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PUBLIC ADMINISTRATION

INFORMAL SETTLEMENTS IN ADDIS ABABA: EXTENT, CHALLENGES AND MEASURES TAKEN

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Abstract: *Addis Ababa has experienced a rapid rate of physical expansion. This trend is partly influenced by spontaneous growth, which has resulted in the emergence and development of squatter settlements. As new houses are being built in the existing squatter settlements and unoccupied areas, the number and size of illegal settlements in Addis Ababa has been increasing over time. The purpose of this paper is to assess the extent of squatter settlements, its challenges and the measures taken to mitigate the problem. In order to achieve the objective of this study, secondary data sources were mainly used to analyze the subject. The findings indicate that though the city administration attempted to prevent the construction of illegal settlements by issuing various regulations, the proliferation of illegal settlements has continued unabated. Thus, demolitions had taken place in parts of the city where preventive measures failed. Both in the implementations of the regulations and demolitions, the city administration faced many problems such as high temptation for illegal construction, population pressure, weak law enforcement and inefficient institutions. The success of squatting tempts more squatting. When squatting exists widely, orderly development and expansion are hindered.*

Keywords: *squatter settlement, informal settlement, regularization, demolition*

Acronyms: *AACA Addis Ababa City Administration; A.A BoFED Addis Ababa Bureau of Finance & Economic Development; AADIPO Addis Ababa Development & Improvement Project Office; CWS Cities Without Slums; CSA Central Statistical Authority; UNCHS United Nations Centre of Human Settlement; UDWB Urban Development and Works Bureau; ORAAMP Office for Revision of Addis Ababa Master Plan*

1. INTRODUCTION

The primary negative impact of urbanization is the fast spread of urban areas into agricultural and woodland areas, often informally. Developing countries have faced enormous population movements from rural to major urban centers and this led to swelling informal settlements posing city's socio-economic challenges (Nouri A. Elfarnouk, 2015). Therefore, one of the perplexing problems confronting many of the developing nations today is the illegal occupation of urban land. This is generally known by the term "squatting." Its most frequent causes are the high increase in national population, the surge of people toward the cities, and the incapacity of the affected nations to meet the needs of urban growth by providing the land and housing needed to accommodate newcomers.

The UNCHS (2003) estimated that between 40 and 70% of urban growth in developing countries is "informal". This figure is similar in Addis Ababa City with the housing stock located in unplanned areas or informal settlements (ORAAMP, 2001). In

some places, such settlements have been formed through large, organized invasions of public land.

There are different colloquial names for such settlements in different countries: the Bidonville of the French colonies, the Gecekondur of Turkey, the Barriadas of Lima, Barong-Barongs of the Philippines, Favelas of Rio, Callampas of Chile, Ranchos of Venezuela, Villas Miserias of Buenos Aires and the Colonias Populares of Mexico (Peattie and Haas, 1981).

The issue of urban informal settlements, as observed in most urban centers of Africa, Asia, and Latin America is broad, complex and dynamic, it arises from the different views and policies observed differently in different countries. Hence, the control and management of these settlements also vary. Much of the complexity around informal settlement has been arising from perception differences. These include the difference observed in defining, identifying the causes and effects and in taking measures so as to alleviate the problem.

Informal urbanization trends in sub-Saharan Africa shows Tanzania to be one of the countries with highest population living in informal settlements followed by Mozambique and Ethiopia (Shubira Kalugila, 2013).

In the Ethiopian context these types of settlements are known as "Chereka Bet". The term Chereka bet in its literal translation means "house of the moon" implying the illegal construction of houses is done at nights. The settlements are built without the consent of city governments and without having construction permit given by city governments. In Ethiopia, different cities have responded differently to these settlements. In Addis Ababa (Bole, Yeka and Kolfé sub-cities) there were demolitions in 1994, which destroyed 13,440 informally constructed houses (Gondo, 2011); (Daniel, 2011). In Adama, over 3,751 structures constructed without official municipal permits were demolished over a five-year period, although the demolished structures were soon replaced by fresh ones. In Bahir Dar, eviction through demolition took place in 1995 in Kebeles 11 and 13. In Ambo, the municipality applied litigation, whereby 412 land related cases were filed in courts during the periods August 1/ 1997 to May 10/2000EC.

As being the capital city of Ethiopia, Addis Ababa accounts for about one fourth of the country's urban population. Because of high population concentration in the city, it is experiencing multiple challenges, one of which is the slow provision of houses for its residents which led to high gap between housing supply and demand encouraging the proliferation of squatter settlements.

Menwuyelet Melesse (2005) stated that squatter settlements in Addis Ababa emerged as a result of many factors, such as the delay of the implementation of legal housing, delays of providing legal land provisions, and increases of the cost of housing rent in the urban areas. He also said that beside those economic factors, there are political and legal failures that represent the absence of government actions to control and arrange open spaces, the lack of code enforcement service to regulate and control the appearance of illegal house construction, the absence of inclusive legal responses towards the continuous appearance of the squatting phenomenon, and the lack of controlling and legalizing the practice of making profits from land sale by land speculators.

1.1. The Objectives of the Research

The general objective of the study is to examine the extent of squatter settlement, the challenges and measures taken by the city administration in a bid to minimize the proliferation of squatter settlements. Contribution to knowledge by unveiling the forces and factors contributing the rise of informal settlements, the government interventions and their outcomes in the city of Addis Ababa are the intentions of this study.

1.2 Research questions

The study attempts to answer the questions on the extent of informal settlement in Addis Ababa; the challenges encountered in the implementation of the measures and the measures taken to control the settlements.

1.3. The Description of the Study Area

This study is conducted in Addis Ababa, the capital city of the Federal Democratic Republic of Ethiopia. The total population of the city is estimated to be 3,048,631 as of 2012 (A.A BoFED, 2011/12). Addis Ababa is not only the largest city in Ethiopia but also a textbook example of a primate city, as it is at least 14 times as large as Dire Dawa, the second largest city in the country. As a result Addis Ababa’s share of the total urban population was 23.8 percent in 2007(CSA 2007).

It is worth highlighting that the greater part of this growth is due more to net immigration (1.69 percent per annum) than to natural increase (1.21 percent per annum). Administratively, the city is a chartered city having three layers of government: city government, sub-city administrations, and district (Woreda) administrations.

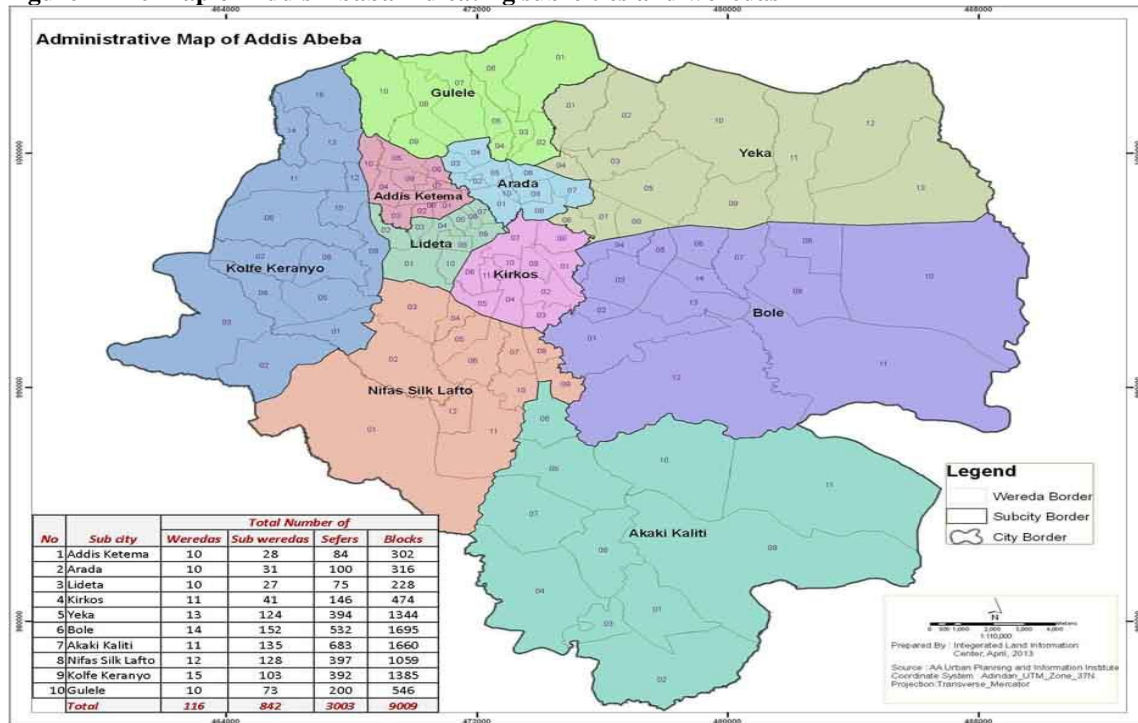
Table 1 The sub-cities, their population size and areas in sq km

Sub-city	Population	Area in Sq. Km
AkakiKaliti	205,385	118.08
Nifas silk lafto	358,359	68.30
KolfeKeranio	485,952	61.25
Gulele	303,226	30.18
Lideta	228,547	9.18
Kirkos	250,665	14.62
Arada	239,638	9.91
Addis ketema	289,344	7.41
Yeka	392,781	85.98
Bole	350,102	122.08

Source: 2013 CSA projection

In terms of area coverage Bole is the largest sub-city followed by Akaki- Kality and Yeka. Addis ketema is the smallest and followed by Lideta and Arada Sub-cities. The two largest sub cities are found in the expansion areas of the city with rising squatter settlements. The sub-cities are also divided in two weredas, which are the smallest administrative unit in the city. There are 116 weredas in the city administration.

Figure 1 The Map of Addis Ababa indicating sub-cities and woredas



Source: AADIPO

1.4. Data Source

The data are collected from secondary sources. These include sources from Addis Ababa City Administration and various published and unpublished documents obtained from different sources. In addition to this, existing directives, regulations and reports on the situations of informal settlement are reviewed and analyzed both quantitatively and qualitatively to answer the research questions. Literature and theories related to the research topic, such as, issues of informality as well as government intervention in the phenomenon were reviewed.

1.5. The scope and limitations of the study

The study is mainly confined to the review of the implementation of the two regulations adopted in 2000 and 2010 for controlling squatter settlements in Addis Ababa City. Eliminating informality requires two types of interventions. One is to prevent the establishment of new informal settlements using different preventive approaches. The second is curative approach including legal measures against the illegal squatters. Though the study intends to examine the implementation of the regulations as preventive tool, it also examines the curative measures that have taken in cases where the preventive approaches failed. This study relies on secondary data due to the difficulty in generating primary sources on illegal settlements. Generating primary data requires locating squatters who are scattered across most sub cities which is not feasible for small scale research. Moreover, the problem of using secondary sources is that some of them are not of the recent time.

The researcher reviewed various secondary sources and used to answer the research questions. The secondary sources were carefully selected and reviewed in line with the subject under study which is different from previous studies in terms of addressing three interrelated issues: extent, challenges and measures regarding squatter settlements in Addis Ababa.

2. LITERATURE REVIEW

Over the years a number of policies have been put forward to address the social, economic and physical situations of informal settlements and their residents in developing countries. Studies have been conducted also on the definition, nature and characteristics of the informal settlements in urban centers of developing countries.

2.1 Understanding Squatter Settlements

A marked phenomenon of rapid urbanization in Africa has been the proliferation and uncontrolled spread of so-called spontaneous or "informal settlements built by immigrants to meet their shelter needs. Known as informal because they are built outside the legal planning framework, informal settlements are generally characterized by their physical and social conditions. As informal settlements began to proliferate in African cities, the initial reaction of most governments to in-migration and spontaneous settlements was relatively uniform: increased regulation and enforcement (Payne, 1989). Informal settlements were seen strictly as slums - places of poverty, disease, and criminality. They were an affront to the modernization orientation of African governments who desired properly planned and developed cities. Informal settlements threatened property values of formally developed neighborhoods and commercial investments. As such, governments strove to enforce planning regulations, public health acts, and building codes to protect the formally developed areas of their cities. They attempted to discourage in-migration and the growth of informal settlements through demolition policies and campaigns of persuasion (Kubale Palmer and Patton, 1988). In the 1970s in Nairobi, Kenya, for instance, the government conducted a campaign called Turudimashambani ("Let's return to the rural areas") while implementing an official policy of slum clearance (Macharia 1992).

In the 1970s, a shift in attitudes toward informal settlements began to occur. Rather than being seen as eyesores, health hazards, or havens for criminals, the self-built structures of informal settlements were recognized as essentially proactive responses to a situation of acute housing scarcity. Planners began to recognize informal settlement residents as industrious self-builders who needed only limited assistance from the state - mainly in the form of secure tenure and basic urban services - in order to improve their circumstances themselves.

2.2. Definition of informal settlements

A clear definition of informal settlement is hardly available. Various words have been used in literature to refer to squatter settlements. These include spontaneous, irregular, unplanned, marginal and informal settlements. There are many definitions of

“informal settlements”. The terms have been used to refer to unregulated, illegal and unauthorized construction, arising from the conditions and regulations in different countries, including “spontaneous”, “unplanned”, “unauthorized”, “illegal” or “squatter” settlements. The United Nations has used the term “informal settlements” to refer to:

- i) residential areas where a group of housing units has been built on land to which the occupants have no legal claim, or which they occupy illegally;
- ii) unplanned settlements where housing is not in compliance with current planning and building regulations (unauthorized housing(United Nations,2015).

Daniel, (2013) defined, informal settlements as dense settlements comprising communities housed in self-constructed shelters under conditions of informal or traditional land tenure. They are common features in developing countries and are typically the product of an urgent need for shelter by the urban poor. As such they are characterized by a dense proliferation of small, makeshift shelters built from diverse materials, degradation of the local ecosystem and by severe social problems.

Furthermore, in Vienna Declaration (2004) cited in Bogdan and Daniel, (2013), informal settlements are defined as: human settlements, which for a variety of reasons do not meet requirements for legal recognition (and have been constructed without respecting formal procedures of legal ownership, transfer of ownership, as well as construction and urban planning regulations), exist in their respective countries and hamper economic development. While there is significant regional diversity in terms of their manifestation, these settlements are mainly characterized by informal or insecure land tenure, inadequate access to basic services, both social and physical infrastructure and housing finance.

The term squatter settlement, if not defined precisely, can lead to a misunderstanding of the term slum. In fact many writers often use the terms interchangeably. Slums however, are often considered a legally allowed settlements of an urban area but are also overcrowded, with poor living conditions and older houses compared to other parts of the city, and inadequate services (UNCHS, Habitat: 1982).

In the Ethiopian context, the Addis Ababa Development and Improvement Project office (AADIPO, 2003) adopts the following working definition for informal settlement. Informality/illegality includes any form of construction (such as houses, fence, notice board, sewerage lines, containers, temporary/movable kiosks, etc...) which have been erected or built on public lands without having legal basis. Furthermore, it also includes any unauthorized expansion/ encroachment made on public rental houses. However, the degree of informality/illegality varies: some can be totally informal where as others can only be partially informal. Based on this working definition, therefore, the whole forms of informality is divided in to two major groups: Group 1: includes those informal settlements which have been occupied and built without having any legal bases or evidence accepted by the law (such as title deed/ book and building permit). These settlements are commonly called as "squatter settlements" and mainly found at the expansion areas of a city. Group 2: includes settlements which are partially illegal/informal. The illegality comes from so many sources. For example, they can have legal right (title deed/ book) but not building permit or having both the title deed/book and building permit but built, expand, upgrade, change the shape and size etc. without the

proper legal procedures/permit. Such settlements are mainly found in the inner part of a city (As AADIPO 2003 cited in Daniel, 2011:6-7).

This paper will utilize the definitions given by the Addis Ababa Development and Improvement Project office referring to group 1 type settlements as it is the most prevalent type of informality.

2.3. Characteristics of Squatter Settlements

From the definition, the characteristics of informal settlements are evident. Sirgut Gezahengn (2013), argued that squatter settlements are characterized by the following three interrelated and essential traits. The characteristics include:

Physical aspects: Squatter settlements have infrastructure and service below minimum level. They may not be connected to water supply, electricity, road, and drainage and sewerage fatalities. Insecured because of lack of security services like police service, fire protection service. The squatter settlements are also built in marginal lands at peripheries, river sides and dumpsites. The key characteristic that delineates a squatter settlement is its lack of ownership of the land parcel on which they have built their house. These could be vacant government or public land, or marginal land parcels like railway setbacks or "undesirable" marshy lands.

Social aspects: Squatter settlements belong to low income groups or informal workers. On average most residents earn a very low income and many of them are part-time workers/daily laborers. Most squatters are predominantly migrants from rural to urban or urban to rural and they may be also second or third generations of squatters.

Legal aspects: Squatter settlements are inherently illegal because the squatters occupy public land without any legal permission. They do not have authorized permits, ownership certificate and hence not backed by legal provisions.

Moreover, the study conducted in Kenya identified that the common characteristics shared by all informal settlements are (1) insecurity of tenure, (2) lack of planning, (3) lack of infrastructure (e.g. roads, water pipes, drainage systems, toilets, waste collection, electricity), (4) poor environmental condition, (5) lack of public facilities (schools, dispensaries), and (6) unemployment and poverty (Pellikka, P., J. Ylhäisi & B. Clark (eds. 2004).

2.4. Consequences of Squatter Settlements

From a broader perspective, the combined burdens of informal settlement have been fundamentally harmful to cities, to the overall urban population, and to the residents of informal settlements themselves. The implications of the phenomenon are serious and manifold in numerous ways: legal, social, environmental, political, and economic. Informal settlements in a city are causes for health problems, environmental deterioration, social distress, and urban violence. In this regard, different authors have identified different consequences of squatter settlements in different part of the world (Mostafa, 2000).

It causes social, physical, hygienic, political, security and economical harms like spread of crime and murder, drug addiction e, the spread of prostitution, the spread of alcoholic drinks. Physical harms include irregular residential structure, unorganized

facade of buildings and its undesirable effects on the appearance and the image of the cities. In developing countries squatter settlements are located at potential expansion areas of cities; hinder planned development, results in the misuse of land resource and infrastructure.

2.5. Approaches of managing squatter settlements

This section explores government attitudes, responses and policies towards squatter settlements and slums since 1950s. According to Collins Adjei Mensah (2010), there are five major chronological categories: laissez -faire attitudes in the 1950s and 1960s; site and service programs in the 1970s, slum upgrading in the 1980s, enabling strategies and security of tenure in the 1990s, and Cities without slums action plan in the 2000s. There are also two opposing actions taken in the intervention of squatter settlements namely; regularization and demolition at various times and places.

For the purpose of this study the Laissez -Faire Attitudes in the 1950s, Site and Service Programs in the 1970s and Cities Without Slums action plan in the 2000s, Regularization and Demolition are briefly discussed. In all the approaches, squatter settlements are often conceived and portrayed as institutional failures in housing policy, population pressure due to rural-urban migration and the gap between demand and supply. Thus, measures to address their existence and appearance have evolved around such thinking. As a result, various strategies were implemented to mitigate the socio-economic, physical and health wellbeing of slums and their residents.

