the context of the COVID-19 pandemic are not numerous in scientific literature. Due to the lack of analyses, the paper will contribute to the development of literature.

Keywords: administration, administrative court proceedings, administrative courts, fair trial, right to a fair trial

JEL: K38, K41

1 Introduction

The COVID-19 pandemic has had an unprecedented impact across the globe. First of all, its scope was significant: it is the first pandemic that mankind is experiencing on a global scale. Its short-term effects were multi-faceted in scope. Immediately after the outbreak, its significant impact on the economy, international relations and social life was visible (Znojek et al., 2020; Saladino et al., 2020). The symbolic example of this was the postponement of the Summer Olympic Games scheduled for 2020 (Joint Statement from the International Olympic Committee and the Tokyo Organising Committee, 2020) and the cancellation of many of the cultural events planned for 2020 – including festivals and film premieres. Undoubtedly, the rate of increase in subsequent infections was also surprising: the first cases in central China were reported in December 2019 (WHO, 2020), and three months later, in March 2020, the World Health Organization recognized Europe as the epicentre of the epidemic (A statement of WHO Director-General, 2020).

The global scope and speed of the pandemic made it necessary to immediately take measures to counteract the increase in the number of infected. Lockdowns have become the basic instrument of the battle. In these conditions, however, it was necessary to ensure the proper functioning of the economy – primarily by maintaining the efficient functioning of state institutions, including courts. In 2020, many countries introduced solutions ensuring the intended continuity of the functioning of the judiciary. However, some of them limited the parties' right to direct contact with the trial judge or slowed down the document workflow, sometimes significantly affecting the settlement of the case within a reasonable time. This also applied to court and administrative cases, in which the correctness and legality of imposing a given obligation on an individual or granting the individual a specific right is examined. Hence, the question of the compliance of these special solutions with the right to a fair trial (which is one of the fundamental human rights already included in the ECHR) should be considered.

The study seeks an answer to the following question: should the slowdown in the examination of court cases resulting from the pandemic, or the restriction of party's participation in the hearing, be considered as possible violation of art. 6 sec. 1 ECHR? The indicated issue is important in the context of proceedings before administrative courts. They decide on the legality of burdening an

individual with a specific obligation or granting them a specific right. Therefore, their role is particularly important: they control state bodies and thus verify the admissibility of a specific state action against an individual. Efficient administrative courts are therefore the foundation for protecting citizens against illegal state activities.

Thus, a positive answer to above question leads to the conclusion that the COVID-19 pandemic may result in an increase in the number of complaints to the ECtHR regarding violation of art. 6 sec. 1 ECHR and in the number of remedies awarded by courts. On the other hand, a negative answer leads to the conclusion that the specific measures adopted to maintain the efficient administration of justice constitute a limitation of the right to a fair trial under the ECHR. The question arises whether the pandemic can be treated as a kind of “state of greater necessity”, suspending the full compliance with art. 6 sec. 1 ECHR. The problem of measures introduced during the pandemic is therefore of great importance for the protection of human rights.

The problem will be discussed with the example of Poland. The legislature of the country, beginning in March 2020, attempted to adjust the multifaceted counter the spread of pandemic COVID-19, significantly reducing the possibility of citizens to travel, pursue economic activity, and participate in court proceedings. At times, individuals were even relieved of certain procedural obligations during court procedures and the administrative court cases were heard in closed sessions. The Polish example should therefore be considered particularly interesting in the context of the legality of such activities in the light of art. 6 sec. 1 ECHR.

2 Methods

As indicated above, the presented research problem concerns the analysis of the ECHR. For this reason, the Convention will be the main legal act examined in this study. The analysis will be carried out using not only a linguistic interpretation of the indicated legal text, but also a functional interpretation, including an analysis of the ECtHR jurisprudence, to a significant extent developing the key to the problem in art. 6 sec. 1 ECHR (Guide, 2020, pp. 6–13; Edel, 2007, pp. 7–11). Due to the fact that the discussed issue will be presented through the example of the Polish legal system, the provisions constituting the Polish administrative judiciary system will also be analysed, including the Polish Constitution, the law on proceedings before administrative courts and those normative acts under which the Polish legislator introduced special instruments during the pandemic, which were supposed to maintain the efficiency of the judiciary in terms of applying the principles resulting from art. 6 sec. 1 ECHR. It should be emphasized that, to a necessary extent, the views of the doctrine are also referred to. However, due to the new nature of the described legal measures and – as a consequence – the negligible number of works published after their introduction, the views of the doctrine cited above relate primarily to systemic issues. Thus, the study is based on the dogmatic and comparative law methods.

The structure of the study is as follows: first, art. 6 sec. 1 ECHR is analysed, in order to determine whether the requirements provided therein also apply to administrative judiciary in general, and if so – how the concepts of “reasonable time” for settling an administrative court case and the “public” hearing of a case should be understood. Subsequently, the assumptions of the Polish model of administrative judiciary and the normative content of the solutions adopted in this country in 2020 to counter the pandemic are examined. In that part of an article statistics are also presented. After the research carried out in this way, conclusions are drawn as to the scope of the regulations conformable with art. 6 sec. 1 ECHR, and the legality of Polish solutions is assessed.

3 Results

3.1 The right to a fair trial

The provision of art. 6 sec. 1 ECHR states that in the determination of his civil rights and obligations or of any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law. Judgment shall be pronounced publicly but the press and public may be excluded from all or part of the trial in the interests of morals, public order or national security in a democratic society, where the interests of juveniles or the protection of the private life of the parties so require, or to the extent strictly necessary in the opinion of the court in special circumstances where publicity would prejudice the interests of justice.

It should be noted that the provision of art. 6 sec. 1 ECHR relates not only to a civil or criminal court trial. According to the jurisprudence of the ECtHR, it also applies to proceedings in the field of administrative court cases (Guide, 2020, pp. 6–13; Edel, 2007, pp. 7–11). The ECtHR assumes that the subject of such cases is, in fact, the rights or obligations of private entities. For this reason, the ECtHR includes them in the category of civil matters (Guide, 2020, pp. 11–12; Edel, 2007, pp. 8–9; Aldo and Jean-Baptiste Zanatta v. France, 28 March 2000, § 22–26, Allan Jacobsson v. Sweden, 25 October 1989, § 72–74, Skärby v. Sweden, 28 June 1990, § 26–30, Tre Traktörer Aktiebolag v. Sweden, 7 July 1989, § 43–44). The proceedings before administrative courts shall be organised in such a way that two conditions are met: the reasonable time of hearing a case and openness of the proceedings.

Moving on to the question of “reasonable time” of hearing a case, it has to be highlighted that ECHR does not define this term. The ECtHR states that it means the examination of a case in which the activities of the proceedings are undertaken continuously, i.e. there are only necessary and justified breaks between individual activities (Beaumartin v. France, 24 November 1994, § 33). “Hearing a case within a reasonable time” means hearing with no delay that would threaten the effectiveness and credibility of the proceedings (Guide, 2020, p. 82; H. v. France, 24 October 1989, § 58; Katte Klitsche de la Grange v. Italy, 27 October 1994, § 61; Keaney v. Ireland, § 86, 30 April 2020; Scordino v. Italy, 29 March 2006, § 224; Martins Moreira v. Portugal, 26 October 1988,

§ 44). The problem of a reasonable time for hearing a case should therefore refer not to a calendar-based approach, but to the aspects such as: factual or legal complexity, the multiplicity of entities, conscientious fulfilment of procedural obligations by a complainant, regional or local conditions or the length of the pre-court proceedings (Guide, 2020, p. 82; Hadobás v. Hungary, 10 December 2020, § 6; Comingersoll S.A. v. Portugal, 6 April 2000, § 19; Keane v. Ireland, 30 April 2020, § 85, 89, 90, König v. Germany, 28 June 1978, § 98, Fabri and Langbroek, 2003, Edel 2007, p. 19).

The question of the length of the court proceedings is highlighted not only in the ECHR but also in EU law. In art. 47 of the Charter of Fundamental Rights of the European Union (Official Journal of EU "C" 2012, 326/02) it is stipulated that everyone is entitled to a fair and public hearing "within a reasonable time". Therefore, a reasonable time of court proceedings has to be considered as one of the grounds of effective court proceedings (Piątek, 2019, p. 170).

The problem of openness of the proceedings is also addressed in ECHR. The provision of art. 6 sec. 1 ECHR addresses this issue, stating that everyone has the right to a public hearing of his case. The jurisprudence of the ECtHR assumes that the public hearing of a case should be understood as such a structure of a court process in which social control of its course is guaranteed by its participants (parties) or third persons (Guide, 2020, p. 57; Diennet v. France, 26 September 1995, § 33; Martinie v. France, 12 April 2006, § 39; Fazliyski v. Bulgaria, 16 April 2013, § 69).

A special aspect of the public hearing of the case is the party's right to be heard (Fredin v. Sweden (No. 2), 23 February 1994, §§ 21–22; Allan Jacobsson v. Sweden (No. 2), 19 February 1998, § 46; Göc v. Turkey, 11 July 2002, § 47; Guide, 2020, p. 57). In its case law, the ECtHR deems it necessary to form a judicial procedure in which a party has the right to be heard in at least one instance (Guide, 2020, p. 58). However, it is significant that the obligation to include the guarantee of hearing a party in at least one instance is not absolute. The case law of the ECtHR provides for the possibility of departing from it in certain exceptional cases, such as when the case can be resolved based on the collected written materials, the subject matter of the case only covers legal issues or the specific nature of the case does not require a hearing, e.g. consideration of the case in the second or subsequent instance (Guide, 2020, p. 57–58; Miller v. Sweden, 8 February 2005, § 30; Allan Jacobsson v. Sweden (No. 2), 19 February 1998, § 48–49; Valová et al. v. Slovakia, 1 June 2004, § 65–68, Döry v. Sweden, 12 November 2002, § 37; Saccoccia v. Austria, 18 December 2008, § 73).

However, it should be remembered that court proceedings conducted without the possibility of applying for a public hearing are generally a violation of art. 6 sec. 1 ECHR. As the ECtHR stated, except in some situations, the parties to the dispute must at least be allowed to request a public hearing, although the court may reject such a request by holding a closed hearing due to the circumstances of the case, for legitimate reasons (Guide, 2020, p. 58; Martinie v. France, 12 April 2006, § 42). It should be noted that the jurisprudence pointed out that in relation to such cases, the reason for examining cases in writing or in camera

is potentially faster decision making (Guide, 2020, p. 58; Schuler-Zgraggen v. Switzerland, 24 June 1993, § 58; Döry v. Sweden, 12 November 2002, § 41).

Summing up, according to art. 6 sec. 1 ECHR, there are two grounds of a fair trial: hearing a case within reasonable time and openness of the proceedings. It has to be highlighted that both of them are of equal importance. Fast proceedings without active participation of parties may cause some difficulties in establishing the essence of the claim, false factual findings or judge's bias. On the other hand, in some circumstances the openness of the proceedings may slow down the trial and diminish the effectiveness of the adjudication. Therefore, the fair trial has to be based on the balance of those two grounds. From the perspective of the ECHR signatory states, the above-mentioned balance may be disturbed in a case where special circumstances (e.g. pandemic) occur. That creates a need to take some measures to maintain that balance. However, the ECHR does not specify a nature of those measures: it depends on the legal system concerned and the nature of the specific circumstances. In this sense, the legal norm contained in art. 6 sec. 1 ECHR require a continuous shaping of balance between the openness of and the timeframes of court proceedings, depending on the circumstances.

3.2 The Polish model

Moving on to the analysis of the Polish legal solutions, it should first be noted that in the Polish legal system the administrative courts are among a small number of bodies – alongside the Supreme Court, common courts and military courts – which exercise justice (art. 175 sec. 1 of the Polish Constitution). As a consequence, they are subject to the requirement to structure the court procedure in such a way that the court case is heard publicly and without undue delay. This obligation, which is particularly important, is regulated at the constitutional level (art. 45 sec. 1 of the Polish Constitution). The issue of public and quick hearing of a court case is therefore treated as the foundation not only of the Polish judiciary, but of the Polish legal system in general (Sawczyn, 2016, p. 83).

The proceedings of administrative courts in Poland were regulated in the Act of 30 August 2002 – Law on proceedings before administrative courts (Journal of Laws of Poland 2019, item 2325 as amended, further named “PPSA”). The adopted model of administrative justice provides that they are two-instance proceedings and court cases are heard publicly (art. 10 and art. 90 para. 1 PPSA; Tarno, 2016, p. 217). However, in some cases it takes place at a cabinet meeting, namely:

- 1) when the public examination of the case would pose a threat to morality, state security or public order, or when circumstances constituting classified information could be revealed, as well as at the party's request, due to an important private interest (art. 96 PPSA); in this situation, the party, its statutory representative or attorney, prosecutor and persons of trust, two on each side, have access to the meeting at which the case is examined,

however, the announcement of the ruling ending the proceedings in the case is public and other persons may be present during it (art. 97 PPSA),

2) in the cases considered within the simplified procedure (art. 120 PPSA), incidental issues, for instance, in the application for the suspension of the contested decision, and in the case of an appeal against a decision of a court of first instance (an appeal or a complaint); however, the parties or other persons do not have the right to enter the meeting in these cases, unless explicitly summoned, which is exceptional and very rare.

Hence, examination of a case with the limitation or exclusion of the public applies to special cases. However, in the latter situation the case is excluded from the public examination. This is dictated by the lack of a need to hear the parties, resulting either from the simple and obvious nature of the allegations, or by the parties' clear declaration of waiving the hearing. Importantly, even when the case is examined in closed session, a party and other entities may learn of the content of the decision made at the meeting, because it is delivered to them *ex officio*, and also made available at the court registry (art.139, para. 4–5 PPSA).

As for the issue of examining an administrative court case without undue delay, it should be emphasized that this procedure does not have a predetermined duration (Tarno, 2016, p. 215). However, in cases where a party alleges that the court is inactive or that a procedure is excessive, it is possible to bring a specific complaint in these matters. This is possible under the Act of 17 June 2004 on a complaint for violation of a party's right to hear a case in preparatory proceedings conducted or supervised by the prosecutor and in court proceedings without undue delay (Journal of Laws of Poland, No. 179, item 1843 as amended). In the case of administrative court cases, such a complaint is heard by the Supreme Administrative Court (art. 4 sec. 3 of above-mentioned act).

The described solutions are therefore in line with the model formulated in art. 6 sec. 1 ECHR. They guarantee the public hearing of the case and enable intervention both in supervision and in the case of complaints and compensation in the event of delays in hearing the case. At the same time, the system of the Polish administrative judiciary also provided for a kind of balance between public guarantees and quick hearing of the case: in some cases, a faster procedure was foreseen, expressed in the limitation of public proceedings, dictated by the simple nature of the case or the express consent of the parties.

The above model has undergone a significant transformation due to the COVID-19 pandemic. First of all, there was the adoption of the Act of 2 March 2020 on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them (Journal of Laws of Poland, 2020, item 374). This act introduced regulations on many issues of social life in Poland, such as the wide admissibility of remote working, additional social assistance benefits, special rules of security control at airports, rules for the construction of temporary facilities to counteract a pandemic, settlements between the parties in the event of withdrawal from contracts for tourist benefits, quarantining citizens and forced hospitaliza-

tion, closure of schools. It should be noted that the aim of the regulations was to prevent the increase in the number of infections and cases of COVID-19 (Draft of the Act of 2 March 2020, p. 24). It was therefore about preventing the development of a pandemic. The aforementioned act has been amended many times since it entered into force, i.e. from 8 March 2020, which has been justified by the dynamic epidemic situation and the necessity to introduce further remedial measures, with the simultaneous need to repeal those previously introduced (Draft amendment to the Act of 26 October 2020).

As for court proceedings – including proceedings before administrative courts – the Act did not contain any provisions concerning this issue in its original wording. The proceedings were therefore conducted according to the general regulation. However, it should be noted that in the first half of March, most presidents of courts in Poland cancelled the hearings scheduled for that month. The reason for the above-mentioned action was to stop the increasing number of COVID-19 infections in Poland: as of 31 March 2020, the number of infected was 2,311 people, of which 33 died (Government Report, 31 March 2020).

Later on the amendment the Act of 31 March 2020 (Journal of Laws of Poland, 2020, item 568) introducing two instruments was brought in. The first measure suspended the time limits for taking procedural steps, both those arising from the statutes and those imposed by the courts during the hearings (art. 15zzu sec. 1 p. 1 and 15zzs sec. 1 p. 1). Thus, for example, if – in accordance with the general regulations of the procedure – the complainant was obliged to supplement the lack of a formal letter submitted to the court within seven days (art. 49 para. 1 in connection with art. 58 para. 1 p. 3 of the PPSA), then when the said amendment entered into force, he did not have to observe this deadline. This means that he could make up for this deficiency after the expiry of that period, or refrain from supplementing it at all until the legislator resumed the time limits due to a decrease in the level of epidemic risk. Similarly, a complainant wishing to lodge an appeal could do so within the period of 30 days from receiving the judgment and justification, however, an appeal could be lodged at a later date. Obviously, the described instrument was of an ad hoc nature and – although it was not explicitly mentioned in the draft act – it was aimed at the immediate limiting contact between the public in connection with the necessity to submit documents. Contact between citizens was to be limited, for example in post offices or in law offices.

Secondly, the holding of hearings and other open sessions, except for urgent cases, were suspended until further notice (art. 15zzs sec. 1 point 6). Hearings scheduled for dates after the entry into force of the law were to be cancelled. Importantly, in the discussed cases, the possibility of lodging complaints about the excessive length of proceedings under the Act of 17 June 2004 was excluded (art. 15zzs sec. 11).

Further solutions were introduced by the amendment to the Act of 15 May 2020 (Journal of Laws of Poland 2020, item 875), which repealed the above-mentioned art. 15zzs providing for the suspension of deadlines and the top-down cancellation of hearings. The result of the above was, firstly,

the resumption of time limits for the performance of procedural steps and, secondly, commencing examination of the complaints already lodged. In this respect, however, a certain threat related to people gathering, e.g. in court buildings, which in practice could lead to an increase in the number of infections, was noticed. Hence, undoubtedly the most important change in the field of special measures was adopted: the new, extensive regulation of the forum where court cases were to be heard. The courts gained the possibility to hear cases in closed cabinet sessions without the participation of the parties to a greater extent than before.

In art. 15zszs⁴ sec. 1 and 3 of the Act, the principle of hearing administrative court cases in closed sessions was established. It was a reversal of the rule from the general model of administrative court proceedings, in which – as indicated above – the examination of the case at a cabinet session (in camera) was an exception, applicable only in exhaustively listed cases. Therefore, voivodeship administrative courts obtained the possibility to hear cases in closed sessions also because of the excessive threat to the life or health of the people participating in this trial, when a trial is necessary, but it is not possible to do so at a distance, with the simultaneous direct transmission of the image and sound. On the other hand, in the case of the Supreme Administrative Court, it became possible to hear a case in closed session also when the parties, by submitting the appeal, did not renounce the hearing or after receiving notification that the case would be heard in closed session, did not demand a public hearing.

The Polish legislator, adopting the above-discussed solution, tried to adapt the procedural regulations to the new reality. If the amendment had not been introduced, it would have entailed that cases would have been heard in public, which would probably have caused an increase in the number of COVID-19 infections. On the other hand, the further long-term suspension of the proceedings would have resulted in court cases being prolonged, the number of which – in view of the continued influx of court cases – would have increased.

The data indicate that the discussed regulation had an impact on administrative court proceedings. First of all, it resulted in an increase in the number of cases examined in closed sessions. In 2020, at such sessions, 33,384 complaints against a total of 53,820 were examined by voivodeship administrative courts. In comparison, in 2019 a number of 19,032 cases were heard in camera, for a total of 58,348 complaints, in 2018 - 21,580 for a total of 62,217 cases, and in 2017 – 22,640 for a total of 71,327 complaints. The data are presented in the table below:

Table 1. Number of cases heard in camera by voivodeship administrative courts

| Year | Total number of cases heard | Cases heard in camera |
|------|-----------------------------|-----------------------|
| 2017 | 71327 | 22640 (31.74%) |
| 2018 | 62217 | 21580 (34.68%) |
| 2019 | 58348 | 19032 (32.61%) |
| 2020 | 53820 | 33384 (62.02%) |

Source: Supreme Administrative Court, 2018, p. 17; Supreme Administrative Court, 2019, p. 15; Supreme Administrative Court, 2020, p. 13; Supreme Administrative Court, 2021, p. 13.

The introduced regulation had a similar impact on the number of cases heard in camera before Supreme Administrative Court. In 2020 total number of cases heard by this court was 12,581 and 67,18% of them (8,452 cases) were heard in camera. In comparison, in previous years the percentage of cases heard before Supreme Administrative Court was lower (24,06% in 2019, 35,03% in 2018 and 22,83% in 2017). The data are presented in the table below:

Table 2. Number of cases held in camera by Supreme Administrative Court

| Year | Total number of cases heard | Cases heard in camera (%) |
|------|-----------------------------|---------------------------|
| 2017 | 19,192 | 4,381 (22.82%) |
| 2018 | 18,897 | 6,619 (35.02%) |
| 2019 | 16,375 | 3,940 (24.06%) |
| 2020 | 12,581 | 8,452 (67,18%) |

Source: Supreme Administrative Court, 2018, p. 21; Supreme Administrative Court, 2019, p. 19; Supreme Administrative Court, 2020, p. 17; Supreme Administrative Court, 2021, p. 17.

Secondly, it should be considered whether the increase in the number of cases heard in camera had an impact on the pace of the proceedings. It should be noted that the time of proceedings before voivodeship administrative courts has not significantly accelerated, but the pace of litigation from pre-pandemic period has been maintained. Data indicate that in 2020 those courts settled 39.94% of all complaints within 3 months and 73.71% of complaints within 6 months. In 2019, these were respectively 44.01% of all complaints within 3 months and 81.28% of all complaints within 6 months. In 2018, these figures were 44.85% and 76.74%, respectively, and in 2017, 41.92% were settled within 3 months and 73.20% within 6 months. The data are presented in the table below:

Table 3. Percentage of cases settled by voivodeship administrative courts settled within 3 and 6 months

| Year | Cases settled within 3 months | Cases settled within 6 months |
|------|-------------------------------|-------------------------------|
| 2017 | 41.92% | 73.20% |
| 2018 | 44.85% | 76.74% |
| 2019 | 44.01% | 81.28% |
| 2020 | 39.94% | 73.71% |

Source: Supreme Administrative Court, 2018, p. 18; Supreme Administrative Court, 2019, p. 16; Supreme Administrative Court, 2020, p. 14; Supreme Administrative Court, 2021, p. 14.

A similar conclusion can be drawn for the analysis of data on the percentage of cases heard by the Supreme Administrative Court. In 2020, the percentage of cassation complaints settled within 12 months of their receipt was 44.06%. This is significant compared to the previous years, when the numbers were 23.54% (2019), 36.45% (2018) and 27.96% (2017). Moreover, in the case of the Supreme Administrative Court, it can be concluded that not only has the current pace of examining cases been maintained, but it has also accelerated (Supreme Administrative Court, 2018, p. 22; Supreme Administrative Court, 2019, p. 19; Supreme Administrative Court, 2020, p. 18; Supreme Administrative Court, 2021, p. 18).

Importantly, the Polish legislator did not decide to adopt solutions that would enable, for example, the full digitization of court proceedings, i.e. online hearings, the digitization of court files or the introduction of e-service. It seems that – although such solutions are assessed positively, and efforts are made in Polish law to implement them as widely as possible – it would be extremely difficult due to the low level of digitization in Poland (Gutowski and Kardas, 2020). As a consequence, digitization could introduce additional confusion instead of streamlining the work of courts, which would limit the right of active participation of the parties in the proceedings and hinder the timely hearing of cases.

4 Discussion

The research leads to the conclusion that neither the slowdown in court cases resulting from the pandemic nor limiting the parties' access to their case being heard in public cannot in themselves be considered violations of art. 6 sec. 1 ECHR. There are two reasons for this conclusion. First, both the timeframe and circumstances of the case should be considered. The latter concept covers such aspects of the case as: factual and legal complexity, behaviour of individuals during the proceedings (including, in particular, the fulfilment of procedural obligations), actions necessary to be taken, and the importance of the case. The estimation of the reasonable time should also include the circumstances coexisting with the ongoing process. In this context, the fact that the case is heard during a pandemic should also be considered.

Secondly, although art. 6 sec. 1 ECHR stated that cases should be heard in public, the jurisprudence of the ECtHR indicates that this obligation is not absolute and does not have to be fulfilled in a situation where a case may be resolved on the basis of the materials collected in writing, if only legal issues or an appeal are examined, and if the party had the opportunity to be heard at an earlier stage of the case. This remark is important primarily in the context of administrative court cases, the subject of which is the control of the correctness or legality of actions taken by public administration.

Regarding the latter, however, it should be emphasized that it is of primary importance in terms of the speed of the process. The importance of the public examination of the case, resulting from its social and control aspect, is the factor that impacts on the opinion of an individual on the effectiveness of the justice system. Moreover, the public nature of the hearing may be important for the adjudications in complex cases. Hence, it should be assumed that the public hearing is a particularly protected value, and for this reason, although the introduction of certain restrictions (especially in the field of direct contact between an individual party and a judge) seems necessary, it should not be absolute and without exceptions.

The comparison of the model provided for in the ECHR with the Polish regulation leads to the conclusion that the model resulting from art. 6 sec. 1 ECHR is maintained. The Polish administrative courts supervise public administration in the field of the legality of its action (art. 3 § 2 PPSA). Consequently, in the Polish administrative court proceedings no evidence proceedings are carried out, and the arguments of the parties need to prove the violation of the law by the authority whose act or the action has been contested (art. 145-150 PPSA and art. 174 PPSA). As indicated above, ECtHR in such cases allows the case to be examined at a cabinet meeting or *in camera*. However, it should be noted that even taking into account the above factors, the exclusion from the obligation to hold a hearing should not be absolute. The need to obtain some additional explanations from the party may always occur and in such a situation, the court should be able to adjudicate the case after it has been publicly heard at the hearing.

However, in the context of the Polish model of solutions adopted during the pandemic, the regulation from the spring of 2020, suspending time limits, should be assessed negatively. This regulation in fact stopped the course of court proceedings and, as a consequence, led to delays in the settlement of a cases. A certain justification for such regulation was, of course, the need to quickly stop the increase in the number of infections, however, it seems that this particular regulation did not have a major impact on this effect and after the resumption of the ordinary course of proceedings, time limits in all court cases applied again, which entailed people gathered to a greater extent than would have been the case if time limits had not been suspended (on a marginal note, it should be mentioned that due to the unclear wording of the provisions, it was not clear from when the deadlines apply – see Rojek-Socha, 2020). I therefore believe that this measure should not be recommended for the future.

In the context of the research, the question whether the threat of a pandemic can be regarded as the basis for law incompatible with art. 6 sec. 1 ECHR is of extreme importance. In other words: may the rights of individuals under art. 6 sec. 1 ECHR be suspended during a pandemic? Based on the analysis carried out, I believe that none of the provisions of the Convention grants such a possibility. Consequently, any amendments to court procedures must take into account the requirements set out in art. 6 sec. 1 ECHR even during a pandemic. Importantly, however, the parties' guarantees provided for in the provisions of procedures (including administrative court procedures) may be subject to a specific modification. For example, the catalogue of cases in which the court may hear cases in closed session could be increased, or an electronic communication forum could be used when holding hearings.

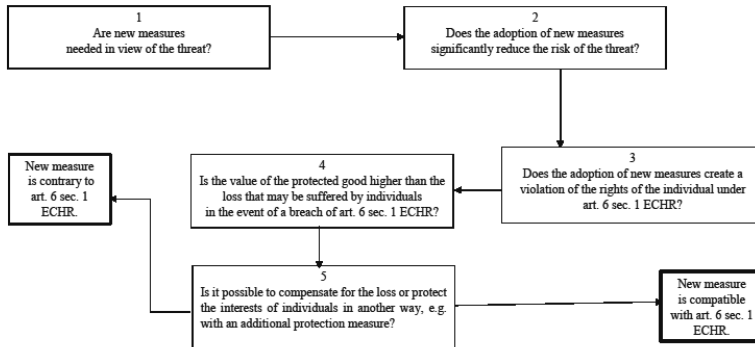
In my opinion, however, when assessing the admissibility of certain modifications of court proceedings necessary during a pandemic, the state should subject the draft amendments to a specific test with the questions presented below. This test is of a broader nature than just the COVID-19 pandemic. I believe that it can be applied to any extraordinary circumstance that may have a long-lasting effect on the efficiency of court proceedings. Projects accepted in such cases should be subject to the following analysis:

- 1) are new measures needed in view of the threat (e.g. a pandemic)?
- 2) does the adoption of new measures significantly reduce the risk of the threat?
- 3) does the adoption of new measures create a violation of the rights of the individual under art. 6 sec. 1 ECHR?
- 4) is the value of the protected good higher than the loss that may be suffered by individuals in the event of a breach of art. 6 sec. 1 ECHR?
- 5) is it possible to compensate for the loss, or to protect the interests of individuals in another way, e.g. with an additional protection measure?

Questions 1) and 2) relate to the general need to amend the provisions on court proceedings. Question 3) refers to the potential threat of violation of art. 6 sec. 1 ECHR. If the answer is affirmative, questions 4) and 5) allow for supplementing the proposed amendment with solutions that will ensure the rights of individuals in the new reality. The test may be presented graphically as below:

Graph 1. A graphic presentation of the above-mentioned test

THE ARTICLE 6 SEC. 1 ECHR TEST



Source: author’s own study.

Apart from “hard” legislation, there is also a need to introduce soft measures that will allow for quick familiarization with the essence of the solutions adopted, the resulting potential threats to the right to a fair trial and the measures introduced to compensate for possible violations. The importance of general communication between the government and society should also be emphasized, an element of which should be simple and precise information about the measures taken and the consequences of violations. This problem is important especially in the context of Poland. Difficulties in clearly communicating the introduced restrictions has led to different interpretations, not only by citizens, but also by administrative bodies. For instance, on the night of 31 December 2020 a curfew was introduced, which the Prime Minister of Poland interpreted as a “recommendation to citizens”, not an order – while the Police authorities interpreted it otherwise (Polish Press Agency, 2020).

Moreover, there is also another important point to consider. Namely, since referring the case to a closed session in cases where no factual findings are made, or where the subject is solely a legal issue, is permissible from the perspective of art. 6 sec. 1 ECHR, should not consideration be given to applying the general form of a closed session to a greater extent than before? This will undoubtedly contribute to timely proceedings. Although the public hearing of the case is part of the elementary canon, it should be assumed that in certain categories of cases, due to their specificity or complexity, the right of the party to be heard during the trial takes only an illusory form. For this reason, I believe that in such cases it should be implemented, for example, in the form of written statements relating to specific issues of the case.

This applies in particular to administrative court cases, where the subject of the case is the legality of public administration’s actions. In my opinion, the use of cabinet hearings in those cases does not limit the party’s right to a public hearing, but gives the party the opportunity to present its statements and claims in a more comprehensive manner in writing. It also gives the judge the

opportunity to consider the submitted statements, assess the correctness of the arguments and provide a broad interpretation of legal provisions. I believe that while maintaining the discretionary power of the judge to refer the case to a hearing, the forum for a closed session will not constitute a violation of art. 6 sec. 1 ECHR.

It should also be highlighted that the problem of the forum is also important in the context of the speed of the proceedings. The informal nature of the cabinet meeting and the possibility of holding it anywhere (based on scans of the documentation left in the original in court) undoubtedly mean that the cases will be dealt with faster. Court proceedings in such cases are also independent of any external circumstances, such as the parties' failure to appear, or notification errors resulting in the need to adjourn the meeting, logistical difficulties at the court (e.g. a limited number of courtrooms), or limitations or effects resulting from a pandemic. Therefore, in my opinion, the form of a closed cabinet session is more favourable for a party, as it has the possibility of obtaining a decision on its case faster than in the event of a hearing. This is important above all for obvious, simple cases where there is no need to make far-reaching arrangements with the party.

5 Conclusion

In conclusion, the COVID-19 pandemic undoubtedly significantly and unexpectedly affected the world in 2020. However, it should not be considered as a ground for lowering the speed of court trials nor a ground for restrictions in public hearings of a case in a higher extent than necessary. The right to hear a case within a reasonable time and the right to a public hearing are guaranteed under art. 6 sec. 1 ECHR. In the event of extraordinary circumstances (e.g. pandemic) countries shall adopt some extraordinary solutions in the aim of securing fair trial. In this context and to counteract the spread of the coronavirus, certain shortcomings of the regulations have become apparent, which are worth discussing. That includes hearing cases in camera when it is sufficient due to the nature of the dispute, e.g. when it can be resolved based on the collected written materials, the subject matter of the case only covers legal issues or the case is considered in the second or subsequent instance.

The latter circumstance relates especially to the proceedings before Polish administrative courts. In Poland, this division of the judiciary deals mainly with the control of the legality of public administration actions. Therefore, the need for active participation of the parties in the examination of the case is less than in the case of, for example, civil or criminal cases. The regulations in the field of lowering the speed of court proceedings or restricting openness of case hearing should be considered only in the context of granting a protection of the right to a fair trial arising from ECHR though.

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Citizens' Attitudes Towards Local Services Accountability and Transparency – The Case of the Sarajevo Canton

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ABSTRACT

Purpose: The aim of this paper is to evaluate the perceived downward accountability and transparency of two public services – water supply and sewage and local road maintenance – in the Sarajevo Canton in Bosnia and Herzegovina (BiH).

Design/Methodology/Approach: An opinion survey¹ on a sample of 250 respondents and four binomial regressions were conducted to measure the factors that affect the perceived downward accountability and transparency of the two public services.

Findings: The results of binomial logit regressions indicate that in terms of perceived accountability and transparency of water supply and sew-

¹ The authors are grateful to Ms Amra Golic, MA, for collecting the data.

age, significant variables include gender, education, and satisfaction with the price the respondents pay for such service. Significant variables for perceived local road maintenance accountability include satisfaction with regular and winter local road maintenance, while for perceived transparency an additional significant variable is education.

Academic contribution to the field: Although publications and literature dealing with the implementation of New Public Management in developed countries are plentiful, this is not the case in transition countries. The paper examines the case of the Sarajevo Canton and contributes to the research of perceived downward accountability and transparency. It may serve as a basis for further studies on public sector management in other local communities or small transition countries.

Originality/Value: The paper contributes to the limited empirical literature regarding the perceived accountability and transparency and suggests ways to improve such.

Keywords: public services, perceived accountability, perceived transparency, citizens, Sarajevo Canton, binomial logit regression

JEL: H41, H83, L32

1 Introduction

The academic interest in and therefore literature that deals with the public sector performance and public sector management has had an exponential growth among researchers worldwide. The theory under the New Public Management (NPM) behind the empirical testing was first introduced by Hood (1991) in the UK and then in the rest of the world (Osborne and McLaughlin, 2005, p. 19). The theory itself originates from the need to reform the public sector and therefore public administration under Thatcherism that extended into NPM under plural state (Osborne and McLaughlin, 2005, p.19). Even though the theory itself is multi-dimensional and its scope has been expanding ever since its introduction, the overall idea behind it remains the same - the importance of the efficient, equitable, accountable, and transparent provision of public services has been set, measured, and evaluated as government's priority around the world. During the process of evolution of the NPM, the concept itself has been under debates and discussions, which are still prevailing.

Bosnia and Herzegovina (BiH), a small transition country, lags behind the economic and integration process towards the EU and the national statistics is either unavailable or poor in quality. In a study from 2017, authors estimate that there are 650 public companies in BiH (Draganić et al., 2017, p. 77). Based upon the analysis of the availability and contents of a sample of 100 public companies and their web sites, the authors conclude that a significant number of public companies do not have a web site and the websites of those that do are poor in quality of the available data, which implies low levels of both accountability and transparency (Draganić et al., 2017, p. 78). As evidence of

the slow transition process, Cegar and Parodi (2019, p. 7) in their research established that there are more than 550 public companies operating in BiH which inevitably have a significant macroeconomic impact on BiH economy.

Therefore, evaluating the perceived downward accountability and perceived transparency for the first time under such circumstances in the agent-principal setting is of great importance since it builds up to the seminal works of Draganić et al. (2017) and Cegar and Parodi (2019) for the BiH case. Our analysis is conducted in the Sarajevo Canton, which is the capital of BiH and serves as the main administrative, financial, and economic centre of the country. By using a method of a survey, we test the perceived downward accountability and perceived transparency in the provision of water supply and sewage services and local road maintenance in the Sarajevo Canton. Therefore, we set two main hypotheses that we wish to test empirically:

H1: Respondents' socio-demographic factors together with their attitudes towards selected public services affect the perceived downward accountability in their provision.

H2: Respondents' socio-demographic factors together with their attitudes towards selected public services affect the perceived transparency in their provision.

In the next sections, we provide the literature review and brief explanation of the position of the Sarajevo Canton in BiH. Research methodology section presents aims and objectives of the research, research design and data collection with the explanation of the research model and the variables that were used in four binomial logit regression models. The data analysis, main findings, and discussion together with research limitations section serves as a basis for the final chapter conclusions.

1.1 Literature review

The interest in efficient, equitable, accountable, and transparent provision of public goods and services has always occupied the interest of academia and researchers. The theoretical background regarding our research builds on the NPM, which was first introduced by Hood (1991) for the UK case and later disseminated and tested in other countries as well (for example, Hood and Jackson, 1991 for Australia or Osborne and Gaebler, 1992, for the USA). After firstly being introduced and examined in the Anglo-Saxon world, the NPM continues to be re-examined in theory and practice across the world too (Osborne and McLaughlin, 2005, p. 19; Barzelay, 2005, p. 27). An overview of the developments, contributions, and an ongoing debate of the NPM to public management and to public services started in the works of Osborne and McLaughlin (2005), but the discussion regarding the comprehensiveness of the NPM is still evolving and ongoing. The work of McCourt (2005, p. 240) re-examines the actual contribution of the NPM theory to its application in developing countries especially with the idea behind the 'one size fits all' concept introduced by the Washington Consensus.

Accountability and transparency as key concepts under NPM have been defined and discussed in the works of several authors. Hence et al. (2015, p. 347) discuss several important aspects of both accountability and transparency under NPM in the example of English local communities, as well as the inevitable interaction between accountability and transparency in theory and practice. The authors also define accountability as a “relationship where the agent is accountable to the principal (citizens or a community) for its actions” (Ferry et al., 2015, p. 347). They highlight its importance as a two-way agent-principal relationship, which can be exercised upwards (to a higher authority), downwards (to citizens or a community), or sideways (as part of a contract that has been agreed for mutual benefit).

Hood (2010, p. 989) provides a definition of transparency explained as “actions (decisions, rules, and information) undertaken by an agent that are visible from the outside”. Lyrio et al. (2018, p. 518) contribute to the definition of transparency in the public sector by referring specifically to the actions that the government undertakes so that the information is available to the external actors. The works of Ferry et al., (2015) also evaluated and discussed the concept of transparency, which was specifically analysed in its interaction with accountability within different worldviews. According to their findings, the downward accountability and transparency would match the Egalitarian view and the concept of accountability and transparency being ‘Siamese twins’ (Ferry et al., 2015, p. 352).

Hence, these concepts occupy the interest of authors around the world in several different areas, for example:

- The application of Data Envelopment Analysis (DEA) in the example of US school districts to measure input-output efficiency and in turn improving managerial control systems and public sector accountability (Chalos and Cherian, 1995);
- The theoretical discussion regarding the concepts introduced by the NPM, specifically the debate regarding citizen vs. consumer and the following practical discussion applied in the case of two countries – the UK as a developed and Nicaragua as a developing country (Myers and Lacey, 1996);
- The discussion and the debate (as the NPM theory suggests) about public sector performance management and its success in increasing government accountability by using the evidence from the administrative data (Heinrich, 2002);
- The two-case study analysis of the benefits justifying a tailored approach to system dynamics modelling in the public sector. The idea was to improve performance and foster decision makers’ accountability (Bianchi, 2010) specifically applied in the Italian case (Bianchi et al., 2010);
- The analysis and possible contribution of performance evaluation programme ‘Democratic Review of Administrative and Business Style’ (DRABS) in Wuhan in central China that could help build horizontal accountability and enhance vertical accountability (So, 2014);

- The nonparametric analysis of public sector transparency and countries' environmental performance in the sample of 49 countries across 1995-2000 period and an inverted 'U'-shape relationship between countries' public sector transparency levels and their environmental performance (Halkos and Tzeremes, 2014);
- The analysis of an exploration of the drivers and utility of performance reporting in the example of water agency in Australia that implemented a disclosure index to, *inter alia*, contribute to public accountability objectives (Tan and Egan, 2018);
- The analysis of accountability in higher education institutions in Korea in the works of Choi and Chun (2020);
- The analysis of how public accountability fully mediates the relationship between performance management system and organizational performance in Vietnamese public sector (Tran and Nguyen, 2020);
- The analysis of environmental accountability of public sector entities in pursuing internationally funded development projects in Sri Lanka and the following environmental sustainability or continuous environmental degradation (de Silva et al., 2020).

Apart from the aforementioned works, the theoretical concept of the NPM was also empirically tested in seminal works of Andrews and Van de Walle (2013, p. 762) in the sample of English local communities. The authors evaluated the NPM through the lens of citizens' perceptions of local service efficiency, responsiveness, equity, and effectiveness. Since the NPM extensively discusses public-private relationship, the authors found a negative relationship between public-private relationships and citizens' perceptions of efficiency, responsiveness, equity and effectiveness. However, the entrepreneurial strategic orientation and performance management have had positive association in citizens' perceptions of local public services in all four dimensions (Andrews and Van de Walle, 2013, p. 778). After Andrews and Van de Walle (2013) paper, authors around the world started using surveys in the evaluation of citizen's perception of several aspects of public goods and services. The term perceived accountability and perceived transparency were used in the works of Hvidman and Andersen (2016, p. 111) that applied a method of survey to evaluate the perceptions of public regarding the performance of hospitals.

Another interesting dimension of perceiving the concepts of accountability and transparency is linked to their interaction with the concept of corruption, which is an especially important factor in developing and emerging economies (Lyrio et al., 2018, p. 513). The authors provide an exhaustive literature overview of 63 papers over 1984-2013 period and conclude that there is a rise in the academic interest in the topic, but also the requirement regarding greater interaction between the government and the society as well as a need for greater citizen participation. With respect to developing countries that evaluated the concepts of accountability and transparency in the public sector, a survey conducted by the Adeyeye and Adeyeye (2019, p. 318) in the

sample of Nigerian public officials shows that combination of both accountability and transparency has a greater effect on service delivery than either concept individually. A survey among public servants was also used in the works of Šević (2005, p. 582), who analysed the process of performance management and measurement system-building in the public sector in the sample of managers/civil servants in Serbian local communities. Findings confirm the fact that the process of performance management and measurement system-building is still in its early stages in the region.

Similarly, the latest research on online local budget transparency of Croatian and Slovenian local communities (Ott et al., 2019, p. 167) indicates that the interest in assessing the determinants of transparency of public sector operations are gaining prominence in Central and Eastern European countries too. Latest research by Ravšelj and Hodžić (2020, p.125) highlights the fact that public administration's accountability and efficiency contribute towards business R&D activity in the EU. Zankina (2020, p. 89) for the case of Bulgaria assesses the success of public administration reform in the five dimensions where key two relate to accountability and transparency. The results show a delayed process with several identified obstacles.

From the literature review, we can determine that accountability and transparency are multidimensional issues linked with concepts of efficiency. It is known that when economists test and measure the efficiency of provision of public goods and services, two approaches can be implemented (De Borger and Kerstens (1996): single public service efficiency measurement (for example water services in Garcia-Sanchez, 2006 or refuse collection and street cleaning in Worthington and Dollery, 2000; Worthington and Dollery, 2001; Benito-Lopez et al., 2011) and the measurement of the overall (sub central) governments' efficiency from a global perspective (for example, overview provided in Narbón-Perpiñá and De Witte, 2018). In our work, we focus on the former by evaluating the perceived downward accountability and perceived transparency in two public services, water supply and sewage and local road maintenance, both provided as local public services. Bearing in mind the conclusions by Cegar and Parodi (2019) for BiH that the reforms and improvements in the governance frameworks of public companies are crucial to the enhancement of accountability and transparency and could in fact increase the BiH's GDP by three percent annually, we analyse these concepts in detail.

1.2 The position of Sarajevo Canton in BiH

BiH as a former Yugoslav country is currently constitutionally organised into two Entities, Federation of BiH (FBiH) and Republika Srpska (RS), and one district (Brčko District). Its capital has always been Sarajevo, which under FBiH constitution belongs to the Sarajevo Canton. The latest Census data (2013) indicate that there are 3,531,159 persons living in BiH. Sarajevo Canton occupies approx. 4.9% of the territory of FBiH and 2.5% of BiH territory. There are some 420,296 inhabitants living in the Sarajevo Canton (or 11.9% of BiH population), which makes Sarajevo the largest BiH city population-wise (Federal Institute of

Statistics, 2020, p. 13). Sarajevo Canton consists of nine municipalities where four inner-city municipalities (Centar, Stari Grad, Novo Sarajevo, and Novi Grad) form the City of Sarajevo, and the remaining five (Vogošća, Ilijaš, Ilidža, Trnovo and Hadžići) are outer city municipalities. Sarajevo Canton communal structure and the provision of public services are not uniformly organised. They are a combination of Cantonal public service providers, local community public services and/or private sector providers sometimes subcontracted by local community. Water supply and sewage as well as local road maintenance are no exception. As shown in Table 1, both water supply and sewage and local road maintenance are provided by Cantonal public service provider in all inner-city municipalities and Vogošća whereas in other outer-city municipalities they are both a combination of several public and private service providers.

Table 1. Water supply and sewage and local road maintenance service provision in the Sarajevo Canton

| Municipality | Water supply and sewage service provision | Local road maintenance service provision |
|---------------|---|--|
| Centar | C | C |
| Stari Grad | C | C |
| Novo Sarajevo | C | C |
| Novi Grad | C | C |
| Vogošća | C | C |
| Ilijaš | C; M | C |
| Ilidža | C; M | C; M |
| Trnovo | C; M | C; M; P |
| Hadžići | C; M | C; M; P |

Legend: C- Sarajevo Canton public service provider; M-municipal public service provider; P-private service provider subcontracted by municipality.

Source: authors.

2 Research methodology

2.1 Aims and objectives of the research

The research deals with determination of factors affecting the perceived downward accountability and perceived transparency in the case of selected public services in the Sarajevo Canton. We have selected two public services to which we wish to test the perceived downward accountability and perceived transparency: water supply and sewage and local road maintenance.

Therefore, the main objectives of our research are to provide answers to two questions:

Ob1: What factors affect the perceived downward accountability in the provision of public services, namely, water supply and sewage and local road maintenance?

Ob2: What factors affect the perceived transparency in the provision of public services, namely, water supply and sewage and local road maintenance?

2.2 Research design and data collection

In the period January 2020 to March 2020, we conducted a public self-administrated online survey by using social media (Google docs). We acquired 250 responses by using the exponential non-discriminative snowball sampling technique. The relatively small sample size will be used to determine the relationship at the level of the sample as results cannot be generalized at the level of the Sarajevo Canton's population. The situation represents the main limitation of our research, which we plan to conduct when more financial resources are available for such research. The survey was specifically localised to the Sarajevo Canton because we wanted to test citizens' perceptions regarding water supply and sewage and local road maintenance in the largest city in BiH. As indicated in Table 1, water supply and sewage as well as local road maintenance in the Sarajevo Canton are predominantly provided by the Cantonal public service provider in both inner and outer-city municipalities.

The structured questionnaire was divided into three segments: the first part related to socio-demographic characteristics of the respondents; the second part related to respondents' perceptions regarding their (dis)satisfaction with local road maintenance especially during winter; the third part related to the respondents' perceptions regarding their (dis)satisfaction with water supply and sewage maintenance and the price they pay for such service.

As a selected method of testing the perceived downward accountability and the perceived transparency, we have chosen binomial logit regression. We have conducted four binomial logit regressions, two for each analysed public services. In the next section, we provide data analysis and results of the conducted research.

3 Data analysis, main results and discussion with research limitations

3.1 Data analysis and model specification

In Table 2, we provide summary statistics of the observed sample. If we summarize the socio-demographic characteristics of our respondents' sample, we can determine that more than 70 percent of our respondents are relatively young people under the age of 34, mostly females (almost 64.8 percent) living in the outer-city municipalities (54.8 percent), who are employed (56.8 percent) and have completed higher education (at least graduate studies, 53.6 percent, Table 2).

Table 2. Socio-demographic characteristics of the respondents' sample

| Variable | in % |
|---|-------------|
| Respondents' age by group | |
| Under 24 | 34.8 |
| 25–34 | 35.6 |
| 35–44 | 17.6 |
| 45–54 | 10.4 |
| 55+ | 1.6 |
| Respondents' gender | |
| Male | 35.2 |
| Female | 64.8 |
| Respondents' municipality of residence | |
| Centar Sarajevo | 9.2 |
| Stari Grad | 8.0 |
| Novo Sarajevo | 12.8 |
| Novi Grad | 13.2 |
| Vogošća | 7.6 |
| Ilijaš | 10. |
| Trnovo | 2.4 |
| Hadžići | 15.6 |
| Ilidža | 19.2 |
| Outside Sarajevo Canton | 2.0 |
| Respondents' employment status | |
| Employed | 56.8 |
| Unemployed (Unemployed, Student, Pensioner) | 43.2 |
| Respondents' education | |
| Primary and secondary | 28.8 |
| Higher education | 53.6 |
| Master, PhD | 17.6 |

No. of observations: 250.

Source: authors.

Bearing in mind that satisfaction with public services determines the tendency to emigrate from BiH (Begović et. al., 2020) we asked respondents about the level of satisfaction with public services. The respondents' satisfaction with public services were assessed by using Likert 5-point scale where 1 indicates

-“highly dissatisfied” with service, 2 -indicates “dissatisfied”, 3 “neutral” (neither satisfied nor dissatisfied), 4 indicates – “satisfied” and 5 – “highly satisfied”).

Table 3. The summary of citizens’ responses regarding their satisfaction with public services

| Q. No. | Question/ Statement | No. of obs. | 1 | 2 | 3 | 4 | 5 | Median | No* (%) | Yes* (%) |
|--------|---|-------------|----|----|----|----|----|--------|---------|----------|
| Q1 | Please indicate your satisfaction level with the local road maintenance in your municipality of residence (maintenance relates to timely repairs and regular cleaning)? | 244 | 20 | 66 | 86 | 54 | 18 | 3 | 54 | 46 |
| Q2 | Please indicate your satisfaction with the local road maintenance during winter times (maintenance relates to timely snow cleaning, removal of ice, etc.)? | 245 | 24 | 70 | 77 | 61 | 13 | 3 | 56 | 44 |
| Q3 | Please indicate your satisfaction with water supply and sewage maintenance? | 241 | 10 | 19 | 65 | 87 | 60 | 4 | 16 | 84 |
| Q4 | Please indicate your satisfaction with the price you pay towards water supply and sewage service? | 242 | 29 | 41 | 79 | 59 | 34 | 3 | 43 | 57 |

* Yes/No responses exclude neutral responses (3) and are summarized as follows: 1 and 2 are summarized as ‘no’ and 4 and 5 as ‘yes’.

Source: authors.

From Table 3, in our sample, we can determine that respondents are mostly dissatisfied with local road maintenance in regular terms and during winter times too. However, they are relatively satisfied with the water supply and sewage public service as well as the price they pay for the service.

We have estimated four statements as dependent variables in four binomial logit regressions. The dependent variables were statements regarding respondents' perceptions about the downward perceived accountability and the perceived transparency in two sets of public services: water supply and sewage service, and local road maintenance. Since the dependent variables were asked as yes/no questions, Table 4 summarizes the responses coded as dichotomous variables, with response 'no' was coded as zero, and 'yes' as one.

Table 4. Descriptive statistics and explanation of dependent and independent variables

| Q. code | Dependent variables | N. obs. | No (0) | Yes (1) |
|---------|---|---------|--------|---------|
| DAW | Does water supply and sewage service provider conduct its operations accountably? | 238 | 63.9 | 36.1 |
| DTW | Does water supply and sewage service provider conduct its operations transparently? | 244 | 64.8 | 35.2 |
| DAL | Does local road maintenance service provider conduct its operations accountably? | 241 | 63.1 | 36.9 |
| DTL | Does local road maintenance service provider conduct its operations transparently? | 237 | 58.2 | 41.8 |

Source: authors.

Independent variables were coded as follows:

- *Education*: dichotomous variable, where respondents with at least university level were coded as '1' and respondents with degrees up to university level by '0';
- *Gender*: dichotomous variable (zero or one), where male respondents were coded by "1" and women coded by "0";
- *Statements*: "Please indicate your satisfaction level with the price you pay towards water supply and sewage service" – Water price and "Please indicate your satisfaction level with water supply and sewage maintenance" – Main water were coded as binary variables used only in two water supply and sewage service related regressions whereby responses "highly dissatisfied" and "dissatisfied" were coded as zero (0), neutral responses were not considered and responses "satisfied" and "highly satisfied" were coded as one (1);
- *Statements*: "Please indicate your satisfaction with the local road maintenance in your municipality of residence (maintenance relates to timely repairs and regular cleaning)?" – Main road and "Please indicate your satisfaction with the local road maintenance during winter times (maintenance relates to timely snow cleaning, removal of ice, etc.)?" – Winter road were coded as bi-

nary variables used only in two local road maintenance related regressions whereby responses “highly dissatisfied” and “dissatisfied” were coded as zero (0), neutral responses were not considered, and responses “satisfied” and “highly satisfied” were coded as one (1).

3.2 Main results of the research

After the explanation of the used dependent variables as well as the set of independent variables, the regression results are provided in Table 5.

Table 5. Regression results for four models with results from sensitivity analysis

| | | Accountability, water (Model 1) | Transparency, water (Model 2) | Accountability, roads (Model 3) | Transparency, roads (Model 4) |
|-----------------------------|---------------|------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Gender | | 1.7507** | 1.0906* | 0.8464 | 0.7949 |
| Education | | -1.2274* | -0.6788* | -0.8436 | -1.4029* |
| Water price | | 2.7046** | 2.6603** | | |
| Main water | | 2.0503 | 0.3649 | | |
| Main road | | | | 1.8130** | 1.8048** |
| Winter road | | | | 2.8261** | 2.2712** |
| Const. | | -4.0998** | -2.1959** | -2.9426** | -2.2438** |
| No. of OBS | | 121 | 119 | 121 | 119 |
| Linktest | LR chi2(2) | 58.53 | 42.16 | 80.97 | 67.96 |
| | p-value | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Hosmer- Lemeshow test | HL chi2 | HL(4)=1.45 | HL(3)=0.36 | HL(6)=4.43 | HL(5)=5.02 |
| | p-value | 0.8347 | 0.9484 | 0.6187 | 0.4139 |
| Average VIF | | 3.88 | 3.85 | 3.50 | 3.51 |

* $p < 0.05$, ** $p < 0.01$.

Source: authors.

Results of logistic regression in Model 1 (at 1 percent significance level) indicate that men are more likely to agree with the statement that water supply and sewage service provider is accountable in its operations than women. At 5 percent significance level, in Model 2, men are more likely than women to agree with the transparency statement in regard to water supply and sewage.

At 5 percent significance level, respondents with higher level of education are less likely to agree with statements that water supply and sewage service

provider is accountable in its operations as well as transparent (Model 1 and 2). Respondents who expressed greater satisfaction with the price they pay towards water supply and sewage service are more likely to agree with statements that water supply and sewage service provider is accountable in its operations as well as transparent (at 0.01 significance level, Model 1 and 2).

Results of Model 4 regarding local road maintenance indicate that respondents with higher level of education are less likely to agree with the statement that local road maintenance service provider is transparent in its operations (at 0.05 significance level). Respondents who expressed greater satisfaction with local road maintenance and with winter road maintenance are more likely to agree with statements that local road maintenance service provider is accountable and transparent in its operations (at 0.01 significance level, Model 3 and 4).

To test the suitability of the specification of our models, we used the Linktest and the Hosmer-Lemeshow test. The results of the Linktest indicate that the selected models are well specified (Table 5). Similarly, the results of the Hosmer - Lemeshow test indicate that the selected models fit the data well (Table 5). We also examined the presence of multicollinearity through the assessment of inflation variance factors (VIF). The results showed that there are no variables that cause a serious problem of multicollinearity ($VIF < 10$). The average VIF values of all explanatory variables are between 3.50 and 3.88 for the considered models (Table 5).

3.3 Discussion and research limitations

Even though our results can only be interpreted at the level of the analysed sample, our results are complementary to the results provided in the works of Andrews and Van de Walle (2013) in the example of English local communities tested on several NPM issues of perceived efficiency, effectiveness, responsiveness, and equity. This especially relates to the scientific contribution in the relationship between perceived accountability and efficiency. Similar to the results of Andrews and Van de Walle (2013), we have confirmed that the respondents' assessment of efficiency (the statement about the price of water supply and sewage service) contributes towards the perceived accountability of the local service provider. Also, in our brief analysis we have discovered that the socio-demographic factors as well as overall (dis)satisfaction of citizens or consumers (Myers and Lacey, 1996) are very important factors in assessing the downward perceived accountability and perceived transparency.

Although the presented research confirmed some former findings that socio-demographic factors as well as respondents' overall (dis)satisfaction with selected public services are very important in assessing the perceived downward accountability and transparency, our results ought to be interpreted with caution. The primary limitation of our research is related to the sample size and the inability for generalization. Further research needs to base the study on a larger sample size in order to acquire more robust and accurate results. Other limitations relate to included variables. Similar to previous academic research (Myers and Lacey, 1996; Andrews and Van de Walle, 2013;

Hvidman and Andersen, 2016), future research might include several other variables, which unfortunately are not publicly available or currently accessible in BiH. These especially relate to financial and economic performance indicators of the selected public services. Also, as in Andrews and Van de Walle (2013), the potential results (and variables) of a survey conducted among employees of several other public services might be added to the research so that it could contribute towards the evaluation of other NPM aspects such as efficiency, responsiveness, equity, and effectiveness. Finally, depending on available financial resources for such research, the questionnaire conducted in local communities across BiH would create more further-reaching results and would substantially contribute towards current perceptions about public service accountability and transparency in BiH.

4 Conclusions

The accountability and transparency concepts developed under NPM umbrella are gaining an increased interest among academics, practitioners, and policy makers. Accountability and transparency are two important pillars of good governance in both public and private companies. Although private companies are not completely without public oversight regarding their efficiency, accountability and transparency, their main responsibility towards successful business operations is aimed at their stakeholders and employees. In the public sector, related reforms and reforms of public companies specifically are, *inter alia*, aimed at increasing citizens' well-being. During this process, questionnaires about citizens' perceptions are used as an important tool in evaluating and assessing the success in providing public goods and services. This is especially important in the (post)transition countries, where accountability and transparency are important tools for tackling corruption.

Our survey was conducted in BiH capital in the example of two public service providers: water supply and sewage, and local road maintenance. The results indicate that respondents are relatively not satisfied with winter road maintenance and relatively satisfied with water supply and sewage maintenance and the price of the corresponding service they pay.

A conducted opinion survey related to water supply and sewage service and local road maintenance has showed very interesting results regarding the downward perceived accountability and perceived transparency. Our research confirmed both of our hypotheses and indicated that socio-demographic factors (primarily the respondents' education) as well as overall (dis)satisfaction with public services are important factors in assessing the downward perceived accountability and perceived transparency. We also find that the respondents' assessment of efficiency (the statement about the price of water supply and sewage service) contributes towards the downward perceived accountability and transparency. Some limitations of our research include the sample size, other possible use of currently unavailable variables as well as geographical reach of the study.

However, the findings show the multi-dimensional nature of the accountability and transparency concepts as well as their coherence with the concept of efficiency. Hence, the reforms in the public companies ought to be comprehensive and multi-dimensional. Apart from the measures that directly lead to increased accountability and transparency (for example, public data availability or legally binding regulation, etc.), it is necessary to introduce measures that will result in improved quality of public (goods and) services that ought to satisfy citizens' needs and expectations and finally bring the efficient use of resources closer to citizens (consumers).

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Transition to Circular Economy and Management of Public Services of General Economic Interest¹

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ABSTRACT

Purpose: The aim of this paper is to clarify the topic of the transition to Circular Economy, an expression of the European "Green New Deal", which has several application consequences for the SGEI sector.

Approach: The approach consists of examining the European policy framework, the most relevant aspects of the transposition of the 2018 waste directives for the domestic system, the new measures for local authorities and users, and the new "purpose" of the utilities industries based on sharing and environmental solutions.

Findings: The study highlights the need for several practical adjustments in the implementation of Circular Economy: the necessary technological innovation requirements for industrial production, reforms of the national legal framework, and an inevitable wider cultural evolution. Publications concerning the transition to Circular Economy in relation to public services of the general economic interest sector are not numerous in law literature. Most of the existing documents and communications are provided by the European Commission and the analyses are based mainly on the guidelines of the new green policy and the specific EU legal framework.

Academic contribution to the field and originality/significance/value: The paper adds to existing research and focuses mainly on legal studies and the wider consequences for national utility policy and companies' business plans, on the role of local public authorities having direct powers that need reforms, and the position of consumers.

Keywords: circular economy, transition, services of general economic interest, management, innovation in law.

JEL: K23, K32, O21

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1 Introduction

The European Circular Economy model and 2018 regulations on waste are not limited to this sector but anticipate the recent and wider European policy of the *Green New Deal* (2019/2020). This model imposes incisive measures on economic activities and the management of public services of general economic interest for environmental sustainability. There are inevitable direct consequences for competences of local authorities, the industrial policy of service management companies and for citizens-users.

The new paradigm of the “Circular Economy” goes beyond the boundaries of the administrative action of mere waste management to protect the environment and includes the entire industrial process of design and production of goods. It becomes also an instrument of industrial policy, capable of guiding and attracting investments, generating value; this model that cannot be confined in the scope of the environmental protection, but necessarily includes the social, educational and financial profiles inherent in the overall redefinition of European industrial policy.

Therefore, the efficient use of resources is necessary for environmental reasons to reduce their consumption and the resulting ecological deficit, so the Circular Economy becomes, at the same time, an objective of industrial plans and the competitive market.

Law innovations on the Circular Economy coming from the European Union lead to address the problems of sustainability beyond simple conservation and the aim is not only to invest more in environmental protection, but to push towards regeneration for which, in short, the environment is characterized as a real driving force for economic development. Circular Economy programming is subject to continuous study and adaptation for gradual and efficient solutions (European Commission, 2019-2020).

It is so necessary to overcome the traditional model of relationship between business and consumers; recently, environmental protection objectives involving businesses, users and the sector regulator have been added, under the EU law and soft law. In this context, we examine the Italian legal measures and the possible role of public and private subjects involved in the gradual implementation of the Circular Economy in the perspective of management solutions by means partnership, public-private companies of adequate size.

The main objective of this article is to highlight the complex framework of the various issues related to the *European Green New Deal* and the *Circular Economy*, according to an interdisciplinary reading between European and national (Italian) administrative and economic law, in order to identify a rational solution. The consequent objectives concern the clearest possible reconstruction of the issues that concern not only the specific sector of waste management, but more generally the new political and “cultural vision”, in the strict sense of the word, of the economy and the exercise of productive activities by businesses in a sustainable, shared and modern vision, as a direct consequence of the climate change and the generalised economic crisis.

2 Methods

The research method adopted is comparative with the aim of identifying the links between different institutions of administrative law and economics law in the EU and Italian systems. The article examines the legal positions not only of public bodies, but also of businesses and consumers, all of whom are directly involved in the provision of public services of general economic interest.

Hence, the most relevant questions: are the public services be reconnectable to the use of economic goods that can also be configured as *common goods*? what are the consequences of the new European environmental policy and the transposition of the 2018 European directives “Circular Economy Package” on the internal system? And on the Italian one? also for the search of a clear definition of the concept of “Circular Economy”.

Finally, we intend to investigate the very interesting topic of the effects of the new policy and the specific discipline towards the “purpose” contained in the statutes of the public service companies, which acquire a strategic role in the implementation both for the contribution of knowledge, technologies and of funding, and the use of “Green Finance” instruments to support significant investments for innovation for the benefit of the community and not only in the perspective of profits. This complex context should be interpreted in the light of new forms of collaboration with local public bodies and citizen-users.

3 Public Services of General Economic Interest and Common Goods

Public services of general economic interest (such as water service, energy, waste management) relate directly to resources that can be framed in the concept of *common goods (commons)* (Felber, 2012; Passalacqua, 2015; Bombardelli, 2016; Tirole, 2017; Simonati, 2018) which we could qualify also as *circular goods*, in the current economic and environmental emergency context and considering the objective of reusing resources. Moreover, the perspective widens if we consider subjects involved in management and reuse, public and private sectors: the community of citizens, local authorities, businesses. These categories must not be considered in opposition, but in collaboration, differentiating the roles and stages of participation.

The Circular Economy could, in fact, favor the emergence of participation, as it involves an increasingly active role of the individual components of the community. However, it is necessary to clearly distinguish this model from the “collaborative economy” which can become a social economy, based on social relations and duties of solidarity. The “economy of society” is clearly different and can be traced back to a context in which individuals are linked by a general interest that establishes also a subjectively public dimension that goes beyond the rights and interests of individuals and concerns the collectivity (Ostrom, 2015; Passalacqua, 2019).

The European environmental policy and the discipline introducing the new waste management and methods of production-management-reuse of waste - directives (EU) n. 849-850-851-852/2018 "Circular economy package" – have a direct influence in national systems, which will implement these rules.

The commons could also emerge in the waste sector, if we consider that the reuse of materials has first and foremost environmental consequences with obvious community interests and not only economic benefits.

So the Circular Economy points towards new objectives and methods for public services of general economic interest and new solutions for the organisation and the "purpose" of management companies considering citizens interests connected to environment.

4 The 2018 European Directives on Waste

The first recital of directive 2018/851/EU states that waste management in the EU should be improved and transformed into sustainable management of materials to safeguard the quality of the environment, to protect human health, to ensure the prudent, efficient and rational use of natural resources and to promote the principles of the Circular Economy (Massarutto, 2019; Munari, 2019; Simone, 2019; Verri, 2019; Bianchi, 2018, Bompan – Brambilla, 2018; Scarpellino, 2018; Lacy, 2016 and 2015; Cerrina Feroni, 2014; Cartei 2013).