1. Laissez-faire Attitude: 1950s-1960s

During the tolerance period in the 1950s and 1960s, urban authorities in Developing Countries turned a 'blind eye' to slum houses (Rakodi, 2001). Negligence dominated until the early 1970s when it was replaced by public housing. Informal settlements were regarded as temporary unavoidable phenomena that would pass with economic development. During this time informal settlements were not depicted on land use maps, instead there was a blank for undeveloped land (UN-HABITAT 2003).

Slums were considered 'relics of traditional villages' and in the process of being absorbed by the new urban planning scheme inherited from Western societies— with little consideration of local and cultural realities (Gaskell, 1990; Njoh, 2003).

The alternative was public housing schemes, where local governments provide public housing in collaboration with national governments and other stakeholders in developing countries.

However, these projects were implemented in a discriminatory fashion, largely because the 'indigenous' political rulers, who replaced the colonial power, perpetuated the existing social and class divisions as the previous 'master' (Fanon, 1963). In fact, the main beneficiaries of formal public and planned housing schemes were civil servants and middle and upper-income earners (Fekade, 2000). Moreover, nepotism, corrupt practices, poor governance and incompetence significantly and rapidly contributed to the expansion of slums, and widened the gap between those who were in positions of power or had some sort of 'connections' and the rest of the urban population.

For example, Hope (1999) reports that public housing schemes across Africa as a whole provided less than 5% of housing needs. Thus, such public housing schemes were

unable to supply sufficient dwellings. Instead, the approach marginalized the majority of urban dwellers and ignored low-income urban dwellers and rural urban migrants who settled there generating more slums. Furthermore, it is now clear that urban effort and resources directed towards providing public housing have ended up serving a small portion of urban dwellers and usually those that were largely better resourced than the majority (Ali, M.H. and Sulaiman, M.S. (2006).

2. Site and Service Scheme: 1970s

In the 1970's, the World Bank initiated the Sites and Services and Squatter Upgrading (SSU) Programme in many countries in Asia, Latin America and Africa. The strategy was adopted to provide planned and serviced housing land to low income people in urban areas and improve basic community infrastructure services, such as water, sanitation, roads and market facilities in informal settlements. The move emerged out of a consensus arrived at during the Habitat I conference in 1976 which included: site and services and self-help housing projects; core housing; slum and squatter settlement upgrading; the stimulation of small-scale enterprises and informal sector activities in project areas; and an attempt to expand the provision of public services (Burgess, 1997). Site and service schemes are credited with enabling shared responsibilities between slum dwellers and government. On the one hand, the program emphasized the participation and the contribution of the beneficiaries to the resettlement process. Similarly, the programs acknowledged and capitalized on the ability of low-income dwellers to mobilize informal resources. On the other hand, local governments were no longer acting as 'providers' but as 'facilitators', which saved them some resources (Pugh, 2001).

Shortfalls of the scheme included the relatively low number of beneficiaries, the lack of understanding and clarity around the role of the private sector, the lack of planning around the location of new serviced plots, low or non-existent standards, and the failure to achieve cost recovery (Pugh, 2001). For instance when assessing the number beneficiaries, Hope (1999) found that less than 6% of intended beneficiaries in Kenya, Zambia and Zimbabwe actually benefited from the scheme for the paradoxical reason of affordability. This was so because the transitional period between the demolition and the new establishment was not always well negotiated (lack of slum dwellers' participation). Moreover, several evicted slum dwellers had difficulties accessing or being qualified for new serviced parcels due to lack of land titles and rights (the majority could not legally claim and prove their tenure right).

According to Peattie (1982) and Van der Linden (1992) notwithstanding the popularity of sites-and-services schemes with the World Bank and other donor agencies, the schemes have increasingly come under critical scrutiny.).

3. Cities Without Slums Action Plan: Post-2000s

The new century has called for new strategies and plan for slum. In 1999, the World Bank and the UN-Habitat initiated the Cities Without Slums (CWS) action plan, which constitutes a part of the United Nations Millennium Declaration Goals and Targets. Specifically, the action plan aims at improving the living condition of at least 100 million slum dwellers by the year 2020 (UN-Habitat, 2003). The main innovation in this policy is to move from the physical eradication or upgrading of slums adopted by past policies, to start to address one of the fundamental reasons why slums exist in the

first place: poverty. The action plan recognizes that slums are largely a physical manifestation of urban poverty, and to deal with them effectively, future actions and policies should also associate urban and slum stakeholders in the poverty reduction or eradication campaign.

This extended approach of Cities Without Slums (CWS) action plan is encouraging, but raises four important concerns. Firstly, poverty is just one of the components of the incidence of slum (Shatkin, 2004). The CWS is not comprehensive enough to determine other variables that also account for slum incidence. Such variables could include (at the macro and cross-country levels) debt burden, health issues, social and political instabilities and natural disasters. Secondly, the number targeted is far too modest to significantly change the number of slum dwellers by the year 2020. In 2000, it was estimated that 850 million people live in slums and it is projected that by 2020 the number will reach 1.8 billion (UN-Habitat, 2003). Thirdly, there is no clearly defined variable to measure the 'improvement of living conditions' of 100 million slum dwellers. One can reasonably query how it will be possible to differentiate between 'improved living conditions' driven by CWS –in different cities, realities and contexts– and other city development strategies. Such uncertainty suggests that the operational and methodological components of the CWS action plan are yet to be defined or fine-tuned. Finally, the CWS action plan does not articulate what measures should be taken or formulated to curb the emergence of new slum. Similarly, there is no provision or indication as to what actions various urban 'stakeholders' at all levels (local, national and international) should undertake to reduce, if not stop, the mushrooming of new slums. Unless these concerns are properly taken on board, the ambitious 'City Without Slums' action plan remains a slogan. Apart from those discussed above, there were also other approaches which were implemented by the authorities of urban centres at various times and places as the reactions to the proliferation of informal settlements namely; demolition and regularization.

4. Demolition

Countries may enforce land-use policies and plans by adopting strict police measures, demolitions, and an increase of penalties for illegal occupations (United Nations, 2015). Hence, demolishing indecent settlements took place in different countries. In Africa and elsewhere the implementation of the policy was the result of the then dominant design and planning paradigm of modernism whereby the master plan was the only means used to plan the city. Thus, the problem of slum growth was conceived as the lack of rationality provided by the master plan. These resolutions came in the early years of independence in most African countries and so they were embraced by politicians as one of the nation-building strategies. They were also embraced as governments' opportunity to give the city back to its people after their long elimination and isolation from urban life during the colonial times (Hamdi (1995).

According to UN Habitat (2003), demolition did not solve the problems of slums, but instead it shifted them to the periphery of cities, to rural urban fringes, where access to land was easier and planning control non-existent. The continuing spatial growth of cities brought about an endless cycle of new evictions and the creation of new slums on the periphery of cities, outside municipal boundaries, or it accelerated the overcrowding

of dilapidated buildings within cities. Similarly, the unpromising results of demolition strategies started to open up new ways for handling the perception of slums.

5. Regularization

Formalization is frequently referred to as “legalization of informal settlements”. Formalization measures may aim to address the lack of a legal ownership title for those squatting on state-owned lands (United Nations, 2015). This is usually achieved through legalization of the informal settlement or by correcting existing planning, zoning and construction irregularities in non-permitted construction or those with violated permits.

These illegalities are usually addressed through:
a revision of zoning and planning procedures, regulations and standards;
a regularization and upgrade of informal settlements;
applying controls and upgrading individual constructions in order to meet certain environment, health and safety;
Formalization projects vary according to policies adopted and priorities given by governments. For example, some countries legalize informal constructions built before a certain date, (excluding those that are built in environmentally sensitive areas) and some accompany the process with a legal reform of existing zoning and planning systems, the adoption of development monitoring procedures, or with provisions for affordable or social housing.

A shift to regularization was based on the diversity of local situations, the legal and regulatory framework, and the failure of responses based mainly on repressive options and the direct and highly subsidized provision of land and housing by the public sector for the poorest segment of the urban population. Recognition of squatter settlements also fostered increased awareness at international level of the right to housing and protection from forced eviction, and the definition of new national and local political agendas in the context of an emerging civil society, as well as the.

Kombe (2006) argues that the move to regularize, formalize and improve the property rights of the poor in informal settlements is a welcome idea. However, considering the magnitude of the problem of informal settlements and their high rate of growth and consolidation, huge financial outlays would be required to regularize them. Sliuzas (2004) as quoted by Kombe (2006: 5) sounds a warning, adding that given the extent of the informal housing sector in many cities of sub-Saharan Africa and the weak public sector, the adoption and implementation of a comprehensive upgrading approach such as regularization has also been criticized as being anti-urban, dualist and an oversimplification of the complex urban systems that exist and continually evolve. It does not seem to address the root causes of the informal urban problem i.e. forces underpinning informal urbanization. The interventions seem not to offer solutions that can give rise to sustainable and functional urban growth, instead informal urbanization is growing day after day especially in the peri-urban areas.

Lessons from the intervention policies

The discussion on approaches for informal settlement intervention from the 1970s to 2000s found out that two main issues emerged based on the nature of their formation and implementation. First, most policies were based on a reactive approach than a proactive one. Policies were formulated to react to the problems already in place.

Second, it appears that the policies were not owned by the countries or the very people affected by the informality. The excessive involvement of external organizations and international agencies in the design and implementation of policies distanced them from the affected countries and the poor people in the slums.

The critical factors affecting the formation of informal settlements are notably related to several major interrelated challenges. Studies show that rapid urbanization and influx of people to urban area, lack of control mechanisms, inadequate formal land distribution, lack of resources, poverty and socio cultural factors are major causes of informal settlements. Similarly, inconsistent and complex legislations, unnecessary bureaucracy for land development and permission are additional factors contributing to the proliferation of informal settlements.

The review clearly shows that despite a few 'best practices' recorded in implementing informal settlement policies, settlements have continued to dominate the urban landscape of most cities in developing countries. Some of the weaknesses of past slum policies are that conditions pertaining to the incidence of slums were not taken into account. Such conditions include the negative impact of international interventions (e.g., Structural Adjustment Programs), the impacts of neoliberal policies (e.g., liberalization and globalization), urban poverty (or income gaps), poor governance, socioeconomic and political instabilities, rapid urban growth rate, inadequate planning regulations, poor housing financing (Shatkin, 2004).

3. THE EXPERIENCE OF ADDIS ABABA

The development of squatter settlements is one of the major urban problems currently facing most cities of developing countries. Like in other cities in developing countries, in Addis Ababa the development of squatter settlements has become one of the major urban planning and management impediments in the city today. To secure footholds in the city, thousands of people, in violation of law and ownership rights, have seized land and erected makeshift and dwellings. Squatter settlements are seen on hillsides, parks, roadsides, on the urban outskirts and even on valuable land in the cities' centers. In Addis Ababa, squatter settlements are commonly known in Amharic as 'Yecherka Betooh' meaning "the moon light houses"; a name given to such structures because most often than not they are constructed under the moon light and are found appearing as a mushroom would overnight. These squatter settlements are constructed in a very short period of time, in two or three nights. The squatters usually carry out the construction of their houses during the night when the kebele administrators are out of duty. And then the squatters and their families move into the shelter as soon as it takes the form of some kind of a house, which they upgrade gradually. Squatters falling under this category are people who have the capacity to construct a house if they were supplied with the required land (Tamirat, 1997: 50; Tadesse, 2000:12; Minwuyelet, 2004: 45).

According to Taye (2002), the main reasons for the proliferation of squatter settlements and unplanned expansion of the city at the peripheries of the Addis Ababa city are that peasants around the city provide urban land to individuals for housing construction without the consent of the concerned legal urban authorities. Taye also

stated that from 1982 to 1986 formal housing construction had not been carried out because during this period a new housing policy was under preparation. Hence, many urban dwellers could not tolerate and some tried to accommodate themselves through informal land acquisition. Similar situations also had occurred between 1992 and 1995. During the time, when government had decided market-oriented land and housing development system, especially the land lease policy. While the policy was being prepared, land allocation for residential as well as for other developments came to a standstill due to the absence of clear housing and land development policies. As a result applications for urban land have been accumulated in the waiting lists of municipalities and offices of the Ministry of Works and Urban Development (MWUD). This situation induced or forced a significant proportion of the urban population to seek land especially in the periphery of Addis Ababa. Consequently unauthorized constructions and squatter settlements have proliferated in many parts of the surrounding areas of the city such as Bole Bulbula, Mekanisa, Keranio, and Kotebe (Taye, 2002: 37-38). Even later the proliferation of squatter settlements continued unabated.

According to the study conducted by the Urban Development and Works Bureau in the year 2000, the total area covered by squatter settlements in Addis Ababa was around 2000 hectares and about 300,000 people were living in 60,000 squatter housing units (UDWB, 2002:2 cited in Minwuyelet, 2005:4). This figure accounts for 20% of the total housing stock of the city and the total area occupied by squatter settlements was estimated at 13.6% of the total built-up area.

Figure 2 A view of typical informal settlement



Source: AADIPO (2003).

Besides, according to the report of city Administration, in 2009 there were many un-identified squatter settlements in the city occupied by the residents (Addis Ababa City Administration, 2010:19). Furthermore, according to the study conducted on the causes and consequences of squatter settlements in Yeka Sub-City, between year 2005 and 2012 more than 914 houses were built on 47,000 square meters of land (Sirgut Gezahegn, 2013). The expansion also took place to the east to Kotebe area (for residence); to the south Kalitti and Makkanisa area (dominantly planned for both residence and industry), to the West along the road to Jimma and Keraniyo (mainly for residence), and along the road to Ambo (mainly formal housing in the Asco area). The table that follows sheds light on the extent of informal settlements in different parts of the city.

Table 2 The Location of Squatter Settlements

Location	Woreda	Kebele	Area in hectare
Kotebe (kara-Alo) along both sides of the Dessie road	28	03	112.5
Kotobe	28	02	81.25
Kotobe	28	01	62.5
Kotobe (Yeka)	16	22	48.75
Reppi	24	16	138.75
Jimma road on the right side of the road to Sebeta	24	16	228.13
Ayer Tena the settlements around the UDPO housing project	24	15	115.63
Hanna Mariam along the left and right side of the ring road	19	60	288.13
Kaliti around the waste water treatment plant (along the river)	27	11	62.5
Nefas silk WorkuSefer	19	59	95.00
South of WorkuSefer	27	11	38.75
North of WorkuSefer (Adjacent to Bole Bulbula)	17	20	80.00
Gourd Shola (south of transport ministry workers residence)	28	04	81.25
CMC (North of the special housing project)	28	03	350.00
Meri(south and northern part of the road to Ayat)	28	03	90.63

Source: ORAAMP 2001, in AR, 2002: 4

3.1. Modalities of access to land in informal settlements

In most cities in the developing world a multiplicity of land delivery mechanism exists, which has not generally been acknowledged by government. In Addis Ababa, data show that land is acquired illegally in addition to direct occupation. This includes purchase from farmers and from established informal settlers. This modality is mainly facilitated by illegal brokers and speculators.

Table 3 Sample Illegal Land Acquisition in Kolfe-Keraniyo sub-city

Acquisition forms	Units	Percent
Bought from farmers*	78	52

Bought from informal sub-dividers	42	28
Brought from informal settlers	19	13
Bought from vendors	11	7
Total	150	100

Source: Kolfe Keranyo Sub-city, 2010

**Peasant associations and individual farmers around the city provide urban land to individuals for housing construction without the consent of the concerned legal urban authorities.*

One can understand from the preceding data that informal settlements have continued to grow and expand throughout the city particularly in the sub cities located in expansion areas. Most of these settlements are believed to have been built in violation of the city’s master plan. Was the city administration aware of this phenomenon? If so, what measures have been taken so far? The sections that follow will address these questions.

3.2 The Implementation of Regulations in Controlling Squatter Settlements in Addis Ababa

Saying these much about the prevalence and expansion of squatter settlement in the city of Addis Ababa, let us now look at the legal frameworks adopted by the city government at different times (Regulation No. 1 of 2000 and Regulation No. 2 of 2010) in order to control and prevent the expansion of squatter settlement in the city. As indicated in the literature above, two basic approaches are of relevance in this case, preventive and curative measures. Preventive measures are taken to prevent the emergence of squatter settlements. On the other hand where the squatter settlement had evolved with its attendant problems, appropriate curative measures are undertaken. To this effect Regulation No.1 of 2000, Regulation No.2 of 2010 and Directive No.17 of 2014 were promulgated by the City Government. These regulations stressed that squatter settlements affect the growth and development of Addis Ababa and have diverse effects up on the growth of the city in general and master plan of the city, squatters, and residents of the city in particular. Directive No.17 of 2014 is implemented only for almost half a year. Hence, it could be too early to make the review of the implementation of this directive. Therefore, the scope of this paper is limited to the review of the two earlier regulations focusing on their achievements and challenges.

3.2.1. Regulation Number 1 of 2000

Regulation number 1 of 2000 was the first regulation adopted by the then municipal Administration of Addis Ababa in 2000. As it is indicated in the Regulation’s preamble the primary purpose of enacting such regulation was to build efficient land utilization in the city by controlling informal settlements. In the preamble, it states that;

".....አዲስአበባከተማያለውንየመሬትይዞታናአስተዳደርበተሸለናቀልጣፋአገልግሎትእንዲሁምውስንየሆነውንየመሬትሀብትአጠቃቀምበተገቢውሁኔታበማስተዳደር፣ህገወጥነትንበመከላከልእንዲያስችልየከተማውአስተዳደርልዩትከረት ሰጥቶበትበ1992ዓ.ምመመሪያቁጥር1/1992ዓ.ምአውጥተዋል::በዚህመሰረትመመሪያውከወጣበትቀንጀምሮወደሙለትግበራበመግባትከግንቦት1988

ዓ.ምበፊትበተለያየመንገድየተያዙናህጋዊየይዞታባለሙብትነትማረጋገጫስነድላልነበራቸውየመሬትይዞታዎችናቤቶችየባለይዞታነትናየቤትባለቤትነትማረጋገጫስነድመስተንግዶይሰታል...፣(Addis Ababa City Administration, 2010:1)

Its English version can read as "...to provide proper and better service delivery in the land tenure and its administration in Addis Ababa City, to manage the scarce land resource utilization and to prevent illegal settlements, the City Administration has given due attention and enacted Regulation No. 1 of 2000, Based on this, the implementation of the regulation should be made to treat all lands and houses occupied through different means and which do not have any legal ownership and title deeds with the provision of title deed certificates.

Moreover, the regulation states that all illegal and squatter settlements which are occupied after the Proclamation No. 47/67 should be treated in two ways. First, those lands and houses occupied up to 1996 can be legalized if they are found in compliance with the master plan provided that they fulfill some conditions indicated in the law. The next paragraph is an explanatory of this intent. Those illegal holdings serving for residential purpose and in conformity with urban development plan and for the unauthorized holder who fulfills other criteria mentioned in the regulation shall be regularized for once according to the minimum plot size standard of the City by entering in to the lease system within four years' time starting from the date on which the regulation came in to force.

Despite the regulation, illegal settlements have flourished in the city from time to time because of failure to implement law and order and abstentions from taking action after illegal residences are built. Abstention from taking action against illegal settlers refers to a situation where the concerned bodies consciously or unconsciously ignore the problems of informality either due to lack of capacity to tackle the problem or failure to recognize the existence of the problem in terms of its scale, intensity and severity.