Despite other different references to the Circular Economy, in this directive just mentioned and in others transposed by the Italian legislative decrees, there are no further definitions or contents useful for the interpreter. In addition, there are obvious problems of adaptation of our legal system that are not solvable only with the transposition of the 2018 directives, if we consider the legal schemes of administrative and economics national law and the competences of the public bodies involved are obsolete. More generally, the implementation of the Circular Economy could be an opportunity to innovate public legal instruments applicable to the economy.

It is therefore necessary to refer to the various documents and directives that accompanied the birth and the diffusion of the idea of the Circular Economy in Europe. At first the "*European Union Action Plan for the Circular Economy*" (December 2, 2015) by which the European Commission approved and proposed the package of directives for the transition from the linear and traditional economy to the Circular Economy. The action plan defines 54 measures to "close the circle" of the product life cycle: from production and consumption to waste management and the secondary raw materials market. In addition, it identifies five priority sectors to accelerate the transition along their value chain (plastics, food waste, essential raw materials, construction and demolition, biomass and biological materials).

Another relevant document of the European Commission is the "*European strategy for plastics in the Circular Economy*" (16 January 2018) and the directive 2019/904/EU on single-use plastics (also called SUP directive, Single Use

Plastics) approved on 21 May 2019. The directive aims to prevent and combat marine litter and sets stricter rules for the types of products and packaging that are among the ten pollutants most often found on European beaches. The new rules prohibit the use of certain disposable plastic products for which there are alternatives on the market. The European Commission also approved on 12 October 2018 the document “*A sustainable bioeconomy for Europe: strengthening the link between economy, society and the environment*” with the aim of improving and increasing the sustainable use of renewable resources in order to addressing climate change and promoting sustainable development.

This first phase of the European Union ended with the “*Reflection paper towards a sustainable Europe by 2030* (European Commission, 2019)” by which the Juncker Commission ended its mandate by launching the debate on the future of Europe and on the preparation of the Agenda strategy 2019–2024 of the European Union and the priorities of the European Commission. The reflection paper focuses on the transition to sustainability and includes the transition from a linear traditional economy (extract, produce, throw away) to a Circular Economy, the correction of imbalances in our food system, energy of the future, buildings and mobility (D’M. Coffman et al., 2020). The growing availability and affordability of various materials and products have simplified our lives and contributed to raising the standard and quality of life in the EU.

We can identify a *second phase* of the Circular Economy that has started with the new European Commission chaired by Ursula Von der Leyen who claimed to aim for World leadership on sustainable development and on 11 December 2019 presented the *Green New Deal* (Barbier, 2019; Aronoff et al., 2019; Atil Asici and Bünül, 2012; Baribier, 2010). Through this new plan, the European Commission gives a significant boost to the green transition and indicates a detailed stringent roadmap and actions for transition to the Circular Economy, stimulating the efficient use of resources, halting climate change, counteracting loss of biodiversity and reduce pollution.

The European *Green Deal* affects all sectors of the economy, with a commitment to propose targets for separate collection, waste reduction, reuse and recycling, as well as other specific actions such as extended producer responsibility in priority sectors such as commercial waste, textiles, plastics, electronics, construction and food. The investment plan is impressive and is divided into three dimensions: mobilize at least € 1,000 Billion of sustainable investments over the next ten years and incentives to unlock and redirect *public* and *private* investments, making sustainable finance a pillar of the financial system. The Commission will provide *support to public authorities* and promoters (private subjects, private or mixed companies) in the planning and implementation of sustainable projects.

As part of the *New Green Deal*, President Von der Leyen announced the European strategy that was (and will be) expressed into many acts and plans (European Commission, 2020) and today the most advanced documents on

environmental sustainability come from the European Union, which has become the politically and legally most committed entity in this direction.

All these documents mentioned above are crucial for the useful elements of in-depth analysis of the new European environmental policy, but there is a significant problem of gradual and effective understanding of the common objectives in the internal legal systems, especially if we consider that not only legal adjustments are required, but a broader cultural evolution of the industrial sectors and, in particular, of the industry of public services of general economic interest and technological innovation strategies. Thus, the reforms of the disciplines for the different sectors is only one aspect, since more widely the innovations must be introduced in national policy choices and in the objectives of industrial plans.

5 The European Environmental Policy and Related Discipline

Directives on waste and the Circular Economy are also law in Italy with the legislative decrees of 3 September 2020, n.116, n. 118, n. 119 and n. 121, published respectively on 11, 12 (second and third) and 14 September 2020. These are the legislative decrees transposing the European package of measures on the Circular Economy that amended the before directives (1994–2012) on waste and landfills.

The topic that we want to deal with is the definition and contents of the Circular Economy, repeatedly referred to also with particular emphasis in Italian legislative decrees, to understand general rules and measures.

Regarding purposes of waste management law, “the effectiveness and the tools that constitute the fundamental elements” have been introduced with art. 1, par. 1 of the legislative decree n. 116/2020 “for the transition to a Circular Economy” (new art. 177, par. 1, legislative decree n. 152/2006). In the subsequent paragraph 7 it declares to want to “proceed towards a Circular Economy with a high level of resource efficiency” (new art. 181, par. 4, legislative decree n. 152/2006). Other references are in art. 2 of the same legislative decree n.116/2020 which introduces the national program for waste management which must contain “the identification of homogeneous flows of functional and strategic waste for the Circular Economy (new art. 198-bis, par. 3, letter g, legislative decree n. 152/2006” and “the definition of a national plan of communication and environmental knowledge on waste and Circular Economy (new art. 198-bis, par. 3, letter h, legislative decree n. 152/2006)”. The following article 3 of the same legislative decree n. 116/2020 aims to “favor the transition towards a Circular Economy (new art. 218, par. 2, and 237, par. 1, legislative decree n. 152/2006)”. This purpose is also reiterated in art. 1, paragraph 1, letter a), of legislative decree n. 121/2020 which amends art. 1, par. 1, of the legislative decree n. 36/2003 on waste landfills.

Principles of the new regulation on waste represent the first concrete objectives that our legal system sets for the transition to the Circular Economy; they are strategic by both Italy and the European Union, as later they will say. This framework involves the regulated market for services of general economic interest (Bruti Liberati, 2010) that include the waste, water and energy sectors and thus the broad scope of the Circular Economy. Therefore, market rules will also have to consider the generalized innovation policy. Moreover, the approach does not only concern waste management, but is more general as it relates to the water and resources of all productive activities that must be gradually planned in ways that are compatible with the environment and in order to combat climate change.

The Italian discipline is articulated, so we consider only some general aspects that seem to characterise it and constitute the starting point for Circular Economy strategies. The objectives of the new waste regulation “to move towards a Circular Economy” are numerous and with different deadlines from 2020; the main ones are listed in paragraph 4 of the new art. 181 of legislative decree n. 152/2006. The objective is then to simplify the secondary raw materials market and, to this end, it is expected that those who use, for the first time, a material that has ceased to be considered waste and that has not been placed on the market or that is a material on the market for the first time after it ceases to be considered waste, must ensure that the material meets the requirements under the applicable legislation on chemicals and related products (new art. 184-ter, par. 5-bis, legislative decree n. 152/2006).

In order to establish itself, the Circular Economy will need a reference market, economic instruments and useful tools for its growth, which are not only the regulatory ones of the State. To the prescriptive and regulatory instruments, typical of the legal technique, the new discipline combines those of the market that are described in the new Annex L-ter to legislative decree n. 152/2006 which contains a detailed list of possible public intervention tools in the economy and other measures for waste sectors.

There are a lot of measures, such as taxes and restrictions for landfilling and incineration of waste which incentivize prevention and recycling, leaving landfilling as a less preferable waste management option, punctual tariff schemes that burden waste producers in relation to the actual quantity of waste produced and provide incentives for the source separation of recyclable waste. The aim to reduce of unsorted waste is achievable by tax incentives for the donation of products, in particular food, extended producer responsibility schemes for various types of waste and measures to increase their effectiveness, cost-efficiency and governance, or trough deposit-refund systems and other measures to encourage the efficient collection of used products and materials, sound planning of investments in waste management infrastructure. Other schemes relate to EU funds and sustainable public procurement to encourage better waste management, the use of recycled products and materials, economic incentives for local and regional authorities, aimed

at promoting waste prevention and intensifying separate collection, while avoiding support for landfilling and incineration.

Another important aspect of the Italian law is the extended producer responsibility (OECD, 2008), which was already contained in the “framework” Directive 2008/98/EC on waste that was implemented in domestic law by inserting art. 3, par. 1, legislative decree 3 December 2010, n. 205 and art. 178-bis of the so-called Environmental Code, legislative decree 3 April 2006, n. 152.

The Directive 2018/851/EU and the legislative decree n. 116/2020 incorporated its contents in order to internalise the end-of-life costs of the product by including them in the price of the product itself and to encourage producers, when designing their manufactured products, to take greater account of their recyclability, reusability and repairability.

The legislative decree n. 116/2020, thus modifies art. 178-bis and in general Part IV (on waste management) of legislative decree 152/2006, establishes, even at the request of a party, extended producer responsibility regimes and refers to future decrees, for each individual extended producer responsibility, the requirements and measures include the acceptance of returned products and waste remaining after the use of those products and the subsequent waste management. So financial responsibility for such activities as well as measures to ensure that any natural or legal person who professionally develops, manufactures, transforms, processes, sells or imports products (product manufacturer) is subject to extended producer responsibility. The producers pay a financial contribution so that the same covers the costs for the products that the producer places on the national market (new art. 178-ter, par. 3, legislative decree n. 152/2006).

Compliance with the obligations deriving from extended producer responsibility is subject to the supervision and control of the Ministry of the environment and the protection of the territory and the sea, which, after the establishment of the new National register of producers (new art. 178-ter, par. 8, legislative decree n. 152/2006) collects the data, analyzes the financial statements and carries out as a comparative analyzes, the determination of the environmental contribution, checks that the objectives are achieved and verifies the correct implementation of the new regulations (new art. 178-ter, par. 6, legislative decree n. 152/2006).

The Italian discipline is complex and certainly analytical because of many aspects of the Circular Economy; several profiles can be linked to the issue of land use containment and urban regeneration. Land consumption is an effect of the linear economy that procures, produces, consumes and disposes of and containment through reuse can only be achieved by adopting Circular Economy mechanisms that can self-regenerate (Passalacqua, 2019).

The central goal is the implementation of these measures in the context of the pandemic crisis, especially in the waste and recycling sector; however, a medium-long term strategy would be needed whose content considers the future beyond the emergency (Venier, 28 May 2020). In addition, strategies

inevitably need financing (mainly European funds) and legal schemes to be implemented; the current instruments of the internal order for economic activities do not seem to be adequate even in a situation of “normality” for the existing forms of public intervention in the economy. Therefore, extensive reforms are necessary on the impetus of the EU and in implementation of European disciplines or, even better, in direct application for the need of uniformity precisely in the perspective of transition to the Circular Economy.

Finally, the Italian regulatory authority for energy, networks and the environment – Arera (Merusi and Antoniazzi, 2017; Arera and Ansa, 2020) - will certainly play an additional important role to adopt new incentive mechanisms for companies, in order to encourage the reuse of resources (water, energy, waste) and green solutions according to the rules examined. Furthermore, probably new tasks could be assigned to the European Agency for the Cooperation of Energy Regulators (ACER).

6 The Concept of Circular Economy in Italian Law Order

The notion and contents of the Circular Economy are present in the Ministry of economic development (MISE), decree 11 June 2020 and not in a legal act of implementation of EU law (see Italian Government documents in www.mise.gov.it; www.gov.it; www.politicheeuropee.goc.it; Zanchini and Albrizio, 2019) in fact, even if the legislative decree n. 116/2020 was hailed as a real revolution that marks the entry of the Circular Economy into our legal system, in the new Italian discipline there is no a definition, although it is repeatedly cited as the finality of the waste legislation must pursue. The purpose of supporting transition to the Circular Economy and objectives of the new discipline seems uncertain without a specific definition of the model contents.

The only normative definition is found in an annex to the Ministerial decree of 11 June 2020 aimed at the reconversion of production processes within the Circular Economy with funding for 210 million euros. According to the Annex 2 of the Ministerial decree “Circular Economy means an economic model in which the value of products, materials and resources is maintained for as long as possible, and the production of waste is reduced to a minimum”.

The concept is generic and non-binding because it is not of a legislative level, but it helps to understand and confirm that the Circular Economy has a lot to do with waste and the need to manage it as a resource. To concretely understand what is meant by Circular Economy, the ministerial decree itself is in any case helpful through the indications provided to access funding.

According to the decree, industrial research and industrial development activities contribute to the introduction of innovative models aimed at the productive reconversion of economic activities within the Circular Economy relating to product and process innovations in terms of efficient use of resources and waste treatment and transformation, including the reuse of materials with a view to circular or “zero waste” economy and environmental compatibility (eco-compatible innovations). Other goals concern the systems, tools and

methodologies for the development of technologies for water supply, rational use and sanitation and innovative technological tools capable of increasing the lifetime of products and making the production cycle more efficient and other sectors.

Furthermore, the Ministerial decree also describes in detail the areas relating to the phase of the value chain: design, production, consumption, waste management and, for example, for production innovative models referring to the procurement of resources, their use in production and the generation of waste during the entire life cycle of the product, such as the reuse of secondary raw materials or the replacement or reduction of the presence of dangerous substances for health in the materials used. For production processes are required efficient use of resources, development of technologies and innovative industrial production lines in which waste or by-products of one industry become factors of production for another. While for consumption there are innovative models, also digital platforms, product-as-a-service models, based inter alia on leasing, and subscription schemes in which manufacturers retain ownership of the product or responsibility for its performance for the entire life cycle; the sharing of products and infrastructures may be considered forms of “collaborative economy”.

In this sector, the law provides measures of integration for the waste management and enhancement within the production and consumption processes, the separate collection and logistics of products and materials. In addition, rules refer to the recovery of materials from waste, production residues for reuse and recycling and to recovery and enhancement of organic waste, biomass residues and organic sludge, such as food, feed, nutrients, fertilizers, bio-based materials or chemical raw materials.

So, the legislation of 2020 is defining the Circular Economy and its contents with difficulty and delay, but there is no lack of Italian documents that address the issue since 2017. On 13 December 2017, the joint document of the Ministry of the environment, land and sea protection and the Ministry of economic development was published “*Towards a Circular Economy model for Italy*”, with the aim of providing a general framework on Circular Economy as well as to define the strategic positioning of our Country, in continuity with the commitments adopted under the “*Paris Agreement on climate change*”, the “*United Nations 2030 Agenda on sustainable development*”, in the G7 and in the European Union. This document constitutes an important element for the implementation of the broader “*National Strategy for sustainable development*” (2 October 2017) and addresses the transition phase towards the Circular Economy and the need to rethink the waste sector (“*Italian Bioeconomy Strategy*”, 2017).

On 14 May 2019 the Presidency of the Council of Ministers presented the update of the “*National Bioeconomy Strategy*” which shows that the Italian bioeconomy is ranked third in Europe, after Germany and France, with an annual turnover of approximately 330 billion euros and 2 million jobs. Italy is also second in Europe in terms of research and innovation and often the first in terms of richness in biodiversity and innovative and quality products placed

on the market. The *Italian New Green Deal* was announced in the “2020-2022 Draft Budgetary Document” as a synergistic public investment plan with private sector to direct the fight against climate change, the development of the Circular Economy and the strengthening of social and territorial cohesion.

Private and mixed companies are obviously directly involved and committed; in a recent initiative (September 2020), some local public utilities companies and other economic entities (Venier and Verde, 2020) have established the “*Alliance for the Circular Economy*” (promoted since 2017), launching a new document the “*Position Paper 2020*” of intents for the implementation of circularity in Italy and a new model of sustainable development.

Therefore, in our legal system there are several normative references, documents and specific initiatives that allow us to focus on the main issues; however, the implementation of rules will certainly be difficult, especially if we consider that the innovations are part of a system that highlights several reform needs concerning administrative law (procedures and competences of public and local authorities) and intervention in the economy (Cassese, 2020; Franchini, 2020; Durano, 2018; Merusi, 2013). There are important questions about how Circular Economy innovations can be implemented through existing legal instruments, as well as the appropriate management of economic resources.

7 The Effects of the EU Policy on the Purpose of Public Services Companies

Technological and “cultural” innovations and green policy are also changing previous objectives, already known, promoted by EU acts; for example the *Smart City* (Maugeri, 2020; Antoniazzi, 22 May 2019; Favaro, 2019; Antoniazzi, 2018; Gaspari, 2018; Venier and Lucatti, 2018; Antoniazzi, 2017) model, a modern city sensitive to needs of the inhabitants for the public services offered, is towards the evolution in *Circular City*, as an urban context of economic and environmental sustainability in which public services are provided according to innovative criteria of adequacy and saving of resources, reduction and regeneration of waste, renewable energy solutions, integrated circular water service (water recycling), etc. (Venier, 2021). These objectives affect the production process and the relationship with customers and smart cities will play a role in the low-carbon transition by changing consumer demand for public transport instead of private vehicles.

The new industrial policy must necessarily coordinate profit objectives with the purpose of improving environmental conditions. In the context of competition, technological innovation and the adaptation to the law and guidelines of the European Union, inserted in institutions expressing a World policy (environment, climate change and emergencies) of the most advanced Countries, play a central role. The industrial plans of the service management companies are certainly conditioned by the regulatory context and by the European *Green Policy*, although characterised by very ambitious goals and achievable

only gradually, which is certainly more linear than the national one, moreover based on interventions and legal schemes that are not adequate for fast innovations (Averardi, 2018).

In fact, legal schemes often conflict with reality, with the consequence that law, instead of rationally dominating it, complicates reality because it is characterised by inadequacy in the face of faster development of economics. For the national system, there are dubious issues pertain to the adequacy internal discipline and industrial policy which should (in theory) offer solutions for a *gradual transition* to the Circular Economy. The complexity of the objectives can only entail a *necessary collaboration/participation* of local bodies (holders of skills), enterprises of adequate size, citizens as customers and the Italian regulator Arera, which acquires the role of implementing the European and national transposition regulations by means specific enforcement solutions.

The public services market is currently “oriented” by the EU: the aim is the protection of environmental interests, in addition to the protection of consumers through specific disciplines for contractual relations. In Italy, the Arera adopts more advanced solutions than the incentive for renewable sources (Luisio, 2020; Galliani, 2020), such as the so-called “White certificates”, negotiable energy efficiency certificates, establishing annual obligations and objectives in proportion to the quantity of distributed resources, assigned to energy distributors. The purpose of the mechanism is energy saving and in Italy it proves to be the best tool for the cost/effectiveness ratio with effects on the costs indicated in consumer payment invoices for the services provided (optimization of electricity consumption, management of *smart grids*). These complex systems are obviously based on the acquisition of investments in innovative technological structures, data schemes and on the participation of consumers.

8 The Public Utilities Market and Environmental Sustainability Objectives

In recent years, companies are constantly engaged in public promotion of their activities in the reference area as a stable and lasting model according to the latest technologies, modern methodologies consistency with environmental protection, accreditation through involvement in international institutions and associations (see *Ellen McArthur Foundation*, 2020) which pursue objectives of modern industrial production respecting the environment and the Circular Economy. The current trend is the search for *effective collaboration* in the relationship with the user; a service company not committed to environmental objectives, runs the risk of being excluded from the market and “sanctioned” by the regulator and users. Recently, an Italian multiservice company has placed on the market “green bonds” of relevant economic value for innovative projects and the most advanced management and service delivery technologies, in line with the objectives of Circular Economy and environmental sustainability (management of waste, water system resilience, water regeneration).

The “purpose” of companies, “the reason of the existence of a company”, includes environmental and socio-economic challenges with new reporting and transparency commitments in relations with users, in addition to the contractual legal relationship (Venier and Bocchi, 2019; Venier, 2018). There are various elements for a new corporate culture, considering the reflections on the business model for objectives of the United Nations Agenda 2030, the production of services, which use resources and common goods, and on contractual relations with consumers.

Adequate dimensions of the management companies are crucial for their evolution, because they know territories and shareholders are local authorities, in order to support the infrastructure of services, new management models for the regeneration of resources and sustainable and participatory development, capable of to attract funding for green solutions.

9 Discussion: The Intricate and Gradual Path Requires Economic and Technical Resources, Reformed Skills of Local Authorities and a New Strategic Role for Public-Private Companies

It is necessary to rethink and to reform the skills of local authorities (Pavani et al., 2019) and the measures of the regulator for a greater consideration of public-private partnership solutions and the role of utilities companies, often mixed companies (Antoniazzi, 2017). In fact, through investments for technological innovation, companies are directly responsible for transition to the Circular Economy, considering the limited public resources and the need of private investments.

There are many questions for Italian case: do local and regional authorities have adequate means and resources to implement the new European policy? Only some Regions have adopted specific and interesting regional legislation on supporting Circular Economy, waste reduction and resource management, financing plans (see l. reg. Emilia-Romagna, 5 October 2015, n. 16 and l. reg. Toscana, 7 August 2018, n. 48).

Will the role of the Arera Authority become more relevant and need additional skills? In our system, could the administrative entities implement the EU law and policy? Especially for the regulation relating to waste management.

The overall picture of the complex objectives highlights that the participation of public authorities, private entities and mixed companies and the collaborative involvement of consumers are crucial for the concrete implementation of the new economic model (Tirole, 2017).

10 Green Finance and the Involvement of the European Banking System

Another interesting consequence of the new European policy is the *Green Finance* and the involvement of the European banking system; we should consider green objectives of the European Central Bank (ECB, 2019), the European Investment Bank and of the European Climate Bank. These new aims are evolving for the method from the financing of projects to the financing of companies capable of managing activities compatible with the environment.

The Regulation (EU) 18 June 2020, n. 852 is certainly the most important legal document produced by the European Union for the *green transition* and is on *sustainable finance*, a sector considered by various public and private entities to study the development of the Circular Economy (Ellen Mc Arthur Foundation, 2020).

Unlike the four directives of the Circular Economy package, this regulation gives a definition of the Circular Economy: "an economic system in which the value of products, materials and other resources in the economy is maintained for as long as possible, improving efficient use in production and consumption, so as to reduce the environmental impact of their use, minimising waste and the release of hazardous substances at all stages of their life cycle, also by applying the hierarchy of waste". The "Recital 4" is very clear: "sustainability and the transition to a safe, climate-neutral, resilient to climate change, more efficient in terms of resources and Circular Economy are fundamental to guarantee the competitiveness of the economy of the Long-term union".

The transition to a Circular Economy is one of the six environmental objectives of the regulation (EU) n. 852/2020; the others being climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, prevention and pollution control, protection and restoration of biodiversity and ecosystems (art. 9). The Article 13 establishes the cases in which an economic activity contributes to the transition: the efficient use of natural resources, including bio-based materials of sustainable origin and other raw materials, in production, including by reducing the use of primary raw materials or by increasing the use of by-products and secondary raw materials or energy efficiency measures and resources. In addition, there are the increase in durability, repairability, the possibility of improvement or reusability of products, in design and manufacturing activities and the increase in the recyclability of products, including the recyclability of the individual materials contained therein, including by replacing or reducing the use of non-recyclable products and materials.

As mentioned, with the *Green Deal* the European Commission has foreseen € 1,000 Billion of *sustainable investments* over the next ten years, while the European Council of 17-21 July 2020 has made a total of 750 billion euros available for recovery and resilience and Italy will be the country that will receive (we hope) the largest share of the Recovery fund: 208.8 billion, of which 81.4 non-repayable and 127.4 in loans.

By means the Ministry of economic development decree 11 June 2020, which allocates 210 million for the reconversion of production processes in the Circular Economy, and the “*National Recovery and Resilience Plan*” (15 September 2020), the Presidency of the Council of Ministers has provided interventions for promotion of the Circular Economy and measures to increase resilience to climate change: integrated management of the water and waste cycle to improving the state of inland and marine waters, greater efficiency in the use of water resources and interventions to improve the ability of the production and agricultural system to adapt to climate change. In addition, the redevelopment of the territory will be aimed at as part of the containment of soil consumption and the mitigation of hydrogeological and seismic risks. Finally, public and private investments will be promoted for the conversion of companies towards sustainable production models, implementing the principles of the bioeconomy and Circular Economy and by encouraging environmental certifications.

The art. 17, on the other hand, defines the damage to the Circular Economy that occurs when the activity leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources and when the activity involves a significant increase in the production, incineration or disposal of waste; the long-term disposal of waste could cause significant and long-term damage to the environment.

The part dedicated to research and development describes the fourth area of intervention with the establishment of tax credits for innovative and *green investments*, also through the promotion of environmental certifications, with particular attention to companies that implement investments aimed at to the transition from a linear to a circular production model (Ministry of economic development, 2020).

Green Economy and *Circular Economy* are strictly connected in the European policy and the *green finance* is the logical consequence; the Circular Economy, mentioned several times in EU acts and defined by the regulation (EU) n. 852/2020, therefore finds an almost identical legal definition in the European Union and in Italy and already has concrete contents on which to measure the objective of the transition to this new development model.

11 Conclusions

Despite various insights, uncertainties remain about the most suitable relationship between the environment and the economic activities. Economy, as a traditionally interpretation, has objectively a linear nature, set according to a diachronic model (extract, produce, use, throw). With the environmental crisis (ecological deficit, climate change, pollution, etc.) awareness of the limits of development has progressively grown and, consequently, increasing attention has been devoted to the green economy and finance. Now a further and perhaps more radical passage must be consummated: the green economy is transformed into a “blue economy” (Pauli, 2020), that is into a Circular Econ-

omy which represents its positive transformation and overcoming, especially in terms of political and industrial culture.

Furthermore, the law of the Circular Economy pushes towards positive, improvement and development policies, while the traditional approach of environmental law was more of a negative nature: from legislation that had the objective of avoiding waste, pollution, climate-changing emissions, we move on to legislation in which positive objectives are accentuated (for example, the promotion of the production of goods that can serve to fertilize or reduce Co2).

The ongoing process, aimed at defining the operational models of the Circular Economy and its legal status as adequate public regulatory approach, starts with the awareness of the insufficiency of market forces to carry out and govern autonomously desired change for a new paradigm and of the importance that environmental administrative law and economics law is increasingly destined to assume.

The Circular Economy imposes the redefinition of the role of public authorities, the relationship between local authorities and utilities companies between these entities and users; this new context could lead to the creation of a real "circular State model", which would go alongside the traditional notions of State liberal or welfare State (Cocconi, 2020; Gusmerotti et al., 2020; Creazza et al., 2020; Cocconi, 2019; Scotti, 2019; Frodermann, 2018; Magri, 2018; Picozza et al., 2019; De Leonardis, 2017; Murray et al., 2017).

Transition and related measures involve very complex issues that cannot be resolved in the medium term, as it necessarily requires new European disciplines and national legislative innovations (the Italian system is certainly not adequate because of slowly, complex not incisive reforms especially for public administration), EU funding and an innovative strategy for internal industrial policy.

The "transition" must be *co-managed*, precisely in the public services sector involving resources that are commons, through interaction between companies (private and public-private entities), local authorities, users. It is necessary to spread the dialogue between the stakeholders to connect territorial and commercial strategies for the benefit of citizens, in order to create qualified communities with sustainable economies and promote shared results. So, the Circular Economy seems to be an excellent model for the protection and enhancement of common goods through technological and cultural innovation.

The environmental and social responsibility of a company can be oriented towards the production of a "shared value" by winning the engagement of customers and citizens. The main tool is the constant and punctual public communication of projects and results, essential to solicit the attention and sharing aimed at the necessary change expected by society and the environment. In this way, the value in a broad sense, not only economic, of activities and services is shared and goes beyond the traditional scheme of roles.

Furthermore, the most suitable scheme for the management of local public services sector is the public (local authorities, communities, citizens) - private

(private and mixed enterprises) partnership model, in the sense of extensive collaboration and not only with reference to the legal instruments and to public-private partnership in a technical sense. This scheme is already operational in some areas and needs to be improved for a *collaborative governance* including the local authorities, public utilities companies, citizens-users and interventions of the regulator.

Consequently, a new institutional subsidiarity is affirmed in a new economic and social context in which public entities and individuals face many challenges related to the environment to search for new solutions on climate changes through relations between national, regional, European levels and private sector. The public-private partnerships should develop new skills and sustainable solutions through territorial and financing strategies to improve actions, financial arrangements and incentives to adapt public services and private or mixed enterprises to low-carbon production.

It is in this context that the question of public authority intervention in economic activities comes into play, in order to understand whether it is possible to discern any coherent design for guiding industry in recent years. The overcoming of the interventionist State model certainly did not entail a complete waiver of the exercise of public powers. However, relations between State and industry are characterised above all by frequent requests for intervention by this sector for a clear Government orientation as basis for industrial enterprise plans; in addition, heterogeneous and uncoordinated actions are due to the constant difficulty of pursuing an overall plan of strategic management of industrial development and forecasting of public initiatives even in the medium period. This situation also applies to the utilities industry.

In practice, the highly critical issue is the public regulation of conditions for industry exercise, given that public power mainly regulates and promotes productive activities through various instruments and occasional interventions without assuming a leading role. Obviously, this scheme is under discussion and urgently needs to be innovated in the current health and economic crisis with a view to implementing the Circular Economy, which implies a decisive commitment of the public authorities. This intricate and gradual path requires adequate economic and technical resources, a clear internal political direction without ambiguity in implementing European policy and a stable discipline based on legal certainty.

In conclusion, the answers that can be outlined, in the face of the various issues raised here, consist in the need to innovate the regulation of the competences and resources of local and regional authorities - whose communities are the users of public services of general economic interest - in order to allow rapid adaptations to the objectives of the *Circular Economy* and to rethink - without prejudice to the profit motive (which is necessary in business activities) - the important role of public services management companies (through concessions granted by local authorities and their shareholding in companies), precisely because they are technically capable of implementing principles and strategies more efficiently. In addition, it is essential to adopt

collaborative solutions with citizen-users in order to adopt shared choices that are useful for their needs.

This collaboration must relate to local authorities, public service management companies and users, going beyond the traditional pattern of often conflicting public-private interests.

The future direction of further interesting research will certainly consist in the in-depth study of necessary legal innovations for public bodies and companies, as well as of company statutes and business plans for the most appropriate strategies aimed at implementing the Circular Economy. Finally, a research with a cultural and humanistic nature could aim at better communication and understanding of the Circular Economy (obviously connected to the Green Economy) content and it will be very crucial, in order to foster the informed cooperation of users.

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Consolidating Back Office with a Shared-Services Center: A Case Study From the Housing Facilities Sector in the Republic of North Macedonia

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ABSTRACT

Purpose: The paper points out a novel approach to e-Government back-office reengineering based on creating a Shared-Services Center at the sectorial level.

Design/Methodology/Approach: To prove the Shared-Services Center as a proper solution for e-Government back-office reengineering, the authors used the case study of the Housing Facilities Sector in the Republic of North Macedonia. The research process follows Kettingers et al.'s framework of IT-enabled change with a holistic data-driven approach.

Findings: The study indicates a complex information flow between stakeholders, an abundance of the same information and data collected from local stakeholders, and enormous citizen and institutional burden. The e-Government back-office reengineering solution for the specific case study based on creating a Shared-Services Center overcomes the prob-

lem of data redundancy, radically simplifies the information flow, and reduces citizen burden in line with the "Once-Only" principle.

Practical Implications: The paper shows that by observing the network of all relevant stakeholders at the sectorial level, based on the information flow of core data, back-office problems can be identified, whereby the Shared-Services Center proves itself as a suitable solution. It may be a prerequisite for further studies on back-office process reengineering at the sectorial level.

Originality/Value: Publications concerning back-office research at the sectorial level and, as in our case, within the House Facility Sector are almost non existing in scientific literature. Considering that there is a lack of analyses based on information flow and visualization of the information-flow network at the sectorial level (before and after the reforms), this paper will add original value to scientific literature.

Keywords: e-government, back office, process reengineering, housing facilities sector, shared-service center, once-only principle

JEL: Z00

1 Introduction

More than a quarter of a century, governments worldwide made severe attempts to become better governments by introducing Information and Communication Technologies (ICTs) in their work. ICTs have an important role - they serve as a tool for replacing the traditional with an electronic way of working. They are also a significant driving force towards providing new structural and process-oriented changes in governments' functioning, now widely known as e-Government.

All complex organisations, including governments, rely on interconnected networks (Panayiotou, et al., 2007, p. 217), and that is why they need to face significant front- and back-office reforms, which include not only transferring existing paper-based processes on an electronic platform but also reengineering the process that drives public administration in the process of service delivery. In the course of these reforms, ICTs are seen as "the hummer that breaks down the walls between government agencies involved in service delivery as a result of their interconnection" (Gauld, 2006, p. 37). So, the reforms should transform the traditional government and its "institution-centric" model into a "citizen-centric" model by interconnecting public institutions, which, in turn, leads to an increased level of effectiveness and efficiency of their functioning (Cshhabra and Kumar, 2009 p.1-16).

Over time, it was noticed that the reforms focused on redesigning the services of a single governmental institution, and the information delivery did not give the expected results and values. Thus, it became clear that reforms need to be carried out by integrating services across the different departments and governmental agencies (Pateli and Philippidou, 2011, p.128). This confirms Wimmer's conclusion (2002, p. 149) that in the process of e-Government im-

plementation, customer-oriented services need cross-agency collaboration with information-flow network changes, interconnecting public authorities, and integrating functionality, data, and resources used by different authorities. This data-driven cooperation and integration necessitate reaching agreements between different entities: two or more local public units (Bel and Warner, 2015, p.53), or agreements between a local government institution and its partnerships with federal or state governments (Silvestre et al., 2018, p.686); cooperative relationships between public sector entities including public-public partnerships among others (Agranoff, 2014, p.505; Bel et al., 2018, p.1). These findings confirm Layne and Lee's vision (2001, p.133) that vertical and horizontal integration of the back office is an enabler of the higher level of e-Government achievement and that in conducting reforms, it is necessary to observe public administration as a whole (Vintar et al., 2004).

Public administration transformation changes the provision of public services and leads to a change in the process landscape. Thus, today we are witnessing new models of public sector functioning that employ the new information systems, based on a business model, aimed at achieving a high level of efficiency and effectiveness. Thus, just like "the companies use business models in their efforts to offer superior services at lower costs" (Miskon et al. 2010, p.60), governments, too, should approach and explore business models as an innovative solution to achieve better efficiency and effectiveness as well as to increase consumer satisfaction. Business models are especially suitable for e-government since they contribute to the reengineering of the back office (Janssen et al., 2008; Modrzyński, 2020; McIvor et al., 2011); some of them point to shared services as a suitable business model at different government' levels (Joha and Janssen, 2011; Cradle Coast Authority, 2017; Silvestre et al., 2019). A comprehensive overview of literature by Richter and Brühl (2016) points to different perspectives and functions of shared services, while Fielt et al. (2014) discuss the dual relevance to shared services: as a core function amenable to the shared services arrangement, and as a critical enabler of shared services across other functions, including data collection. Janssen (2005) explores an SSC in e-government by analyzing stakeholder issues in the research applied in a case study after SSC was implemented. In conclusion, he points out that such stakeholder analysis can be conducted before implementation.

However, the literature review points to a limited number of papers that observe and elaborate shared services or SSCs introduced in the domain of housing. Few papers focus on urban development, housing, sanitation for small local governments (Silvestre et al., 2019), property management and building supervision (Becker et al., 2009). These studies focus on local government and inter-municipal cooperation for local service delivery and agreements between two or more local public units or two and more public partners at different governmental levels (Silvestre et al., 2018). This indicates that there is a severe lack of research tackling housing facilities with a sectorial approach.

Additionally, what is worth mentioning is that many years after the advent of e-government, the administrative burden on citizens is still present. One-

Stop-Shop and the principle of “one access point” proved to assist significantly in decreasing the citizens’ burden. However, as it failed to give the expected results, the service delivery process still requires the active involvement of the citizen, and it is still very time-consuming. In order to avoid this inconvenience, the ‘Once Only’ Principle (OOP) is “high on the political agenda of many countries including the Member States of the European Union” (Wimmer et al., 2017, p.1). Hence, undoubtedly, the successful creation of e-Government solutions requires a holistic approach combined with methods for business-process analysis focused on back-office reengineering and on analysing its impact in terms of the “Once-Only” Principle.

This paper proposes a solution for back-office consolidation that will contribute to the realisation of the “Once Only” Principle at the sectoral level. It is a case study of the Housing Facilities Sector (HFS). The proposal involves creating a Shared-Service Center (SSC) for not core function – database for Housing Facilities (HF) and Housing Facility Owners (HFO) for the local institutions that belong to the HFS in the municipality of Bitola, Republic of North Macedonia (RNM). The outcome of this study is intended to serve as a guide for future research regarding the implementation of shared services at the sectoral level in data collection function for decreasing administrative and citizen burden in the service delivery process. This research article is structured as follows: Section 2 provides an overview of the literature, which deals with the core terms discussed in this paper: business models and shared services as a business model, an SSC in the public sector and the “Once Only” Principle. Next, the methodology applied in the research process and the results obtained are presented in Sections 3 and 4. Finally, section 5 discusses some critical insights gained from the case study analysis, focusing on the “Only Once” Principle. In contrast, Section 6 offers conclusions and some helpful remarks for future research.

2 An overview

This section discusses five main terms that are central to this research: domain of Housing Facilities Sector (HFS), business models; shared services (SS); a Shared-Services Centres (SSCs) and “Once Only” Principle (OOP).

2.1 Housing Facilities Sector

In the broadest sense, the concept of “housing” means dwellings provided for people (Merriam-Webster Dictionary), whether it is a house or some other kind of accommodation. This issue is related to specific legislation within each country, and each law provides an appropriate definition. As an example, the Housing Law of the Republic of Slovenia, Article 4 (Stanovanjski Zakon Republike Slovenije, 2003) defines housing as “a set of rooms intended for permanent residence which is a functional unit with one entrance, for housing or other purposes”.

There is a pool of literature related to housing facilities: some papers present the results of research projects on housing operation and administration

(Nielsen et al., 2012), others identify aspects of facility management services (Lai, 2011); but there are also analyses of the institutional framework of the housing sector of Serbia and Montenegro (UN, 2006, Country Profiles on the Housing Sector - Serbia and Montenegro).

2.2 Business Models

Business models present an interesting topic not only for practitioners but for theorists as well. As a result, there are many definitions offered and different business model taxonomies proposed (Joha and Janssen 2011, p. 27). For example, Timmers, in his book "Business models for electronic markets", in an attempt to create a business model typology, defines business models as "an architecture of the information, product, and financial flows that includes a description of the various business actors and their roles, and description of the potential benefits for the various business actors" (Timmers, 1998, p.2). More recently, business models are defined as "a platform which connects resources, processes and the supply of a service" (Nielsen and Lund, 2014, p.5).

Business models are used in the public sector too. Business models are appealing and valuable in the public sector (Janssen et al., 2008, p.202) and contribute to the creation of public values; and "contribute to balancing between improving citizen-centric service delivery and adapting and reengineering organisational practices" (Keen and Qureshi, 2006 in Joha and Janssen, 2011, p.27). In the public sector context, business models are defined as "a collection of organisational roles, a system of functionalities, detailed description of a mechanism, and relationships among parties" (Janssen et al., 2008, p.204-205). A business model "contains information about the strategy of the public sector organisation, the production factors, and the functions of the actors involved ... thus, the business model approach can be considered as a public management instrument that supports the systematic creation of better, superior service offerings and provides public services for society with a higher value for the public, supporting the public sector's service remit." (Wirtz and Daiser, 2015, p.88).

2.3 Shared Services

Shared services (SS) are one aspect of business models. According to Schulman et al. shared services present a "tactical technique" (Schulman et al., 1999, p. xv) used by large organisation in the direction of "the concentration of company resources performing like activities, typically spread across the organisation, in order to service multiple internal partners at lower cost and with higher service levels, with the common goal of delighting external customers and enhancing corporate value" (Schulman et al., 1999, p.9). Singh and Craike (2008, p.228) describe SS as "concentration and centralisation of all transaction-based services and appropriate knowledge-based functions with the intention of delivering these services in an economical and high-quality manner to both internal and external customers..." and as "models that are focused on transaction-based non-core administrative and back-room servic-

es". Bangemann (2005, p.13) notes that SS are considered an element of the company's strategy that understands "organisational restructuring; a best-practice route; a process reengineering exercise; a technology optimisation project with organization and process alignment".

SS is not new in the public sector as a business model, are mostly connected with back-office functions (The Gershon Review, 2003-2004, 'Shared Service and Management – A Guide for councils'). The main points all researchers bring forward about SS is that they contribute to increased savings as well as greater effectiveness and efficiency: "the government believes SS will save the Public Sector 20% or more of their back-office costs" (Change Associates, p.2). Other authors define SS as a collection of intra-organizational and inter-organisational business models (Janssen and Joha, 2006, Joha and Janssen, 2011, Fielt et al., 2014); most appropriate for supporting functions widely adopted in Human Resource Management, Finance, and Accounting; and, more recently, in the creation of the Information Systems and their operations, which is seen as an important enabler and driver of shared services in all functional areas (Miskon et al. 2010, p.373). In the context of the public sector and the rapid evolution of ICTs, Dawes and Pre'fontaine note that new and important opportunities have been created for governments to redesign their services through collaboration – a voluntary agreement between two or more public sector agencies for government service delivery (Dawes and Pre'fontaine, 2003, p.40). The report "The future of Shared Services in the Public Sector" (Change Associates, p.2) points to that the objective of shared service introduction is often "to drive efficiency across the organisation by reducing the downtime in departments where work is replicated, and by increasing efficiency by simplifying, standardising and centralising processes using a range of IT solutions" (Change Associates, p.2).

2.4 Shared-Services Center

One organisational form of shared services is forming a business unit – a Shared-Services Center (SSC), which is directed at better using the internal resources by eliminating their duplication in decentralised units. Bergeron (2003, p.4) define SSCs as "a shared semi-autonomous business unit within a wide range of possible architectures in that the reporting structure necessarily breaks from the traditional corporate hierarchy"; Grant et al. (2007) notice that SSCs have been seen as a suitable solution for public sector's organisational performance and fast and cheap solution for e-Government implementation; while according to Cradle Coast Authority of Australia (2017), SSCs often means for reshaping existing procedures related to service delivery by using ICTs (Final Report of Share Service Project, 2017). Wang and Wang (2007) analyse two aspects of SSCs: (1) the configuration of SSCs as shared service collaborative network and (2) the configuration of SSCs as a centre that represents the centralised organisational format (certain functions are concentrated into one single place and provided to several other administrative units). Joha and Janssen (2011, p.26), based on the analysis of many definitions of SSCs in literature, claim that Shared-Service Centers (SSCs) can be

viewed as “a particular type of sourcing arrangement, where resources and services are retained in-house”. SSCs help improve productivity by affording organisations more time and workforce, but they can also catalyse overall changes in the business processes. Moving services to a central location can help remove old, outdated, bureaucratic processes and introduce the new technology into the public sector offices and, thus, avoid duplication and inefficiency in the existing public administration procedures related to service delivery. Schulz and Brenner (2010, p.210) rightfully note that “there is no unique perception of the term SSC in literature, and in practice. Thus, for this paper, SSC stands for “a partly autonomous business unit that operates consolidated support activities and provides services to internal clients” (Bergeron, 2003; Schulz and Brenner, 2010); a semi-unit as intra-organizational part for local-level institutions whose function is data collection, storage, manipulating and sharing data with stakeholders.

2.5 The “Once Only” Principle

One of the seven initiatives noted to be launched as part of EU e-Government Action Plan 2016-2020 - Accelerating the digital transformation of government (EU Commission, 2016) is the “Once Only” Principle.

The “Once Only” Principle (OOP) is “closely related to interoperability, enterprise architectures, organisational reform and privacy and data protection amongst many more” (Wimmer et al., 2017). The OOP suggests that citizens and businesses should have the right to supply information only once to a public administration. Public administration offices should be permitted to re-use this data internally, duly respecting all data protection rules. This principle implies that information needs to be provided to a public administration once, and public administrations have to receive and validate it (EU Commission, 2016).

From the public administration’s point of view, the need for the OOP implementation stems from the assumption that “collecting information is more expensive and burdensome than sharing already collected information” (Wimmer et al., 2017). However, from the citizens’ perspective, introducing this principle reduces the burden on them as far as submitting identical data in different administrative procedures is concerned.

3 Methodology

The methodology used in this paper can be described as qualitative, in-depth, and explorative with descriptive nature. The undertaken research represents a case study (Yin, 2003) – a predominant method to explore and describe phenomena of SSCs (Richter and Brühl, 2016, p.7) and the most common qualitative method used in information systems (IS) (Orlikowski and Baroudi, 1991) since the object of the discipline is the study of IS in organisations given organisational issues. The qualitative approach was chosen because of the complex nature of SS arrangements in the public sector (Janssen et al., 2007, p.274). The research process is based on Kettingers et al.’s (1997)

framework of IT-enabled change. For this research, two instruments for data collection were employed: on desk document-content analysis and interview (semi-structured and structured). The different phases of the research process lasted from 2018 to 2020.

In the beginning, on-desk content analysis with a focus on documentation was carried out. The scope of this analysis encompassed the legislative (the laws and administrative procedures) related to the HFS. The next phase of the research process was ethnography. Ethnography as a method was used for collecting information related to the work of the Housing Inspector that was located as a central stakeholder in the HFS. The ethnographic statements addressed in detail the problems present in the HFS from a practical point of view. In the ninety-minute process of procuring the ethnographic statements, a semi-structured interview was used as a guideline. At the next phase of the research process, the interviews were conducted in all organisations (institutions in the public sector and companies in the business sector) identified as possible stakeholders in the HFS. The total number of the interviewed informants was 24. However, only 20 were included in the analysis as it was realised that 4 of the interviewed organisations did not match the profile of stakeholders suitable for this study. The interviewed informants were executive officers (10) and directors (14) of the selected institutions. The thirty-minute, structured interviews incorporated questions touching on issues related to the interviewees' perceptions of their organisation's performance, the types of HF-related data they process, their interaction with the other stakeholders and citizens, and the necessity of changes in the HFS business process by introducing ICTs. The synthesis method was employed at the end. Based on the results obtained from the interviews and the ethnographic statement and analysis of the results, a visual presentation of the information flow between the stakeholders was created. The visual presentation of the whole sector was very complex, so we needed to create a narrow version that resulted in following the few attributes. In this way, we select a group of few stakeholders that later on, based on the SSC characteristics, we used it as possible shareholders of proposed SSC in HFS.

Given the existing pool of methodological approaches, technics and tools, viewed from a diverse perspective such as:

- opportunities, modelling tools, system and information engineering, constraints, and new process design, reviewed by Müller et al. (2012);
- publication perspective, research perspective, conceptual perspective, analyzing units and modes of organisational change (vom Brocke et al., 2021); as well as
- contextual conditions, mechanisms, and outcomes (Hanelt et al., 2021); we recognized that there is an abundance of positions and approaches to this kind of this research. We followed the established principles of Kettinger et al.'s framework to outline our research steps at fit for our approach and domain.

Kettinger et al.'s framework of IT-enabled change (Kettinger et al., 1997) was the general research method employed in all research processes, but only the first four phases (Envision, Initiate, Diagnose and Redesign); there was no possibility for the realisation of the last two phases (Reconstruction and Evaluation). So, we adapted its research steps (Kettinger et al., 1997, p.59), as presented in Table 1.

Table 1: Outline of Research Steps

| | Research Step | Exhibits | Activities | Kettinger et al.'s phases |
|--------|--|---|---|---------------------------|
| Step 1 | Literature review of SS and SSC in back-office reengineering, and OOP and HFS | An Overview (see Part 2) and methodology (see Part 3, Figure 1) | Theoretical background and detailed description of the research methodology | Envision |
| Step 2 | Collect information from key-person about HFS | Research results (Part 4, see the Second phase) | Create two lists: one for possible stakeholders and second for data and information at HFS | Initiate |
| Step 3 | Conduct semi-structured onsite interviews with executive officers and directors from the listed stakeholders | Research results (Part 4, see Table 2 and Table 3, column III) | Detail description of the results | |
| Step 4 | Establish research databases for subsequent analysis. | Research results (see Table 3) | Categorisation of stakeholders and its matching with data and information | Diagnose |
| Step 5 | Analyse information flow | Research results (Part 4, see Table 3, column Iv to IX) | Mapping of narrow stakeholders group of HFS according to three attributes | |
| Step 6 | Applying mapping techniques | Discussion (Part 5, see Figure 2) | Visualisation of HFS – the current (narrow) situation with selected stakeholders by specific attributes | |
| Step 7 | Apply BPR with SSC as a future solution based on literature review | Discussion (Part 5, see Figure 3) | Visualisation of future-proposed solution of HFS with SSC | Redesign |

Source: The Authors (adapted according to Kettinger et al., 1997)

Besides the Kettinger et al.'s framework (1997) related to IT-enabled change, following the phases in our research with the adaptation of the same steps point out the opportunity to be used in other kinds of research.

4 Research results

This section discusses the research results, obtained in the different research phases, as follows:

The first phase of the research was doing an on-desk content analysis of the laws and the administrative procedures related to the HFS. The outcome of this analysis was an overview of the sector: the scope, the definition of the term HF, data and information flow management. The findings from this phase were as follows:

- The HFS in the RNM mainly is regulated by the Law of Housing of RNM (2009) and several rulebooks. The law regulates issues such as the diffe-

rent types of residential buildings, the management of residential buildings, the relations between the owners of separate parts and third parties, the community of owners, the records of apartments, the rental relations in housing, buildings management and maintenance; municipalities' rights and obligations towards the state in the housing sector; inspection and administrative supervision and other issues in the housing sector. HFO has the obligations: to take care of the HF; to take care of the common parts of the building (by forming an Association of Owners or appointing a Manager from the owners), as well as to pay taxes and to pay for the services related to the HF delivered by the state institution or other companies;

- The scope of the HFS is quite comprehensive and covers: public institutions at all government levels as well as companies that are directly or indirectly connect with HF (e.g. delivering services for HF or applying for information of HF);
- The central level institution in the HFS is involved in creating policy or making some evidence for HF, while the local level institutions in the HFS are involved primarily in delivering services for HF, law enforcement, or some kind of evidence for HF;
- No document presents the organisational chart of HFS with those previously mentioned institutions;
- The evidence for HF, according to the same law, is entrusted to the municipalities, i.e. the local government;
- The law stipulates paperwork, without compulsory electronic interconnection among the public institutions;
- Back-office reengineering of the process is not present - there exists no integrated back office at sectoral level; the separate back offices at each institution work traditionally with their databases;
- All public institutions have websites that are updated regularly.

During the research process, due to a thorough of the documents and its deep analysis, we located a stakeholder that, given its function and information flow, can be a central person in the HFS research regarding its function and information flow – the Housing Inspector.

The *second phase* of the research was ethnography, i.e. taking ethnology statements from the Housing Inspector as a starting point for researching the HFS and the information flow related to HF and HFO. The second phase of the research yielded the following results:

- Mapping of all possible data and information related to HF that circulate in the HFS (see Table 2);
- Mapping of all possible stakeholders (public, private, public-private-partnership) in the HFS (see Table 3);
- Mapping the information and data flow from stakeholders' perspective (see the last columns of Table 3).

Table 2. Data and Information on the HF in the HFS

| No I | Category II | No III | Subcategory IV | Data and Information V |
|---------|-------------------------------|-----------|-----------------------|--|
| 1 | Data on the HF itself (12) | 1.1 | Primary data (7) | Address; Year of building the object of housing/construction; Year of reconstruction, Materials used in building the housing facility; Square footage; Type of HF: building (which floor), detached object/house (number of floors). |
| | | 1.2 | Additional data (5) | Plugs; Energy efficiency; Project for seismic stability; Access for people with disabilities; Elevator. |
| 2 | Data on the HF Owner (6) | 2.1 | Ownership (4) | The number of owners; Personal data of all of them (name(s), address, ID number); Certified power of attorney; Proxy data (if available). |
| | | 2.2 | Tenant (2) | Renting contract |
| 3 | Data on the HF Management (4) | 3.1 | Owners' community (2) | Statute of this authority; Name of the president of owners' community. |
| | | 3.2 | Legal entity (2) | Registration (data related to the company); Hiring contract. |

Source: The Authors

The analysis of the collected data and information that circulate in the HFS resulted in:

- Locating a total of 22 different types of data and information that stakeholders use for different purposes;
- Categorisation of the 22 relevant HFS-related data in the following three main categories (presented in Table 2): within column I, there are three categories – marked as 1, 2, and 3; within Column II these three categories are named (e.g., Data on the HF itself (1)). Each category consists of two subcategories (within Column III, they are marked with numbers, and within Column IV, they are given a title): 1.1 Primary data that relate to data on the HF itself, and 1.2 Additional data as subcategories for Data on the HF itself as category 1. The full description of the data and information on HF is given in Column V of Table 1. Please note that in the research process, personal data, such as name, surname, address, and ID number related to the owner/proxy/tenant of the house facilities, were treated as a single set of data or information in order to simplify their visual representation;
- Quantification of the different categories of data is marked with numbers in brackets given next to each category and subcategory (e.g. Primary data (7) + Additional data (5) = Data on the HF itself (12)). Thus, the sum of the three categories (Data on the HF itself (12) + Data on the HF owner (6) + Data on the HF management (4)) gives the total number of data and information that circulate in the entire HFS, which is 22.

Table 3 depicts the results obtained from the mapping of all possible stakeholders in the HFS. This table presents two essential points. First, it gives the structure of the stakeholders involved in the HFS (Column I) according to the sector they belong to the public, public-private-partnership (PPP) business, and it also gives the hierarchy levels of these stakeholders in the public sector: central, regional or local level (Column II); and the full name of the stakeholder (Column III). Second, it gives information about the data- and information

flow from the stakeholders' perspective (Column IV to IX) as presented in the legend of Table 3, according to the single subcategory of data and information in the HFS that was given in Table 2, using its numeral presentation of the subcategories (e.g., 1.1 for Primary data of the category 1 – Data on the HF itself, etc.)

Table 3: Housing Facilities Sectors' Stakeholders

| Stakeholders | | | Subcategories of data and information in HFS | | | | | |
|-----------------------------|------------|--|--|-------|--------|---------|----------|--------|
| Type I | Level II | Title III | 1.1 IV | 1.2 V | 2.1 VI | 2.2 VII | 3.1 VIII | 3.2 IX |
| PUBLIC | LOCAL | Municipality | C | C | C | C | | |
| | | Register of Managers of Housing Facilities | C | | C | | | |
| | | Register of Housing Facilities | A | A | A | A | A | A |
| | | Housing Inspector | C | | C | | C | C |
| | | Public Institution for Sewage System | A | | A | | | |
| | | Public Institution for Waste Utility | A | | A | | | |
| | RE-GIONAL | Public Institution for Water Utility | A | | A | | | |
| | | Basic Court | C | | C | | | |
| | | Center for Social Affairs | C | | C | | | |
| | CENTRAL | Public Revenue Office | C | | | | | |
| | | Agency of Real Estate Cadaster of RNM | C | | C | | | |
| | | Public Institution for Managing Residential and Business Premises of RNM | B | | B | | | |
| | | Central Register of RNM | | | | | D | D |
| | | State Statistic Office of RNM | | | B | | | |
| | | Ministry of Transport and Communication of RNM | B | | B | | | |
| | PPP | Ministry of Economy of RNM | | | B | | | |
| Electrical power ASM of RNM | | A | | A | | A | | |
| BUSINESS | Companies | C | | C | | | | |
| | Notary | C | | C | | | | |
| | Law office | C | | C | | | | |

Legend:

A – Collection and storage data and information for its service delivery; B – Dealing with demands for creating reports needed for decision/policy making or statistical analysis; C – Dealing with demands for different processes related to stakeholders' work; and D – Supplying data and information.

Source: The Authors

In Table 3, by matching each stakeholder horizontally with some of the Columns from IV to IX, one obtains information about the status of data- and information flow from the stakeholders' point of view: it collects and stores data and information for its service delivery (e.g., Public Institution for Water Utility collects and stores data and information about the HF owners and the HF itself in order to generate water bills); it demands data and information for creating reports needed for decision/policy making or statistical analysis (e.g., Ministry of Transport and Communication of RNM needs data and information about HFs for creating reports about the status of energy efficiency). Its purpose is to reach decisions that are then forwarded to the government, which is expected to endorse subsidies for the reconstruction costs of certain housing facilities by installing materials to increase energy efficiency - installation of insulation). Another example of the usage of these reports would be the demand for data and information for different processes related to stakeholders' work (e.g., Law offices need information about the HF for litigation).

tion); or D - Supplying data and information (e.g., The Central Register of RNM supplies information about the registration of legal entities that operate in the area of the HF management).

Additionally, the analysis yielded some further findings related to the matching of the stakeholders with the data and information in the HFS, which are not presented in Table 3:

- Local government institutions function as separate islands without mutual information flow; the HFO supplies institutions with documents for HF, the administrative procedures are lengthy, time-consuming, and sometimes endless; there still exists a traditional, institution-based manner of functioning without electronic integration of data and information;
- Central government institutions and the business sector companies only demand information about the HF from the institutions at the local government for their purposes, sometimes, in the form of raw data and information, and, at other times, in the form of reports, valid for the process of decision- or policy-making; and
- HFO must supply local institutions with different kinds of data and information;
- The empirical research points to the fact that 92% of the stakeholders in the HFS need the data under 1.1 and 2.1 in Table 2. This group of stakeholders includes the Register of Housing Facilities, Public Institution for Sewage System, Public Institution for Waste Utility, Public Institution for Water Utility, Electrical power ASM of RNM (in Table 3, they are marked with 'A' in the column from IV to IX).

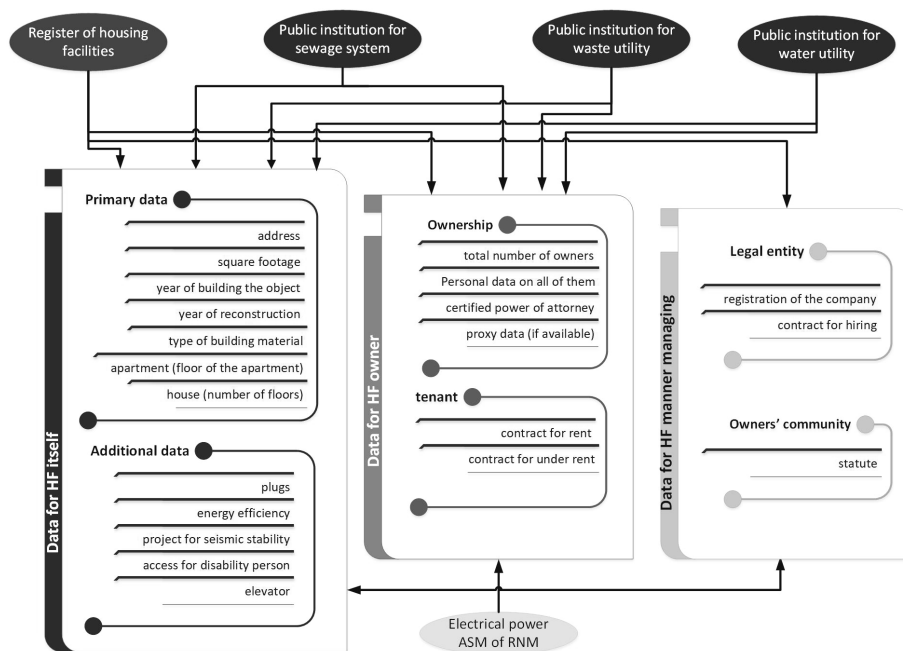
5 Discussion

We support the discussion of the research findings with a visual presentation given in two figures (Figure 2 – current situation – a narrow version with selected stakeholders; and Figure 3 – the proposed solution with SSC implementation) related to the HFS. In analysing the research findings, we follow Field et al.'s (2014) analytical framework of exploring the concept of SS to prove that the SS and especially SSC are relevant for the consolidation of the HFS's back office.

The current situation at HFS presented in Figure 1 is the narrow version of the HFS; the whole picture of HFS was very complex. To solve the problem with visual presentation of the stakeholders and its information flow related to data and information for HF and HFO, we decided to make a selection according to few attributes based on the analysis of the information given in Table 1 and the separate interviews with each stakeholder. So, as attributes that we took as a filter for stakeholder's selection are: (1) the stakeholder deal with collecting and storage of information and data for HF and HFO; (2) the stakeholder belongs to the sector because delivery services to the owners of HF; and (3) the institution belongs at the same governmental level. Follow those

attributes and the analysis of Table 3 (matching the stakeholders with data and information according to the given legend - marked with 'A'). We extract five stakeholders: four local level institutions (Public Institution for Sewage System, Public Institution for Waste Utility, Public Institution for Water Utility and Register of Housing Facilities) and one public-private-partnership institution (Electrical power ASM of RNM). All those stakeholders collect, store and operate with almost the same data and information related to HF, HFO, and HF management, for service delivery and belong to the same government level – the local one. The visual presentation of those stakeholders is present in Figure 1; it depicts the present situation in the HFS at the local government level, the narrow one.

Figure 1. The current situation in the HFS at the local level with some specific stakeholders



Source: The authors

In Figure 1, the oval form of the figure is used for the stakeholders: the dark ones represent the local public institutions, and the brighter one represents the public-private-partnership institutions. The square form is used for the categories of data and information related to the HF and the HFO and the HF management; each of those squares (inside) consists of two subcategories presented previously in Table 2, marked as 1.1, 1.2, etc. The lines give information about the kind of data and information each stakeholder needs, collects, stores, and operates on.

The visual presentation in Figure 1 triggered us to start with planning the possible solution for the given current situation. Having in mind that all selected

stakeholders deal with the same (or almost the same) data and information for HF and HFO (duplicate); and each of them does it separately, in their database (costly), to charge for the service delivery (it is not the core activity of the stakeholder), we come up with the idea for creating SSC at the local level, as all of the separated stakeholders belong to the local level government.

The results from the analysis of Figure 1 match with Field et al.'s (2014) analytical framework and are presented in Table 4.

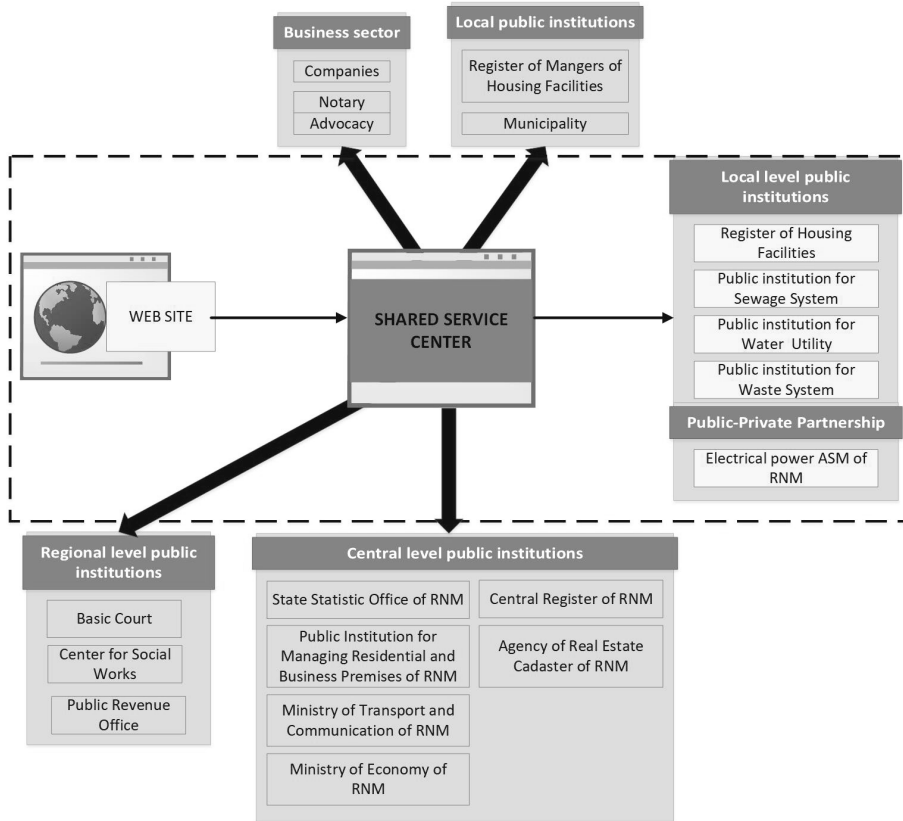
Table 4: Results according to Field et al.'s (2014) analytical framework

| Question | Answer |
|-------------|--|
| Who | Five local level institutions (stakeholders) with core function - service delivery in HFS |
| Why | Locate duplication in the database of the HF and the HFO – administrative burden, needs for avoiding it. |
| What | Find out that duplication is not in the function that is a core activity for none of the shareholders. |
| How | By establishing new, electronic, well connected IS between the shareholders. |

Source: The Authors

These findings confirm our idea for back-office consolidation of the HFS by introducing shared services. Furthermore, considering that there still exists a vast citizen and administrative burden, we propose this reengineering process to connect with one access point at the front office. Hence, this instigated us to go deeper to find a solution and propose a Share Service Center as a semi-unit with its access point that will be a solid foundation for achieving the "Once Only" Principle. Based on these findings and conclusions, we tried to anticipate a visual presentation of our proposed solution, given in Figure 2.

Figure 2. Back-office reengineering solution for the HFS by establishing an SSC



Source: The Authors

Figure 2 gives the possible future outlook of the back-office consolidation at the HFS after implementing the SSC. As presented in Figure 2, the SSC presents a new entity whose scope of operation is marked by dashed lines. It encompasses the SSC’s website as front office and its shareholders: four local level public institutions and one public-private-partnership institution. From the visual presentation, it is evident that the role of the SSC will be to collect data and information about HF and HFO from the owners and store them. Upon demand, the SSC will generate different kinds of reports and analyses. The information flow from the SSC to the stakeholders or shareholders is presented using different lines in Figure 2 above. The thin lines present unprocessed information and data about the HF that the SSC will obtain from the owners and immediately disperse them the involved stakeholders as row data;

In contrast, the bold lines present the information flow that the SSC will deliver to those stakeholders that have requested specific analyses or reports. In Figure 3, all stakeholders encompassed by the HFS are grouped according to the sector they belong to (public, private, or public-private partnership) and their level in the public sector (central, regional or local). The set of five

stakeholders (presented in Figure 2) that will be shareholders in the SSC are grouped in one square, together, on the right-hand side of the SSC, as part of the figure marked with dashed lines.