Another major problem is the misinterpretation and misunderstanding by the residents of Regulation No.1. The true intention of the Regulation was to minimize illegal settlements by legalizing all residential houses built between 1975 and 1996 if they fulfill minimum requirements such as alignment with master plan and plot size not more than 175 square meters. The residents interpreted it to mean that all squatter housing units will be given legal status and recognition by the city government. Thus the issuance of the regulation has contributed to the emergence of new waves of squatter houses instead of curbing it. For instance 400 squatter housing units were constructed around Bole Secondary High School in a very short period of time following the issuance of the regulation (ORRAMP, 2001 quoted in MinwuyeletMelese 2005:23). According to this study, 59.1 % of the respondents in another sub-city called KolfeKeranyo have built their houses after the issuance of the Regulation.

Consequently, the problem has contributed to the unplanned and horizontal expansion of the built-up area resulting in increased costs in terms of infrastructure and basic urban service provisions. This prompted the issuance of another regulation called Regulation No. 2, 2010.

3.2.2 Regulation Number 2 of 2010

As to the preamble of the regulation, the objectives of the regulation are stated in the following way; "...በመመሪያቁጥር2/2002ዓምመሰረት ያለበቁስነድከግንቦት 1988ዓ.ም በፊት በተያዙና የይዘታማረጋገጫ ሰነድ ጥያቄ መስተንግዶ ላይ ማነቆ የሆኑትን ናክፍተት የነበረባቸውን እና በአዋጁ ጋር መጣጣም ያለባቸውን አንቀጾች በማሻሻልና ሌሎች አንቀጾችን እንዲያለባቸው ማዘጋጀት፤ እንዲሁም በዋነኝነት ከ1988

ዓ.ምወዲህየተያዙደዘዎችንአስተዳደራዊመፍትሔበመስጠትናበቀጣይምህገውጥየመሬትወረራንበመግታትእንዲያስችል... " (AACAA, 2010:1)

Primarily, the first objective of this regulation is to give solutions to the squatter settlements established before 1996. Since Regulation No.1 has almost failed to properly address its objectives, the first objective of Regulation No 2 was to address the backdrops of the first. Hence, within this time the city administration has identified more than 73,000 squatter settlements to be upgraded to formal settlements. Here what should be understood is that the number of squatter settlements which were not regularized by the Regulation No.1 of 2000 was around 44,000. However, the second regulation has identified 73,000 settlements to be regularized. This shows that there was an increase of almost 40% or 30,000 squatters. Hence this figure is attributed either to the fact that there were unidentified squatter settlements established before 1996 by Regulation no. 1 or they were new settlements established after the adoption of regulation no 1.

With the high temptation for informal settlements in the city, it can be safe to say that most of the increase in illegal settlements after Regulation No. 1 is due to new illegal construction. For instance, there was an intensified squatting in the years between 2005 to 2007 due to the political instability occurred just after the 2005 national election when the city was under provisional care taker government.

3.2.2.1 Did Regulation No.2 of 2010 Succeed?

Regulation No.2 of 2010 had remarkable achievements in regularizing squatter settlements. It employed both approaches of controlling squatter settlements (preventive and curative approaches). With regards to the first objective the implementation result shows that the regulation has some positive impacts. Primarily, the administration has regularized 80% of squatter settlements. 20% of them were left unregulated by the regulation. Thus it could not fully prevent the expansion of the settlements. This can be implied from the issuance of directive No.17 of 2014 which has the objectives of regularizing around 14000 squatter settlements occupied before 2005. This implies that there are expansions of squatter settlements even after the implementation of regulation no 2 of 2010.

3.3 Demolishing

According to (Daniel Lirebo, 2006), there are two major views regarding the core spatial characteristics and root causes of informal settlements in Addis Ababa. The first line of view, which has been emphasized by the city government, is that most of the informal settlements found in the expansion areas of the city are "non poverty driven "in character. The main essence of this view is, informal settlers in the expansion areas have occupied large plots (on the average 300sq.m) and close to 70% of them have good services (water, electricity, access road and in some cases telephone). In terms of income, most of the settlers are "middle to high income groups' and speculators. In this view informality is not considered as the only domain of the poor; it is also an area of strong groups and networks who have power and influence. On the bases of this assumption, therefore, the city government was emphasizing, "demolition" as a major corrective measure and as the result thousands of housing units were demolished in the past.

The second line of view is the perception held by many scholars and organizations including the World Bank and UNCHS (Habitat). This point of view

generally perceives informal settlements as "poverty driven" settlements, which have evolved due to a number of socioeconomic and institutional problems. Informal settlements, according to this view, are self- built settlements occupied by people living in the situation of poverty.

As far as informal settlements in the expansion areas of Addis Ababa are concerned, it is not easy to conclude whether they are "poverty driven or not". This is because of the fact that some of these settlements do not have a sign of poverty (rather they are good housing, have large compound and full services) while other are suffering from lack of services, are highly crowded and located at environmentally sensitive areas.

Table 4 Demolished informal settlements in different localities

Location	Woreda	Kebele	Area (in hectare)
Kotebe (Kara-Alo) along both sides of the Dessie road	28	03	112.5
Kotebe (Yeka)	16	22	48.75
Reppi (Kolfe-keraniyo)	24	16	228.13
Hanna Mariam along the left and right side of the ring road	19	60	288.13
Kaliti around the waste water treatment plant (along the river)	27	11	62.5
South of Worku Sefer	27	11	38.75
Meri (south and northern part of the road to Ayat)	28	03	90.63
Total			869.39

Source: (Daniel Lirebo, 2006).

Because the law enforcement of illegal settlements is not done consistently, affected families tend to reassemble and start all over again. In some cases it has also led to political strife because it led to resistance and anger among the affected.

1 Why squatting continued?

There are a number of reasons for the proliferation of squatter settlements, poverty, high population pressure, aggravated by rural urban migration and weak municipal capacity.

Furthermore the proliferation and development of informal settlements is a consequence of multiple factors including the demand supply imbalance in the provision of housing, historical influences and the failure to anticipate this demand, rapid urbanization accompanied by a stagnating rural sector and the absence of adequate levels of economic growth.

Table 5 Major determinants / cause of informality in two sub-cities of Addis Ababa

Sub- City	Leading cause(s)	Secondary causes

Bole	The lack of ability to pay for the land There was no conscious effort by city officials to target critical land problems increased rural urban migration resulting in increased demand for land versus limited supply increasing levels of poverty	increase in speculative behavior leading to higher prices of land Over emphasis on land for investment rather than for housing the poor. Artificial land price
Yeka	Bad governance and corruption Shortage of land high land values Increasing levels of poverty, unemployment and under employment Inefficient land administration procedures Increased rent seeking behavior Weak law enforcement mechanisms Delays in the land delivery process High temptation for land occupation	1. Most land allocation procedure based on the bidding system which favours the most affluent, weak law enforcement mechanisms

Adapted from Tenday Gondo, 2008

3.3.2 Elaboration of the Causes of Illegal Land Occupation

As stated repeatedly, many factors have militated against effective land management in the city of Addis Ababa including weak law enforcement, inefficient and corrupt bureaucracy, intervention of brokers and speculators, problems related to the capacity of Land Administration Authority, population pressure and perception problems from the public. Each of these challenges is briefly discussed in the following section.

1. Capacity problems in law enforcement

There are institutional arrangements made to deal with illegal settlements and illegal constructions. One of these is code enforcement unit in the municipality. The most important tasks carried out by law enforcement officers (Demb Askebaris) employed by Kebeles include controlling unauthorized construction. However, the current law enforcement body is poorly equipped, drawn from low profile groups and poorly trained. Some of them cannot even identify forged documents brought to them by the settlers. On the contrary the illegal settlers are sometimes well organized and financially rich to avert attempts of bulldozing. It is an exercise that has generated threats from some residents. As the demolition of illegal settlements is not done consistently, affected families tend to re-assemble and start all over again. Reports indicate that illegal settlers are violent. The recent killings of district administrator and two police officers of Nifas-Silk Lafto sub city is a case in point. The other problem is that the law enforcement unit has many other responsibilities other than controlling squatter settlements. They are responsible for controlling illegal trade and illegal animal slaughtering. They perform this in rounding shifts every three weeks. By the time they come to control illegal settlements, new illegal houses have been built to complicate the matter. Moreover, the settlers bring suspension papers from the court and it takes years until cases are proven illegal. The staffing of code enforcers in one of the sub-cities is indicated in the table below.

Table 6 Planned and actual staffing in code enforcement in Arada sub-city

No.	Positions	Planned	Actual
1.	Head, code enforcement	1	1
2.	Coordinators	3	-
3.	Kebele coordinators	10	9
4.	Code enforcement workers	170	149
5.	Total	184	159

Source: Arada sub-city, 2008.

The other point reported by one of the city officials is that out of the 6000 employees floated following organizational restructuring in 2003, around 3000 were deployed to the newly created offices such as Code Enforcement and city Sanitation and Beautification Agency. It is not clear whether these new offices were created for the sake of floated employees or whether the new jobs are really meant for the purpose code enforcing. Jobs like code enforcement in such a complex city requires well trained and qualified staff than staff of mediocre quality that floated. There are tangible evidences that the code enforcement group is not doing its job. Squatter settlement, unauthorized building, illegal slaughtering kept on increasing even after this office was established.

2. Inefficient and corrupt bureaucracy

Informal settlements cannot be viewed outside the formal system as it emerges by the weakness in the formal structure. In Addis Ababa Land management was considered as too bureaucratic. This had discouraged people from using legal means and led them to involve in squatter settlements. On the other hand, poor documentation and loss of individual files retarded service delivery process. According to African Development Bank (2009), although the prevalence of corruption in Ethiopia has been historically low, there is a perception that the problem is growing. The Economic Intelligence Unit 2007 Country Report for Ethiopia states that forces of economic liberalization and commercialization appear to have increased opportunities for corruption. Areas prone to rent seeking behavior and corrupt practices include the allocation and leasing of urban land and transactions where rules and procedures are not clearly defined, or regulatory oversight over decisions is weak.

3. Brokers and speculators

Land values, market values of houses and house rents are usually determined by brokers and speculators. The major reason for this is that brokers get commissions based on the prices offered. What makes the matter worse is that some of these brokers do not have any educational background that guides their decisions. The sole logic is to maximize their income by whatever means. The price of land has grown unexpectedly and underutilized land has been spread all over the city. Though the local government did not confirm the figure, it is expected that more land is occupied for the last couple of years being underutilized. The occupiers have claimed that the increase of the cost of building materials, inaccessibility of getting bank loan due to bureaucratic procedures, and the policy itself have contributed for the halt of their investment. Some of the reasons seem right but it may be possible to conclude that they may speculate or in other words they might wait for the increase of land value.

Other types of brokers exploit the regulatory loopholes in land service guidelines. It is indicated that there were dozens of scattered guidelines differently interpreted at different sub-cities. Generally, it can be concluded that the price of land, house and rent of house has appreciated due to the brokers' unhealthy involvement in land related issues which in turn leads some of the people to conquer public land illegally.

4. Perception problems of the public

There is inherent temptation for illegal land holding on the part of the public, hiding documents, bringing forged titles, hiding bank and court suspension papers when asked. Rent seeking behavior has been on the rise in the private market, with the bulk of people resorting to speculative behavior responsible for hiking the value of land parcels. The report of the chamber of commerce indicated the problem as follows: "Auctions are repeatedly reversed; some business actors secure land outside auctions or any other defined and known means; while on the one hand large tracts of urban land are held idle for a very long time by individuals who do not have the capacity to invest, those ready to invest are deterred for lack of it (chamber of commerce, 2007)."

5. Population pressure

Factors such as population increase, rural-urban migration movements and concentration of economic and social services in Addis Ababa have resulted in increasing the demand for housing. In this case population growth has a significant impact on driving up land value which affects housing and property affordability. Due to the population growth the land supply could not meet the demand, as a result many citizens tempted to hold land informally. The oversimplification of urbanization dynamics in Addis Ababa and the absence of national balanced urban development policy holds true for the problem of the mismatch not in housing supply and demand but in other basic urban services.

4. CONCLUSION

One of the most vexing problems confronting many of the developing nations in the world today is the illegal occupation of land. This is generally known by the term "squatting." Its most frequent causes are the great increase in national populations, the surge of people toward the cities, and the incapacity of the affected nations to meet the needs of urban growth by providing the land and housing needed to accommodate their urban newcomers. To secure footholds in the cities, millions of people, in violation of law and ownership rights, have seized land and erected makeshift dwellings. In the cities of the newly emerging countries, squatter settlements are to be seen on hillsides, parks, roadsides, on unplanned land on the urban outskirts and even on valuable land in the cities' centers. As more people pour into the cities and appropriate land, governments are finding it more and more difficult to dislodge them or to prevent it from happening.

Squatter settlements have greatly expanded and contributed to the unplanned and irregular horizontal expansion of the built-up area of the city. In such conditions, formal development and management of the city of Addis Ababa is very difficult. If there is no mechanism to halt such illegal development and illegal subdivision of land by squatter settlements, orderly development of the city will be impossible. The situation of squatting

has a significant implication on urban development on one hand and the situation of the squatters themselves on the other. Various policies and plans have been taken versus informal settlements including those policies that cover wide range from compulsory demolition and withdrawal to construction of low-cost houses and social housing and land and services technique. All of the previously mentioned techniques have not too succeeded because of various reasons.

The researcher assessed the extent of squatter settlements and the measures taken to control them. In order to achieve the objective of this study, secondary data sources were mainly used to analyze the subject. The findings indicate that though the city administration made attempts to prevent the construction of illegal settlements by issuing various regulations, the proliferation of illegal settlements has continued unabated. Thus, demolitions had taken place in parts of the city where preventive measures failed. Both in the implementations of the regulations and demolitions, the city administration faced many problems such as high temptation for illegal construction, population pressure, weak law enforcement and inefficient institutions.

The increase in informal settlements in Addis Ababa can also be associated with lack of enlightenment of the public on planning regulations, unwillingness to accept laid down regulations, and high cost (of money) involved in getting the right land papers.

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COMPARATIVE ANALYSIS ON THE QUALITY OF EDUCATION IN RURAL OF CLUJ-NAPOCA METROPOLITAN AREA

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Abstract: *The research project aims to address a specific problem - the quality of rural education as a public service in correlation with the possible factors that would influence the phenomenon studied, customized in the rural part of Cluj-Napoca Metropolitan Area. Education in the peri-urban areas of municipalities today faces problems related to the inability of local administrations to manage the services and may impair the quality of life. The comparative analysis will concern the identification of the satisfaction level of the population with respect to the educational services in the communes that make up the Ring I and the Ring II through a questionnaire addressed to the population, the budget analysis regarding the impact at the level of the administrative-territorial units analyzed, the correlation of education with dimensions of quality of life identified through an index. The main conclusions will help to identify, improve and integrate the strategic development perspectives to reduce certain existing rural-urban disparities, needed for both researchers and decision-makers.*

Keywords: *quality of education, rural development, metropolitan zone.*

1. INTRODUCTION

The diversity of the problems existing in the community, the complexity of the situations, the number of actors involved but also the number of those affected are the factors that render predictability in the analysis of public policies. The disparities between the urban and rural areas involve the analysis of education as a complex, multidimensional and multidisciplinary problem. The main reforms initiated over time, both in the educational field and in the public administration should have improved the results in the field of education (Mărginean & Balaşa, 2002).

According to the reports prepared by the European Commission, half-yearly, Member States that joined the EU after 2004 have undergone substantial administrative reforms as part of the preparation for EU accession and aimed at modernizing the policy-making process, improving effective coordination and creating a new one. merit-based public administrations but also the improvement of public services.

It is generally accepted that institutions have become more open and transparent, access to services has been increased, and their quality has improved. However, systemic analysis of reforms in the field of public administration, responsible for providing and meeting the needs of the citizen, is difficult to analyze in a context in which the disparities and many variables that make up the quality of services are cross-sectionally studied.

In a recent study (Hammerschmid et al., 2013) analyzing the results of the reforms at European level highlighted the degree of deterioration of certain elements that make up the results of the reforms: quality of services, fairer treatment of citizens, equality between cost and efficiency, higher transparency and external openness, innovation but also the effectiveness of policies had the highest improvement scores (over 4, on a scale from 1 to 7, where 1 = severe damage to 7 = significant improvement). Participation and involvement of citizens, reduction of internal bureaucracy but also social cohesion remained with a rather low score.

For example, rural life has become increasingly relocated, especially as agriculture continues to decline (Lowe & Ward, 2009). As was the case in the United Kingdom, low performing regional economies are considered to constrain state activity as a whole, thus receiving less public resources to remedy the situation, resulting in inefficient allocation of other resources and investments contributing to external negative effects, such as congestion in urban areas (Porter et al, 2004).

Education in rural areas, especially in the peri-urban area of municipalities, is facing problems related to the inability of local administrations to manage school units and their related infrastructure (Isserman, 2009). The dynamics of education in rural areas cannot be linked to a certain political regime. The development of the rural environment knew the strongest dynamics of the capitalist regime and continued in the first decades of the communist regime. (Mănescu et al, 2015, p.265). The Romanian villages are very diverse if we analyze different internal elements, of particularity, such as strengths or weaknesses but also in different contexts, viewed as opportunities (related to mobility, accessibility or good development in the last period) or risks (incapacities and limits management and affecting a fairly large population). Moreover, the sociological results are not in favor of a correlation between the increase of the quality of education in the rural environment and the measures, the public policies in the educational field.

In the rural environment, various indicators are analyzed, of which the most relevant and accessible is the dropout rate. In many cases in the rural areas, the participation in the initial education is high, but most of the times unfinished, the children interrupting their studies after the first elementary classes and rarely resuming their studies after certain periods of interruption. (Mănescu et al, 2015, p.266). At the same time, there is an interconnection between the problems and concerns that affect the sustainability of the rural or regional area, and for this reason, the first attempts are those of outlining complex programs, equally for the support, understanding or functioning of the educational units but also of the local communities.

Considering some research conducted on the intervention strategies regarding the increase of the quality of education in the rural environment through interventions in the area of teaching or stimulating programs (Reid et al., 2008, 2010; Green & Letts, 2007, 2008), the current approach regards the rural part of the Cluj-Napoca Metropolitan Area with the cultural and geographical and cultural particularities in correlation with possible methods of intervention.

The main challenge in providing quality educational services in the remote communities of the cities or in the peri-urban area is still present and current, in the context in which the economy and development of the areas is not unitary. For example,

in 2001, the term "periurban territory" is first introduced (Law no.350 on spatial planning and urbanism), being defined in Annex no.2 as "the surface around the municipalities and cities, delimited by specialized studies, within which relations of interdependence are created in the economic field, of the infrastructure, trips for work, insurances with green and leisure spaces, insurances with agri-food products, etc.". The term "periurban territory" is often used in this law together with that of "metropolitan territory", which is defined as "the area around large urban agglomerations, delimited by specialized studies, in which mutual relations are created of influence in the field of communication, economic, social, cultural and urban infrastructure. Usually the limit of the metropolitan territory exceeds the administrative limit of the locality and can exceed the limit of the county of which it is part. Although the difference is strictly related to the size of the core city, the purpose of establishing them was to access European funds at the initiative and based on the agreement between the local authorities. But the metropolitan areas were also encouraged by the local authorities, willing to provide real estate, economic or social opportunities, and to have any kind of growth, be it demographic either (Clark et al, 2018).

1.1 Particularities of the rural area of the Cluj-Napoca Metropolitan Area

In the contemporary world of education and schooling, rural schools and communities are highlighted both as "insults" and "officially called" by the metropolitan pole as deficient, backward and socially undesirable (Reid et al., 2010: 265).

This overcoming of stereotypes evoked symbolically in the descriptions of rural "problem" in education is essential to support and enhance the diversity of rural communities. Another author, Bourdieu, in relation to the social space (report of policies for production, place and people), considered the "problem suburb" or "ghetto" the spaces that were presented not as models of good practice, but a general assumption, for this reason many of the spaces in around these cities today, too, they benefit from such assumptions (Bourdieu, 1999: 123).

Looking at the overall problem of developing and balancing the rural-urban relationship, an interesting study is that of Smętkowski (2013: 145-155), who stated that in the countries of Central and Eastern Europe the component of regional development explains more than one third of the variation of all the factors of that development and is most strongly correlated with human capital resources, partially expressed in terms of quality of education.

The cited author also shows that metropolitan areas are developing endogenously as a fashion, while the development of non-metropolitan (rural) areas is exogenous, resulting from the dissemination of progress even from remote metropolises.

As a city of growth, according to the Government Decision no.998/2008, Cluj Napoca responds to important socio-economic criteria, identified as:

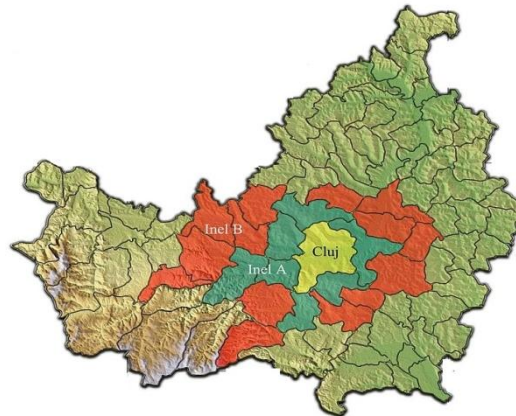
- the potential for economic development (high degree of functional specialization);
- research-innovation capacity (universities, research institutes, centers of excellence,

scientific nuclei with a critical mass of high quality research, which have the capacity to keep up with advances in science and technology);

- adequate business infrastructure (industrial parks, incubators, scientific and technological parks that ensure the commercialization of research results);
- business environment and culture based on the diversity of business relationships and social connections;
- accessibility (road, rail, air, sea);
- the public services offered (health, cultural infrastructure);

According to the integrated Strategy for the development of the Cluj Metropolitan Area, the same factors determined the establishment of a strong relationship of a strong center - rural hinterland, the area being made up of Cluj Napoca and the 18 communes. Their degree of development, predominantly high, as well as the restriction of the urban expansion within the administrative limits of Cluj Napoca due to the topography elements, generated a strong peri-urbanization effect (Integrated Strategy for Metropolitan Area Development, p.23). The same document states that since there are structural, functional, socio-demographic and topographic differences in the Metropolitan Area, a modeling of these areas was necessary. The development trend is clearly pronounced in the direction of EV, thus being able to delimit an area called the first ring of development, comprising the communes from the first crown (Florești, Baci, Chinteni, Apahida, Feleacu, Ciurila and the second ring formed by Gilău, Gârbău, Vultureni, Borșa, Bonțida, Jucu, Căianu, Cojocna, Aiton, Tureni, Petreștii de Jos, Ciurila.

Figure 1 Cluj Metropolitan Area, communes classification in strategic areas Ring 1 (A) and Ring 2 (B)



Source: The Intercommunity Development Association Cluj Metropolitan Zone.

The Intercommunity Development Association Cluj Metropolitan Zone represents the associative framework and the main source of projects. It was founded in December 2008 by the association of Cluj-Napoca with the territorial-administrative units in the proximity area. The total area of the Cluj-Napoca Metropolitan Zone is 1,603 km², occupying 24% of the territory of Cluj-Napoca County, but concentrating 59.87% of the

county's population in relative values of 379,705 inhabitants. (Population and Housing Census, 2011). Considering the ring structure of the Metropolitan Area, within the 30 km radius of Cluj-Napoca, the following two territorial areas were delineated as a preliminary working tool:

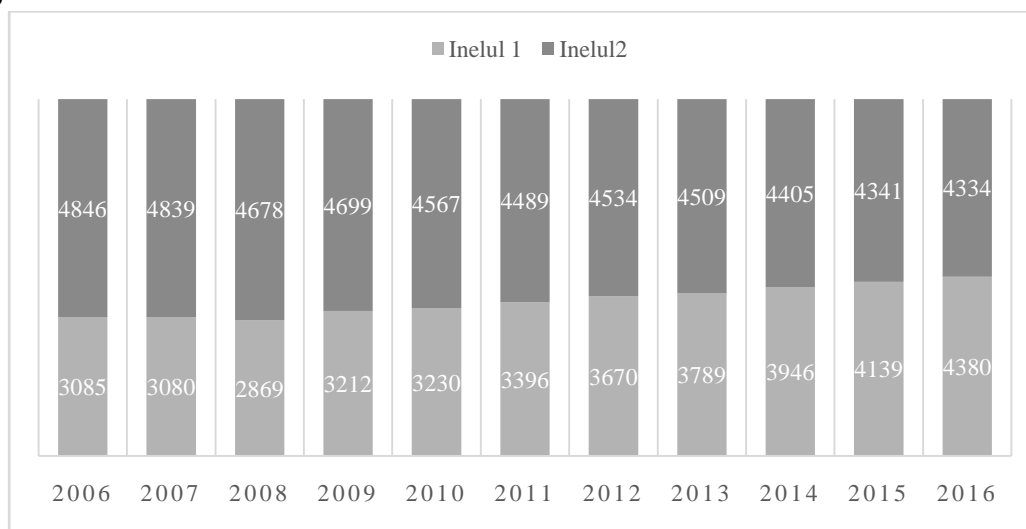
1. The first crown of communes, the 1st Ring, comprising the communes in the vicinity of Cluj-Napoca and located fully or almost completely within the 40-minute isocrone: Florești, Baci, Chinteni, Apahida, Feleacu.

2. The second crown, the 2nd Ring, the outlying communes: Gilău, Gârbău, Vultureni, Borșa, Bonțida, Jucu, Căianu, Cojocna, Aiton, Tureni, Petreștii de Jos, Ciurila, Săvădisla, Sânpaul.

Access to city functions, as well as increased rural-urban mobility, have improved aspects of quality of life in rural areas adjacent to the city, but the extent of the impact can hardly be identified. From the analysis of the data generated by the National Institute of Statistics, positive population dynamics in Cluj-Napoca (2.9%) and from the 1 ring of communes in the period 2006-2014 indicate the largest population growth in the metropolitan area. The data identifies significant increases in the communes around the municipality of Cluj-Napoca: Apahida - 52.4%, Baci - 30.3% with the mention that the percentage of Florești commune exceeds 150%. The relevance of these increases and implicitly the concern to outline a quality of life perspective is also reflected in the evolution of the natural increase correlated with the population. For the city of Cluj-Napoca, a situation is generated that presents positive values every year, except for 2006. Although the situation is positive, the growth is not absolutely linear, proving also the years 2012, 2014, but also 2016. The variables that determine the change of the value of the natural increase is related to changes at the legislative level, more permissive or oriented to support the establishment of a family, a better standard of living, etc. For the commune of Florești, part integrated in the metropolitan area of Cluj-Napoca we have a linear, positive evolution of the natural increase. Florești commune benefits primarily from the advantage of the site, being in the immediate proximity of Cluj-Napoca, an advantage that has already been explored and rationally chosen for housing alternatives.

The area of educational services, from the analysis of working documents and plans made so far focuses exclusively on the development and modernization of the educational infrastructure in the rural area, although the first investment priority (2014-2020) is the development of a strong university center in the city of Cluj-Napoca.

Figure 2 The evolution of the school population from the total population. Ring 1 and Ring 2, 2006-2016



Source: INSSE data processing

Regarding the evolution of the school population in Ring 1, we can talk about a progressive growth of it. This increase could be explained by the higher level of education of the population, but also by ensuring a quality educational environment. An inverse situation with the one presented above, in Ring 2 we encounter an involution of the school population, their number decreasing almost progressively during the analyzed period.

Table 1 Total expenditure on education in the communes of the Cluj-Napoca Metropolitan Area

	Total expenditure	Education expenditure	Percentages
AITON	1.869.967	74.458	3,98
APAHIDA	27.244.602	2.234.224	8,20
BACIU	16.786.000	1.276.327	7,60
BONTIDA	7.010.478	421.966	6,02
BORSA	4.786.872	406.593	8,49
CAIANU	6.398.171	340.359	5,32
CHINTENI	10.248.527	704.220	6,87
CIURILA	5.387.298	904.571	16,79
COJOCNA	5.422.855	902.756	16,65
FLORESTI	47.127.472	3.096.690	6,57

GILAU	13.088.531	1.823.021	13,93
GIRBAU	8.022.183	373.632	4,66
JUCU	16.788.071	1.100.875	6,56
PETRESTII DE JOS	6.984.397	281.138	4,03
SAVADISLA	7.738.292	646.245	8,35
SINPAUL	5.821.616	131.254	2,25
TURENI	8.383.647	284.351	3,39
VULTURENI	5.689.655	93.764	1,65

Source: Directorate for Fiscal Policies and Local Budgeting

A first analysis related to the quality of certain services could be reproduced from the budget analysis. In 2018, the majority of the communes in the metropolitan area are having difficulties in allocating financial resources for educational services. Only for Ciurila, Cojocna and Gilău the percentages of the total expenses for education exceed 10%, while for the other communes, the expenses are below this weight, the lowest being the one recorded in Vultureni (1.65%), a municipality located in the Second Ring. These expenses are also justified by the possible investments made by the administrative-territorial units for the identified communes.

2. SURVEY AND METHODOLOGY

Measuring education quality is a complex process which depends on very many factors; therefore, it should be assumed that the determinants listed here do not exhaust the list of factors affecting the quality of educational processes, but merely signal the complexity of the issue (Czyłewski & Polcyn, 2016). Some studies about education quality take into account the standard of schools' technical equipment and pupils' access to computer technologies. Other reports provide information on the effect of financial resources on education quality, again revealing a link between education quality and social capital. It must be borne in mind, however, that social capital also affects education quality directly. Education quality may not be a result of the amount of financial expenditure, but may be strongly modified by cultural issues and the ineffectiveness of educational resources (Heyneman 1997: 449-466). Moreover, the educational effects achieved may be very significantly dependent on the availability of school resources (Gamoran, Long, 2006 apud Czyłewski).

2.1 The use of indicators

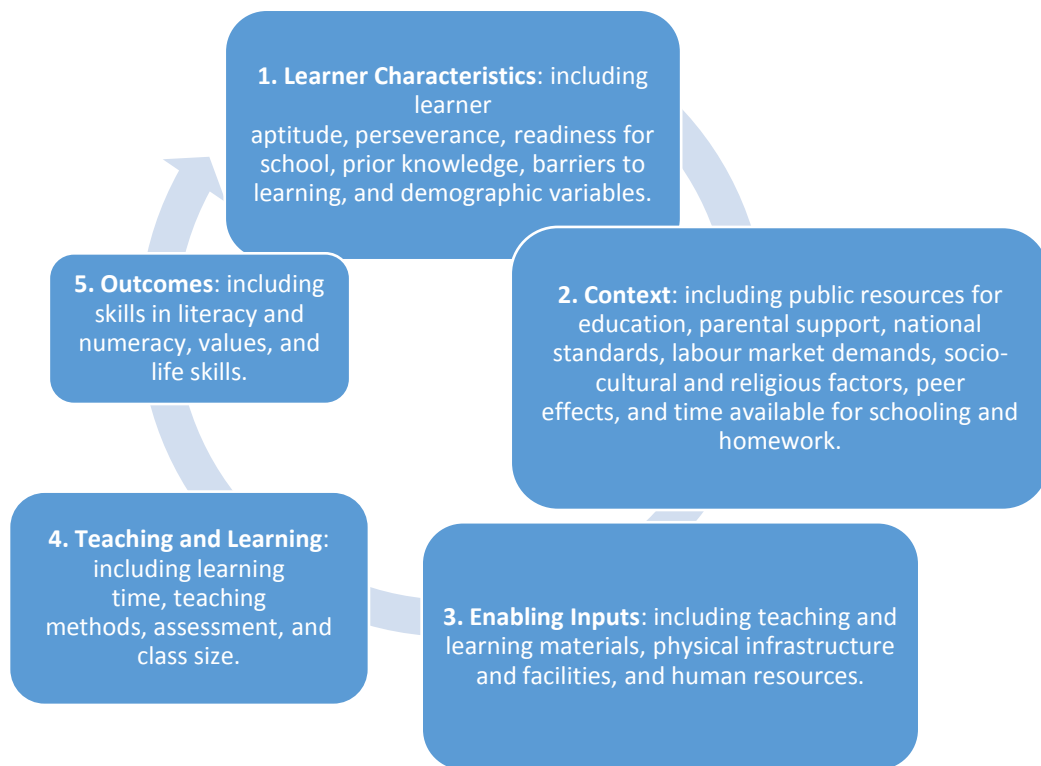
In its simplest form, quality education can be conceptualized as investment and value addition. The investment side captures benefits in the form of higher earnings,

better health, contributions to the arts, effective participation in the democratic process and other outcomes that education improves. Taken from the community perspective, the quality of an education system refers not only to the amount of investment and consumer benefits, but also to the way in which they are distributed among individuals. (Ladd, Loeb, 2013: 22-25)

Examples of process measures of education quality include evaluations of teacher quality based on observations of their practices in the classroom (Grossman *et al*, 2010; Kane *et al*. 2010) and inspectorate reports on individual schools. Such reports are typically based on visits by external review teams to individual schools on a periodic basis.

Even though there are many indicators for measuring the quality of education, understanding what quality means varies between countries. Also, different actors and organizations in education have their own definitions. However, most tend to agree on three general principles: the need for relevance, fairness of access and outcomes and proper respect for individual rights (UNESCO, 2004). The indicators promoted by UNESCO are presented below:

Figure 3 UNESCO's framework on the variables of education quality



Source: UNESCO, 2004, p.36

In an article on how to create the strategic profile of a community, Hincă (2015) points to the need of including a quality of life analysis in every strategic plan to better

define the strategic profile. He defines quality of life as a concept that ‘analyzes the lifestyle, level of well-being, level of development and of attractiveness of a community from the citizens’ perspective’ (Hințea, 2015: 109). He refers to the subjective and objective measures of quality of life. In order to obtain an integrated governance approach, all strategic efforts in Cluj-Napoca’s Metropolitan Area should follow the same path. Having a common vision based on qualified human resources, engaged university, long-term sustainability and prosperity, and knowledge-based economy will help achieve a strong cohesion in regional policymaking, all through a citizen-centric orientation (Hințea et al, 2018).

3. METHODOLOGY

3.1 Data source and sampling

The practical part of this paper uses a quantitative research method, a survey (with 23 questions grouped into six dimensions), the phenomenon investigated, in which case the quality of education and life in the rural area of Cluj-Napoca Metropolitan Zone is measured in a single moment, the values describing the characteristics measured in a single temporal section. Each dimension has a specific number of items, and respondents used a scale from 1-10 to express their satisfaction with the various quality of life and education dimensions. In the case of this research we have a non-probabilistic convenience sample, we measure the variables once, and finally we analyze and extract the conclusions based on them. Citizens were selected through educational institutions at county level (designed by Faculty of Political, Administrative and Communication Sciences) based on a self-administered questionnaire. The advantage of this cross-sectional research is the possibility of generalizing the whole population. The objectives of research are both descriptive and test hypotheses that we will describe below. The research tool used was adapted to the Eurofound Barometer of Public Opinion on Quality of Life. The research is an exploratory one among the citizens from the 19 rural communities of the Cluj-Napoca Metropolitan Area. A total of 5,156 respondents chose to answer the survey questions. The univariate and multivariate analysis was pursued in SPSS Statistics 20.0.

3.2 Research questions

The study seeks to answer three main research questions:

- a. What is the relationship between the socio-demographic aspects of the respondents and the perception on the quality of education in the commune schools?
- b. Is the number of students who determine their commuting to the city of Cluj-Napoca determined by the quality of education in the commune?
- c. What is the level of quality of education in the communes of the Cluj-Napoca Metropolitan Area compared to other dimensions of quality of life?

The purpose of these assumptions is to see, in comparison, how the quality of education is placed in a metropolitan context, with different existing discrepancies and to

identify potential solutions regarding local reforms or to stimulate the increase of the quality of public services. For the first time we will present the descriptive statistics after which we will identify the factors, the correlations of the quality of education with other dimensions in the questionnaire.

3.3 Findings

The respondents are both men and women, 27.8% and 68.5% respectively. The ages are between 18 and 96 years, and the distribution of the respondents on the two rings is as follows: 2.254 respondents in the communes in Ring I and 2.902 in the communes of the Ring II. The ethnic structure of the Cluj-Napoca Metropolitan Zone respondents is consistent with the data generated by INSSE in the first part of the paper. Thus, we have a share of 73% Romanians, 10.8% Hungarians, 12% Roma, 1.4% who did not answer, 0.3% we have another nationality and 0.1% are German. For religion we obtained the following data: 71.5% are Orthodox, 8.3% Protestant, 7.2% Neo-Protestant, and 3% Roman Catholic.

Regarding the last form of education, the data shows a share of 24.61% of those who have as a last school graduated high school (9-12 classes), 17.03% vocational school, 16.99% gymnasium, 8, 79% have graduated from first grade of high school (9-10 classes) and only 8.55% are those who have completed long-term university studies. The share of the homeless throughout the Cluj-Napoca Metropolitan Zone is around 3.1%.

At the statistical level, we have a share of over 20% of respondents who are skilled workers, 16.9% are workers in trade services, 8.7% have liberal jobs (doctors, lawyers, teachers), 7.1% are workers Unqualified, the unemployed represent 5% of the total respondents. Also, 8.3% are employed in the public sector (civil servants). Regarding the satisfaction with the educational services, the following table presents the indicators of the central tendency (average) compared to the two rings that compose rural to the metropolitan area of Cluj-Napoca.