The list of expectations that are very likely to be achieved by this back-office reengineering based on literature (Wang and Wang, 2007) are given in Table 5.

Table 5. The achievements expected from introducing the SSC in the HFS

| To whom | What | How |
|------------------------------|----------------------------------|--|
| Institutions as shareholders | Improved productivity | - the back-office integration of activities will create more time, workforce and room for the shareholders to focus on their core business of service delivery |
| | Cost-savings | - the centralisation of data and information collection will eradicate the issue with the unnecessary duplication of data and information, i.e. “collecting information is more expensive and burdensome than sharing already collected information” Krimmer et al., 2017) |
| | Increased accessibility | - data and information will be available and valuable also for new users (e.g., Fire Protection Service) - a possibility for automatic updating of HF’ data and information; and - automatic generation of new reports. |
| Citizens as stakeholders | One access point | - as a semi-unit, the SSC offers a web page where the citizens will share data and information, instead of visiting all institutions - shareholders in the SSC; |
| | Increasing consumer satisfaction | - the citizens’ burden will decrease as a result of sharing data online, - simultaneously up-dates will be available, and - mistakes will be avoided. |
| | The “Once Only” Principle | - One access point for online sharing data and information |

Source: The Authors

Kettinger et al.’s framework of IT-enabled change (1997), i.e. its research steps was the general research method employed in all research processes, but only its first four phases: (1) the Envision phase – visualisation of the SS, SSC and HFS was achieved; (2) the Initiate phase – the stakeholders and data used in the HFS were mapped; (3) the Diagnose phase - the ratio of institutions, the information flow, and the actual problem of duplication of data-related processes were detected; and (4) the Redesign phase – a Shared Services Center was offered as a possible solution for back-office reengineering at the local level.

6 Conclusion

This paper discusses the idea of adaptation of an SSC in a specific segment of the Macedonian public administration – the HFS, to consolidate the back-office at the local level and open possibilities for achieving the “Once Only” Principle. Based on the literature review (Wang and Wang, 2007, Richtel and Brühl, 2016) and the findings regarding SSC’s characteristics given by Schulz and Brenner (2010) and Becker et al. (2009), we find out that the SSC can be one of the most appropriate solutions for consolidating back office of the HFS in Macedonia. However, the importance of this paper comes from the idea to implement many of the pointing that some authors note in their papers: our research is ex-ante (before implementation) the fact the Janssen (2005) men-

tion as further research is related to shared services as ICT solution for data collection that is the function that needs to be shared (Fielt et al., 2014), it is the back-office solution at one government level but with implication at all government levels (Joha and Janssen, 2011) and it point out (without validation) that this business model application at public sector contributes for back-office reengineering (Janssen et al., 2008; Modrzyński, 2020; Mclvor et al., 2011).

The study has a few limitations: it focuses on one particular sector (Housing Facilities Sector), and it focuses on the information flow of row data and information related only to HF and HFO, i.e. the information flow between the stakeholders in the form of reports and analyses is not part of this research, so the generalisation of the results in our research is limited. Also, this research used only the first four (out of six phases) proposed in Kettinger et al.'s framework due to the lack of resources and time. Also, this research made use of Kettinger et al.'s established framework instead of some recent ones. Thus, for further research, we recommend an empirical validation of the SSC in the HFS.

This paper aims to offer a proposal for a new approach that can be used in the process of structural and process-oriented change of public administration by creating ICT solutions for achieving citizen-oriented e-government in the field of the HFS, as well as it will be a step forward in promoting SS and SSC for e-government back-office development at a sectoral level in general. Also, we expect that the findings presented in this paper will instigate further debates regarding the existing law regulations in the Republic of North Macedonia and help decision-makers in the process of finding more suitable solutions for this sector.

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The Financial Aspect of Non-Governmental Organisations – The Case of Slovenia

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ABSTRACT

Purpose: As part of the third sector, non-governmental organisations have become an important factor in the public life of modern countries. This emerging wave can be noticed especially in South-East Europe during the transition period. In this context, the aim of the paper is to analyse the financial aspect of the NGOs' business model, exposing cumulative data for Slovenia for the past eleven years.

Design/Methodology/Approach: Based on the financial data obtained, the paper reveals the structure of financing of Slovenian NGOs in total amounts, as well as the trends of change for specific categories. Using descriptive methodology, it focuses mainly on the dissection of funds acquired from public finances.

Findings: The results show that in 2019, Slovenian NGOs recorded almost EUR 1 billion of total revenues after increasing rapidly over the entire period under consideration (2009–2019). As far as the funds acquired from public finances are concerned, the amounts were higher at governmental level where funds are provided by ministries than at the local level that receives funds from municipalities, which had not been the case before 2019.

Practical implications: The challenge for further research is an in-depth study of Slovenian NGOs' financial strategy focusing on bidirectional financing as well as an analysis of public services currently provided by NGOs compared to services needed in the future.

Originality/value: The paper is a pioneer attempt to analyse the financing of NGOs in Slovenia.

Keywords: financing, non-governmental organizations (NGO), public funds, private funds

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1 Introduction

The third sector, or the non-governmental organisations (NGOs), has famously been deemed a »loose and baggy monster« (Kendall and Knapp, 1995). It presents entities with its own type of social form and practical logic. Those entities (organisations) are established "by people on a voluntary basis to pursue social or community goals" (Ridley-Duff and Bull, 2011).

The idea of the third sector remains under-theorised, especially compared to public administration and politics gathered at state theory on one hand, and economics as a market theory developer on the other. This sector is characterised by value-driven action and commitment from individuals operating within it, existing without coercion and sanctions (specific for public sector) or reward and remuneration (specific for private sector) (Corry, 2010). In practice, it presents very different organisations (like charities, non-governmental organisations, self-help groups, social enterprises, clubs, etc.), whose main characteristics are non-state, non-market, non-private/informal, independent, and civil society oriented.

There are big differences in how NGOs have been established, what are their functions and features, as well as differences in relations with the public sector between the USA and European countries. Starting from the institutional perspective and factors, in the USA, the primary role is on the federal and sub-federal institutions, while in Europe, the focus is on EU-wide and national institutions. Additionally, this federal structure in the USA diffuses the opportunities for political policy influencing, while the situation is much different in Europe, where movement of policy-making has shifted from national to European regional level. In many, especially Western European countries, interest groups have a formal, institutionalised place in policy-making. For reasons arising from history (Italy), economic efficiency (Germany), or social peace (Austria), those European countries regularly include business, labour, and other interested groups in the social dialogue. Besides institutional, the cultural differences can also be observed. The individualism and important role of religion has determined the NGOs role in the USA, while in Europe, religious beliefs are largely separate from NGOs' activities (Doh and Guay, 2006).

In Slovenia, the legal basis for operations of NGOs consists of several legal sources, mostly laws. The fundamental ones are the Non-Governmental Organisations Act and the Rules on the criteria determining the significant achievements of an NGO in order to be granted the status of an NGO operating in the public interest, which determines the conditions for obtaining the status of NGO in the public interest. Such a status (among other issues) enables NGOs to compete to be listed for 1% of personal income tax of citizens. Most of the NGOs' financing arises from indirect financing through public tenders and public calls, although there are few cases in which direct financing is provided. The Slovenian Red Cross Act sets the rules for the performance of humanitarian activities at state level as a public power of attorney, and provides the direct financing from public funds. A similar situation is in the field of firefighting (Firefighting Act). Besides that, some of those laws gather prof-

itable and non-profitable organisations, and even private and public organisations. Based on that fact, NGOs in Slovenia can be registered as societies, institutions/foundations, private institutes, housing and other cooperatives, religious organisations, etc. The first three forms are the most frequent. One of the most general findings regarding NGOs in Slovenia is that several are inactive, and several operate according to members' interests and not in the general public interest. The majority are established at local level, focusing mainly on sports-recreational, cultural-artistic, and fire-fighting associations, which together represent around 60% of all NGOs (Rončević, 2001). Foundations, private institutions, and religious organisations operate mainly in the fields of education and culture (Črnak-Meglič, 2000, pp. 156).

The management of NGOs is facing several, almost unsolvable problems, such as low financial resources, messy tax rules, expensive loans, etc. Those difficulties in the organisation and management of organisations forces them to combine multiple functions and services for one person, while several rely on volunteer work, which cannot reach the level of professionalism (in terms scope, intensity, quality and responsibility), compared to the private sector.

All of the above-mentioned facts about NGOs in Slovenia have been the motivation for this paper, which focuses mainly on the financial challenges of the Slovenian third sector. It explores the structure of public resources of financing (revenues) in the last 10 years, according to the data obtained. The main research question, however, is about the total amount and the structure of revenues of Slovenian NGOs obtained from public resources, as well as the trend of changes during the period 2009 -2019. Since the period includes the economic and financial crisis that influenced the public and private sector, as well as all aspects of social life in Slovenia, our hypothesis assumes that the trend of public financing has been influenced during that period.

The paper is divided into five chapters. After the introductory part, the second chapter is dedicated to a literature review of the financial structure of the non-governmental organisations area. In the third chapter, the review of NGOs in Slovenia is presented, while the methodology and the results are revealed in the fourth chapter. The fifth chapter covers the discussion part of the paper, and sixth is dedicated to the conclusion.

2 Financial structure of non-governmental organisations – literature review

The third sector, as a new subject of social policy, has gone through exponential growth in the last 40 years. Changing economic and political conditions caused the enormous increase in the number and types of organisation in this sector in the 1970s in over 60 countries worldwide. This growing trend has also reflected in the prevailing governmental funding of non-profit organisations. In the USA, governmental funding at all levels tripled in the 1980s, while traditional philanthropic sources have dropped from 18% to 11% (Salamon, 1993). Almost simultaneously, the process of privatisation and commerciali-

sation occurred in fields dominated by non-profits, which has reflected in increasing competition and declining governmental support (Kramer, 2000).

This trend of multiplicity of NGOs has continued in recent years, due to the end of the Cold War and changes in many political regimes, fast-growing technologies, the increase in resources, professionalisation and jobs available in this sector, public awareness about global problems due to mass media, and changes in economic and political ideologies (Amagoh, 2015). In the past, civil society, which is the main idea of NGOs' existence, has been closely related to the state itself, and the political society that governed and ordered society. In today's bureaucratic logic of the state on one hand, and the depersonalised force of global markets on the other, they are incompatible with the renewed concept of a civil society (Corry, 2010). The diversity of the NGO sector is visible not only between European countries, but even within regions of those countries. The development of NGOs, also known as "associational revolution" (Salamon, 1994), has been especially visible in Central and Eastern Europe (CEE), after the revolution in 1989. NGOs, seen as an indispensable component of a healthy, functioning, modern democracy, were provided financial and technical support, aimed at helping those countries on their way to EU membership. Unfortunately, this help has started to dry up in recent years, challenging NGOs in the CEE region to achieve a sustainable social position (Toepler and Salamon, 2003; Koncz, 2005).

For any organisation, funding is the crucial process of the survival of the economy. According to the theory of dependence on resources, it presents the ability of the organisation to procure and maintain resources (Froelich, 1999). Traditionally, NGOs have problems with scarce sources of financial resources. Few NGOs have truly independent sources of income for constant and sufficient survival or even life. They are forced to weigh several factors when choosing their sources of funding: legitimacy, independence, correlation with their mission, sustainability, financial sustainability, and many others. Grønberg and Clerkin, 2003 revealed that "securing funding" was ranked as the first and most important challenge NGOs are facing.

Growing competition puts a large number of NGOs in a position to reconsider their dependence on traditional sources of funding, and to accept that the chances of getting a grant has decreased significantly and will further reduce as new organisations emerge. This led to situations where NGOs tried to get any sort of funding applied to any available programme, in order to increase their chances that at least a minimum number of projects receive funding (Ceptureanu et al., 2017).

The role of the financing function does not differ between for profit companies and non-profit organisations. NGOs are financed through a) public sources (public institutions; local or central) or private sources (individuals or private institutions/companies), and these resources can be (I) refundable or (II) non-refundable. Table 1 presents a classification of resources (Bibu et al., 2013).

Table 1: NGOs’ financing sources and resources typology

| Types of non-refundable resources | Attracted resources | | Self-generated resources |
|-----------------------------------|--|--|--------------------------|
| From private funds | From members: <ul style="list-style-type: none"> • Grants • Sponsorship • Unconditional contribution (donation) • Membership fee | From non-members: <ul style="list-style-type: none"> • Grants • Sponsorship • Unconditional contribution (donation) | Commercial activities |
| From public funds | Direct allocation: <ul style="list-style-type: none"> • Grants • Subsidies • % of personal income tax | Indirect allocation: <ul style="list-style-type: none"> • Tax exemptions | Commercial activities |

Source: Bibu et al., 2013

In the last period, two interesting trends have occurred regarding the sustainable long-term survival, and the continuation of programmes and fulfilment of NGOs’ missions. The first trend can be described as the diversification of funding sources by choosing an optimal mix of resources, which should minimise risks and maximise revenues, while the second trend is observed as focusing on a single main source of funding to ensure long-term viability of the organisation (Ceptureanu et al., 2017).

The fact is that resource dependence can constrain NGO political activity. This would mean that governments have limited ability to ‘purchase’ civil society (Bexell et al., 2010; Dupuy et al., 2015). Politically active civil society groups need to be connected to the grassroots. Interest group scholars have identified group composition and internal decision-making as potential obstacles to reducing democratic deficits and improving the popular representation of NGOs (Steffek and Hahn, 2010; Saurugger, 2011). We find that the share of government funding in NGO budgets is negatively associated with lobbying expenditure (Bloodgood and Tremblay-Boire, 2017). While some authors have researched the financing structure of NGOs in specific countries (like Tkachuk and Shvets, 2020, Vašiček et al., 2019, Đorđević et al, 2019, Haltofová, 2011), a bibliometric analysis of the research on accounting transparency was also performed by Zhang et al., 2020.

The set of literature challenging NGOs’ financing in Slovenia is quite modest. There are few papers discussing different aspects of Slovenian NGO’s problematic, such as organisational, political and other issues (Bučar, 2012, Rodela et al., 2017, Zupančič and Pahor, 2016), but the financial aspect is poorly explored. Novak, 2019 revealed that despite the successful path of development of Slovenian environmental NGOs, non-professionalism and insufficient funding obstacles still remain. These shortfalls in financial resources are compensated by building coalitions, and networking with international organisations.

The study (Glaser, 2004) reveals that indirect donor support is seen as an optimal starting point for self-financing initiatives for South Eastern European networks, since these networks already possess the potential and knowledge which might be used to establish new revenue streams. Such networks may greatly benefit from a gradual switch to a diversified self-financing model.

3 NGOs in Slovenia

The development of NGOs in Slovenia goes back far into history, having its roots in the 7th and 8th centuries. After guilds, religious charities and foundations invented in the 14th century, organisations from which NGOs originate are the labour movements from the 19th century. The Right to Associate in Associations and Political Associations Act from 1867 represents the first legal regulation in this area.

The end of the Second World War and the arrival of the socialist system were marked by the decline of the activities of NGOs, as state regulations prevented the development of the non-governmental sector. In 1974, the enactment of Associations Act was meant to be the millstone of today's NGOs. Unfortunately, these organisations had not developed well, due to unstimulating support from the state. In the 1980s, a number of new social movements emerged (peace, ecology, human rights, spirituality, etc.), with some of the most active actors later moving into the political sphere, and some remaining at non-governmental level. In the field of non-governmental organisations, the period after Slovenia's independence meant the continuation of their development and strengthening (Kolarič et al., 2002).

The Slovenian NGOs can be divided into three groups according to different factors/connections. The first is the content which enables the horizontal connections. As far as content is concerned, there are the fire brigade association, the mountaineering association, the association of cultural organisations, the association of pensioners' organisations, the association of disability organisations, etc., bringing together organisations from the same or a very similar field of activity. Such associations are also the oldest and most numerous in Slovenia, and their number is growing from year to year. The horizontal connections are much more recent, becoming interesting in the last couple of years. The common factor of those is the legal form. The Union of Associations of Slovenia (ZDOS) gathers associations in different activities. The same goes for the Association of Slovenian Institutions (ZSU), the Community of Private Institutions (SKUP), and the Centre for Non-Governmental Organisations in Slovenia (CNVOS), which unites associations, as well as institutes and institutions, as it is a network which all Slovenian non-governmental organisations can be members of, regardless of their field of activity or legal form.

The second factor is the strength of their connection to umbrella associations and networks. The associations connect more firmly on a representative basis, while the operation of the networks is looser. Finally, the third factor is territorial. There are some connections among organisations from all over Slovenia,

while others only connect organisations from a certain area. According to this factor, there are national, regional, and local connections or networks (Mevlje and Kavčič, 2012). Nevertheless, the trend of NGOs' increase in the last couple of decades, has not changed the position of the public sector (state), which still has the primary role in the production of public goods and services in Slovenia. The NGOs only fill the gaps, and consequently play a marginal role, having problems with financing and voluntary work. However, all of those problems (low level of professionalisation, dependence on volunteers, and lack of resources) are typical for NGOs in the CEE region (Rojc Štremfelj et al., 2020).

An NGO in Slovenia is defined as an organisation that meets the following conditions (Non-Governmental Organisations Act, Article 2):

- Is a legal entity established under private law;
- it was established exclusively by a domestic or foreign person or legal entity governed by private law;
- is non-market oriented;
- is non-profitable;
- is independent from other entities;
- is not organised as a political party, church or other religious community, trade union or chamber.

In 2018, the status of a non-governmental organisation in the public interest was enacted as general status, regardless of the NGO's field of activity or legal status. The status may be obtained if the organisation's activities exceed the interests of its founders or its members, and if it is generally useful. The status can be granted in the field of culture, education, health care, social protection, family policy, development of democracy, protection against discrimination, protection of human rights, disability protection and humanitarian activities, equal opportunities for women and men, protection of the elderly, integrity in the country and civil society, consumer protection, etc. The organisation applying for the status must meet the following conditions (Non-Governmental Organisations Act, Article 6):

- its members are not legal entities established by public law;
- its activities are defined in a constitutive act;
- has been operating for at least two years prior to the application for status;
- must prove significant achievements in the field of the registered activity;
- has been funded by funds to perform activities in the public interest for at least two years prior to the submission of the application, and it has regularly implemented programmes, projects, or other activities to achieve the purpose and objectives in the public interest;
- has prepared at least a two-year programme of future activities in the field, which includes regular implementation of activities in the public interest;
- it has not been legally sanctioned for a serious tax offence, or an offence of a particularly serious nature, and has not been convicted of a criminal offence,

- it is not intertwined with any bankruptcy proceedings or liquidation proceedings.

In recent years, the number of NGOs has increased by around 500 per year. According to data, there were approximately 22,000 NGOs in 2012 and 27,000 of them in 2019. Among the 27,000 NGOs, 6,484 have obtained the status of being in the public interest. The profile analysis of those NGOs has revealed that 28% operate in protection against natural and other disasters, 26.5% in the sports area, 13.9% in the cultural area, 10% in agricultural, 4.2% in humanitarian activities, 3.6% in disability activities, while other businesses cover a very small percentage of all NGOs (Stražičar, 2020). Observing the number of financial reports submitted every year, it is well known that there are 3% of inactive NGOs. The structure according to the legal status of the NGOs is presented in Table 2.

Table 2: The share of organisations in each legal status form in 2019 in Slovenia

| The legal status form of the NGO | Share (in %) |
|----------------------------------|--------------|
| Association | 86.93 |
| Foundations | 0.87 |
| Institute | 12.19 |

Source: CNVOS, 2021

NGOs include associations (which also includes data on branches of associations and youth councils), institutes (which also includes religious communities that have the status of a humanitarian organisation) and institutions. In Slovenia, the NGOs voluntarily associate within a central organisation called CNVOS (Centre of Non-Governmental Organisations in Slovenia), and 12 regional hubs offering a wide range of services to professional teams with many years of experience and many successful projects. The NGO sector employs just over 9,000 people, and over 2,000 volunteers are also engaged. More than half of all employees are employed in institutions, although they represent only 12.19% of all non-governmental organisations. Globally speaking, the idea of voluntary work inclusion in BDP has been in development since the EU Commission initiative, led by Stiglitz, confirms that BDP measurement should shift from measuring economic production to measuring people's well-being, since non-market activities such as household production accounts for 35% of conventionally measured BDP in France, 40% in Finland, and 30% in the USA (Stiglitz et al., 2013). An important indicator of the development of the NGOs is the share of the NGOs' revenues in relation to gross domestic product (GDP), and this share is around 2% every year. Another important indicator is the share of GDP allocated to non-governmental organisations, which explains how much the state engages NGOs in the services it provides. This share is approximately a little over 0.7% of GDP in the last 10 years.

4 Methodology and results

The methodology is based on financial and other data collection, available on the web. Most of the data has been collected from the CNVOS (Centre for information service, cooperation, and development of NGOs) website, which is the umbrella organisation of NGOs in Slovenia. The data used in our research was obtained for the period from 2009 to 2019. Due to the same uncertainties in data interpretation, the analysis started after some consultation with the CNVOS. The data was analysed and processed using Excel. In the analysis used, the data presented was cumulative for the whole population of NGOs in Slovenia, providing a comprehensive picture of the sector.

In the first step, the total amount of revenues obtained from public funds and private funds was obtained for each year during the period 2009-2019. Out of those, the share of each source was calculated, as well as the changes between the years during that period and the average values.

Table 3 also presents the total amount of revenues for each year during the mentioned period. In 2009, revenues reached the amount of a little over 702 thousand euros, while in 2019, the amount was almost 1 million euros, which represents a 40% increase in revenues. Nevertheless, the total amount of revenues has firmly and constantly risen, and the share of revenues obtained from public finance sources was more or less the same all the time. This public finance share was changing from 35% to 40%, while market and other (mostly grants, sponsorships, donations, etc.) sources were consequently moving from 65% to 60%. It is interesting to observe that total revenues have increased by 3.5% on average per year.

Table 3: The shares and amounts of revenues of Slovenian NGOs during the period 2009–2019

| Year | % of revenues from public funds in total revenues | % of market and non-market (other) revenues in total revenues | The total revenues of NGOs | Change of total revenues compared to year before (in %) |
|---------|---|---|----------------------------|---|
| 2009 | 39 | 61 | 702.769.807,00 € | |
| 2010 | 40 | 60 | 735.719.810,00 € | 4,69% |
| 2011 | 39 | 61 | 746.808.517,00 € | 1,51% |
| 2012 | 39 | 61 | 748.973.576,00 € | 0,29% |
| 2013 | 39 | 61 | 742.700.234,00 € | -0,84% |
| 2014 | 38 | 62 | 762.205.732,00 € | 2,63% |
| 2015 | 36 | 64 | 782.952.395,00 € | 2,72% |
| 2016 | 35 | 65 | 801.936.978,00 € | 2,42% |
| 2017 | 36 | 64 | 873.419.927,00 € | 8,91% |
| 2018 | 36 | 64 | 917.973.611,00 € | 5,10% |
| 2019 | 38 | 62 | 986.687.883,00 € | 7,49% |
| Average | 37,73 | 62,27 | | 3,49% |

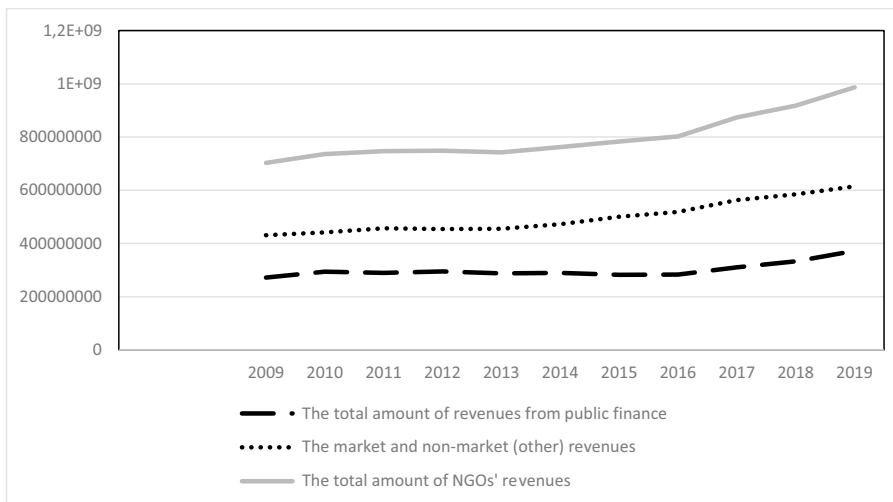
Source: CNVOS, own

The results revealed that total revenues of Slovenian NGOs were rising during the period from 2009 to 2019, with the exception of 2013, when the total revenues decreased by 0.84% compared to 2012. The reason for the negative change might be observed from an economic and financial crisis perspective,

since the BDP fell by -2.5% in 2012 and -1% in 2013. The largest rise occurred in 2010 (4.69%), compared to 2009, and then again in 2017 (8.91%), compared to 2016. The average rise in total revenues was 3.49% per year during the mentioned period.

Graph 1 presents the trend of total revenues, revenues obtained from public finance and revenues earned on market or acquired from other sources. It can be observed that market and other sources revenues were increasing quite rapidly, especially after 2014, while public finance sources were more constant.

Graph 1: The trend movement of the NGOs' revenues during the period 2009–2019



Source: CNVOS, own

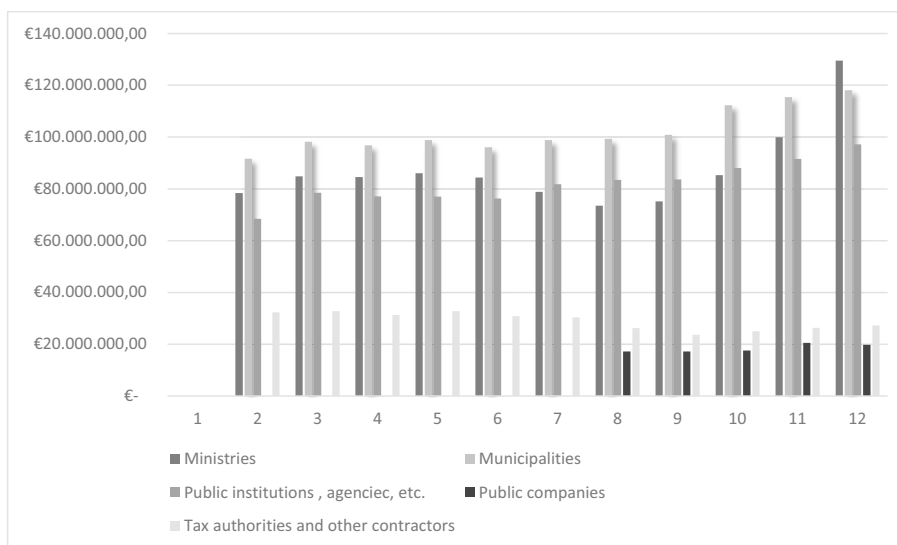
The resources from the public (finance) sector were constant, slightly increasing from 2017. As we were interested in the structure of those revenues, Table 4 presents the amounts of each specific public source, as well as the percentage change in each source for every year. The results revealed that the biggest changes occurred on the ministries' side, so that a 30% increase was achieved in 2019. Additionally, a significant (16.58%) increase in revenues happened in 2018, with revenues received from the public company's side. The revenues from the tax authority and other contractors were quite unstable during the observed period, expressing a 13.52% decrease in 2015, and a 9.76% decrease the year after. Other contractors supporting NGOs from Table 4 are the Foundation for the Financing of Humanitarian and Disability Organisations (FIHO) and the Foundation for the Financing of Sports Organisations in the Republic of Slovenia (FŠO).

Table 4: Revenues (absolute numbers and percentage change) obtained from the public (finance) sector during the period 2009–2019

| | Ministries | Changes in revenues_ministries (in %) | Municipalities | Changes in revenues_municipalities (in %) | Public institutions, agencies, etc. | Changes in revenues_institutions, agencies (in %) | Public companies | Changes in revenues_public companies (in %) | Tax authorities and other contractors | Changes in revenues_Tax authorities and other contractors (in%) |
|------|------------------|---------------------------------------|------------------|---|-------------------------------------|---|------------------|---|---------------------------------------|---|
| 2009 | 78.367.362,86 € | | 91.694.914,82 € | | 68.394.840,87 € | | no data | - € | 32.331.543,45 € | |
| 2010 | 84.871.910,25 € | 8,30 | 98.206.233,57 € | 7,10 | 78.482.785,90 € | 14,75 | no data | - € | 32.780.146,88 € | 1,39 |
| 2011 | 84.538.571,89 € | -0,39 | 96.831.976,14 € | -1,40 | 77.106.110,36 € | -1,75 | no data | - € | 31.328.828,26 € | -4,43 |
| 2012 | 86.017.482,90 € | 1,75 | 98.822.073,45 € | 2,06 | 77.030.691,11 € | -0,10 | no data | - € | 32.787.421,03 € | 4,66 |
| 2013 | 84.370.195,92 € | -1,92 | 96.082.334,24 € | -2,77 | 76.262.831,52 € | -1,00 | no data | - € | 30.849.221,88 € | -5,91 |
| 2014 | 78.850.839,90 € | -6,54 | 98.814.569,61 € | 2,84 | 81.793.461,02 € | 7,25 | no data | - € | 30.350.689,23 € | -1,62 |
| 2015 | 73.535.567,48 € | -6,74 | 99.325.864,48 € | 0,52 | 83.451.529,18 € | 2,03 | 17.237.578,49 € | | 26.248.359,94 € | -13,52 |
| 2016 | 75.165.646,06 € | 2,22 | 100.911.512,39 € | 1,60 | 83.642.376,54 € | 0,23 | 17.237.578,49 € | 0,00 | 23.685.244,09 € | -9,76 |
| 2017 | 85.260.689,57 € | 13,43 | 112.328.563,22 € | 11,31 | 88.068.700,57 € | 5,29 | 17.598.909,77 € | 2,10 | 25.050.156,95 € | 5,76 |
| 2018 | 99.915.370,41 € | 17,19 | 115.389.777,15 € | 2,73 | 91.545.129,61 € | 3,95 | 20.517.104,35 € | 16,58 | 26.308.361,15 € | 5,02 |
| 2019 | 129.490.338,09 € | 29,60 | 118.145.248,13 € | 2,39 | 97.196.556,32 € | 6,17 | 19.827.725,11 € | -3,36 | 27.294.952,24 € | 3,75 |

Source: CNVOS, own

Graph 2: Amounts of revenues obtained from specific resources belonging to public finance during the period 2009–2019



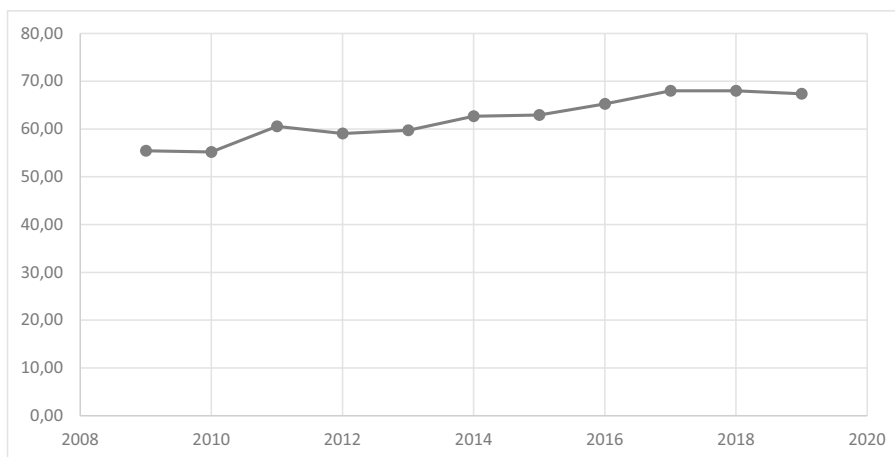
Source: CNVOS, own

Graph 2 reveals the proportions of NGOs’ revenues obtained from different organisations belonging to the public (finance) sector. Besides the ministries, municipalities, and public institutions, there are revenues from public companies (companies operating on a market basis, founded by central or local government). The data for public companies was available for the years 2015–2019. The results revealed the constant increase in this type of revenue. In 2019, out of 27,000 NGOs, 16.101 (almost 56%) received public funds, with Slovenian Red Cross at the top of the list with more than 6 million euros. 2,870 NGOs received funds from ministries (916 from the Ministry of Defence, 291 from the Ministry of Culture, 269 from the Ministry of Labour, Family, Social Affairs and Equal Opportunities, etc.), while at local level, 11,982 (almost 42%) individual NGOs received public funds from municipalities. The municipality of Ljubljana with 17.54 million euros, the municipality of Maribor with

5.74 million euros, and the municipality of Kranj with 2.77 million euros are at the top of the local financer list. Considering the 50 NGOs that received the highest amounts (from 6 to 1 million euros) of public funds in 2019, it has turned out that 20 operate in social security, 14 in disability protection, 13 in education, 10 in healthcare protection, 9 in humanitarian activities, 6 cultural activities, 4 sport, and 1 in scientific and research activities (Stražičar, 2020).

The revenues of NGOs obtained from the public funds (sector) can be observed through the criterion of “status of public interest”, defined in the Non-Governmental Organisations Act. The results of the observation of the revenues have revealed that more than half of the public funds were allocated to the NGOs with this status during the period 2009-2019. The share (percentage) has been changing, which is presented in Graph 3.

Graph 3: The share of public funds allocated to NGOs having the status of an NGO in the public interest



Source: CNVOS, 2021

5 Discussion

The sustainability of NGOs depends, among other factors, on financial stability, as they are primarily funded by fluctuating donations, government support, and fundraising efforts. For the majority of NGOs, which predominantly rely on volunteers or hired employees with minimal experience, financial management is a difficult task. Searching for calls to apply, potential donors, or writing project materials, are demanding fundraising operations. The strategy of fundraising allows an organisation to ensure a sustainable existence, and progress to follow the objective of becoming independent from the individual source of funds, and less sensitive to changes in funding. Furthermore, a firm revenue structure can be obtained by forming reserve funds to provide survival in difficult times (Vodlan, 2010). Such diversification of funds is inevitably for long-term survival, since relying on outside or single source is one of the biggest challenges encountered by NGOs.

As presented in the results, in 2019, NGOs in Slovenia achieved almost 1 billion euros of revenue, which were increasing rapidly during the whole observed period (2009-2019). Considering the structure of the funds, this year (2019), NGOs obtained more funds from ministries than from municipalities for the first time, although this financial source was on an ascending path for the last 3 years. Actually, the total public funds were constantly increasing from 2014, including the rising trend of revenues from public companies founded by central or local government. On the other hand, an explicit trend of market and non-market revenues rising in the last couple of years can be observed.

What might be the consequences and effects of the revenue structure of Slovenian NGOs in the last 11 years? The share of public funds financing has been stable, showing a very slight increase in market and non-market revenues. The financial source might influence NGOs' activities and agenda, which can be seen at national and international levels. NGOs operating at national level have increased their power to influence public opinion, and consequently political life, while the international NGOs have dramatically influenced the world's politics, being important actors in international relations. Their role is observed in public diplomacy, resulting in successful positioning of the country through the activity of public actors, like NGOs. They become "agents of influence" instead of "agents of loyalty" (Bokeriya, 2014; Radu, 2019).

Besides this, one of the most recent trends is also the convergence and blurring of lines between the sectors, resulting in the emergence of two contrasting perspectives. The dominant and prevailing one celebrates the rapid institutionalisation of the third sector as a primary partner with government in the delivery of services, and as an advocate and core of civil society. The other view is sceptical about the validity of a sectoral model based on type of ownership, in the face of a convergence of boundaries and extensive interdependence (Kramer, 2000). Since public funding dampens NGO advocacy, government funding cannot improve the civil society status. Especially effective is external funding, which may create concerns about international interference in national governance (Bloodgood and Tremblay-Boire, 2017).

According to the results obtained, as well as the financial management theory of NGOs (Mevlje and Kavčič, 2012), NGOs' financial strategy should diversify their revenue resources as much as possible, to prevent financial instability and independence. Depending on a single source might cause the risk of illiquidity, and endanger long term existence. From the list of NGOs that have received the highest amounts of public funds, it can be concluded that most important social subsystems are financially well supported, leaving the most important programmes implemented within those grants. There are some case studies revealing positive results of public financing of third sector development. Rojc Štremfelj, 2020 proved that the state was efficient in the co-funding of the jobs in NGOs, proving the suitability of the state's first promotion of NGO employment in overhead professions.

The challenge for further research is the in-depth study of Slovenian NGOs' financial strategy, due to the global trend of bidirectional financing; the di-

verification of funding sources by choosing an optimal mix of resources on one hand, and focusing on a single main source of funding to ensure long-term viability of the organisation on the other (Ceptureanu et al., 2017). Since 88.97% of NGOs in Slovenia earned less than 50,000 euros in 2019, and 17.47% of those operated without revenue, such future research would enable a holistic approach to the financial challenges of NGOs.

6 Conclusion

The fact that NGOs, as part of the third sector, are becoming a more and more important representative of civil society, the challenges of their financial situation is coming in the front line of academia interest. In the last 10 years, NGOs in Slovenia have been financed by approximately 60% of market and non-market resources, and 40% of public finance resources, while the situation is the opposite when considering NGOs in the public interest. The positive trend of the increase in total revenues (average 3.5%), and a predominant share of government (ministries) financing, might indicate more stable financing in the future, and consequently, hope for the solution of the NGOs' permanent problems. Besides the instability of financing, other studies have revealed problems like the dependence on voluntarism, dependence on financial sources, as well as the influence of government financing on NGO lobbying. The chronological review of the financial resources lays a solid foundation for decision-makers to evaluate their policy on one hand and future specific in-depth studies on the other.

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What Factors Influence the Survival of Subsidised Start-ups for the Unemployed in Slovakia?

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ABSTRACT

Purpose: The aim of the paper is to analyse the factors of sustainability of the public policy subsidising start-ups for the unemployed in Slovakia.

Design/Methodology/Approach: The analysis assesses the sustainability of subsidies in the period 2012-2016 based on data provided by the Ministry of Labour and Social Affairs. Logistic regression was used to identify the key factors.

Findings: Research shows that in times of economic growth, policies to support the self-employment of the unemployed are a particularly effective form of active labour market policy, especially in the more developed regions. On the contrary, when serving as a business support tool, they lead to very low survival rates of the subsidised companies compared to results of other studies. In terms of factors affecting this sustainability, the length of unemployment, the amount of support, as well as regional characteristics emerge as the most significant.

Practical implications: The results allow for a better definition of the conditions for providing subsidies to the unemployed to start a business in the future, while also showing that this instrument leads to employment retention rather than to the promotion of entrepreneurial activities.

Originality/value: The research was carried out under specific conditions that had been little explored so far. The policy was evaluated at a time of strong economic growth accompanied by a significant reduction in unemployment. Also worth noting is that it was carried out in a country with some of the most pronounced regional disparities, which made it possible to compare the impact of the policy in different starting conditions.

Keywords: active employment policy, contribution to self-employment, subsidised start-ups for the unemployed

JEL: J48, H53, H50

1 Introduction

Supporting entrepreneurship of the unemployed is one of the most frequently used public policy instruments. Its specificity lies in the fact that it seeks to address two problems at once. On the one hand, as an active labor market policy, it seeks to reduce unemployment and, on the other hand, as an economic policy, it seeks to promote the development of entrepreneurship, which is of particular importance, especially in less developed regions. This dual focus can have both advantages and disadvantages.

Subsidized start-ups from the state of unemployment in EU countries account for a very low share of total expenditure (less than 5%). In the long term, the highest expenditure is recorded in Spain, which shows expenditure above 1% of GDP. The most significant increase in spending is in Croatia, which in 2019 is closest to Spain. The most pronounced decline over the period 2012-2019 is visible in Slovenia, which is one of the lowest spending countries. Spending in the range of 0.04% of GDP - 0.06% of GDP is in countries such as Poland and France. All other countries are below 0.04% of GDP. Countries such as Ireland, Cyprus, Luxembourg, and Romania have zero spending on subsidized start-ups from the state of unemployment (Eurostat, 2021).

Although subsidized start-ups from the state of unemployment are low, they achieve significant positive effects (Bicentennial and Hora, 2020; Duhautois, Redor and Desiage, 2015; Caliendo and Kritikos, 2010; Baumgartner and Caliendo, 2008). Most studies examining the factors influencing the survival of this support focus on Western European countries (Germany: Niefert, 2010; Baumgartner and Caliendo, 2008, Caliendo and Künn, 2013; United Kingdom: Meager, Bates and Cowling, 2003; Finland: Haapanen and Tervo, 2009; France: Duhautois, Redor and Desiage, 2015; Spain: Millán and Congregado, 2010; Cueto, Mayor and Suárez, 2015). The aim of the paper is to fill some of these gaps and to analyze the survival rates as well as the sustainability factors of public policies aimed at self-employment as well as these rates of subsidized start-ups from the state of unemployment in Slovakia. We will look at this from the perspective of the sustainability of the employment of those who have benefited from it, as well as from the perspective of the sustainability of the supported entrepreneurial activities in the case of Slovakia. There are several reasons why Slovakia's analysis may be useful.

Firstly, to focus on a country that has one of the lowest levels of funding in this area within the EU and is also not an economically strong country (GDP per capita is only 71% of the EU average). However, at the same time, it has achieved a very significant improvement in the unemployment rate over the period under review; in 2012 the unemployment rate was 14.4%, while in 2017 it was only 5.94%. Furthermore, the Slovak Republic is a country with very pronounced regional disparities, while regional characteristics are relatively rarely analyzed in similar studies (Caliendo et al., 2014). The government has identified the areas of the south and east of Slovakia (Prešov, Košice and Banská Bystrica regions) as the least developed regions, which we include in our analysis as an important element of the survival of self-employment. The last reason is the very long duration of the support (3 years), during which a person can quit the trade only under certain financial penalties. This represents a much longer period than similar supports examined in most other studies, e.g. in the case of Germany (Caliendo, 2016; Caliendo and Kritikos, 2010; Baumgartner and Caliendo, 2008; Caliendo and Kunn, 2013) it is one year and in the case of Finland (Haapanen and Tervo, 2009), it is financial support for 18 months.

The article consists of three parts. The first part is a literature review that reflects the current state of the issue of subsidized start-ups from the state of unemployment. The methodological part of the paper defines the specific instrument in Slovakia and the influencing factors. The results and conclusion bring together the findings on the Self-Employment Contribution in comparison with other studies and also identify opportunities for further research in this area.

2 Literature review

Supported business start-up from the state of unemployment includes measures to promote entrepreneurship by encouraging the unemployed and other target groups to start a business or become self-employed. Assistance may take the form of direct cash benefits or indirect support, including loans, provision of equipment, business advice, ... (LMP methodology 2018, 22).

Despite being one of the least subsidized instruments in EU countries, subsidized start-ups from the state of unemployment are very positive in several studies in terms of their effectiveness. For example, research in France (Duhautois, Redor and Desiagne, 2015), suggests a positive impact on start-ups after the first two years compared to unsubsidized companies. A study from Germany (Caliendo and Kritikos, 2010) also shows a strong positive impact of the program on supporting start-ups. Baumgartner and Caliendo (2008) examined the impact of 2 self-employment programs and their results also show positive results after 22 months. Authors such as Dvouletý a Hora (2020) also positively evaluate subsidized start-ups from the state of unemployment.

However, the question remains what factors influence the survival rate of these start-ups. Another question is why the spending side of EU countries' employment policies does not invest more directly in this type of instrument. Potential factors affecting the of self-employment can be traced at different

phases. The first of these is the stage of receiving support, which means that the individual is still only a candidate for benefit. Whether or not they receive the allowance is determined by the law and the structure of the conditions for receiving the allowance. There are also factors such as administrative complexity, or the time or complexity of meeting the conditions needed to obtain support. These factors are highly individual and more and more studies rely on behavioral aspects such as the motivation to start a business and the necessary preparation for it (Borik, 2012; Caliendo and Kritikos, 2010).

The second phase which can be observed during the support is a very risky phase, namely surviving the support. Here, too, we observe various influences that may make the successful implementation of the tool more difficult. Based on a review of factors in research published so far (Appendix 1) and country specifics, we monitor 3 categories of factors, namely:

1. Socio-demographic factors (gender, marital status, age, education, last and previous records held at the labor office, previous employment)
2. Regional labor market (work activity in an underdeveloped region, place of activity the same as the region in which the activity is carried out)
3. Economic factors (amount of aid, year of aid, economic cycle).

The importance of each factor varies from study to study. For example, the study Dvouletý, Hora (2020) included the length of registration at the labor office (analyzed in days) and the category of education as the main determinants of the location of tradesmen. By being a self-employed tradesperson from the state of unemployment, the amount of support to cover the lack of start-up capital when starting a business (especially in the short term) also plays an important role. In German studies (Caliendo and Kunn, 2013; Baumgartner and Caliendo, 2008), individual characteristics, human capital (represented by previous employment and education), but also the environment in which individuals operate have a major influence.

For most factors, the importance of individual factors in these studies varied, highlighting the need to examine them under different specific conditions. The individual results are discussed and confronted in more detail in the discussion section of this article.

3 Methods

The analysis covers the sustainability phase of support for unemployed people to start a business in the period 2012 - 2016 in the Slovak Republic. The datasets containing data for the Self-employment Allowance were created from data that were processed on the basis of 2 unique databases of the Ministry of Labor and Social Affairs on the supported subjects. This allows us to have sufficient data to track survival three years after the support.

The dataset for regression models up to 3 years consists of 6,950 observations, for models up to 6 months there are 9,997 observations. Post-support

outcomes were monitored through 'follow-ups', with the database purged of missing and outlying data.

Specifically, the measure analyzed in the Self-employment Allowance is within the meaning of Section 49 of the Employment Services Act, which is an intensively used active policy instrument. The amount of support is granted within 30 days at 60% and then the remaining 40% of support for the past year. At the same time, the amount of support is conditional on the place of self-employment. In the case of the least developed regions (southern and eastern Slovakia), where districts have an average registered unemployment rate higher than the national average, the contribution is a maximum of 4 times the total labor cost calculated on the average wage of an employee. In the case of lower unemployment rates, it is 3 times, while in the Bratislava region (the region with the highest GDP per capita) it is only 2.5 times.

In our conditions, the support is only for job seekers who have been registered with the Labor, Social Affairs and Family Office for at least 3 months. The allowance is granted for partial reimbursement of costs related to the creation of a self-employment job and the subsequent operation of self-employment for at least three years.

We analyzed three research questions. First, in the case of Slovakia, there is a gap between the sustainability of the entrepreneurship of the supported persons and the sustainability of their employment in times of economic growth. The second question was whether different factors affect these types of sustainability differently. The third question was whether these factors differ in the short and long run after support.

The research methodology for the research question is based on 4 models that evaluate the sustainability of support based on 2 parameters as shown in Table 1. Different studies follow the factors at different time intervals (e.g. from up to 14 years (Haapanen and Tervo, 2009) and others for only 5 years (Caliendo and Künn 2013) or only two years (Niefert, 2010)). We decided to evaluate the sustainability of the support as short-term (up to 6 months after the end of the support) and long-term (up to 3 years), which could show us the differences in terms of time. The first 2 models evaluate sustainability from a broader perspective, where we take into account any survival of the supported subject in the labor market. The other 2 models are closely related to the self-employed cases only (so that the subjects remained in business).

Table 1. Characteristics of models

| Model name | Dependent variable | Variable description and coding |
|------------------------|---|---|
| <i>Model1_3overall</i> | sustainability of supported person on the labor market after 3 years | 3 years after the end of the support period, the supported subject is employed as self-employed, full-time employment or by agreement = 1, otherwise = 0 (model1_3overall) |
| <i>Model2_6overall</i> | Sustainability of supported person on the labor market after 6 months | 6 months after the end of the support period, the supported subject is employed as self-employed, full-time employment or by agreement = 1, otherwise = 0 (model2_6overall) |
| <i>Model3_3SZCO</i> | Business survival of supported start-up after 3 years | 3 years after the end of the support period, the supported subject is still running a supported start-up self-employed = 1, otherwise = 0 (model3_3SZCO) |
| <i>Model4_6SZCO</i> | Business survival of supported start-up after 6 months | 6 months after the end of the support period, the supported subject is still running a supported start-up = 1, otherwise = 0 (model4_6SZCO) |

Source: Author’s own, 2021.

We use the *logistic regression* method (Wright, 1995) to evaluate the potential impacts, using the **glm** function (*Generalized Linear Models*) in the R program. as mentioned in the literature review.

For analyzing the determinants of survival of self-employment in Slovakia we use binary logit models with the form (Kaščáková a kol., 2010):

$$\text{logit}(\pi) = \ln\left(\frac{\pi}{1-\pi}\right) = \beta_0 + \beta_1X_1 + \dots + \beta_{11}X_{11}, \tag{1}$$

where $P(y_{ij} = 1|X) = \pi$ a $P(y_{ij} = 0|X) = 1 - \pi$ and $\left(\frac{\pi}{1-\pi}\right) = e^{\beta_0 + \beta_1X_1 + \dots + \beta_{11}X_{11}}$.

Our models can be written:

$$y_{ij} = f(\text{sodem}'_{ij}; \text{region}'_{ij}; \text{eco}'_{ij}) + \varepsilon_{ij}, \tag{2}$$

where:

$$Y_{ij} \begin{cases} y_{i1} - \text{Model1_3overall} \\ y_{i2} - \text{Model2_6overall} \\ y_{i3} - \text{Model3_3SZCO} \\ y_{i4} - \text{Model4_6SZCO} \end{cases}$$

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$$\begin{aligned} \text{sodem}_{ij}^1 &= (x_{i1}, x_{i2}, x_{i3}, x_{i4}, x_{i5}, x_{i6}, x_{i7})', \\ \text{region}_{ij}^1 &= (x_{i8}, x_{i9})', \\ \text{eco}_{ij}^1 &= (x_{i10}, x_{i11})'. \end{aligned} \tag{3}$$

Now we can rewrite a system (1) corresponding to (2) into the following logistic models:

$$\begin{aligned} f_1(y_{i1}) &= \pi_1^{y_{i1}} (1 - \pi_1)^{1-y_{i1}}, \\ f_2(y_{i2}) &= \pi_2^{y_{i2}} (1 - \pi_2)^{1-y_{i2}}, \\ f_3(y_{i3}) &= \pi_3^{y_{i3}} (1 - \pi_3)^{1-y_{i3}}, \\ f_4(y_{i4}) &= \pi_4^{y_{i4}} (1 - \pi_4)^{1-y_{i4}}. \end{aligned} \tag{4}$$

In each model 11 independent variables are analyzed as shown in Table 2. The choice of selected variables reflects other studies

Table 2. Description of the Independent variables that affect the probability of employment and self-employment

| Model specification | Name of variable | Variable description and coding |
|---------------------|---|---|
| sodem | Gender (x_{11}) | Gender of job seeker (male = 1, female = 0) |
| | Age (x_{12}) | Age of the subject on the labor market in years. |
| | Marital status (x_{13}) | Marital status: if job seekers is not married = 1, otherwise = 0 |
| | Length of last record (x_{14}) | Length of last record in days |
| | Length of previous record (x_{15}) | Length of previous record in days |
| | Education (x_{16}) | Achieved level of education. Code: 0 - without education or unfinished primary school, 1 - primary education (ZŠ), 2 - lower vocational education (NOV), 3 - secondary vocational education (SOV), 4 - complete secondary education (USOV), 5 - higher vocational education (VOV), 6 – 1st level of university education (Bc.), 7 – 2nd level of university education (Mgr./Ing.), 8 – 3rd level of university education (PhD.) |
| | ISCO code (selected codes used separately) (x_{17}) | Previous employment of job seeker - code according to the statistical classification of occupations. Code: 1 - Managers and legislators, 2 - specialists, 3 - Technical and professional staff, 4 - Administrative staff, 5 - Service and trade workers, 6 - Skilled workers in agriculture, forestry and fishing, 7- Skilled workers and craftsmen, 8 - Operators and fitters of machinery and equipment, 9 - Auxiliary and unskilled workers. Variables used separately as artificial variables (i.e., if ISCO = 1 in the group, otherwise = 0) |
| region | Least developed regions (x_{18}) | If the job seeker is from the Prešov, Košice and Banská Bystrica self-governing regions (7; 8; 6) = 1, otherwise = 0 |
| | Same residence and place of work (x_{19}) | If the job seeker has the same NUTS code of residence and place of work, then the variable = 1, otherwise = 0 |
| eco | Year of support (x_{110}) | Year in which the support was granted. The scope of the monitored period is in the range 2012 - 2016. The code assigned to each year is as follows: 1 - 2012, 2 - 2013, 3 - 2014, 4 - 2015 and 5 - 2016. |
| | Amount of support (x_{111}) | The total amount of financial support from the instrument for self-employment allocated to the job seeker (in euros) |

Source: Author’s own, 2021.

4 Results

If we look at brief descriptive statistics, the largest share of the supported subjects are men. The average age is 37 years. 21% of the subjects had no previous employment, 44% are single and 46% of them have completed higher vocational education (23.4% of the jobseekers were graduates of the 2nd level of higher education). Most often they come from the Žilina, Prešov and Banská Bystrica regions, two of which are among the least developed regions of Slovakia. Their average benefit amounted to € 3,570, and they spent an average of 413 days on the register before becoming self-employed. The largest share of previous employment of the supported subjects is observed in the field of technicians and professionals; service and trade workers and craftsmen, processors, and repairers (according to the ISCO classification).

Overall, there is a very positive survival rate in the labor market (see Table 3) If we look exclusively at the models that examined only business survival, their values are halved. In the run, the values are slightly better, but still lag well behind labor market survival. An interesting finding is the fact that labor market survival in the least developed regions is always lower, except in the short-run, where the impact is up to 6 months, where survival exceeds that of the advanced region by 0.3 p.p. It is also interesting to note that while the short- and long-term differences during periods of economic growth are negligible, there is still a fairly significant decline in the long run when business is maintained.

Table 3. Percentage of subsidized survival subjects in different conditions

| Models | Region | Average amount of the contribution to self-employment activity per supported subject | Total number of subjects with support granted | % Share of subjects that survival on the labor market (total) | % Share of subjects that survival on the labor market (only self-employed subjects) |
|----------------------------------|-------------------------|--|---|---|---|
| Up to 3 years | | | | | |
| Model1_3overall; Model3_3SZCO | Developed regions | € 3,035.13 | 3,717 | 93.27% | 40.33% |
| | Least developed regions | € 3,936.01 | 3,233 | 87.44% | 37.58% |
| Up to 6 months | | | | | |
| Model2_6overall; Model4_6SZCO | Developed regions | € 3,187.13 | 5,409 | 91.78% | 56.09% |
| | Least developed regions | € 4,032.21 | 4,588 | 88.97% | 56.36% |

Source: Author’s own, 2021.

With this fact we can confirm that, despite the higher amount of contribution in the least developed regions, their subjects often have the lowest survival rates (except in the model4_6SZCO). It should be noted that the allowance is received by the unemployed, who may show a higher tendency to move back into unemployment if the subjects use this support as a temporary solution.

4.1 Potential effects of selected factors on the probability of survival on the labor market

We evaluate the potential effects of selected factors based on 4 models using the *logistic regression* method. The results of the regressions are shown in Tables 4 and 5, which show the values of the estimated logit of regression coefficients, their statistical significance and compare the values in two time bands, namely sustainability within 6 months and within 3 years.

The results show that in the Model1_3overall model, the statistically significant variables influencing the probability of survival in the labor market are mainly the subject’s length of previous record, the subject’s labor force participation in the least developed region and their previous employment (ISCO

code). In other words, the survival of support in the broad sense is mainly affected by the subject's past history, with survival of support being shorter if the subject worked as a menial and unskilled worker in a region which is among the underdeveloped ones.

Looking purely at survival for subjects who have been self-employed for up to 3 years (Model3_3SZCO), the statistically significant variables are gender, age, previous employment, and length of previous record. Under a closer understanding of survival, we observe that men whose previous employment was in skilled trades and skilled manufacturing had a positive effect on the probability of survival as start-ups. As with the first model, the subject's past plays a role here. Age is an important factor in self-employment, which has a positive effect on long-term survival. It can be concluded that if the support is specifically targeted at the self-employed, survival is also more pronounced in terms of the age of the subject and their gender, with the place of employment taking a back seat.

Interestingly, when long-term survival is observed, the amount of support does not have a significant statistical effect on employment after the end of the support. The amount of support is likely to be offset by other benefits associated with employment in the region.

Table 4. Result of logistic regression of factors influencing the survival on the labor market up to 3 years

| | Model1_3overall | Model3_3SZCO |
|------------------------------|---|---|
| Male | 0.0146 [*] (2.442) | 1.41*10⁻⁷*** (5.264) |
| Single | 0.4053 (0.832) | 0.3259 (0.982) |
| Age | 0.0284 [*] (-2.192) | 0.0003*** (3.601) |
| Length of last record | 0.0307 [*] (-2.161) | 0.1548 (-1.423) |
| Length of previous record | 2*10⁻¹⁶*** (-8.424) | 9.95*10⁻⁷*** (-4.893) |
| <i>Education</i> | | |
| Code 1 | 0.5930 (0.534) | 0.8590 (0.178) |
| Code 2 | 0.5603 (0.582) | 0.8380 (-0.204) |
| Code 3 | 0.2809 (1.078) | 0.4235 (0.800) |
| Code 4 | 0.2033 (1.272) | 0.4589 (0.741) |
| Code 5 | 0.4573 (0.743) | 0.9767 (-0.029) |
| Code 6 | 0.2622 (1.121) | 0.6346 (0.475) |
| Code 7 | 0.3115 (1.012) | 0.7232 (0.354) |
| Code 8 | 0.2619 (1.122) | 0.9313 (0.086) |
| Least developed regions | 2.57*10⁻⁵*** (-4.208) | 0.0024 ^{**} (- 3.039) |
| <i>ISCO category</i> | | |
| ISCO category 1 | 0.2849 (-1.069) | 0.0913. (1.689) |
| ISCO category 2 | 0.04302 [*] (-2.024) | 0.1533 (1.428) |
| ISCO category 3 | 0.2354 (-1.456) | 0.847 (1.568) |
| ISCO category 4 | 0.0108 [*] (-2.550) | 0.7677 (-0.295) |
| ISCO category 5 | 0.0033 ^{**} (-2.934) | 0.6702 (0.426) |
| ISCO category 6 | 0.1308 (-1.511) | 0.003 ^{**} (2.973) |
| ISCO category 7 | 0.0300 [*] (-2.170) | 1.22*10⁻⁷*** (5.290) |
| ISCO category 8 | 0.0075 ^{**} (-2.672) | 0.9391 (0.076) |
| ISCO category 9 | 0.0006*** (-3.422) | 0.5990 (0.526) |
| Amount of support | 0.1107 (-1.595) | 0.0117 [*] (2.520) |
| <i>Year of support</i> | | |
| 2012 | 0.0032 ^{**} (2.953) | 0.1730 (1.363) |
| 2013 | 0.0147 [*] (2.439) | 0.0128 [*] (-2.489) |
| 2014 | 0.6037 (0.519) | 0.0106 [*] (-2.555) |
| 2015 | 0.9402 (0.075) | 0.9344 (-0.082) |
| 2016 | 0.9934 (0.718) | 0.9865 (0.881) |
| Same region as place of work | 0.4898 (- 0.691) | 0.2345 (1.189) |
| C (constant) | 0.0006*** (3.437) | 0.0412[*] (-2.042) |
| Number of observed subjects | 6,950 | 6,950 |

Note: The data above the parentheses are logit values, or the regression coefficient of logistic regression, data in parentheses are values of z-statistics and marks ^{*}/^{**}/^{***} mean statistical significance at the level of 10/5/1 percent (. means significance level at the level of 0.1). Estimates are robust in terms of heteroskedasticity and autocorrelation.

Source: Author's own processing based on R data, 2021.

Six-month labor market survival in the broader sense (employment, by agreement or self-employment) has a relatively larger number of factors that are statistically significantly more likely to affect survival - gender, previous employment, previous record or support. Retention after 6 months is negatively influenced by previous employment in the category of support and unskilled workers or the subject's past history. Conversely, the years of support (2012 - 2016) increase its likelihood of survival, mostly for male subjects. , labor

In the case of tracking the survival of self-employed-only subjects in the *Model4_6SZCO* models, the statistically significant variables influencing the probability of survival are mainly gender, the subject's previous registration, previous employment, the amount of support, and the fact that the area of their employment activity is in a least developed region. This model no longer follows the year of support being offered as a significant factor but is the only one that is positively affected by the amount of support. The *amount of support* was a statistically significant variable in the examined model *Model4_6SZCO*. This suggests that the amount of support may play a very important role in business retention, and not only in the employment of the supported person.

Table 5. Result of logistic regression of factors influencing the survival on the labor market up to 6 months

| | Model2_6overall | Model4_6SZCO |
|------------------------------|---|---|
| Male | 0.0002*** (3.751) | 4.37*10⁻⁹*** (5.870) |
| Single | 0.0473* (1.984) | 0.0879. (1.707) |
| Age | 0.1780 (1.347) | 0.0040** (2.876) |
| Length of last record | 0.1337 (-1.500) | 0.2947 (1.048) |
| Length of previous record | 2*10⁻¹⁶*** (-9.643) | 6.92*10⁻⁸*** (-5.393) |
| <i>Education</i> | | |
| Code 1 | 0.3548 (0.925) | 0.8905 (-0.138) |
| Code 2 | 0.5363 (0.618) | 0.9217 (-0.098) |
| Code 3 | 0.1853 (1.325) | 0.9015 (0.124) |
| Code 4 | 0.1179 (1.564) | 0.9682 (-0.040) |
| Code 5 | 0.8499 (0.189) | 0.3618 (-0.912) |
| Code 6 | 0.1112 (1.593) | 0.4984 (-0.677) |
| Code 7 | 0.1400 (1.480) | 0.6312 (-0.480) |
| Code 8 | 0.2191 (1.229) | 0.2240 (-1.216) |
| Least developed regions | 0.0084** (-2.636) | 1.71*10⁻⁵*** (-4.299) |
| <i>Year of support</i> | | |
| 2012 | 5.65*10⁻⁵*** (4.027) | 0.9680 (0.040) |
| 2013 | 1.70*10⁻¹⁴*** (7.672) | 0.0129* (2.487) |
| 2014 | 2*10⁻¹⁶*** (8.510) | 0.1235 (1.540) |
| 2015 | 2.62*10⁻¹³*** (7.313) | 0.0068** (2.708) |
| 2016 | 2*10⁻¹⁴*** (8.877) | 0.0144* (3.002) |
| <i>ISCO category</i> | | |
| ISCO category 1 | 0.1046 (2.314) | 0.0543. (1.925) |
| ISCO category 2 | 0.0750. (2.949) | 0.9762. (1.657) |
| ISCO category 3 | 0.0021** (0.761) | 0.5006 (-0.674) |
| ISCO category 4 | 0.0046** (1.977) | 0.0870. (1.711) |
| ISCO category 5 | 0.0500. (0.376) | 0.9881. (1.652) |
| ISCO category 6 | 0.0180* (2.184) | 0.2206 (1.225) |
| ISCO category 7 | 0.0012** (0.444) | 2.99*10⁻¹⁰*** (6.299) |
| ISCO category 8 | 0.1547 (2.478) | 0.8257 (-0.220) |
| ISCO category 9 | 2.13*10⁻⁵*** (-4.251) | 0.6701 (0.426) |
| Amount of support | 0.8300 (0.215) | 2*10⁻¹⁶*** (8.284) |
| Same region as place of work | 0.7221 (0.356) | 0.0727. (1.795) |
| C (constant) | 0.2212 (1.223) | 0.0927. (-1.681) |
| Number of observed subjects | 9,997 | 9,997 |

Note: The data above the parentheses are logit values, or the regression coefficient of logistic regression, data in parentheses are values of z-statistics and marks * / ** / *** mean statistical significance at the level of 10/5/1 percent (. means significance level at the level of 0.1). Estimates are robust in terms of heteroskedasticity and autocorrelation.

Source: Author's own processing based on R data, 2021.

5 Discussion

In this section, we compare our results with the results of other studies that evaluated the survival of companies under different conditions. We focus on three groups of factors as defined in our theoretical background.

5.1 Socio-demographic factors

The study found a positive statistically significant effect of male gender on labor market survival. A study by Kuang-Ta Lo, Jiun-Nan Pan, Shi-Shu Peng (2020) also confirmed that men are more likely to survive in the labor market. However, there are standard reasons. Women are less tied to the labor market, have stronger family ties and are more inclined to work-life balance, which underlines this finding (Borik et al., 2015). The reason for greater sustainability in men is likely to maximize their income to support their families (Caliendo, 2016).

Whether survival was higher for single subjects has not been confirmed. We can be assumed that family support creates a better background in entrepreneurship. Some studies (Niittykangas and Tervo, 2005) even look for associations with previous family entrepreneurship, which may positively affect the survival of the current one (learning from parents, helping from a young age in entrepreneurship). Another factor related to marital status is the variable number of children studied by Caliendo and Kritikos (2010); Caliendo and Künn (2013); Millán and Congregado (2010) or Haapanen and Tervo (2009), unfortunately, we do not have such information.

Age and age structure is a very clearly anchored variable. It plays an important role in our analysis, exclusively for start-up survival. Studies (Holtz-Eakin, Joulfaian and Rosen 1994; Parker, 2004) suggest that survival rates are higher for middle-aged than for younger or older self-employed people, as confirmed by our findings in the long-term study (average at 37 years of age). For example, in other studies such as Borika et al. (2015) age is also a statistically significant variable, and its average is 34 years. In a study by Ellen et al. (2021) it is about 46 years old; or Parker (2004) with an age limit of 40 years.

Although *education* does not play a significant role in our findings, a study by Pankaj and Marcus (2019) find that tradesmen who have higher financial capability based on education and experience are more prosperous and are able to survive longer in the labor market. Other studies (Borik et al., 2015; Parker, 2004; Niefert, 2010) have also found that higher levels of education have an input on self-employment as one of the positive survival factors. However, there are also conflicting views and the impact of the educational level of subjects is uncertain according to the study by Baumgartner, Caliendo (2008). It is assumed that the higher the level of education attained, the lower the probability of choosing self-employment as more opportunities open up for subjects in the labor market. Although the overall impact is not recorded in our research, we will carefully attempt a possible interpretation of the impact. Unemployed people in our surveys usually have a lower formal education or a second level of higher education. Entities with lower education lack comprehensive prior

knowledge that could increase the survival of their business, and in the case of university graduates, specific business experience. In the case of business from the state of unemployment, there may also be a push effect and a dead-weight effect. Entities have a lower motivation to keep a business than paid employment entities (they have a strong motivation to be their own boss).