Table 2 Satisfaction with some dimensions of quality of education

	N (Ring I)	Minimum	Maximum	Mean	Std. Deviation
Satisfaction with Romania's overall education quality	1998	1,00	10,00	6,7427	2,21387
Satisfaction with Quality of Universities education	1618	1,00	10,00	7,1452	2,12661
Satisfaction with education in Cluj-Napoca's public kindergardens	1742	1,00	10,00	7,6619	1,98586
Satisfaction with education in Cluj-Napoca's private kindergardens	1324	1,00	10,00	8,7432	2,58852
Satisfaction with education in Cluj-Napoca's public schools	1771	1,00	10,00	7,4958	1,92144
Satisfaction with education in Cluj-Napoca's private schools	1302	1,00	10,00	7,9171	1,94487
Satisfaction with education in Cluj-Napoca's highschools	1653	1,00	10,00	7,4531	1,90983
Satisfaction with education	1489	1,00	10,00	7,7750	1,84690

in Cluj-Napoca's Universities					
The quality of education in the state kindergartens in the commune	1850	1,00	10,00	7,8551	1,93613
The quality of education in the private kindergartens in the commune	1191	1,00	10,00	7,8497	2,02839
The quality of education in the public schools in the commune	1880	1,00	10,00	7,7229	2,00619
The quality of education in the private schools in the commune	1051	2,00	10,00	8,5756	2,26533
The quality of education in the highschools in the commune	1217	1,00	10,00	7,4979	2,23648
Valid N (listwise)	847				
	N (Ring II)	Minimum	Maximum	Mean	Std. Deviation
Satisfaction with Romania's overall education quality	2572	1,00	10,00	6,3616	2,68911
Satisfaction with Quality of Universities education	2010	1,00	10,00	7,1219	2,18884
Satisfaction with education in Cluj-Napoca's public kindergartens	2045	1,00	10,00	7,4944	2,15623
Satisfaction with education in Cluj-Napoca's private kindergartens	1625	1,00	10,00	7,9618	2,12735
Satisfaction with education in Cluj-Napoca's public schools	2092	1,00	10,00	7,4101	2,11484
Satisfaction with education in Cluj-Napoca's private schools	1606	1,00	10,00	7,7410	2,20199
Satisfaction with education in Cluj-Napoca's highschools	2013	1,00	10,00	7,4620	2,08854
Satisfaction with education in Cluj-Napoca's Universities	1857	1,00	10,00	7,7345	2,06078
The quality of education in the state kindergartens in the commune	2378	1,00	10,00	7,6215	2,23309
The quality of education in the private kindergartens in the commune	1252	1,00	10,00	7,4321	2,58156
The quality of education in the public schools in the commune	2383	1,00	19,00	7,6425	2,22226
The quality of education in the private schools in the commune	1117	1,00	10,00	7,3447	2,63528
The quality of education in the highschools in the commune	1346	1,00	10,00	7,1345	2,53256
Valid N (listwise)	895				

Source: Author estimations

The assessment of the quality of education (variable measured using a scale from 1-10 where 1- not at all satisfactory and 10-very satisfactory) is presented differently in the two rings in the rural of Cluj-Napoca Metropolitan Zone. The index of general appreciation for education in the first ring is higher than that of the second ring in the case of most of the elements that compose it (education in Romania, education in schools

and kindergartens in the commune, education in the Universities of Cluj-Napoca). The much higher appreciation for the 1st ring is also due to the existence of a more efficient educational system benefited by the large communes (Apahida, Baciú and Florești), the education being a problem at the zonal and even national level in the communes located in the remote rural area.

3.4 Testing hypothesis

For the first hypothesis (the existence of a relationship between the quality of education and the socio-demographic aspects of the respondents) we used a correlation between the socio-demographic aspects of the respondents and how they assess the quality of education, especially in the schools and kindergartens in the communes grouped on the rings. This hypothesis can also give us an answer on the similarities or differences regarding the subjective assessment of the quality of education, using certain statistical indicators. For the second ring (made up of the communes of Gilău, Gârbău, Vultureni, Borșa, Bonțida, Jucu, Căianu, Cojocna, Aiton, Tureni, Petreștii de Jos, Ciurila, Săvădisla, Sânpaul, located in the marginal area of the metropolitan area) we obtained the following model of correlation:

Table 3 The correlation of the variable of satisfaction and the socio-demographic variables

Correlations			
		Satisfaction with public schools education	Satisfaction with public kindergarden's education
Satisfaction with public schools education	Pearson Correlation		
	Sig. (2-tailed)		
	N	2383	2258
Satisfaction with public kindergarden's education	Pearson Correlation	,744**	1
	Sig. (2-tailed)	0,000	
	N	2258	2378
Respondent gender	Pearson Correlation	,057**	,020
	Sig. (2-tailed)	,006	,326
	N	2302	2300
Respondent ethnicity	Pearson Correlation	-,026	,016
	Sig. (2-tailed)	,211	,442
	N	2320	2316
Religion	Pearson Correlation	-,016	,021
	Sig. (2-tailed)	,436	,309
	N	2268	2264
Job (occupation)	Pearson Correlation	,046*	,029
	Sig. (2-tailed)	,041	,198
	N	1939	1954
The last graduate school	Pearson Correlation	-,028	-,010
	Sig. (2-tailed)	,181	,631
	N	2274	2273

Source: Author estimations

Thus, between the variables sex of the respondent, his occupation and how he subjectively assesses the quality of education in the communes of the second year, there is a significant correlation, because the significance of the Pearson correlation coefficient is below the statistical threshold of 0.05. The value of the coefficient for the last graduated school, religion and ethnicity does not indicate that there is a connection between them and the degree of satisfaction with the quality of common education, although the correlation would be positive in the case of the respondent's religion and job. We are interested in this question which of the variables gives the correlation power, so we will analyze the absolute value of the coefficient and its sign to see in what sense - positive or negative - we have the correlation model. We can see that, in the case of the variable, the level of education has a value of the negative coefficient and the weak intensity (0.028 and 0.010), the coefficient having values between -1 and 1 on the intensity scale (the strength of the relationship). Also, in the case of education and religion we have the only negative correlation model, the interpretation of this sign (-, 028) indicating that we have a negative relationship between the variable level of education and the degree of satisfaction. Less educated people tend to be more dissatisfied with the quality of education in the schools and kindergartens in the commune. We can also test this hypothesis for the communes in the first ring, where we have representative communes with a large population and a positive natural increase.

Table 4 The correlation of the variable of satisfaction and the socio-demographic variables

Correlations			
		Satisfaction with public schools education	Satisfaction with public kindergarden education
Satisfaction with public schools education	Pearson Correlation	1	,778**
	Sig. (2-tailed)		0,000
	N	1880	1748
Satisfaction with public kindergarden's education	Pearson Correlation	,778**	1
	Sig. (2-tailed)	0,000	
	N	1748	1850
Respondent gender	Pearson Correlation	,079**	,072**
	Sig. (2-tailed)	,001	,002
	N	1833	1805
Respondent ethnicity	Pearson Correlation	-,029	-,003
	Sig. (2-tailed)	,214	,907
	N	1826	1801
Religion	Pearson Correlation	-,076**	-,045
	Sig. (2-tailed)	,001	,057
	N	1823	1798
Job (occupation)	Pearson Correlation	-,009	-,001
	Sig. (2-tailed)	,721	,959
	N	1509	1487
The last graduate school	Pearson Correlation	,015	,042
	Sig. (2-tailed)	,539	,075
	N	1783	1758

Source: Author estimations

We can see in the case of the correlation for the communes in the first ring that we have significant relations between the sex of the respondent and religion, the other control variables (ethnicity, occupation and last school graduated) are not statistically significant. Going by the previous model of analysis, we can see that most variables are in a positive relationship, the only negative relationships shown by Pearson's sign are between ethnicity, religion, occupation and subjective appreciation of the quality of education. All the negative relations are of low intensity, therefore, in the second ring there is a stronger model of correlation, due to the socio-demographic characteristics with a greater influence on the quality of education.

For the second hypothesis (the number of pupils in the household moving to the city of Cluj-Napoca for school is determined by the quality of education in the commune) we used a linear regression, having the dependent variable the number of pupils and the independent variable the quality of education in the commune schools. The results that interest us will be shown by the explanatory power of the regression model and how the variables are influenced. For ring 1 (where we obtained the situation of a larger number of students studying and moving to Cluj-Napoca) we have the following regression model.

Table 5 The regression model between the level of satisfied about quality of education and the number of children in the household moving to the city for education

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,068 ^a	,005	,003	,85485

Source: Author estimations

Table 6 Statistics for the same regression model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,236	,111		11,158	,000
	Quality of education in public schools	-,027	,014	-,068	-1,950	,051

Source: Author estimations

As we can see, there is no explanation between the variables, the value, 005 is explained by the fact that the model is significant (the Sig value in the Anova table) and the negative value of Beta tells us that we have a negative relation (so the variable does not influence the reciprocals quality of education and number of those studying in Cluj-Napoca). The model can lead to the conclusion that there are other control variables that determine the number of those studying in Cluj-Napoca, due to the proximity or quality of the educational services in the city.

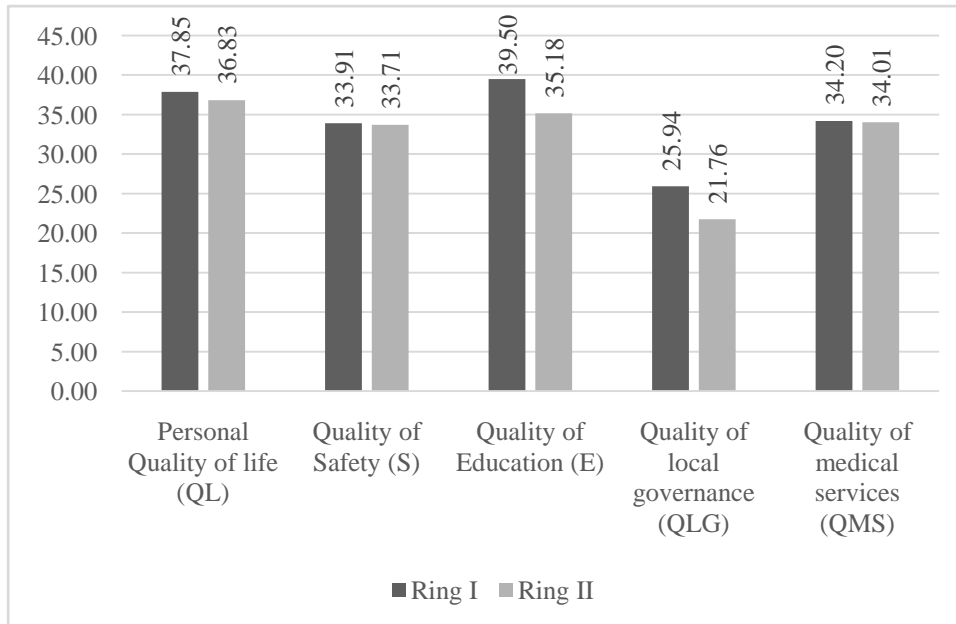
For the last hypothesis I made an index, having in questionnaire variables of quality of life, precisely to see comparatively how the quality of education is positioned.

The last hypothesis was tested using a life quality measurement model, customized on dimensions composed of variables measured at the same level and using the same scale (1-10), the results confirming. Level of quality of life is slightly higher in the communes of Ring I than in the communes of Ring II on most of the aspects that make up the general indicator.

In this sense, we have selected 21 variables (the rest of the variables being identifying questions and aspects related to the frequency of certain activities, etc.) that we grouped in five dimensions and each was awarded a score of 1 to 10. The score the maximum is 50 points, ranging between 1-16 points (low quality of life), between 17 and 32 (moderate quality of life) and between 33-50 (high quality of life).

This index of measuring the quality of life for the rural metropolitan area of Cluj-Napoca was composed of the score obtained by each dimension of the five (the mean of the variables that make up that dimension processed in the SPSS statistical program) multiplied by the number of dimensions, in our case five, resulting in the average of each dimension. Each dimension can be related to a life quality interval described above.

Figure 4 Measurement of the quality of life indicator (MQLM) by dimensions and groups of communes



Source: Own data processing from Excell and SPSS

The first dimension - the general aspects related to the quality of life personally appreciated (QL)- obtained the score of 37.85 for the communes of the first ring, at a distance being the score of the communes of the Ring II. Thus, it is in the range of 32 and 50 points, the level of quality of life from the perspective of this dimension being high.

Dimension of Quality of life from the perspective of safety (QS) achieved a score of 34 for both common groups of maximum 50 points, which means that the quality of life in terms of safety is high but quite close to the limit to be considered moderate.

The dimension - the quality of education (QE) implies the analysis of a score of 39.50 points for the communes in ring I, the highest score recorded, both from the perspective of comparison with other dimensions and from the comparison with the other ring. Thus, placed within the range of a high quality of life, education is probably highlighted by the wider development of educational institutions in these communes close to Cluj-Napoca.

For the dimension - the quality of local governance (QLG) the score is placed within a quality of moderate life, the size of the lowest score of all analyzed. Thus, local governments recorded appreciations in level for providing a quality level of the various aspects related to the interaction of citizens and the private sector (taxes, infrastructure, water and sanitation services, etc.) The lowest score we meet in this dimensions for the communes of Ring II, those far removed from the city of Cluj-Napoca. The quality of the health system is also at the limit of classification, with a score of 34, the quality of life from the perspective of this dimension being moderate to high.

Appreciating the results of this indicator, we can see that the general level of quality of life is slightly higher in the communes of Ring I than in the communes of ring II, different factors being analyzed in the conclusions of this study.

4. CONCLUSIONS AND RECOMMENDATIONS

The particularities of the rural of the Cluj-Napoca Metropolitan Area as well as the transversal approach of the quality of education allowed a strategic perspective to be outlined at a rational level. Efforts have been quantified by measuring the level of citizens' satisfaction in rural Cluj Metropolitan Area over many aspects of quality of life overall, but in a non-exhaustive manner. In the first part we analyzed the concept of quality of education from a strategic perspective, founded that its implications are fundamental in development strategies. Characteristics from the perspective of the respondents were presented in the form of a cross-sectional analysis on the dimensions that have compounded the quality of life and education, observing that the quality of life is generally average, as well as for education.

For administrations, this tool for cross-cutting quality analysis as well as an analysis of external factors specific to each community should be a milestone in the development of local and regional strategies, in the implementation of specific projects and programs, in improving the local government act. Although the analysis does not follow the evolution of this measurement model with results on each dimension, it allowed, in a single section, the presentation and the exemplification of the results, the limit of the research and of the methodology being used, being explained by the fact that the evolutions of the dimensions that make up the quality of education. Overall, the quality of life in rural of Cluj Metropolitan Area in terms of citizens' appreciation is high, with moderately customized aspects but can be improved. The strategic advantage of using such a transversal study could guide administrations towards improving and capitalizing on development strategies.

The practical side was determined by testing some positive correlations between the dimensions that make up the quality of education in rural of Cluj-Napoca

Metropolitan Area, where we observed that there is a positive correlation between the socio-demographic characteristics of the respondents and the degree of satisfaction with the way the respondents perceived quality of education. The only negative correlation was related to the level of education and the level of satisfaction with the education, tested also through the data gathered.

At the end of the research we presented in the form of the comparative approach the dimensions of rural particularities of Ring I and Ring II, where the average quality of life in ring I was superior to the average quality of life in Ring II, exemplified in the form of factors and indicators which determines this difference in all dimensions that make up the quality of life. However, averages have generated similar situations in terms of quality of medical services, lifestyle or quality of local government services, but for education, the quality is higher than previous dimensions.

In formulating the recommendations, it is worthwhile discussing the exhaustiveness of measuring a broad concept by such an approach. However, the quality of education viewed as a whole contains a lot of variables, it is measured longitudinally because longer time intervals can be analyzed, and the limit of this research is - the phenomenon was investigated in one moment and not on all the variables that could fall into this category. Also, comparative perspectives, studied from both the subjective and the objective perspectives, can be used in the sphere of the quality of life, so that later action and development directions can be drawn.

The need for multiple interventions promoted by non-governmental organizations working on rural issues is very obvious. World Vision Romania is one of the few organizations in the country that regularly carries out extensive and detailed assessments of the situation of children living in rural areas, in addition to the most ambiguous assessments, in the form of unrelated data of institutions. Thus, the research presented by World Vision was preceded by studies conducted in 2005 and 2009. The research so far has led to an improvement in the level of understanding of the problems faced by children living in rural areas and allowed the organization to develop new programs and to adjust the existing ones. The problems of the Romanian rural environment regarding the demographic structure and the degree of preparation are serious and may seriously limit the development in the future.

Thus, the number of children is small - only 2.1 children per family (only those with children were selected in the study). Even without taking into account the effect of migration, many of the villages Romanians are in an aging and depopulation process. The level of adult school education is modest, the middle level being that of unfinished high school.

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PHYSICAL ACTIVITY AND HEALTH CARE UTILIZATION IN ROMANIA

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Abstract: *For all EU countries, regardless of the type of health care system, managing the increase of health services costs is a medium- and long-term strategic objective. To support this approach, it is a priority to analyze the health needs of population, the types and frequency of the demand for health services, the factors that determine the structure and dynamics of health care utilization, the profile of people using the health system, etc. Equally, it is important to study the ways and possibilities of reducing health expenditures by using various tools that can be made available to citizens. Such an instrument is the regular practice of physical activity by all categories of population. Based on this background, the aim of our study is to analyze the relationship between physical activity and health care utilization for a Romanian representative sample. The data was retrieved from the second wave of the European Health Interview Survey (EHIS) 2014. The relationship between physical activity and the use of each type of health care services was evaluated by means of incidence rate ratios (IRR) obtained through negative binomial regression models. Our main findings show that physical activity level is negatively associated with the amount of health care utilization, suggesting that, on average, high and moderately active people use significantly fewer health care services compared with low active people.*

Keywords: *Physical activity, health care utilization, EHIS 2014.*

1. INTRODUCTION

Literature on health care determinants underlines the importance and benefits of physical activity on population health status. World Health Organization (WHO) shows that physical activity reduces the risk of hypertension, diabetes, breast and colon cancer, coronary heart disease, stroke, depression and the risk of falls (WHO, 2010). Physical activity has been proposed and globally recognized as a complementary or even as an alternative treatment which may help to recover from or prevent different diseases. Thereby, physical activity emerged as an essential dimension of lifestyle or healthy lifestyle for European and worldwide countries. Equally, several scholars have studied the impact of physical inactivity on health considering different categories of people, especially young and elderly people. According to WHO, the lack of physical activity is the fourth leading factor for global mortality, with major implications for the general health of the population throughout the world. Physical inactivity is the main cause for

approximately 27% of diabetes, 25% of breast and colon cancers, and 30% of ischemic heart disease (WHO, 2010).

In any public health system, physical activity becomes a distinct research area either for public health practices or public health policies. In addition, this topic is very important for professionals, universities, or governmental organizations. The impact of physical activity on health care system is also analyzed, especially regarding the decreased demand for health care services, and thus the decrease in health care related costs (Katzmarzyk *et al.*, 2000; Katzmarzyk & Janssen, 2004; Anderson *et al.*, 2005; Andreyeva & Sturm, 2006; Jacobs *et al.*, 2013; Kang & Xiang, 2017). The relationship between physical activity and the use of health care services have been studied within different social and economic contexts, for various categories of individuals, and different health systems. In general, these studies indicate the existence of a negative association between physical activity and health care utilization. For instance, more physically active individuals uses less medicines and fewer inpatient and outpatient services (Fisher *et al.* 2015; Wang *et al.* 2005; Sari, 2009, 2010; Denkinger *et al.*, 2012; Katzmarzyk & Lear 2012; Rocca *et al.*, 2015; Nichèle & Yen, 2016; Omorou *et al.*, 2017; Fernandez-Navarro, 2017). Nevertheless, many studies highlight that the use of preventive services is positively associated with physical activity, suggesting that more physically active people tend to be more cautious regarding their health (Kang & Xiang, 2017). In this vein, most studies indicate that an increase in the level of physical activity may indirectly lead to a decrease in the public cost of health.

The analysis of the relationship between physical activity and health care utilization at the level of Romania implies taking into account a number of particularities of this EU member country that has a very interesting profile. According to statistical data provided by UNICEF (TransMonEE database 2018), Romania ranked 7th in population size, but steadily declining since 1990, which lead to the lowest fertility rates (an average of 1.4 children per woman after 1990) and the highest abortions rates (an average of 122 abortions per 100 live births after 1990). Furthermore, Romania has a low level of economic development (an average of GDP per capita, PPP based, of \$ 10 thousand after 1990) and a high level of income inequality and an increasing at-risk-of-poverty rate after 2005 (with an average of 21.4%). Life expectancy has increased significantly over the past 30 years, but the gap between men and women remains one of the highest (an average of 68 years for men and 75 years for women). Mortality is steadily increasing (from 10 to 13 deaths per thousand inhabitants), demographic and social disparities between rural and urban remain significant, and infant mortality is the highest in the EU (7.5 deaths under 1 year at 1000 live births in 2016 compared to 26 deaths in 1990). Regarding the health system, Romania's position is always among the last rank positions, by the side of countries with the lowest percentages of GDP spent on health (with an average of less than 4% of GDP after 1990). The health system is financed in proportion of over 80% from the state budget, and after 1990 the law for regulating this system has been constantly modified by the various political parties in power. In the reform attempts it was always mentioned the underfunding of the system, the inefficient use of the allocated money, the complicated mechanisms of health expenditure settlement, the corruption, the development of the private health services by

the doctors working in the public system, etc. In addition, the lack of funds has always led to approaches that stressed the need to lower health care costs.

As emphasized by various studies (Ministry of Health, 2018; Vlădescu *et al.*, 2016), among the health risk factors of Romanian population, besides alcohol and tobacco consumption and an unhealthy diet, the level of individuals' engagement in physical activities is low. In this respect, the research on the linkage between physical activity and health status, as well as those regarding the impact of physical activity on the use of health care services is relatively limited. Most of the papers published on these topics focus just on certain segments of the population or on particular clinical trials, but the strand of literature using a representative sample from the general population is underdeveloped. Therefore, physical activity is analyzed in relation to body mass index (BMI), a range of health-related behaviours (Zadarko *et al.*, 2014; Roman *et al.*, 2016; Lotrean *et al.*, 2018), health-related quality of life (Badicu, 2018), social health (Badicu & Balint, 2016), or sedentary behaviours (Biddle *et al.* 2009). Few studies focus on the use of health care services, but not in direct relation with physical activity (Leopold *et al.*, 2010; Ungureanu *et al.*, 2013; Damian, 2014; Vogler *et al.*, 2015).

Within the Romanian context, the analysis of physical activity impact on health care services is extremely important especially because of the crisis and transition situation the public health system is going through (Karanikolos and Mckee 2011; Vlădescu *et al.*, 2016). In this regard, the existing literature underlines the need to reform this system, as well as to find ways to reduce costs in a period of scarcity and health underfunding. As the research on other EU countries shows, it could be analyzed to what extent an increase of physical activity could lead to the decrease in the use of health care services and which are the socio-economic and demographic characteristics that contribute to this significant relationship.

The aim of our study is to analyze the relationship between physical activity and health care utilization for a Romanian representative sample. The data used are provided by the European Health Interview Survey (EHIS) 2014, which allow an overall analysis of the context of healthcare utilization in relation to physical activity at national level. To our knowledge, no such studies have been conducted using the same data for Romania case. After a detailed presentation of the data set in the next section, empirical issues are briefly discussed in Section 3. Section 4 illustrates the main empirical results. The study ends with a series of concluding remarks, discussions, and references.

2. DATA AND METHODOLOGY

2.1. Data used

In this paper we use the dataset provided by Eurostat from the 2014 European Health Interview Survey (EHIS) for Romania. The EHIS is a health information system developed by Eurostat aiming to measure the health status, lifestyle and health care services used by European populations. Access to the confidential microdata files was carried out through the Centre for Research on Economic and Financial Integration

(CRIEF) at the University of Poitiers following an evaluation of the research proposal application by Eurostat.

The EHIS consists of three health modules, namely health status, health determinants, health care utilization, and one module focusing on broader socio-economic and demographic characteristics of the population aged 15 or over living in non-institutional households residing in the territory of the country. Our final sample consists of 16605 observations.

2.2. Measures

The variables used in the present analysis have been shown to be of importance in public health studies and are in accordance with the aim of our study.

2.2.1 Dependent variables

The health care utilization module from the EHIS survey provides the dependent variables of this study. From the indicators measuring the healthcare services utilization, we select five numerical variables that count the number of services used by population during the previous 12 months or the past four weeks. According to EHIS structure of healthcare services, a brief description of the dependent variables used in this study is presented in Table 1.

Table 1 Dependent variables

Variables	description	VALUES
Nb_Nights_hospit	Number of nights spent as a patient in a hospital in the past 12 months.	0 – (>10)
Nb_Days_hospit	Number of times admitted as a day patient in a hospital in previous 12 months.	0 – 3
Nb_Generalist	Number of consultations of a general practitioner or family doctor during the past four weeks (for personal treatment).	0 – (>11)
Nb_Specialist	Number of consultations of a medical or surgical specialist during the past four weeks (for personal treatment).	0 – (>3)
Nb_Prev_services	Number of preventive services (including blood pressure, blood cholesterol, and blood sugar measurement, and occult blood test) used during the last 12 months.	0 – 4

Source: Authors' elaboration based on the guidelines provided by Eurostat

2.2.2 Main independent variable

Physical activity is the main independent factor of interest in our analysis. The basis for measuring the indicator levels consists in the respondents' answer to a set of questions about the frequency and the amount of time spent doing physical activity in transport and free time during a regular week. Regarding the transport domain, walking and riding a bike are considered physical activities, while the self-related leisure physical activities include sports. Using the data provided by EHIS survey, for all types of

physical activity the reported number of days per week and the duration per day (expressed in minute intervals) are determined.

For the assessment of physical activity levels we use the IPAQ methodology (Guidelines for Data Processing and Analysis of the International Physical Activity Questionnaire (IPAQ), 2005). This methodology assigns a MET score (Metabolic Equivalent of Task) for each type of physical activity. As a measure, one MET is defined as the energy it takes to sit quietly. According to IPAQ, walking is a moderate activity evaluated at 3.3 METs, cycling is a high intensity activity with 6 METs, and for sports are attributed 8 METs.

Based on the EHIS data, we compute the MET minutes spent on physical activity per week for each individual from the sample, both for transportation (walking and bicycling) and leisure-time (sports) domains. The MET-minutes/week is calculated by multiplying the METs score with the number of days per week and the number of minutes per day. For the former component, it is important to mention that we took into consideration the midpoints for each minute interval as we did not dispose of the exact amount of time for the three types of physical activity. As a measure for PA we use a nominal variable based on the classification of physical activities according to their intensity estimated in MET-minutes/week. In this vein, following the IPAQ guidelines, three level of physical activity are defined: low active (less than 600 MET-minutes per week); moderately active (between 600 and 3000 MET-minutes per week); high active (more than 3000 MET-minutes per week).

2.2.3 Control variables

The control variables are divided into two major topics such as individual characteristics and variables describing different health behaviors. The individual characteristics correspond to demographic and socio-economic determinants, which in the present study are:

- *sex* of respondent, categorized as males and females;
- *age* of respondent in completed years at the time of the interview, which was stratified in three age intervals: adolescent (15-19 years), adult (20-64 years), elderly (65 years and older);
- *education level* is measured on the basis of ISCED 2011 classification and represents the highest level of education completed by respondents. Following the structure of the European Education System 2018/2019, we regrouped the levels of education in three categories: primary education level, secondary education level, and tertiary education level;
- *legal marital status*, sorted into four groups: divorced, married, unmarried, widower;
- *employment status*, expressed as a nominal variable with three categories: employed, self-employed, unemployed;
- *income* is presented as a nominal variable based on five quantiles: < Q1; Q1-Q2; Q2-Q3; Q3-Q4; Q4-Q5;
- *degree of urbanization* groups the population in three areas: densely-populated area, intermediate-populated area, thinly-populated area.

The second list of control variables consists of different individual and environmental determinants describing four different health behaviours such as height and weight, smoking, alcohol, and fruits and vegetables consumption:

- *Body Mass Index* (BMI) is calculated as the weight in kilograms divided by the square of the height in meters. Based on the values obtained and according to WHO guidelines, three categories of BMI status are defined: normal weight ($< 25 \text{ kg/m}^2$); overweight ($25\text{-}29.9 \text{ kg/m}^2$), and obese ($\geq 30 \text{ kg/m}^2$);
- *smoking* consumption is measured by means of the *type of smoking behaviour*, including three groups: daily smoker, occasional smoker, and no-smoker;
- *alcohol* consumption is expressed by frequency of consumption of an alcoholic drink in the past 12 months, which enabled us to divide the respondents into three categories of risk: no-risk, low risk, increased risk;
- *nutrition* concerns the fruits and vegetables consumption and is defined by two separate variables indicating the *frequency of eating fruits and vegetables* on a daily basis or per week (1 or more times a day, 4-6 times per week, 1-3 times per week, less than 1 time per week, never). An aggregated variable indicating the respondents' behaviour related to the consumption of fruits and vegetables is stratified into three groups: insufficient, moderate, and sufficient.

3. STATISTICAL ANALYSIS

3.1. Count data models

The modelling of the association between the individual physical activity levels and the amount of health care utilization, controlled by the covariates mentioned above, is employed by means of count data models techniques. Although the basic count data model is a Poisson regression model, it explicitly imposes the equidispersion assumption, meaning that the conditional mean of the dependent variable is equal to the conditional variance. In practice, this strong assumption is often violated, frequently due to a high level of dispersion of the dependent variable, which is known as overdispersion. This problem, inherent to the Poisson model, implies the underestimation of standard deviations of the estimated parameters, which in the end produces inefficient estimates (Cameron & Trivedi, 1998). It is noteworthy that overdispersion has two main causes, namely unobserved individual heterogeneity and/or a high proportion of zeros observed for dependent variables.

In the literature studying the relationship between physical activity and health care utilization, one of the most practical and often used method in order to handle count data when the variance is appreciably greater than the mean is the negative binomial (NB) model (Wang et al., 2005; Martin et al., 2006; Denking et al., 2012; Fisher et al., 2015; Kang & Xiang, 2017). Although the NB model deals with unobserved individual heterogeneity, it does not take into account the excess zeros in the data (Sari, 2009), which indicate the necessity of using Zero-inflated Poisson (ZIP) or Zero-inflated NB (ZINB) models (Maresova & Vokoun, 2013). These models assume that the population is divided into two groups with varying probabilities: the first group (with “excess” zeros)

encompasses those individuals who do not use any health care services (for which the logistic distribution is considered), and the second group includes the potential users (for which the Poisson and NB distributions are considered). In other words, while the logit model predicts the probability of being in the non-user group, the Poisson or NB regression model estimates the numbers of healthcare services utilized among potential users.

3.2. Specification tests

In order to test the assumptions imposed by different estimation methods, several specification test are employed. A first step is to test if the unobserved individual heterogeneity accounts for overdispersion, which involves testing the null hypothesis according to which the dispersion parameter in NB model is equal to zero (Sari, 2009). As a second step, the Poisson and the NB models are compared using a likelihood ratio (LR) test. Finally, one needs to test if the overdispersion is also due to excess zeros, which implies the comparison between Poisson, NB, ZIP, and ZINB models. For this purpose, the specification test developed by Young (1989) is performed. For a given critical value, usually of 1.96, if the calculated value of the test is positive and higher, then ZIP (or ZINB) model is preferable to Poisson (or NB) model. Otherwise, if the test value is negative and lower than the negative critical value, Poisson (or NB) is the more appropriate model to use.

4. RESULTS

4.1 Descriptive statistics

Table 2 presents the mean and standard deviation for dependent variables, and Table 5 (in the Appendix) provides the summary statistics for all independent variables included in the regression models.

Table 2 Descriptive statistics for dependent variables

Variable	Mean	Sd
Nb_Nights_hospit	0.39	1.83
Nb_Days_hospit	0.03	0.25
Nb_Generalist	0.28	0.51
Nb_Specialist	0.06	0.27
Nb_Prev_services	1.11	1.38

Note: SD stands for standard deviation.

Source: Authors' computation

As shown in Columns (2)-(3), the sample variance for each dependent variable is significantly higher than the mean, indicating the presence of overdispersion. Thereby, the assumption of equal mean and variance in the Poisson model may not hold for our data set.

4.2 Specification tests

Table 3 provides the results for the specification tests that enable to choose the more appropriate model used for modelling the relationship between each type of health care services and the level of physical activity, controlled by the above-mentioned core variables (Section 2.2.3).

Table 3 Specification tests

DEPENDENT VARIABLES	ESTIMATES OF DISPERSION PARAMETER IN NB MODELS		NB vs. POISSON	ZIP vs. POISSON	ZINB vs. NB
			LR test	V test	V test
Nb_Nights_hospit	4.5637	***	922.108	-34.997 ***	-19.470 ***
Nb_Days_hospit	3.3893	***	125.764	-10.931 ***	-10.945 ***
Nb_Generalist	15.570	**	123.734	-4.9749 ***	-38.759 ***
Nb_Specialist	0.9815	.	61.578	-3.8847 ***	-15.746 ***
Nb_Prev_services	37.094	***	2605.77	-57.541 ***	-56.076 ***

Notes: (1) NB denotes the negative binomial model; ZINB and ZIP stand for zero-inflated negative binomial and zero-inflated Poisson models, respectively; LR test and V test stand for Likelihood Ratio test and Vounge test statistics, respectively. (2) *** indicate the rejection of null hypothesis for 1%; ** indicate the rejection of null hypothesis for 5%; * indicate the rejection of null hypothesis for 10%; (3) the value of LR test is calculated based on two times the difference between the log-likelihood of NB model and Poisson model, then it is compared to a critical value corresponding to an asymptotic Chi-square distribution with one degree of freedom (in our study the critical value is of 1.96).

Source: Authors' computation

The test statistics and estimates for dispersion parameter in all NB models are presented in Column (1) and supports the previous assertion stating that overdispersion is due to individual heterogeneity. Irrespective to the dependent variables, the outcomes presented in Column (3) suggest that NB model is preferable to Poisson model, as the values of LR test statistics are all higher than the corresponding critical value of 1.96. Moreover, the values for the test statistic V (Column 4-5) are negative and lower than the critical value of -1.96, supporting the view that the NB model is preferable to all other alternatives, including ZINB model. Therefore, the excess zeros in the data do not accounts for overdispersion.

4.3 Main results

Considering the findings related to the specification tests from the previous section, full estimations from the NB regression model are reported in Table 6 (Appendix). The results of the regression analyses provide the expected health care utilization differences between the category of each independent variable and its corresponding reference group among users of healthcare services.

Focusing especially on the relation between physical activity and each health care services, the negative signs of the statistically significant coefficients in the NB model (Table 6 in Appendix) emphasize that both moderately and high active people use less

inpatient (both overnight and day hospitalization) services, fewer generalist and specialist physicians' consultations, and less preventive services than their low active counterparts. In order to have a direct interpretation of these results, the incidence ratio rates (IRR) are computed (Table 4).

Table 4 Negative binomial regressions

Variables	NUMBER of nights in hospital (Model 1)	NUMBER of DAYS in hospital (Model 2)	NUMBER of visits to generalist (Model 3)	NUMBER of visits to specialist (Model 4)	NUMBER of preventive services (Model 5)
	IRR	IRR	IRR	IRR	IRR
PA_Moderate	0.5896 ***	0.4377 ***	0.7708 ***	0.6256 ***	0.8329 ***
PA_High	0.4188 ***	0.4055 ***	0.6059 ***	0.6514 **	0.7912 ***

Notes: (1) IRR stands for Incidence Ratio Rate and is obtained through exponentiation of the estimates corresponding to moderately active and high active groups (presented in Table 6, in Appendix). (2) *** indicate the rejection of null hypothesis for 1%; ** indicate the rejection of null hypothesis for 5%; * indicate the rejection of null hypothesis for 10%.

Source: Author's computation

Explicitly, the findings reveal that, among users of health care services, respondents reporting the moderate level of physical activity are more likely to spend 41.1% (IRR=0.589) less nights and 56.2% (IRR=0.438) less days in hospital, and also to have 22.9% (IRR=0.771) fewer generalist and 37.4% (IRR=0.626) fewer specialist physicians consultations. Furthermore, the results obtained show that expected preventive services utilization decrease by a factor of 0.833 (IRR) for moderately active individuals compared with the reference group of low active respondents. Being highly active is significantly associated with 58.1% (IRR=0.419) fewer nights and 59.5% (IRR=0.405) days spent in a hospital in previous 12 months, 39.4% (IRR=0.606) and (IRR=0.651) less visits to the generalist and specialist physicians, respectively, in the past four weeks. In addition, high active individuals incurred significantly lower utilization of preventive services, with approximately 21% (IRR=0.791) less than their low active counterparts.

5. CONCLUSIONS AND DISCUSSIONS

The study main findings show that physical activity level is negatively associated with the amount of health care utilization, suggesting that, on average, high and moderately active people use significantly fewer health care services compared with low active people. Though these findings are more or less consistent with results from earlier papers (Sari, 2009; Maresova and Vokoun, 2013; Fisher *et al.*, 2015; Kang & Xiang, 2017), the outcomes related to the use of preventive services are, to some extent, in contradiction to the literature studying the link between physical activity and health care utilization. In this respect, Kang & Xiang (2017) argue that people who are physically active and use preventive services could be more health conscious compared to those who are physically inactive or those who do not use preventive services regularly. Nevertheless, to some extent, these results should not be interpreted separately from other health care services. Specifically, considering the fact that the services we included for

computing the corresponding index (*i.e.* the number of preventive services use in the previous 12 months) are normally recommended by a generalist or specialist physician, it could explain the negative impact of physical activity on using preventive services, as it is less likely for a more physically active individual to consult either a generalist or a specialist physician.

Considering the impact of the control variables on the use of health care services, the outcomes indicate that, among the socio-economic and demographic characteristics of respondents, age is one of the most important factor, with a positive impact on the use of health care services (excepting the number of days spent in hospital). In other words, adults and particularly older people are more likely to use more health care services than adolescents. Being unemployed, and self-employed in some cases, or a widower is also significantly related to a higher number of services used. Income levels, especially the higher ones, have a significant positive impact, but only on the number of visits to generalist and specialist physicians and the number of preventive services used. In contrast, being either unmarried or from an intermediate- or thinly-populated areas is associated with fewer number of both specialist and generalist consultations, and less preventive services used. It is noteworthy that education level has a significant, but negative, impact only on the number of specialist services, suggesting that individuals corresponding to secondary and tertiary levels in terms of education are more likely to use fewer specialist consultations, but are no more or less likely to be high users of other health care services.

As for the health behaviour factors, the obese group of BMI status is significantly related to the higher number of nights and days spent in hospital, to the higher number of contacts with a generalist physician, and to the higher number of preventive services used, while a sufficient level of fruits and vegetables consumption is associated with the higher number of visits to a specialist. Regarding the lower utilization of health care services, the low risk profile of alcohol consumption is associated with the number of nights spent in hospital and the number of preventive services, while the increased risk profile of alcohol use is related to the number of days in hospital and the number of contacts with both a generalist and specialist physicians.

Our research results should, however, take into consideration some limits. Firstly, more physical activity measurement could be used for checking if the same results hold true. To pursue research on these findings, future follow-up studies of the Romanian population will include other measures on health care utilization, as well as another detailed assessment of physical activity. Secondly, our study does not account for respondents' health status characteristics, which might have been a source of heterogeneity. Therefore, other studies might further investigate to what extent such independent variables could affect the relationship between physical activity and health care utilization. Thirdly, the lack of data on health care expenditure does not allow an in-depth analysis of the impact of physical activity on reducing the health care related costs.