Previous employment as assessed by the ISCO classification plays a statistically significant variable in all models examined. In the case of models focusing exclusively on the self-employed, previous employment in the artisan and skilled producer sectors has a positive effect on survival (both short and long term). In contrast, examining the overall effects shows a negative statistical effect on the ancillary and unskilled workers, and their survival is lower. We assume that a key moment in survival support is the verification of the experience and business opportunities of the entities before starting a business (in our sample, 25% of the subjects have zero experience before support). As we mention in the methodology, there are no phases in Slovakia where we educate individuals before starting a business (we only observe the prerequisites for entrepreneurship in the form of a business plan). It may sound like we are looking at the first phase of support, but it is this beginning that can kick-start either a successful or unsuccessful end of support. We often find that the business plan is developed by a third party and so we do not know the real business knowledge. In other countries, it is often possible to combine self-employment support with education (Oberschachtsiekand Scioch, 2015; Wolff et al., 2016).

Similarly, the *past history of the subject* plays an important role. Long-term placement in the labor office had a negative effect in all models. The surveyed subjects spent on average 413 days as unemployed (approximately 13 months, which can be considered as long-term unemployed). Such subjects lose work habits and are less likely to enter the labor market after the end of the support period. This fact is not due to the set-up of the support, as the support can be drawn if the subject has been in the labor office for at least 3 months. It is more probable that it is a matter of usefulness. The choice of job selection varies with the usefulness that individual options offer. If it is more convenient for the entity to remain unemployed (sufficient unemployment benefits), it will remain unemployed. The problem arises later if the subject decides to go into business. The usefulness of unemployment benefits is reduced and the option of self-employment becomes more useful (e.g., changing regional conditions or behavioral aspects). The subject is likely to enter the labor market with limited access to information on business opportunities, which may lead to a lack of business ideas (most often no value-added goods). Despite the questionable profitability of the enterprise, the push effect forces them to operate, which ultimately has a negative impact on the survival of such an enterprise. A study by Haapanen and Tervo (2009), confirms that labor market entry will be more sustainable due to higher human capital, motivation and better awareness of business opportunities. The study further explains that starting a business in a new environment brings additional unexpected risks such as finding suppliers or customers or clients.

5.2 Regional labor market

There was no significant effect on the likelihood that support would be more likely to survive if the *place of work was equal to the region* where the subject was located (either in the short or long term). In our research, we hypothesized, that in the Slovak labor market, subjects often move to where the work is and it is very important where the subject will be self-employed. To our surprise, this factor did not manifest itself. It can therefore be assumed that there are other contexts that address the issue. Probably, the factor under study is associated with the first phase of self-employment, not with the final phase – survival in the labor market. This factor loses strength during the support phase and in the sustainability phase it is more important whether the selected region has a solid basis for self-employment. In essence, it is more about the business conditions that exist for the unemployed at a given moment in time. Due to the unique indicator, we do not observe any impacts in other research.

If we look at a comparison of the impact of region, we see that people from the least developed region have lower survival rates, both in the labor market and in entrepreneurship. The only exception is the model measuring the short-term effects of staying in the labor market. This is probably related to the opportunities that the region provides for entrepreneurship and work. In general, a developed region provides more jobs and more demand for entrepreneurs, making it easier to work in times of economic growth (Huggins 2017), as our research confirms. Support policies seek to compensate for this shortfall with more support. In our case, this support is greater, but our results suggest that it cannot compensate for the negative environmental impact of the underdeveloped region. This may be due both to the relatively small difference in amount of this support across regions, but also to the fact that a large proportion of entrepreneurs may be indispensable entrepreneurs (Caliendo and Kuhn, 2013). If we look at the comparison of the impact of the region, we see that people from the least developed region have lower survival rates, both in the labor market and in entrepreneurship. The only exception is the model measuring the short-term effects of staying in the labor market. This is probably related to the opportunities that the region provides for entrepreneurship and work. In general, a developed region provides more jobs and more demand for entrepreneurs, making it easier to work in times of economic growth (Huggins 2017), as our research confirms. Support policies seek to compensate for this shortfall with more support. In our case, this support is greater, but according to the results, it cannot compensate for the negative environmental impact of the underdeveloped region. This may be due to the relatively small variation in this support across regions and the fact that a large proportion of entrepreneurs may necessarily be entrepreneurs (Caliendo and Kuhn, 2013) who would rather work as employees and end up going out of business to find a job when the opportunity arises. These opportunities are more common in more economically developed regions.

According to Caliendo, Künn (2013), the impact of the business environment is also due to weaker initial investment by those who entered self-employment

due to unemployment. The least developed region factor has a negative impact on all subjects in the long run, not only on self-employed entrepreneurs. This suggests that other subjects who are either employed or contracted in the market are affected by market conditions much later. That company survival is lower in disadvantaged areas is confirmed by the findings of the Tervo study (2006). The study further suggests that the worse the conditions are in disadvantaged economic areas, the higher the likelihood of self-employment (opportunity cost).

5.3 Economic factors

Based on data for Slovakia as a whole, the *level of support* under the allowance has a short-term positive effect on employment after the end of the support period only for the self-employed. The amount of funds is logically more important for those who remain in business as employed after the end of the support. The fact that this effect is mainly short-term can be explained by its importance for business start-ups. In the long run, the sufficiency of financial resources substitutes for other factors that sustain the business.

The cost-effectiveness of support entails significant economic risks (wasted resources, uneven distribution, demanding conditions), as confirmed by Danson, Galloway, Sherif (2021). A study by Cueto and Mato (2009) determined self-employment survival rates to be around 93% after 2 years and 76% after 5 years. After 3 years, our findings are at about 40% for the self-employed, which is considerably less (short-term sustainability is somewhat more pronounced in our setting, at about 56%). Values when employed reach sustainability above 85%. The significant differences between countries can be justified in two ways. The first reason is the need to distinguish between survival in employment and in self-employment. As our research shows, survival on the labor market behaves very differently depending on the location of the subject based on support. The second reason is the overall duration of the assistance. While in Slovakia we analyze survival up to 3 years of 3-year support, in other countries the time is much shorter, for example, in Sweden it is only for a period of 6 months (replicating the unemployment benefit) and the benefit is for everyone. In Germany, according to a study by Caliendo, Künn (2013), support is paid during the first 6 months of self-employment and is conditional on eligibility for unemployment benefits. In addition, there is another instrument in Germany that is paid out over a 3-year period and covers the long-term unemployed and individuals with limited income and labor market experience. Niefert's (2010) study reveals the fact that subjects have to prove their personal and professional competence, which would solve a number of teething problems when starting a business (although it would prolong the administrative burden to some extent).

The last factor examined was the *year of support*. The factor analyzed points rather to the macroeconomic context of the support, where it is assumed that the first years examined achieved more favorable conditions for starting a business, as Slovakia has moved out of unfavorable conditions in the unemployment rate (in 2012 the unemployment rate was 14.4%, in 2017 it was only 5.94%). As other studies show (Tervo, 2006), unfavorable adverse market

conditions mean that the subject is likely to choose self-employment rather over paid work (few opportunities, low wages). Our results confirm this, as we register a higher number of subjects with this support in the first two years, with the number declining afterwards. From the results of the analyses, we also observe a short-term positive impact on overall survival on the labor market in all years examined, which only partially confirms our assumption.

6 Conclusion

The aim of the paper was to examine the survival of start-ups from the state of unemployment in Slovakia. Survival rates and factors influencing survival were examined both in the short-term (up to 6 months after the end of support) and long-term (up to 3 years after the end of support). They were also evaluated in terms of the supported person's retention in the labor market and the survival of their business. It can be concluded that the support is fit for purpose when considered as an active labor market policy to integrate individuals into the labor market. In a period of economic growth, more than 88% remained in employment in the long term. However, only half of the supported unemployed remained in business. It suggests that this measure is not very useful as a policy to promote entrepreneurship.

The results for Slovakia in the period 2012–2016 show that survival in all 4 models examined is negatively affected by the subject's past history (how many times and how often was the subject in the labor office). The labor market sustainability models identify lower survival rates for ancillary and unskilled workers, suggesting that these workers have only used the support as a necessity and are unlikely to have the skills to run a successful business. Due to economic growth and abundant job offers, they have taken advantage of them and become employees, which "fits" as better than owning their own businesses. Business survival patterns show higher survival rates for craft and skilled workers, suggesting that self-employment requires a certain level of education and more significant practical experience in the field. In less developed regions, this policy has led to lower sustainability in both the labor market, and entrepreneurial activities in the long run.. However, the differences were smaller for business survival, suggesting that this economic policy could focus more on these regions.

We can conclude that the support is fit for purpose when considered as an active labor market policy to integrate individuals into the labor market. However, in the conditions of Slovakia, this leads to much less sustainability of entrepreneurial activities than is the case in other countries.

We note that the study is constructed in terms of macroeconomic factors in times of economic boom, which can significantly affect the behavior of individuals and the policy settings as such. If we look at the current situation (caused by the COVID-19 pandemic), which points more to the decline in economic development and the labor market, other factors are likely to play a role. What impact this will have and what new factors will potentially influence support could be the subject of further research.

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Appendix 1. Factors influencing survival on the labor market - an overview of the factors used in selected studies

| Factors | Realized studies | | | | | | | | | |
|--|----------------------------------|-----------------|------------------------------|--------------------|------------------------------|-----------------------|------------------------|----------------|---------------------------|---|
| | Duhautois, Redor, Desjage (2015) | Callendo (2016) | Callendo, Kritikos al (2010) | Borik et al (2015) | Baumgartner, Callendo (2008) | Callendo, Kunn (2013) | Haapanen, Tervo (2009) | Niefert (2010) | Millán, Congregado (2010) | |
| <i>Category of factors</i> | | | | | | | | | | |
| <i>Socio-demographic factors</i> | | | | | | | | | | |
| Gender | ✓ | × | × | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ |
| Marital status | × | ✓ | ✓ | ✓ | × | ✓ | ✓ | × | × | × |
| State of health | × | × | ✓ | × | × | ✓ | × | × | × | × |
| Nationality | ✓ | × | × | × | × | ✓ | × | ✓ | × | × |
| Age | ✓ | ✓ | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| Education | ✓ | × | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| Number of children | × | × | ✓ | × | × | ✓ | ✓ | × | ✓ | ✓ |
| Duration of last unemployment | × | ✓ | ✓ | ✓ | ✓ | ✓ | × | × | × | × |
| Occupation before the start of support | ✓ | × | ✓ | × | × | ✓ | × | ✓ | ✓ | ✓ |
| Place of employment /region | ✓ | ✓ | × | ✓ | × | × | ✓ | × | × | × |
| <i>Economic factors</i> | | | | | | | | | | |
| Amount of support | ✓ | × | × | × | ✓ | × | ✓ | ✓ | ✓ | ✓ |
| Activity performed | ✓ | × | × | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ |
| Working time | × | × | ✓ | × | × | ✓ | × | × | × | ✓ |
| Year of support | × | × | × | ✓ | ✓ | × | × | × | × | × |

Source: Author's own, 2021.

Appendices

Career Motivation in the Process of State Regulation of Youth Employment

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ABSTRACT

Purpose: The main objective of the study is to find new methods for the state promotion of career motivation in the process of providing youth employment.

Design/Methodology/Approach: To accomplish the research objectives, a set of mutually reinforcing general scientific and special research methods was used.

The basic statistical analyses of unemployment rate data according to the methodology of the International Labour Organization, while the level of registered unemployment (the national indicator of the unemployment rate in Ukraine) serves as an indicator of the State Employment Service performance.

Findings: A detailed analysis of career motivation theories and the technology of servicing potentially unemployed people helped justify the feasibility of applying a communicative and psychological method in employment center specialists' work with their clients, in particular the youth. Thus, a number of measures were identified and proposed in order to better encourage employment and increase the effectiveness of career motivation.

Practical Implications: In the course of the research, the development trends in the youth labour market of Ukraine were estimated, the main causes for youth unemployment were determined, and the value orientations and characteristics of modern youth were analysed. The importance of employment services focusing on effective communication with their

clients to motivate them for successful employment and self-development is substantiated. The issues of young people's migration activity, which can have a negative effect on the economic development of the country and increase the socio-demographic risks to national security, need a detailed scientific study.

Originality/Value: Currently, the science of public administration does not pay due attention to the role of public institutions in providing career motivation or to the legal consolidation of the measures that motivate productive work. A vast majority of research works on professional motivation and career development were conducted by scientists from the fields of pedagogy, psychology and social economy. These works reveal the essence of pedagogical education and the peculiarities of human psychological influence, yet fail to define the role of the state as the main social institution which should lay the basis for youth development and encouragement to employment. This renders the topic of the present study relevant.

Keywords: unemployment, state regulation, state support, employment, youth, career motivation, vocational guidance, labour market.

JEL: J08, J13, J21, J64

1 Introduction

The social structure of the Ukrainian labor market under the conditions of transformational processes in the economic sphere is undergoing significant changes, which is manifested in the increased employers' workforce requirements, namely: high mobility, innovative approaches to performing labor processes and greater IT competence. Under these conditions, it is the active highly educated young people characterized by dynamism, creativity, technological skills, trainability, etc. who can strengthen significantly their competitive positions in the national labor market.

Although young people are the most active part of the employable population, when entering the labor market, they face certain difficulties, the key of them being discrepancy between the actually acquired professional skills and competencies and the level of training expected by employers; nonobjective assessment of own abilities, skills and capacities by job-seekers. This situation in the labor market has been brought about by the lack of effective interaction between its key actors: employers, educational institutions and the workforce. The problem is especially acute for the operation of the youth labor market. The absence of strategic forecasts for the structural development of the economy makes it impossible to form an adequate demand for training of specialists of certain qualification level and specialization; educators, in turn, without having close cooperation with employers, offer educational programs detached from the qualitative demand in terms of the necessary competencies and skills of graduates (focusing mainly on theoretical education); young labor force, when entering the labor market, is often forced to work in fields unrelated to the acquired profession.

Given the above, the state as a social institution faces important challenges: creating favorable conditions for a decent youth employment and promoting a balance between labor supply and demand; supporting young people in their desire to work and build careers, providing qualified assistance in young people's vocational guidance and motivation for successful self-realization; providing conditions for finding the first job, taking into account the needs of young people and changes in their value orientation.

The main objective of the study is to find new methods for the state promotion of career motivation in the process of providing youth employment.

Based on the set objective, the article is structured as follows: the literature examining the aspects of career development and career guidance is considered; career motivation theories are generalized; the condition and prospects of the youth labor market development in Ukraine are assessed; the definition of 'the youth' and the reasons for youth unemployment are researched; a technology of services provided to young people by the specialists of employment centers is analyzed; the expediency of using the communicative and psychological method in the work of employment centers specialists with the population, in particular the youth, is substantiated; measures to improve the state regulation of employment services are proposed.

2 Theory and method

The results of the analysis of the labor market situation prove that there are challenges necessitating improvement of the mechanisms, technologies and methods of service activities of the state in the field of employment, including the introduction of new approaches to providing services to the unemployed and employers.

The Ukrainian labor market was reformatted under the pressure of socio-economic and political factors, the visa-free regime with Europe, the automation of many of production processes and the digitalization of society. The competition between employers is intensifying, while employees are looking for the best offer. Not only employers or job seekers compete with each other, but also recruitment agencies whose services are used by both business giants and small businesses when they are looking for the right specialists. Online services try to occupy their unique niche to meet the demands of a specific category of employees. In this difficult socio-economic environment, a priority task of public authorities' service activities is providing employment assistance on an expedited basis, implementing an individual approach to rendering services to customers, in the first place to the unemployed youth. These factors determine the need to improve the employment service technologies and methods, thus ensuring a well-established level of communication with the public and citizens' understanding of the need to stay sharp about their careers and to be aware of the benefits of legal employment.

One of the current priorities is to apply an individual approach to each person, providing prompt and high-quality employment assistance, first of all, to

those categories of citizens who have additional employment guarantees. Additional opportunities for implementing this task are provided by the methods of career motivation of citizens.

That is to say, the need to improve the quality of service for job seekers and employers necessitates a change in the approaches of public authorities to their work in the field of employment, the application of a customer-based approach by professionals who provide employment services. Efficiency, individual approach and targeted services should become priorities in the process of improving the technology of the state employment service.

To accomplish the research objectives, a set of mutually reinforcing general scientific and special research methods was used, among them: methods of analysis and systematization of scientific data, provisions of legislative and normative documents – to clarify the level of scientific development of the researched problem and the level of its normative and legal support; identification of young people' values and priorities in the system of the labor market functioning; a semantic and etymological method – to determine the content of the basic research concepts; a synthesis of theoretical and empirical data – to identify the current state, problems and trends in the national labor market; a statistical method – to identify employment trends by age groups; system analysis and structural and functional analysis – for a comprehensive study of the quality of services provided by the state employment service as a service institution; the methods of abstraction, formalization, generalization – to develop recommendations for improving the technology of working with young people, including the methods of career motivation based on implementation of primary and in-depth profiling of job seekers; a comparative analysis of the obtained data – in determining and comparing progressive world practices of guaranteeing youth employment.

In this article, we used the data on the unemployment rate according to the methodology of the International Labor Organization, because it is an indicator used in Ukraine in accordance with international practices to measure the unemployment rate. At the same time, the level of the registered unemployment (the national indicator of the unemployment rate in Ukraine) serves as an indicator of the State Employment Service performance. The registered unemployment indicator includes those Ukrainians who applied to the State Employment Service.

Justification of the need to study a career development issue can be found in the works by A. Smith and F. Taylor. A detailed research into the issues of motivation and self-realization of the individual was done by A. Maslow (2008, p. 352), who proposed a hierarchy of human needs. The study of this theory was continued by Frederick Herzberg (2007, p. 240) who found that wages do not make employees enjoy their work or motivate them, since a person gets work satisfaction when achieving results and recognition.

Further, an American scientist and Nobel Prize winner P. Diamond, researching the labor market proved that there exists a relationship between the du-

ration of job search by an individual and the economic costs of the state. Thus, with increased time of searching for a job, workers lose their qualifications, motivation to work and its productivity (Rampell, 2010).

An important contribution to the study of the problem of professional motivation of young people in the modern economy was made by scientists M. Vachevsky, D. Zakatnov, M. Miropolska, L. Yershova, and others. V. Lozovetska (2014, p. 21), determining the conditions for career development, established the necessity of systematic improvement of professional knowledge and skills in accordance with specific working requirements. In other words, in the modern conditions, professional self-improvement, training, and skills development become permanent, going on throughout the entire labor activity and career development. In their work, S. Luchyk and M. Luchyk (2017, p. 43) explore the significance of an occupation for a person, linking it with the choice of lifestyle, justifying the importance of the correct career choice.

The results of the exploratory studies on the tools, approaches and methods of vocational guidance of young people are also discussed in the works of L. Avdieiev (2013), V. Skulska (2005), Yu. Marshavin (2014) and other researchers.

However, a vast majority of research works on professional motivation and career development have been conducted by scientists from the fields of pedagogy, psychology and social economy. These works reveal the essence of pedagogical education and peculiarities of psychological influence of man, yet without defining the role of the state as the main social institution which should lay the basis for youth development and encouragement to employment. Currently, the science of public administration does not pay due attention to the role of public institutions in providing career motivation or legal consolidation of measures that motivate productive work. This renders the topic of the present study relevant.

Globalization, political, economic, social, humanitarian, environmental challenges of today affect significantly the social component and daily life of people. The population is rethinking values, goals and ways to achieve them. Transformations also impact young people – the vector of their life priorities and commitments has changed, the motivation for a successful steady career has reduced.

As is well-known, the motivation of human behavior stems from people's values; that is why it is important to maintain national traditions, to raise children according to general moral norms and values.

Choosing a profession is a very complicated process that requires various motivational measures supposed to encourage professional self-determination and career development.

In modern science, there are many views on professional career, and a number of motivation theories have been developed. The most famous of them are: the bonuses and penalties theory; a psychodynamic model of career choice by E. Bordin; the hierarchy of needs theory by A. Maslow; the trait and factor

theory by F. Parsons; A. Roe's theory of the origin of occupational interests; J. Holland's theory of career choice, E. Ginsberg's compromise with reality theory; D. Super's theory of career development. Let us consider each of these theories separately.

The theory of bonuses and penalties is the origin of the scientific doctrine of motivation. However, in modern science much controversy has been generated over imposing penalties for bad deeds, which destroy a desire to get to the top and make people look constantly for reward. This theory focuses primarily on the end result and does not take into account personal needs, so it can but supplement other concepts.

The psychodynamic theory of career choice claims that it is the interaction of consciousness, emotional state, and motivational forces which determines the behavior of the individual. The main postulate of the theory is the importance of finding pleasure in work, as well as in other fields (Bordin, 1963).

Maslow's theory (Maslow, 2008) of needs establishes a hierarchy of human needs, according to which a person, having satisfied the lower level needs receives an incentive to realize the higher needs for self-development, recognition and respect. Based on this hierarchy, the development of a person's employment career depends on their everyday needs.

Frank Parsons' theory of traits and factors is based on taking into account personal characteristics. The three main principles of a successful choice of profession according to F. Parsons (1909) are: a clear vision of one's individuality, inclinations, interests, abilities and talents; awareness of the requirements and conditions imposed by the labor market on a profession in order to build a successful career and be competitive; a reasonable combination of the first two principles in the course of making occupational choice.

Anne Roe's theory of the origin of occupational interests (1956) established that the relationship between parents and children leads to forming a child's attitudes, needs and interests, which is reflected, in particular, in their adult choice of profession. Thus, the researcher identified three types of child-parent relationships that generate professional interests in young people:

- the first type – parental overprotection – creates in the child the need for constant support and care leading to dependence on the opinion of others, which affects the choice of profession and professional activity;
- the second type – parents who do not pay enough attention to their children, trigger the children's strive after overachievement, focusing them on career and success;
- the third type – children whose parents love, accept, and encourage their independence, develop into full-fledged mature personalities.

Although Anne Roe's theory has not been fully substantiated, it has drawn researchers' attention to the role of the family and family traditions in career planning. At present, in international vocational guidance, a method that is gaining popularity is studying of family genograms of employment services

clients. This method allows exploring professional stereotypes of a person, patterns of their family roles, attitudes to different statuses and professions.

J. Holland's theory of career choice (Holland, 1968) reveals a link between the type of personality and the sphere of professional activity. Based on the fact that people mostly choose a profession according to their interests, which allows them to realize their abilities and self-worth, J. Holland singled out six personality types: realistic, investigative, social, conventional, enterprising, and artistic. According to the theory of career choice, people who choose the field (kind) of activity in accordance with their personality type are more likely to succeed. The questionnaire of occupational orientation developed by the author is widely used in the vocational guidance in Ukraine.

E. Ginzberg's compromise with reality theory focuses on life-long career building. Thus, Ginzberg (1951) identifies three periods of vocational choice: 1) a fantasy period (up to 11 years) where the child plays out situations that reflect his/her initial occupational preferences, gradually becoming oriented professionally, e.g., playing scenes of animal treatment can guide the child to choose veterinary medicine; 2) a tentative/ hypothetical period (from 11 to 17 years) in which the stages of interests, abilities, values, and a transition stage are distinguished. In this period, a person is more aware of their professional paths, the requirements for professions, and has a deeper understanding of their career preferences; 3) a realistic period (from 17 years) – for the first time a person's world of professions is narrowed down to several possible options. Analyzing his/her abilities and professional interests, a person compromises and makes decisions about their future.

D. Super's theory of career development (Super, 1971) defines 5 professional development stages that a person goes through in their lifetime:

- the first stage – growth – starts at birth and lasts until 14-15 years, when the interests and inclinations of the individual are formed, and the self-concept development begins;
- the second stage – research – lasts from 15 to 24 years; during this period, the range of professional choices gradually decreases, the person undergoes professional training, receives practical professional knowledge and skills;
- the third stage – career-building – lasts from 25 to 44 years and is characterized by accumulation of professional experience;
- the fourth stage – preservation of the achieved – lasting from 45 to 65 years is based on preservation and sustaining of the available professional level and position;
- the fifth stage – decline – begins after age 65, involving a gradual decline in professional activity and retirement.

The main postulate of D. Super's theory is to combine the development of a professional career with the development of the self-concept.

The above theories of motivation and career development focus on the fact that the success in the professional development of young people depends not only on the situation of labor demand and supply, but also on a conscious concentration of the individual on effective development and formation of their own motives and professional values.

3 Results

In the face of the powerful challenges of our time, the question arises of providing the labor market with workforce in occupations of high demand. In the process of building careers, young people face the problem of lack of opportunities for decent employment and self-realization. Thus, finding effective state regulation methods for encouraging employment and measures to stimulate youth self-fulfillment with a focus on permanent active employment becomes an up-to-date issue.

The conducted literature review of the definition of 'the youth' shows differences in its interpretation by different scholars. Thus, an American sociologist K. Taylor (1999) refers to the youth young people aged 7–8 to 23 years. E. Schpranger (1957) determines the age limits of young people depending on gender: for girls, it is the age from 13 to 19 years, for boys – from 14 to 20 years.

The UN General Assembly defines young people as persons aged 17 to 25 – between the end of childhood and the beginning of employment. The World Health Organization considers a person to be young till 44 years of age.

In Ukraine, according to the Law of Ukraine "On Promoting the Social Formation and Development of Youth in Ukraine", young people are citizens aged 14 to 35.

Definitions of the youth differ not only in age, but also in the general understanding of the concept of 'the youth'. For instance, Yu. Shchotova (2006 p. 3–4) defines young people as a special sector of society aged 14 to 28 years, whom the law provides with additional benefits and guarantees of employment, vocational training and labor activity in order to engage in productive social work in the period of initial social formation. Other scholars refer to young people as people under 30 who have not started independent labor activity and have not started a family of their own (Tihomirov et al., 1971).

Thus, young people differ from other workers both in age and in the peculiarities of their condition in the field of labor relations; in legal terms, the lower age limit for young people coincides with the age at which employment is allowed (15–16 years), and the upper age limit is 27–30 years. By this time, the biological formation of the body ends as well as the formation of professional interests and initial training in most young people who begin their careers; also, it is the end of the established additional guarantees for young workers (Vasilishina, 2009).

A modern young person over 30 is an adult who is mostly married with children and has started her independent life and work activity. In the life of

every person, these events occur at different times, which complicates the establishment of the age requirement of the concept of a young person. But in general, the age limits vary between 14-16 years for the lower limit and between 25-35 years for the upper limit. In Ukraine, a person is considered young for twenty years, during which time young people go through various stages of life and need support. State regulation should be aimed at solving the problems of a specific group of people. Thus, without defining certain age groups, it is now impossible to build an effective mechanism for state promotion of youth employment. People aged 15-20 have problems and interests different from those of people aged 30-35. Based on this, it is expedient to divide young people into two separate categories: young people aged 15 to 25, and young people aged 26 to 35.

Youth is a driving force, the source of development of the state and society, and it is young people's self-fulfillment and career success that determine the future of the country and the entire world. The younger generation has rather an ambiguous attitude to commonly agreed values. There is a perception that some stereotypes and moral norms are not suitable for the modern world, respectively, the youth go against them.

A desire for earning their living is natural to the current younger generation; however, some young people prefer fast types of earnings with daily or weekly wage payment. There is a tendency among young people to work and earn here and now. In this view, it is important to accelerate the job seeking procedure, apply the latest IT tools for job search and conduct constant monitoring of vacancies.

During the study, the authors determined the characteristic features of the modern young person are: mobility, creativity, innovation, social maladaptation, impulsiveness, ambition, determination, sensitivity, name but a few.

The study of the social behavior of young people shows that they are not stress-resistant, although having sufficient endurance, and differ from the older generation in their diversity of interests and views.

Professional self-determination and self-realization of young people impact the formation of their life values and prospects (starting a family, material well-being, self-esteem, lifestyle, etc.). Thus, choosing a profession, a person chooses a certain life map – what professional group he or she wants to belong to, what status to achieve.

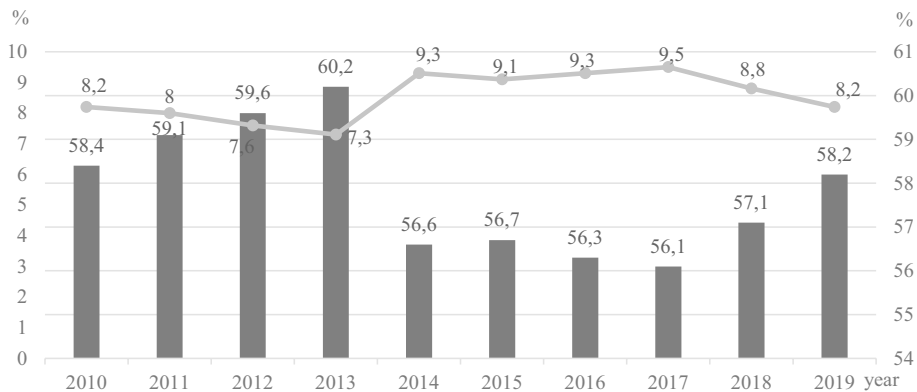
The main attributes of a successful person today are dynamism, mobility, ability to work in a variety of fields, proficiency for several professions and broad basic knowledge. This creates new challenges for the state, in particular for employment centers. Thus, there is a need to match the services provided by employment centers to the new requirements of the time, focusing on the values, interests and goals of clients, encouragement, motivation and support of their professional development and well-being. In most countries of the world, tension in the field of youth employment is building. Almost 71 million young people around the world are jobless. In general, young people

aged 15 to 24 make up about 16% of the world population, which equals to 1.2 billion people. Without an active labor participation of the young population, the foundation of economic development is being destroyed, and the possibility of achieving a sustainable development pace in all countries of the world is undermined.

A similar situation is observed in Ukraine. For example, in 2019, 337.4 thousand young people were qualified as unemployed, which amounted to 33% of the total number of unemployed people. Of these, almost 283 thousand young people (84%) could find employment.

Based on the fact that young people are one of the most important components of the national labor market, the situation there depends on its development and formation. The vast majority of young people seek self-realization, want to work and earn an income. This confirms the relatively high level of economic activity of young citizens. The employment and unemployment rates are qualitative indicators of the effectiveness of the labor market regulation by the state. During 2010-2019, the labor market was generally quite stable in terms of unemployment, with some downward trend (Fig. 1).

Figure 1: Dynamics of employment and unemployment rates (according to the International Labour Organisation methodology) in Ukraine, 2010-2019



Source: authors' estimations based on data from the State Employment Service of Ukraine

The peaks of the national labor market deterioration in 2014-2017 were associated with the difficult political and socio-economic situation, the military conflict in Eastern Ukraine. From 2018, the unemployment rate is declining. It is during this period that active work is being carried out to promote the employment of internally displaced persons (IDPs), and new methods and approaches to working with clients are being introduced into the activities of employment services. For instance, in the period of 2015-2018, the State Employment Service provided services to 101 thousand IDPs, of which: 29.6 thousand were employed, 9.4 thousand were trained, 10.1 thousand took part in public works and other contingent work. In 2018, due to compensa-

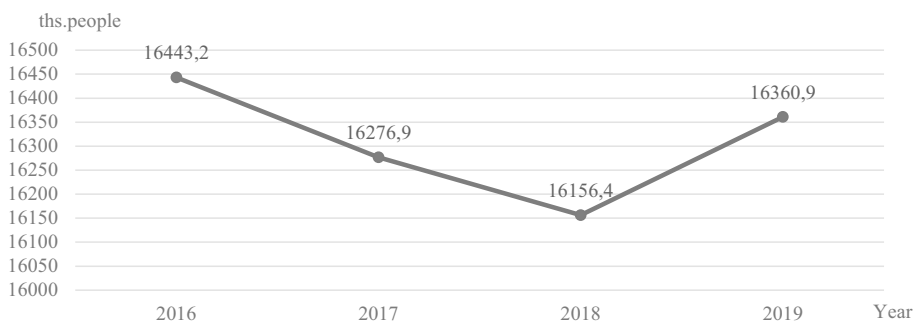
tion to employers for labor costs of employing the registered unemployed IDPs, 1.1 thousand people could get their jobs. (Ukraine Migration Profile for 2018, 2019, p. 94).

Against the national trends, labor market instability and rather sharp fluctuations in the employment rate, the problem of youth employment has become especially acute.. Young people who are the bearers of new knowledge, in case they cannot get a job within the national labor market, will focus on seeking work in foreign markets. According to a survey conducted by Kyiv International Institute of Sociology (April 2018), 7% of the adult Ukrainians were planning to go abroad in the next six months for a long stay: work, study or emigration (Migration mood of the population of Ukraine near 2018, 2019). According to the research of Yu. Mostova and S. Rakhmanin (2018), when asked 'Are you ready to leave the country?', 17% of respondents expressed their readiness to leave. The effect of such migration processes may be a future loss of labor potential and staff gaps, crippling the country's sustainable economic development.

The number of economically active population decreases in Ukraine every year (Figure2).

For example, in 2019 the number of employed population decreased by almost 100 thousand people compared to 2016. The sharp decline in the number of the employed, observed from the beginning of 2016 to 2018, was due to a demographic crisis and the unstable economic situation in the country. An influential factor in reducing the number of both the employed and unemployed people in Ukraine was the introduction of a visa-free regime with the European Union in 2017.

Figure 2: The number of the employed population in Ukraine in 2016-2019



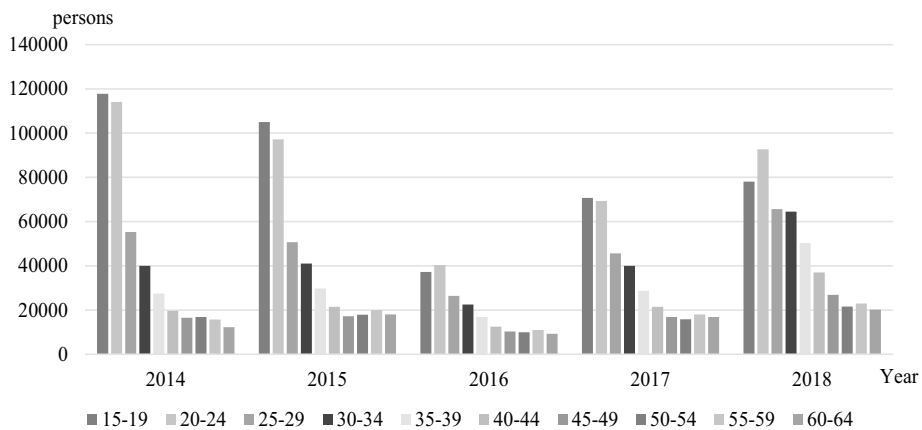
Source: authors' estimations based on data from the State Employment Service of Ukraine

As a result, the number of people willing to work abroad increased, which led to a higher rate of external migration to the neighboring countries and a reduction in the workforce per job in the Ukrainian labor market. Among the factors that motivate the population for labor migration are high overseas wages and living standards compared to those in Ukraine. In particular, ac-

According to the State Statistics Service of Ukraine, the average wage in 2019 was about \$ 400 per month, which is almost three times higher than the country's minimum wage, yet, 3-4 times lower than the average wage in most EU countries.

Migration of the Ukrainians is not a new phenomenon. Prior to the introduction of the visa-free regime with the European Union, a significant part of the population was in labor migration abroad. The abolition of the visa requirements and introduction of free cross-border transit have become an additional impetus for the migration of young people abroad. In general, among age groups, people aged 15 to 35 migrate the most.

Figure 3: Dynamics of the migration of the population of Ukraine by age groups from 15 to 64 years of age, 2014-2018



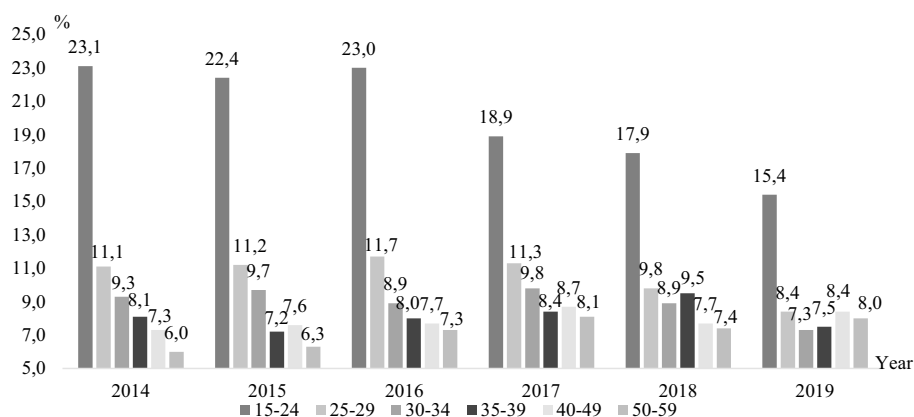
Source: authors' estimations based on data from the State Statistics Service of Ukraine.

The number of people traveling abroad during 2014-2018 was consistently high. Among all age groups, the highest number of migrants is observed among people aged 15 to 24. Most often, migrant workers are from rural areas, which affects negatively the demographic situation in the countryside. Moreover, a significant number of migrants have vocational or complete secondary education; therefore, their migration causes a significant damage to the national economy of Ukraine. By spending money on youth education and training, the state makes a large financial contribution to its future economy, hoping for further development of these funds by young people for the benefit of Ukraine – by payment of taxes, filling vacancies in the national labor market, labor renewal. With young people migrating abroad, there is a huge outflow of workforce, and hence a loss of the state funds invested in the education and vocational training of these people, which has a negative impact on both the national labor market and the country's economy as a whole. Thus, the imbalance between the demand for labor and its supply increases, the labor market shrinks, giving rise to deficit of workers. On the other hand, inexperienced people are uncompetitive in the foreign labor market and have low employment opportunities.

As for young people migrating to study abroad, it could be quite positive for Ukraine, since gaining the latest knowledge and international practical experience is beneficial for our country in terms of implementing innovative ideas, provided these persons return to Ukraine and get employed in their acquired profession. However, today's youth regard obtaining education and a degree in the European Union as an opportunity to work in the foreign labor market and apply for permanent residence.

Basically, in the recent years the level of youth unemployment in Ukraine has remained consistently high compared to other age groups. Unemployment affects people aged 15-24 more than other age groups.

Figure 4: Dynamics of unemployment rates in Ukraine by age groups aged 15 to 70, 2014-2019



Source: authors' estimations based on data from the State Statistics Service of Ukraine.

In 2017, the share of unemployed youth among the total number of the unemployed in the labor market exceeded 36%. Accordingly, the employment rate of persons aged 15-24 in Ukraine is the lowest, and in 2019 this figure dropped to 30.6%.

The unemployment rate during 2014-2019 tended to decrease. While in 2014 the unemployment rate among people aged 15-24 was the highest and amounted to 23.1% of this age group, in 2019 it dropped to 15.4%.

In general, 100.4 thousand young people had the status of the unemployed in 2019, which is by 6 thousand less than in the previous year.

There was also a strong correlation between a decrease in the unemployment rate and an increase in the age of workforce. Specifically, in 2018, the lowest unemployment rate was 7.4% among people aged 50-59, which is almost three times less than the unemployment rate among those aged 15-24 (17.9%). However, in 2019 this trend changed somewhat. Although the highest unemployment rate remained among people aged 15-24 (15.4%), the lowest unemployment rate was recorded for the 30-34 age group (7.3%).

Among the unemployed under the age of 35, 85% had professional experience prior to registration with the employment service, which testifies to young people being oriented towards active employment.

Increasingly, young people receiving education seek help in finding part-time employment – after school hours, or during holidays, or on weekends, rather than a regular job. Thus, the problem of youth unemployment in Ukraine, as well as worldwide, caused by changing priorities and values of people, is becoming more and more urgent.

People over 25 are considered to be the most economically active in Ukraine. At the same time, the least competitive in terms of employment are young people aged 15 to 24, mostly lacking professional education and work experience¹.

In 2019, 12.6 thousand graduate students benefited from the services of the State Employment Service, including 9.6 thousand university graduates and 3.0 thousand graduates of vocational schools. The number of appeals of young professionals for help in employment, when seeking their first job, indicates a gap between the existing supply of jobs and the demand for workforce of certain professional background.

Every year new cohorts of graduate students enter the national labor market in the conditions of uncoordinated operation of the key market actors, which leads to increased vocational imbalance and poses a major obstacle to effective youth employment.

The analysis of the employment rates of graduates of higher, vocational and general-education institutions who were registered with the employment service during 2018-2019 showed that the unemployed status is granted mostly to higher educational institution graduates. In particular, the employment rate among university graduates is lower than that of vocational school graduates, which can be attributed to the shortage of workers of nonprofessional occupations in the labor market (Table 1).

Among the graduates who had the unemployed status in 2019, 4037 people were employed, including: vocational school graduates – 1054 people (employment rate – 34.74%); graduates of higher educational institutions – 2983 people (employment rate – 31.2%).

¹ According to the economic activity of the population of Ukraine for 2018.

Table 1: Dynamics of the employment of university graduates (%), who applied to the Employment Service and got the unemployed status, 2018–2019

| Year | Indicators | Vocational school graduates | Higher educational institution graduates |
|------|--|-----------------------------|--|
| 2018 | Total number of people who had the unemployed status | 2513 | 12392 |
| | Found employment | 744 | 3585 |
| | Employment rate | 29.61 | 28.93 |
| 2019 | Total number of people who had the unemployed status | 3034 | 9560 |
| | Found employment | 1054 | 2983 |
| | Employment rate | 34.74 | 31.2 |

Source: authors' estimations based on data from the State Employment Service of Ukraine.

In 2019, the total number of unemployed graduate students decreased compared to 2018, and the employment rate rose; to some extent, that was due to the approval of a new method for servicing of employment service clients.

Since 2018, the State Employment Service of Ukraine has changed its approach to servicing clients and introduced several new services. In particular, the Cabinet of Ministers of Ukraine approved "Methodology for the implementation of primary and in-depth profiling of job seekers and registered unemployed", which applies an individual approach to providing services, a primary profiling of personal needs of clients. A new category of 'career counselor' was introduced. The functional duties of career counselors include assisting citizens in realizing their strengths, helping them to make self-assessment of their competitive advantages, abilities and skills, and assistance in writing individual employment plans.

The duty of career professionals is to teach citizens to seek jobs, prepare for a job interview and create an effective resume independently. An important service provided by career counselors is to support clients in making career decisions, help in developing a long-term professional growth plan, motivate clients to achieve their goals.

4 Discussion and conclusions

The rapid changes of the modern world necessitate creation of new conditions for professional growth. In order to bring the professional skills of jobseekers as close as possible to employers' demands, expand their competencies and increase the level of competitiveness, the State Employment Service of Ukraine provides vocational training to workforce on request of their employers. In 2019, 37.9 thousand unemployed people under the age of 35 were trained. This measure has proved quite effective, because the order for vocational training is formed on the basis of specific needs of employers with a subsequent guarantee of 100% employment upon graduation.

The effectiveness of implementing state employment policy largely depends on management entities' understanding of the fundamental needs of the modern youth and their social positions. Presently, employment promotion programs are not fully implemented, being mostly declarative in nature, as reflected in deterioration of the key indicators of management objects condition, namely the inconsistency of elements of the labor market and its imbalance.

In this respect, the study of the latest methods and approaches to servicing clients by the Employment Service is becoming relevant.

In the course of organizing career counseling for young people, the emphasis should be made on motivation. Encouraging work, motivation is a key factor for effective and successful professional activity. Youth counseling should be based on the existing motivation theories. It is necessary to influence young people's behavior and activities, based on their motivations to work.

The methodology of career counseling, which is currently used by the State Employment Service of Ukraine, is designed to form and develop the individual psychological qualities of people. For professional growth of the individual, evolving their labor and creative capacities, motivation and reflective self-organization in forming professional competence are of particular importance. The survey of the existing theories of professional development and motivation has helped to conclude that each person makes their own professional life. Thus, career counseling in employment centers should be based on the principles and methods of occupational motivation, with a special focus on communicative and psychological aspects of working with clients.

The core of a communicative and psychological approach is effective communication in servicing clients. This involves building trust in relations between an employment service specialist and a client, providing a favorable atmosphere of interaction which encourages the client's awareness and development.

In the course of communication, the career counselor must guide the client to self-identification. In this way, the client should determine the future upper limit of his/her career and have a clear understanding of their own professional growth plan. In this aspect, the main principle in communication of the career counselor with the employment service client should be active listening. This method allows exploring the client's psychological state, encouraging him or her to express their desires and goals more openly.

Young people's successful vocational realization in the labor market requires psychological support for forming their self-concept and defining career orientation. The state should provide coordinated work to help young people respond quickly and adequately to socio-economic changes and acquire quickly new skills and competencies.

The key role in the initial counseling should be given to young people's awareness and evaluation of their employers' requirements, and to analysis of the labor market situation. While conducting the initial survey, the career counselor should ask the client the questions: 'What is the ultimate goal of your professional development or career?' and 'How to achieve it?'

For an active professional development and fulfillment of personal career goals, it is important that young people should be aware of their individuality and uniqueness. Based on this, it is necessary to establish the compliance of their personal characteristics with the requirements of the chosen vocational activity and systematic upgrading of their professional qualities and skills. This has become possible with a successful launch of a test version of the educational portal of the State Employment Service.

Thus, among the European countries that are members of the European Union, the Youth Guarantee programme has been introduced, which obliges the state to provide young people with quality offers for employment, continuing education, and internships. As part of youth employment support, the states create interest-free loans to support small and medium-sized businesses, provide subsidies and bonuses for the admission of young people for internships and employment.

Countries around the world are actively implementing innovative methods of work with job seekers and employers, including many useful up-to-date services. In accordance with the world trends, transition of society to high-tech information economy, Ukraine is also forming its national innovative system of management. Smart technologies for providing social services to the population are being developed. To implement the state employment policy even more effectively, innovative solutions should be implemented promptly – that is a requirement of society and time. In this respect, a number of measures are proposed to improve the services of the State Employment Service of Ukraine, provided, in particular, to young people.

Given that the majority of young people study alongside employment, there is a significant demand for part-time, temporary work, weekend and vacation jobs. Seeking a job takes a lot of time and effort. Innovation and dynamism being the distinguishing features of today's youth, new measures to provide employment services are needed. In view of this, it is appropriate to create mobile applications of the State Employment Service and vocational education centers; to introduce bots in messengers for a quick search for vacancies available at the moment, with the possibility of subscription and receiving newsletters on the labor market demand for specific specialists and labor force to perform certain types of work.

Considering the very significant labor market demand for people of working professions, the number of higher education institution graduates seeking employment assistance, and focusing on the expressed desire of young people to work, it would be appropriate to introduce production training centers at secondary schools. The state needs to approve legislatively the introduction of training and production plants at secondary schools. This will allow young people to get a working profession by the time of receiving a high school certificate, which would increase their competitiveness in the labor market and give them opportunity to find employment in high-demand professions. In conclusion, we should note that changes in the world economy significantly affect the functioning of national labor markets and formation of professional careers of economically active population. The key factor is the compliance of the quality of the available workforce with the requirements of employers who determine career guidelines, professional criteria and competencies of employees.

The modern socio-economic transformations in the labor market are changing the realm of professions, reducing demand for specialists in some professions, while increasing competition between representatives of others. Crises in the labor market operation are manifested in the form of imbalance. This pattern of development is intrinsic to the labor market of Ukraine. A significant part of the youth segment of the labor market cannot find a job independently and seek help from employment centers. At the same time, being given the unemployed status, young people can feel stress, depression, and have low self-esteem. In this context, the tasks of the employment service professionals are to stimulate individuals to progressive development, raising their motivation for successful careers. Quality services and professionalism of employment service specialists, helping clients navigate in the labor market, form their career plans and goals of professional activity, are becoming urgent to promote youth employment today.

In this regard, the state should provide an opportunity to train career counselors in the specifics of working with young people and people who need help in career planning and development. The financial component is important in this matter. In 2019, vocational training and career counselors were trained only in some regions of Ukraine, which cost about 392,000 Hrv (\$ 14,000). However, in 2020 the state has not provided funding for these costs². Ensuring these costs is necessary, given the importance of quality and qualified career motivation and planning of employment service clients.

Dividing the youth into two categories from 15 to 25 years and from 26 to 35 years, proposed by the authors above, also requires delimitation of the vectors of state assistance depending on the needs of each age group. In the field of promoting career motivation of persons aged 15 to 25, the state should actively pursue career guidance measures, in particular, approve the introduction into secondary education of a position of a career guidance specialist who will continuously work with students and analyze the development

² For the data of the state site <https://prozorro.gov.ua/> accessed 1 october 2020

of their skills, preferences and competencies, arrange events and field visits to get acquainted with the range of professions. At the national level, it is necessary to create measures to promote internships for young people receiving training by giving subsidies to those employers who provide youth internships. An important method of state promotion of career development is to encourage employers to hire people without work experience to work at their first jobs by providing tax benefits or exemption from certain charges, taxes. A successful and quick start to work immediately after graduation has a great impact on the successful development of further professional careers.

State promotion of career motivation of people aged 26 to 35 should include a number of measures such as: promotion of career growth of young people through further training; assistance in staff rotation ensuring the development of skills and competencies; supporting youth self-employment by implementing public lending for development and support of business, creating business incubators and financing startups.

The importance of employment services focusing on effective communication with their clients, aimed to motivate them for successful employment and self-development, is substantiated.

The issues of young people's migration activity, which can affect negatively the economic development of the country and increase the socio-demographic risks to national security, need a detailed scientific study. In this regard, searching for new approaches to state regulation of these processes is particularly relevant.

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Povzetki

(Summaries in Slovenian Language)

1. Pravica do poštenega sojenja po 6. členu EKČP v času pandemije covid-19: primer poljskega sistema upravnega sodstva

Andrzej Paduch

Namen: Namen članka je preučiti možnost sprememb procesnega prava v luči zakonodajnih ukrepov, sprejetih v zvezi s pandemijo covid-19, na primeru poljskega sistema upravnega sodstva.

Zasnova/Methodologija/Pristop: Članek uporablja pravno dogmatično metodo, analizira določbe EKČP in primere ureditve upravnih sodnih postopkov na Poljskem. Določbe so razložene ob upoštevanju sodne prakse sodišč, zlasti ESČP.

Ugotovitve: Študija kaže, da noben predpis, ki odvzema pravico do javne obravnave primera, ni v skladu z EKČP. Javna obravnava je pravzaprav ključni vidik pravice do poštenega sojenja. Za ublažitev posledic pandemije pa lahko države uvedejo tudi rešitve, s katerimi, v mejah prvega odstavka 6. člena EKČP, svoje zakone spremenijo.

Akademski prispevek k znanstvenem področju: Študija ponuja teoretične in splošne rešitve vprašanja, ki se je pojavilo med pandemijo covid-19: ali in kako je mogoče določene vidike pravice do poštenega sojenja omejiti, ne da bi pri tem kršili njeno bistvo. Vprašanje je analizirano z vidika upravnosodnih in zakonskih rešitev, sprejetih na Poljskem, vendar so ugotovitve lahko uporabne tudi za ureditve v drugih evropskih državah in celo za civilno ali kazensko sodstvo.

Vpliv v praksi: V članku so predstavljene zahteve iz prvega odstavka 6. člena EKČP v kontekstu omejitev javne obravnave z namenom preprečevanja širjenja pandemije covid-19. Služi lahko tudi kot osnova za nadaljnje študije problema ali za presojo rešitev, sprejetih v državah članicah Sveta Evrope.

Izvirnost/Vrednost: Publikacij o spremembah procesnega prava zaradi pandemije covid-19 v znanstveni literaturi ni veliko. Zaradi siceršnjega pomanjkanja analiz bo prispevek nedvomno prispeval k razvoju znanstvene literature.

Ključne besede: uprava, upravni sodni postopki, upravna sodišča, pošteno sojenje, pravica do poštenega sojenja

2. Odnos državljanov do odgovornosti in transparentnosti javnih služb – primer kantona Sarajevo

Lejla Lazović-Pita, Velma Pijalović, Lamija Šćeta, Almir Peštek

Namen: Namen članka je oceniti, kako državljani zaznavajo odgovornost in transparentnost dveh javnih služb – komunalne službe in službe za vzdrževanje cest – v kantonu Sarajevo v Bosni in Hercegovini (BiH).

Zasnova/Metodologija/Pristop: Dejavnike, ki vplivajo na zaznavanje odgovornosti in transparentnosti omenjenih javnih služb, smo merili s pomočjo ankete med 250 uporabniki in štirih binarnih logističnih regresij.

Ugotovitve: Rezultati binarne logistične regresije kažejo, da so pri zaznavanju odgovornosti in transparentnosti komunalne službe pomembne spremenljivke spol, izobrazba in zadovoljstvo s ceno, ki jo uporabniki plačajo za to storitev. Pomembne spremenljivke pri zaznavanju odgovornosti službe za vzdrževanje lokalnih cest vključujejo zadovoljstvo z rednim in zimskim vzdrževanjem lokalnih cest, pri zaznavanju transparentnosti pa je pomembna spremenljivka tudi izobrazba.

Akademski prispevek k znanstvenem področju: Čeprav je publikacij in literature na temo novega javnega managementa v razvitih državah veliko, pa so te v tranzicijskih državah precej bolj skope. Članek obravnava primer kantona Sarajevo in prispeva k raziskavi zaznavanja odgovornosti in transparentnosti, obenem pa ponuja izhodišče za nadaljnje proučevanje upravljanja javnega sektorja v drugih lokalnih skupnostih ali manjših tranzicijskih državah.

Izvirnost/Vrednost: Članek dopolnjuje sicer omejeno literaturo o zaznavanju odgovornosti in transparentnosti ter ponuja rešitve za izboljšave na tem področju.

Ključne besede: javne službe, zaznana odgovornost, zaznana transparentnost, državljani, kanton Sarajevo, binarna logistična regresija

3. Prehod na krožno gospodarstvo in upravljanje javnih storitev splošnega gospodarskega pomena

Sandra Antoniazzi

Namen: Namen članka je osvetliti vprašanje prehoda na krožno gospodarstvo, pojem iz Evropskega zelenega dogovora, ki pomembno vpliva na sektor storitev splošnega gospodarskega pomena.

Pristop: Članek preučuje evropski politični okvir, najpomembnejše posledice prenosa direktive o odpadkih iz leta 2018 v domačo zakonodajo, nove ukrepe za lokalne oblasti in uporabnike ter novi »namen« sektorjev gospodarskih javnih služb v smislu deljenih in okolju prijaznih rešitev.

Ugotovitve: Študija poudarja potrebo po več praktičnih prilagoditvah izvajanja krožnega gospodarstva: nujne tehnološko-inovacijske zahteve za industrijsko proizvodnjo, reforme nacionalnega zakonodajnega okvira in neizogiben širši kulturni razvoj. Študije o prehodu na krožno gospodarstvo na področju javnih

storitev splošnega gospodarskega pomena v strokovni literaturi niso pogoste. Večino obstoječih dokumentov in sporočil je izdala Evropska komisija, analize pa temeljijo predvsem na smernicah nove zelene politike in posebnem pravnem okviru EU.

Akademski prispevek k znanosti ter izvirnost/pomen/vrednost: Članek dopolnjuje obstoječe raziskave, ki se osredotočajo zlasti na študije širših vplivov na nacionalne komunalne politike in poslovne načrte podjetij, vlogo lokalnih javnih organov z neposrednimi pooblastili, ki bi jih bilo smiselno reformirati, in položaj potrošnikov.

Ključne besede: krožno gospodarstvo, prehod, storitve splošnega gospodarskega pomena, management, pravna novost

4. Preoblikovanje zalednih služb s pomočjo centra skupnih storitev: študija primera stanovanjskega sektorja v Severni Makedoniji

Mimoza Bogdanoska Jovanovska, Natasa Blazeska-Tabakovska, Dragan Grueski

Namen: Članek predstavlja inovativen pristop k preoblikovanju zalednih služb e-uprave z ustanovitvijo centra skupnih storitev na sektorski ravni.

Zasnova/ Metodologija/ Pristop: Na študiji primera stanovanjskega sektorja v Severni Makedoniji avtorji dokazujejo, da je center skupnih storitev ustrezna rešitev za preoblikovanje zalednih služb e-uprave. Raziskovalni proces temelji na okviru, ki so ga Kettingers idr. podali za informacijsko podprte spremembe s celostnim, na podatkih temelječim pristopom.

Ugotovitve: Članek opozarja na zapleten pretok informacij med posameznimi deležniki, obilico istih informacij in podatkov, zbranih od lokalnih deležnikov, ter obsežno breme za državljane in institucije. Preoblikovanje zalednih služb e-uprave z vzpostavitvijo centra skupnih storitev, kot je prikazano na študiji primera, odpravi težavo z redundanco podatkov, izrazito poenostavi pretok informacij in zmanjša obremenitev državljanov skladno z načelom »samo enkrat«.

Vpliv v praksi: Članek prikazuje, da lahko z opazovanjem mreže vseh relevantnih deležnikov na ravni sektorja na podlagi pretoka osnovnih podatkov prepoznamo težave v zalednih službah, ki se ustrezno rešujejo z vzpostavitvijo centra skupnih storitev. To je lahko podlaga za nadaljnje študije o možnostih preoblikovanja zalednih procesov na sektorski ravni.

Izvirnost/Vrednost: Študij, ki bi se nanašale na zaledne službe na sektorski ravni, v našem primeru v stanovanjskem sektorju, v strokovni literaturi skorajda ni zaslediti. Glede na pomanjkanje analiz, ki bi temeljile na pretoku informacij in vizualizaciji informacijskih tokov med sektorji (pred in po reformi), članek ponuja izviren prispevek k strokovni literaturi.

Ključne besede: e-uprava, zaledne službe, proces preoblikovanja, stanovanjski sektor, center skupnih storitev, načelo »samo enkrat«

5. Finančni vidik nevladnih organizacij – primer Slovenije

Tatjana Stanimirović

Namen: Kot del tretjega sektorja so nevladne organizacije postale pomemben dejavnik javnega življenja sodobnih držav. Njihov naraščajoči pomen opazimo predvsem v jugovzhodni Evropi v času tranzicije. Namen prispevka je analizirati finančni vidik poslovnega modela nevladnih organizacij z navedbo kumulativnih podatkov za Slovenijo za zadnjih enajst let.

Zasnova/Metodologija/Pristop: Članek na podlagi pridobljenih finančnih podatkov razkriva strukturo finančnih sredstev slovenskih nevladnih organizacij v skupnih zneskih ter trende spreminjanja po posameznih kategorijah. Z uporabo deskriptivne metodologije se osredotoča predvsem na analizo sredstev, pridobljenih iz javnih financ.

Ugotovitve: Rezultati kažejo, da so slovenske nevladne organizacije po hitri rasti v celotnem obravnavanem obdobju (2009–2019) v letu 2019 zabeležile skoraj milijardo evrov skupnih prihodkov. Kar zadeva sredstva, pridobljena iz javnih financ, so bili zneski višji na vladni ravni, kjer sredstva zagotavljajo ministrstva, kot na lokalni ravni, kjer sredstva dodeljujejo občine, česar pred letom 2019 ni bilo zaslediti.

Vpliv v praksi: Izziv za nadaljnje raziskave je poglobljena študija finančne strategije slovenskih nevladnih organizacij s poudarkom na dvosmernem financiranju ter analiza javnih storitev, ki jih trenutno zagotavljajo nevladne organizacije, v primerjavi s storitvami, ki bodo potrebne v prihodnosti.

Izvirnost/Vrednost: Članek predstavlja pionirski poskus analize financiranja nevladnih organizacij v Sloveniji.

Ključne besede: financiranje, nevladne organizacije, javna sredstva, zasebna sredstva

6. Kateri dejavniki vplivajo na preživetje novoustanovljenih podjetij po prejemu subvencije za izhod iz brezposelnosti na Slovaškem?

Peter Pisár, Alexandra Mertinková, Miroslav Šipikal

Namen: Namen prispevka je analizirati dejavnike vzdržnosti javne politike, ki s pomočjo subvencij novoustanovljenim podjetjem na Slovaškem pomaga iz brezposelnosti.

Zasnova/Metodologija/Pristop: Prispevek na podlagi podatkov slovaškega ministrstva za delo in socialne zadeve ocenjuje vzdržnost subvencij v obdobju 2012–2016. Za opredelitev ključnih dejavnikov je bila uporabljena logistična regresija.

Ugotovitve: Raziskave kažejo, da so politike za podporo samozaposlitvi brezposelnih v času gospodarske rasti še posebej učinkovita oblika aktivne politike zaposlovanja, zlasti v razvitejših regijah. Če pa subvencije služijo zgolj kot orodje za podporo poslovanju, je stopnja preživetja subvencioniranih podjetij precej nižja, kot so ugotavljale druge študije. Med najpomembnejšimi dejavni-

ki, ki vplivajo na vzdržnost, se kažejo trajanje brezposelnosti, višina subvencije in regionalne značilnosti.

Vpliv v praksi: Rezultati omogočajo boljšo opredelitev pogojev za zagotavljanje subvencij brezposelnim za ustanovitev podjetja v prihodnosti in hkrati kažejo, da je ta instrument bolj učinkovit kot sredstvo za ohranjanje zaposlitve kot za spodbujanje podjetništva.

Izvirnost/Vrednost: Raziskava je potekala v posebnih pogojih, ki so bili do sedaj le malo raziskani. Politika je bila proučevana v obdobju močne gospodarske rasti, ki jo je spremljalo občutno zmanjšanje brezposelnosti. Omeniti velja tudi, da je bila raziskava izvedena v državi z izrazitimi regionalnimi razlikami, kar je omogočilo primerjavo vpliva tovrstne politike ob različnih izhodiščih.

Ključne besede: *aktivna politika zaposlovanja, prispevek k samozaposlitvi, subvencije novoustanovljenim podjetjem*

7. Poklicna motivacija v postopku državne ureditve zaposlovanja mladih

Stativka Natalya, Batiuk Anna

Namen: Glavni namen članka je opredeliti nove načine, s katerimi država spodbuja poklicno motivacijo pri zaposlovanju mladih.

Zasnova/Methodologija/Pristop: Za doseganje raziskovalnih ciljev je bil uporabljen niz medsebojno dopolnjujočih se splošnih znanstvenih in posebnih raziskovalnih metod.

Osnovne statistične analize podatke o stopnji brezposelnosti beležijo skladno z metodologijo Mednarodne organizacije dela, stopnja registrirane brezposelnosti (nacionalni kazalnik stopnje brezposelnosti v Ukrajini) pa služi kot kazalnik uspešnosti nacionalnega zavoda za zaposlovanje.

Ugotovitve: Poglobljena analiza teorij o poklicni motivaciji in tehnologije za obravnavo potencialno brezposelnih je utemeljila izvedljivost uporabe komunikacijske in psihološke metode pri delu strokovnjakov zaposlitvenih centrov s strankami, zlasti z mladimi. Opredeljeni in predlagani so bili številni ukrepi za uspešnejše spodbujanje zaposlovanja in povečanje učinkovitosti karijerne motivacije.

Vpliv v praksi: V okviru raziskave so bili ocenjeni razvojni trendi na trgu dela mladih v Ukrajini, ugotovljeni so bili glavni vzroki za brezposelnost mladih ter analizirane vrednostne usmeritve in značilnosti sodobne mladine. Utemeljen je bil tudi pomen služb za zaposlovanje, ki se usmerjajo v učinkovito komunikacijo s svojimi strankami, s katero jih želijo motivirati za uspešno zaposlitev in samorazvoj. Za obravnavo migracijske aktivnosti mladih, ki lahko negativno vpliva na gospodarski razvoj države in povečuje socialno-demografska tveganja za nacionalno varnost, je potrebna poglobljena znanstvena študija.

Izvirnost/Vrednost: Upravna znanost ne posveča ustrezne pozornosti vlogi javnih institucij pri zagotavljanju poklicne motivacije oziroma zakonskem utrjevanju ukrepov, ki zaposlene spodbujajo k produktivnemu delu. Veliko večji-

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no del o poklicni motivaciji in poklicnem razvoju so objavili strokovnjaki s področja pedagogike, psihologije in socialne ekonomije. Ta dela razkrivajo bistvo pedagoške vzgoje in posebnosti psihološkega vpliva človeka, ne opredeljujejo pa vloge države kot osrednje družbene institucije, ki naj bi postavila temelje za razvoj in spodbujanje zaposlovanja mladih, kar dela pričujočo študijo še posebej relevantno.

Ključne besede: brezposelnost, državna ureditev, državna podpora, zaposlitev, mladi, karierna motivacija, poklicno usmerjanje, trg dela

AUTHOR GUIDELINES

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In March 2020, CEPAR started to cooperate in the pilot project organised by Research Data Alliance Node Slovenia (RDA Node). The project aims to support scientific publishers and journals based in Slovenia in introducing research data citations in scientific publications and the open access to primary data in their policies. In this context, RDA Node has developed draft Guidelines for the implementation of scientific publishing policies, based on existing international frameworks and recommendations.¹

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Access to research data meets interests of various stakeholders in scientific publishing. Among others, such an approach enhances sound research in submitted manuscripts since data are transparent and can be reviewed and further referred to. In addition, it increases citations of published articles, and enables easier and broader knowledge dissemination, particularly when research is publicly co-financed. Hence, European Union and national research agencies enforce these principles through Open Science initiatives and assessments; however, also taking into account necessary exceptions.

1 <https://zenodo.org/record/3757282#.XrLHLGj7SM8>

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Example: Kovač, P. and Bileišis, M. (eds.) (2017). *Public Administration Reforms in Eastern EU Member States*. Ljubljana, Vilnius: Faculty of Administration of University of Ljubljana, Mykolas Romeris University Lithuania.

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Example: Magliari, A. (2019). Intensity of Judicial Review of the European Central Banks's Supervisory Decisions. *Central European Public Administration Review*, 17(2), pp. 73-88. <https://doi.org/10.17573/cepar.2019.2.04>.

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Example: Jovanović, T. (2019). Public sector accounting, auditing and control in Slovenia. In V. Vašiček and G. Roje, eds., *Public sector accounting, auditing and control in South Eastern Europe*. Cham: Palgrave Macmillan, pp. 123–153.

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Directive 7/23/EC, OJ L 181, 9.7.1997, p. 1.

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