To conclude, interventions aimed at increasing physical activity may result in significant reductions in the demand for health care services, and indirectly in lowering the public health related costs. Thus, our paper provides important insights for policy-

makers about the potential impact of population-based strategies to increase physical activity participation among Romanian people on the health care utilization.

APPENDIX

Table 5 Descriptive statistics for independent variables

VARIABLE	MEAN	SD
PA_Moderate	0.6	0.49
PA_High	0.13	0.34
Sex_Male	0.47	0.50
Age_Adult	0.68	0.47
Age_Elderly	0.27	0.44
Education_Secondary	0.77	0.42
Education_Tertiary	0.11	0.31
Marital status_Married	0.60	0.49
Marital status_Unmarried	0.21	0.41
Marital status_Widower	0.14	0.35
Employment_Self-employed	0.13	0.34
Employment_Unemployed	0.52	0.50
Income_Quintiles1-2	0.20	0.40
Income_Quintiles2-3	0.20	0.40
Income_Quintiles3-4	0.20	0.40
Income_Quintiles4-5	0.21	0.41
Durbaniz_Intermediate_area	0.22	0.41
Durbaniz_Thinly_area	0.46	0.50
BMI Status_Obese	0.10	0.30
BMI Status_Overweight	0.47	0.50
Smoking_Never	0.76	0.43
Smoking_Occasional	0.05	0.22
Alcohol_Increased risk	0.19	0.39
Alcohol_Low risk	0.38	0.49
Nutrition_Moderate	0.35	0.48
Nutrition_Sufficient	0.52	0.50

Notes: (1) The reference categories for each independent variables are: *low active* (physical activity); *female* (sex of respondent); *adolescent* (age group); *primary education level* (education); *divorced* (legal marital status); *employed* (employment status); *lower than quintile 1* (income level); *densely-populated area* (degree of urbanization); *normal weight* (BMI status); *daily* (smoking); *no-risk* (alcohol consumption risk profile); *insufficient* (nutrition – fruits and vegetables consumption); (2) SD stands for standard deviation.

Source: Authors' computation

Table 6 Negative binomial regressions

Variables	NUMBER of nights in hospital (Model 1)		NUMBER of DAYS in hospital (Model 2)		NUMBER of visits to generalist (Model 3)		NUMBER of visits to specialist (Model 4)		NUMBER of preventive services (Model 5)	
Intercept	-4.052	**	-	**	-2.594	**	-5.187	**	-1.161	**
		*	6.178	*		*		*		*
PA_Moderate	-0.528	**	-	**	-0.260	**	-0.469	**	-0.182	**

		*	0.826	*		*		*		*
PA_High	-0.870	**	-	**	-0.501	**	-0.428	**	-0.234	**
		*	0.902	*		*				*
Sex_Male	0.265	.	0.375	*	0.032		0.210	**	-0.064	*
Age_Adult	1.074	**	0.705		0.765	**	1.232	**	0.575	**
						*				*
Age_Elderly	1.088	**	0.709		1.296	**	1.509	**	0.970	**
						*		*		*
Education_Secondary	-0.248		-		-0.144	**	-0.003		0.032	
			0.212			*				
Education_Tertiary	-0.327		-		-0.205	**	0.066		0.115	*
			0.144							
Marital status_Married	0.506	.	0.934	*	0.033		0.172		0.160	**
Marital status_Unmarried	-0.311		0.234		-0.770	**	-0.709	**	-0.356	**
						*				*
Marital status_Widower	0.733	*	1.068	*	0.154	.	0.310		0.244	**
										*
Employment_Self-employed	-0.153		0.685	*	0.263	**	0.414	*	-0.055	
						*				
Employment_Unemployed	1.320	**	0.896	**	0.788	**	0.889	**	0.240	**
		*		*		*	*	*		*
Income_Quintiles1-2	0.151		0.010		0.113	*	-0.056		0.211	**
										*
Income_Quintiles2-3	0.193		-		0.202	**	0.131		0.271	**
			0.294			*				*
Income_Quintiles3-4	0.500	*	0.485	.	0.210	**	0.444	**	0.372	**
						*	*	*		*
Income_Quintiles4-5	0.163		0.121		0.236	**	0.404	**	0.302	**
						*				*
Durbaniz_Intermediate_area	0.465	**	0.639	**	-0.128	**	-0.184	.	-0.068	*
Durbaniz_Thinly_area	0.596	**	0.255		-0.165	**	-0.135		-0.102	**
		*				*				*
BMI Status_Obese	0.943	**	0.742	**	0.319	**	0.237	*	0.310	**
		*				*				*
BMI Status_Overweight	0.106		0.018		0.044		-0.019		0.057	*
Smoking_Never	0.063		0.271		0.066		0.133		0.160	**
										*
Smoking_Occasional	-0.397		0.355		-0.255	*	-0.463	.	-0.022	
Alcohol_Increased risk	-0.413	*	-	.	-0.379	**	-0.740	**	-0.044	
			0.460			*		*		
Alcohol_Low risk	-0.649	**	-	*	-0.268	**	-0.446	**	-0.106	**
		*	0.366			*	*	*		*
Nutrition_Moderate	0.510	**	0.387		0.040		0.267	.	0.109	**
Nutrition_Sufficient	0.744	**	0.621	*	0.221	**	0.779	**	0.190	**
		*				*	*	*		*

Notes: (1) The reference categories for each independent variables are: *low active* (physical activity); *female* (sex of respondent); *adolescent* (age group); *primary education level* (education); *divorced* (legal marital status); *employed* (employment status); *lower than quintile 1* (income level); *densely-populated area* (degree of urbanization); *normal weight* (BMI status); *daily* (smoking); *no-risk* (alcohol consumption risk profile); *insufficient* (nutrition – fruits and vegetables consumption). (2) *** indicate the rejection of

null hypothesis for 1%; ** indicate the rejection of null hypothesis for 5%; * indicate the rejection of null hypothesis for 10%.

Source: Authors' computation

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THE INFLUENCE OF GENDER POLICIES ON LEADERSHIP IN CENTRAL PUBLIC ADMINISTRATION OF ROMANIA

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Abstract: *The present research focuses on two interconnected gender phenomena which are often manifested in public sector: the glass ceiling and horizontal segregation, trying to establish a connection between the presence and evolution of these concepts in Central Public Administration of Romania and the implementation of gender policies and national legislation. The methodology of research consists of an exploratory study conducted using 2003-2017 data gathered from Central Public Administration institutions (ministries and subordinated institutions) concerning women in decision-making positions and uses BEIS typology, showing the influence of gender policies implemented by Romanian' Governments from the reference period. The study's results showed that the situation of women in decision-making positions has improved starting with 2011 when the dominance of men occupying both level 1 (positions which involve more power) and level 2 leadership positions has stopped. The data showed the existence of sectorial segregation because at higher administrative levels, men were better represented than women. From 2011 until the present, the gender ratio remained constant and equitable, because each gender occupied more than 40% of public functions at each level. This study showed that in the Central Public Administration of Romania women managed to break the glass ceiling and a form of gender equality in the core of the administration has been reached.*

Keywords: *leadership, gender, glass ceiling, horizontal segregation*

JEL Classification: *J16, J18, K38*

1. INTRODUCTION

The position of women in society has changed during the last decades and more and more women are now occupying positions with power of decision inside states' administration and their qualities as leaders are starting to be recognized. In the past, women had their very well defined roles into the family and only some occupations were considered suitable for them. Even if women succeeded to break the barriers imposed by societies concerning their gender role, the position of women is still not equal with men's position in terms of payment, time, work field and power. During their career, women struggle with many forms of discrimination. Female employees are not equally paid as their male counterparts, they work harder in order to be named in positions with power of

decision, they are evaluated in a more severe way, have fewer opportunities to be promoted in leadership positions and they are often perceived negatively because they violate their gender role.

Women struggle with two forms of discrimination in their workplace. Horizontal discrimination refers to the situation when women are treated differently than men, in terms of payment, promotions, professional evaluations or when it comes to access leadership positions. Another aspect that shows this type of discrimination is the separation of occupations in feminine and masculine fields. Public administration is considered a feminine sector while engineering, construction or automobile field are supposed to be masculine sectors. Vertical discrimination refers to the fact that women are underrepresented in positions with high power of decision or in upper management of organizations and overrepresented in medium and low management positions. Public administration of Romania is a sector where women are well represented but mostly in positions of medium and low management (Macarie & Moldovan, 2012) showing that vertical discrimination is spread among Romanian female civil servants.

The present study analyses the situation of women in decision-making positions from Central Public Administration of Romania in connection with two gender concepts: the glass ceiling and horizontal segregation. These phenomena are present in public sector, therefore, an analysis of the evolution of women in leadership positions from this sector should establish if women managed to break the glass ceiling and succeeded to reach positions on high levels of management. The presence and evolution of these concepts in the Central Public Administration of Romania could show the impact of gender policies and national legislation over women's situation and over the gender gap.

2. METHODOLOGY OF RESEARCH

The research methodology consists of an exploratory study regarding women in decision-making positions from Central Public Administration of Romania using BEIS typology. A statistical analysis of the men and women occupying leadership positions from ministries and subordinated institutions in 2003-2017 periods has been realized in order to create a clear picture of women's positions in the Central Public Administration of Romania. The statistical analysis was realized using data collected in 2017, from official documents from the European Commission, the European Institute for Gender Equality and the Ministry of Labor and Social Justice of Romania.

The main purpose of the study is to establish if gender policies implemented by Romanian Government had a positive influence over the evolution of women in decision-making positions and if women's situation from Central Public Administration has improved from 2003 until present.

The main objectives of this exploratory study are:

O1: The analysis of women's situation from Central Public Administration in order to establish if they managed to break the glass ceiling and accede in administrative positions of level 1.

O2: The analysis of women's evolution in administrative positions of level 1 and 2 in order to observe the presence of horizontal segregation within public administration.

We started our research from the following hypothesis:

H1: Female civil servants from Central Public Administration have managed to break the glass ceiling and accede on positions with high power of decision.

H2: Horizontal segregation phenomenon is present in Romanian public administration because on level 1 decision-making positions men are better represented.

We used data regarding men and women occupying leadership positions from ministries and subordinated institutions (senior civil servants) using BEIS typology. The decision-making positions which have been analyzed in the study were the ones mentioned in the European's Commission online database (COM) on gender balance in decision-making positions. The database was created in 2003 to centralize information about men and women who are in leadership positions in political, judicial, public administration, business and finance, social partners and NGOs areas. The data used in the study concerned only the public administration field.

Romanian national administration, according to BEIS typology, is structured in:

- **Basic Functions:** Government's Office, Ministry of Foreign Affairs, Ministry of Internal Affairs, Ministry of Justice, Ministry of National Defence, Ministry of Relation with Parliament, Ministry for Romanians Abroad,
- **Economy:** Ministry of Agriculture and Rural Development, Ministry of Business Environment, Commerce and Entrepreneurship, Ministry of Economy, Ministry of Public Finance, Ministry of Regional Development, Public Administration and European Funds, Ministry of Tourism,
- **Infrastructure:** Ministry for Communication and Information Society, Ministry of Energy, Ministry of Environment, Ministry of Transport, Ministry of Waters and Forests,
- **Socio-cultural functions:** Ministry of Culture and National Identity, Ministry of Health, Ministry of Labour and Social Justice, Ministry of National Education, Ministry for Public Consultation and Social Dialogue, Ministry of Research and Innovation, Ministry of Youth and Sport. (European Institute for Gender Equality, 2017).

The administrative positions at national level excluding the minister and other politically appointed officials are divided into: *level 1 administrators* which include all administrative (non-political) positions from the head of the ministry down to the level of head of directorate or similar (a directorate is a major section within the ministry) and *level 2 administrators* which include all the positions below the head of directorate down to the level of head of division/department (a division/department is the first level of organization below the directorate). In Romania's case, level 1 administrators are the positions of Secretary General, Deputy Secretary General, Director General, Deputy Director General) and level 2 administrators are the considered the Director Deputy and Director (European Institute for Gender Quality, 2017).

3. MAIN FACTORS WHICH INFLUENCE WOMEN'S CAREER

There are many factors that influence the evolution of female employees. Even if countries have adjusted their legislation and gender has become an important objective

for public policies, factors like culture, stereotypes, the division of societies into masculine and feminine cultures and the way people apprehend women's roles, affect women's careers, their chances of promotion and accession to leadership positions.

The glass ceiling is a concept which must be taken into account when analyzing the relationship between leadership and gender, female employee's situation or gender inequalities. The concept refers to the existence of invisible barriers which women face when they want to occupy leadership positions. These barriers are an obstacle in women's promotion in decision-making positions. As a result, women must work harder than men in order to proof their aptitudes and competencies and break the glass ceiling (Morrison, White & Van Versol, 1987). Morrison et. al (1987) affirmed that the glass ceiling is "a transparent barrier that kept women from rising above a certain level in corporations. . . . It applies to women as a group who are kept from advancing higher because they are women". When the presence of women in a work field is high, it could be considered that they are situated above the glass ceiling, having promotion opportunities, if not, they are situated under the glass ceiling with low chances of occupying leadership positions (Baxter & Wright, 2000). When the number of women occupying positions with power of decision is raising and the representation of women and men on these positions is almost equal, the glass ceiling is broken and women's position is starting to change.

Even if women manage to break the glass ceiling, they often face another form of discrimination: horizontal segregation. This concept explains the situation when women and men dominate different areas in the public sector. Horizontal segregation shows that women are concentrated on fields like education or health, which are considered to be "feminized" and men prefer areas like defense, infrastructure or the core administration (Cribb et al., 2014, p.2). Horizontal segregation also shows that women predominantly occupy leadership positions from inferior levels of management (e.g. head of office) and men are concentrated in positions with high power of decision (Moldovan, 2016).

Research on leadership and gender showed that most female managers could be found in medium or low positions of management, without high power of decision and only a few of them managed to really break the glass ceiling (Cole, 2004, p.106) and gain access to positions from top management. This situation could have different causes such as the stereotypes about the feminine and masculine gender roles, the lack of benefits for female employees who have children or are divorced or in a vulnerable situation or the masculine values which dominate the organizational cultures (Macarie et al., 2011, p.147).

The cultural factors and stereotypes could influence women's promotion in decision-making positions and their possibility of breaking the glass ceiling (Palmer & Simon, 2008, p.221). These factors divided societies into masculine and feminine cultures (Stoker, et al., 2012, pp.31-42) which assumed that men and women should behave in certain manners, according to their gender roles. The violation of their gender roles could create prejudice against women. These factors influenced the perception of women in leadership positions and made them be sometimes perceived in a negative manner (Eagly & Karau, 2002) affecting inclusively their possibility of acceding in decision-making positions.

Feminine and masculine values assumed that women should be kind, nurturing, motivating, relationship-oriented, caring and men should be assertive, trustful, decided, competitive and controlling (Abele, 2003; Bakan, 1966; Fiske & Stevens, 1993). The masculine traits were considered necessary for the act of leading and a leader's image was automatically associated with a man (Eagly & Karau, 2002). This situation could affect women who must work twice as hard than men in order to manage to occupy positions with high power of decision and must demonstrate that they are capable to lead at least as well as men do it.

The fact that masculine values are still predominating the organizations is not just a consequence of social values or prejudices against women, but it also could be caused by the lack of practical experience, that women have regarding leadership. Organizations are dominated by cultures made by men for men, a situation that directly affects women's chances of success to reach leadership positions. In an organization where masculine values are dominant, it is difficult for women to integrate and behave in discordance with their gender roles, in order to be accepted (Macarie, et al., 2011, p.147).

In Western societies, masculine values still predominate, which led to the assumption that women are inferior to men. The masculine values are associated with autocratic leadership style, while feminine values characterize the democratic or participative leadership styles. As studies showed that the participative leadership style is more effective, men should adopt feminine values into their leading act or accept a greater presence of women in positions with high power of decision. (Macarie et al., 2011, p.148).

In order to study leadership in public administration, women's presence in decision-making positions should be analyzed and conclude if gender policies results are being reflected in the public administration of Romania. It is important to observe the evolution of women in positions with power of decision and their concentration in higher, medium or low levels of management in order to establish if in Romanian public administration women are well represented, if they occupy positions from the superior levels of management which suppose high power of decision or if they are only present in a large number in the inferior levels of management.

4. THE EVOLUTION OF GENDER POLICIES IN ROMANIA

European Union member states have focused in the past years on policies which should eliminate discrimination of all kind between genders and should place women in a better position on their work life. Equal representation in positions with high power of decision is a fundamental condition for a solid and efficient democracy and European countries make considerable efforts in order to reduce the disparities between women and men on all plans. Several EU Member States have strengthened their commitment to gender equality in political decision-making positions by introducing gender quotas. These can be mandatory or adopted voluntarily in order to create a gender balance in politics and to integrate targets for gender balance in the selection of candidates (European Commission, 2017).

Member States which have mandatory or voluntary quotas registered the highest increase in political representation of women since 2003. This situation is available not only in the political field. Quotas are one of the measures used to improve the balance between women and men. However, only the quotas themselves are not sufficient. Other measures such as public debates, campaigns, regular monitoring and global programs are necessary to encourage the presence of women in politics (European Institute for Gender Equality, 2016).

The increased participation of women in politics and in public administration is a result of the gender policies adopted in Europe and translated in Romanian legislation. Even if the progress concerning women occupying decision-making positions is not the expected one, it is the result of EU commitment and its member states, on gender policies and on reducing the differences between men and women in terms of payment, work field, time and power. Romania has not adopted gender quotas but focused on “soft positive action measures in public sector employment” (European Commission, 2016).

After its accession to the European Union, Romania assumed to guarantee and promote equal opportunities and treatment between men and women through the implementation of the Constitution and national legislation. Equal treatment and opportunities for women and men is a fundamental principle of human rights, implemented both at the legislative level and on public policy area. Recent studies showed that introducing the gender perspective in public policies have led to significant increases in the economy and the living standards of citizens (Ministry of Labor and Social Justice, 2011).

In the last years, it could be observed that gender differences have diminished, but not enough to achieve de facto the equality between women and men. Romania’s experience in the field of gender equality legislation already includes well-structured institutional arrangements to implement this principle, a strong civil society and an important academic segment (National Agency for Equal Opportunities for Women and Men, 2014). Law no.202/2002 republished on equal opportunities and equal treatment between women and men is the legal act which ensured legislative harmonization with the relevant Community rules (Government of Romania, 2014).

Regarding the balanced participation at decision-making positions, Law no. 202/2002 republished on equal opportunities and equal treatment between women and men, states that “public authorities, local and national economic and social units, as well as political parties and other non-profit entities that operate under their own regulations, promote and support the balanced participation of women and men in decision-making positions and in order to accelerate the achievement of the facto equality between men and women the local public authorities will adopt incentives for fair and balanced representation of women and men in decision-making positions, respecting the criteria of competence” (Parliament of Romania, 2013).

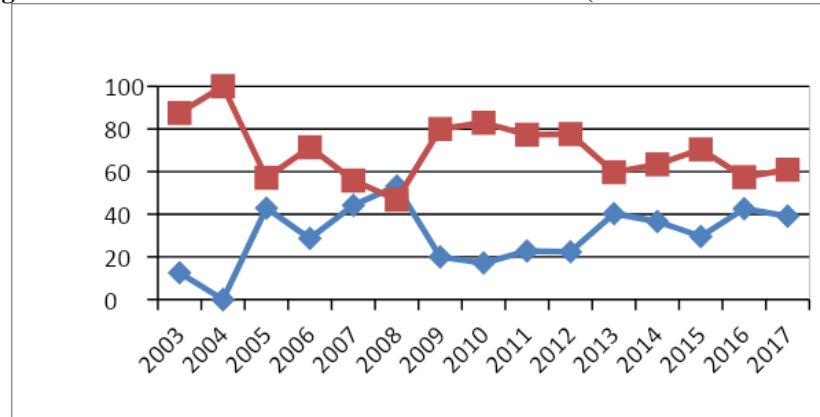
At the national level, the legal regulations on equal opportunities and treatment between women and men is made by the National Agency for Equal Opportunities for Women and Men. The Agency is a specialized body of central public administration, with legal personality, subordinated to the Ministry of Labor, Family, and Social Protection. The Agency promotes equal opportunities and treatment for men and women

and acts for the elimination of all forms of discrimination based on gender in all national policies and programs, and duties strategy, regulatory representation and state authority in the field of domestic violence with responsibilities for the development, coordination and implementation of government policies and strategies in the field of domestic violence (Government of Romania, 2016).

5. MAIN FINDINGS OF THE STUDY

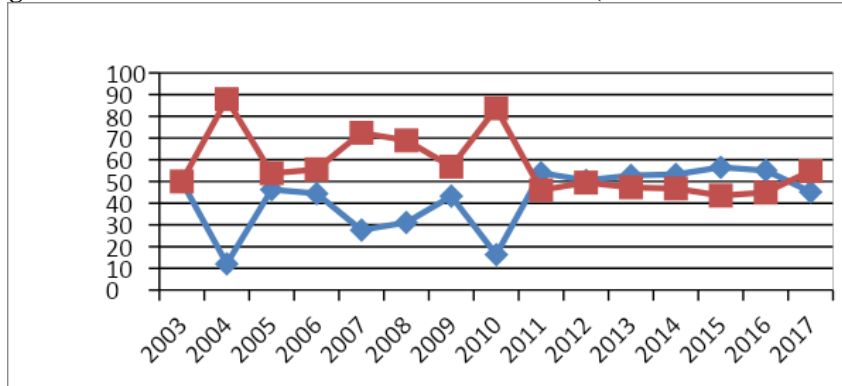
In the next section of the article, women’s situation from decision-making positions from Central Public Administration of Romania is presented. The presence of female public servants in leadership positions has been analyzed using BEIS typology. The positions from Romanian public administration have been divided into four categories: Basic, Economic, Infrastructure and Socio-Cultural functions.

Figure 1 Women and men in national administration (Level 1 Basic functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

Figure 2 Women and men in national administration (Level 2 Basic functions)



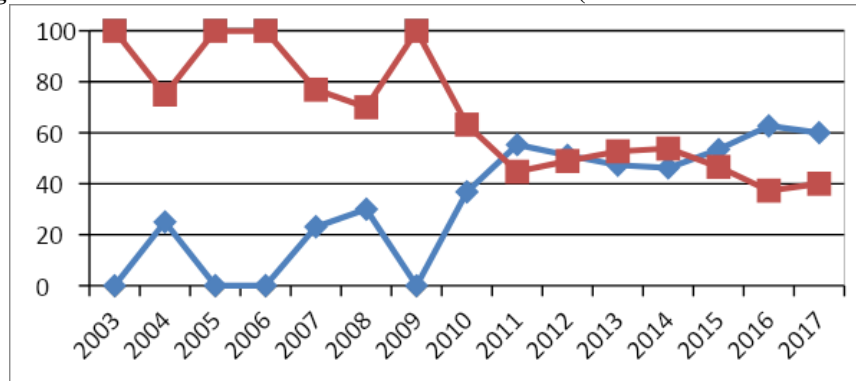
Source: Author, adapted from the European Institute for Gender Equality data (2017)

As far as the basic functions were concerned, it could be observed the presence of gender segregation because at level 1, the only situation where the percentage of women exceeded that of men was in 2008 (53.2%). In the last 8 years, the percentage has

stagnated to 20% and then 40%. The real change was at the second level, where the percentage of women surpassed that of men in the 2011-2016 period, a situation which has not been maintained in the last year of analysis.

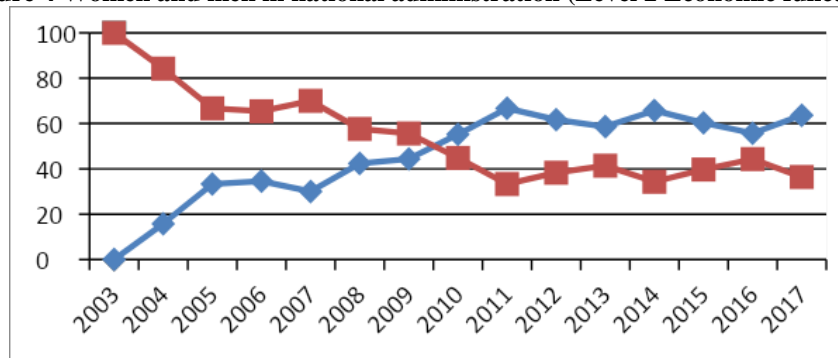
The results showed the concentration of men in positions with high power of decision (level 1) and a better representation of women on level 2 basic functions, where the power of decision is lower. It could be observed the evolution of female senior civil servants, from 13% in the first year of analysis to 39% in the last year. Even if women are more present in low and medium levels of management (level 2), as far as their presence will raise, gender equality could be achieved.

Figure 3 Women and men in national administration (Level 1 Economic functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

Figure 4 Women and men in national administration (Level 2 Economic functions)

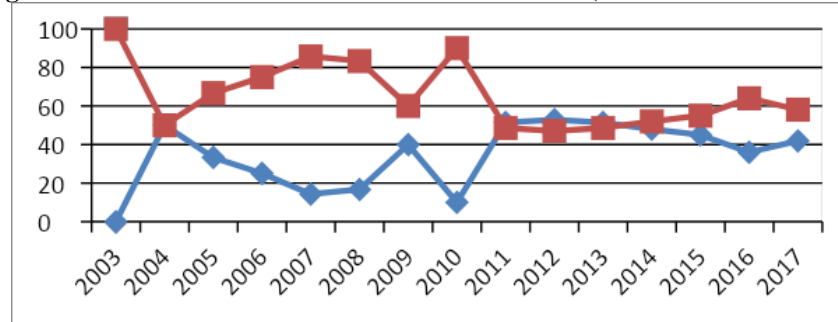


Source: Author, adapted from the European Institute for Gender Equality data (2017)

As far as the economic positions were concerned, the analysis showed that women have not occupied leadership positions from level 1 in 2003-2005-2006 and more recently in 2009. In the following years (2011-2015) the presence of women increased and a state of equilibrium has been reached. In the last two years of the studied period, it could be observed a massive presence of female senior civil servants, with 62.7% and respectively 60% at level 1 economic functions occupied. A similar situation has been recorded at level 2, with women accounting for more than 60% since 2011, in most of the cases. As level 2 economic functions were concerned, it could be observed that the

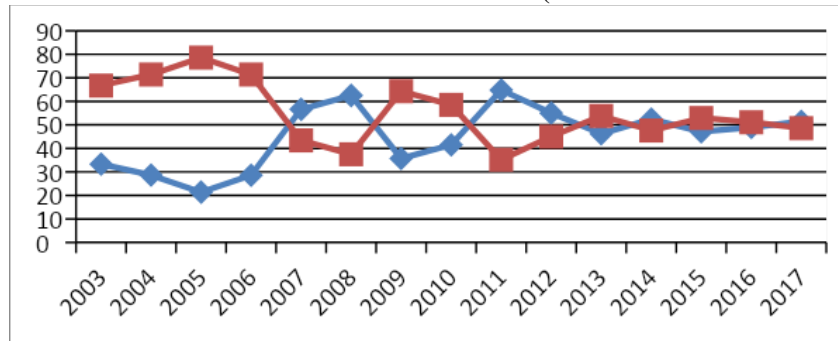
situation could lead to the underrepresentation of men in those positions, situation which would not be in favor of any gender.

Figure 5 Women and men in national administration (Level 1 Infrastructure functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

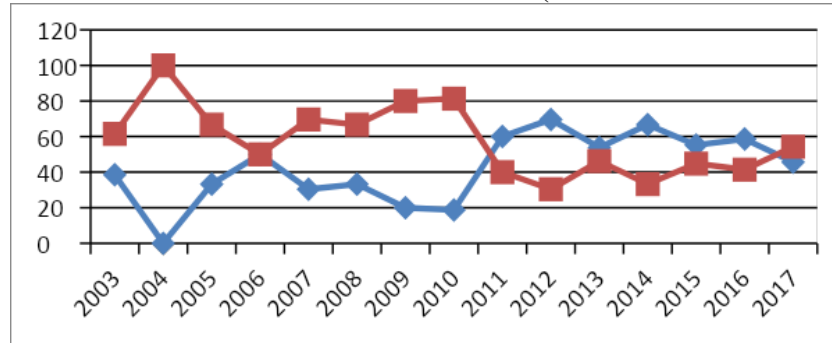
Figure 6 Women and men in national administration (Level 2 Infrastructure functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

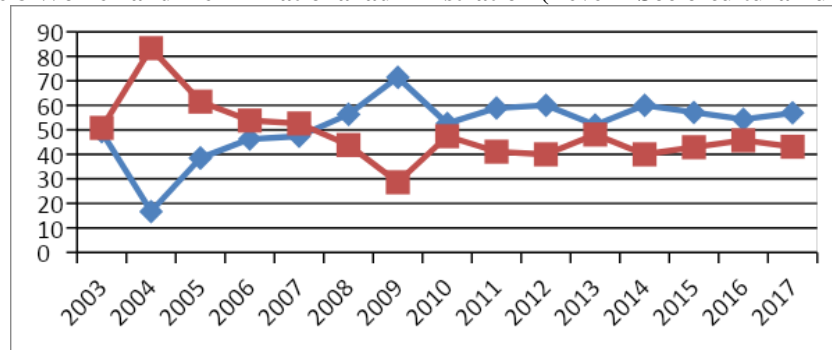
As far as the infrastructure functions were concerned, the figures showed that at level 1, women's presence varied in every studied year, from no women in 2003 to 51% in 2011. At the end of the studied period, it could be observed that the gender gap was low, and both genders occupied more than 40% of level 1 positions. Regarding level 2 positions, the presence of female leaders was higher and at the end of the studied period, women occupied 51% of level 2 positions. Even if infrastructure could be considered a masculine field, it could be observed that women managed to be well represented in those positions, too.

Figure 7 Women and men in national administration (Level 1 Socio-cultural functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

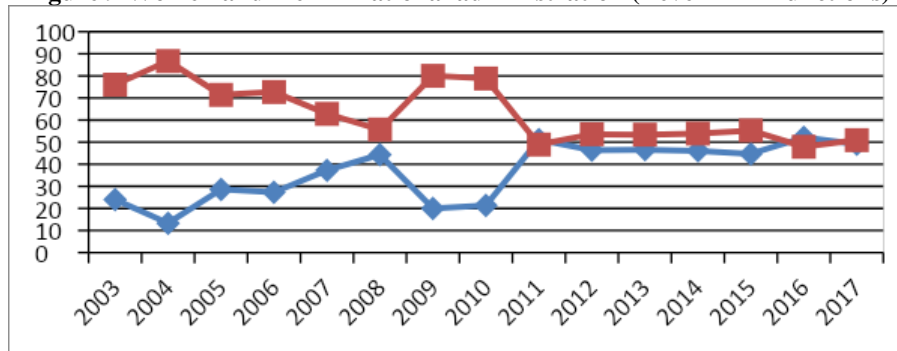
Figure 8 Women and men in national administration (Level 2 Socio-cultural functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

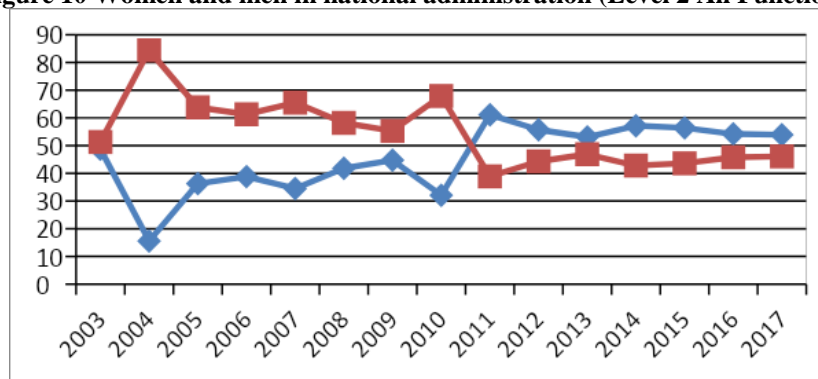
Concerning the socio-cultural positions, at level 1, both genders were well represented. The presence of women was not constant during years and varied from no position occupied by women (in 2003) to 70% in 2012. Regarding the leadership positions from level 2, it could be observed that since 2008, the majority were occupied by women, the highest representation being in 2009 (71%). It could be observed that the evolution of both genders in the socio-cultural functions had no ascendant or descendent trend for any of the genders. Their presence varied differently in every year. At the end of the studied period, at both levels, the presence of each gender is more than 40% which means that a sort of gender equality has been reached. The situation of women could be improved by raising their presence in level 1 position.

Figure 9 Women and men in national administration (Level 1 All Functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

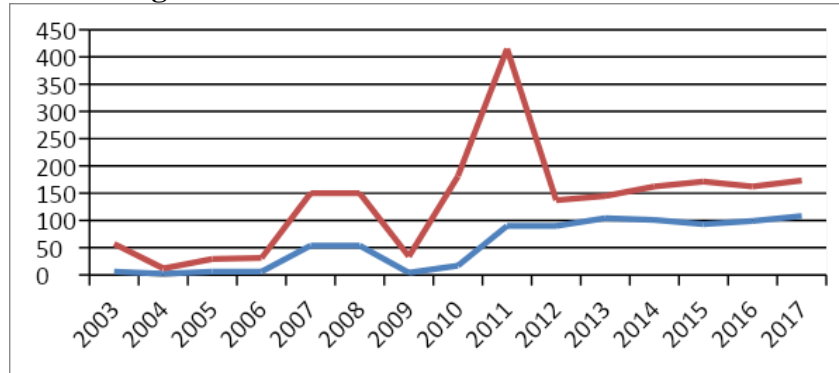
Figure 10 Women and men in national administration (Level 2 All Functions)



Source: Author, adapted from the European Institute for Gender Equality data (2017)

Analyzing the Central Public Administration as a whole, it could be observed, that initially, the level 1 positions were occupied mostly by men. The situation improved during the time, as the presence of men in level 1 positions, decreased. From 2011 until now, it could be observed a balanced participation of both genders on these positions with high power of decision. At level 2, the percentage of women occupying leadership positions increased from 32.1% in 2010 to 61 in 2011 and decreased by 54% in 2017. From 2011, the women from the Central Public Administration occupied the majority of level 2 leadership positions. The figures showed that even if men still tended to occupy more level 1 position then women did, at the end of the studied period it could be observed that the gender gap lowered and gender equality has been reached. The situation is in women's favor, because being well represented at both levels, they have the chance to occupy more level 1 position in the future.

Figure 11 Women in national administration



Source: Author, adapted from the European Institute for Gender Equality data (2017)

The figures showed the evolution of women in leadership positions, from both levels. It could be observed that during years, their presence raised considerably. Their presence did not rise gradually and it did not have a pattern. If in 2010, 181 level 2 leadership positions were occupied by women, the number was almost three times higher in 2011 and then decreased to 137 in 2012. From 2012, the presence of women at both levels is constant, being better represented in level 1 decision-making position.

6. CONCLUSIONS

The analysis showed that the central administration of Romania, presents a certain level of gender equality. From 2011, it could be observed that the gender ratio remained constant and equitable at all levels because each gender occupied more than 40% of the public functions. It also could be observed the presence of sectorial segregation in the public administration because women were better represented on positions from level 2, meaning that they were more present in positions with less power of decision and men tended to occupy more positions with high power of decision. Taking into account that women succeeded to occupy, more than 40% of level 1 positions and the existence of the gender balance at this level, it could be affirmed that female from Central Public Administration of Romania have managed to break the glass ceiling. It also could be partially affirmed that the implemented gender policies, had a positive impact and at least, in the public sector, women's situation has improved. A large number of women in decision-making position is also the result of the fact that public administration is a feminized sector so normally, the proportion of women in leadership positions is high.

The hypothesis of the study have been validated because the results shows that women in decision-making positions have managed to break the glass ceiling and horizontal segregation phenomenon is present in the public administration due to the fact that on positions with a higher power of decision, men were better represented,

Even if in the 2003-2010 period men occupied the majority of the decision-making positions from Central Public Administration from both levels, the situation

changed significantly in 2011. After 2011, it could be observed that both men and women, occupied more than 40% of the decision-making positions, maintaining a constant and equitable ratio which showed that in the center of Romanian administration, a certain level of equality, has been reached and women managed to cross the invisible barriers which stand in their possibility of occupying leadership positions.

Therefore, the Central Public Administration of Romania is a sector where women are not under-represented, due to the fact that the percentage of positions occupied by women was significantly high. In Romania, the distribution of power of decision between genders is better than in the Member States which promote equal treatment and equal opportunities between women and men, showing that gender policies influenced women's situation in a positive manner and that women occupied more and more positions which supposed high power of decision.

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ANALYZING ACCOUNTABILITY AND TRANSPARENCY AS MAJOR TOOLS FOR LOCAL GOVERNMENT ADMINISTRATION IN NIGERIA: A STUDY OF YEWA SOUTH LOCAL GOVERNMENT

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Abstract: *This study is aimed at examining the relationship that exists between accountability and transparency on local government administration. The study also investigated the effect of these tools which can help promote citizen's engagement and participation thereby improving the quality of services delivered. With reliance on primary and secondary data, the paper observed that the goal of improving accountability, transparency and reducing inefficiency at the local government level should not be viewed in isolation, but as part of the broader issue of governance and public management. The theory of accountability and social contingency theory of accountability proved useful in highlighting issues that affects accountability and transparency in Nigeria's local government administration. The study thereafter recommends that local government chairmen should discharge their responsibility effectively and efficiently with high level of transparency and accountability as these will enhance the standard of living of ordinary citizens so as to give a new sense of direction to local government administration in Nigeria and that local government legislators should use their independence to carry out effective oversight function and continue to make laws that will benefit their locality.*

Keywords: *accountability, transparency, administration, local government.*

1. INTRODUCTION

One of the basic problems facing every local government in Nigeria is the lack of accountability and transparency in the local government administration. Accountability and transparency are among the rights and expectations of the citizens in a Democratic society that their Leaders should give an account of all their actions, decisions, and their financial spending while in office and it is equally expected that all the activities taking place in the Local Government are open to all and sundry within the local government. It is imperative to say that these two major tools are lacking in Nigeria Local government which has resulted to political apathy, tax evasion and avoidance at local government level, created wider lacuna between local government administration and the local government people, poor revenue generation, poor infrastructural development, low and

inefficient service delivery by local government. Transparency and accountability are essential components of democratic government and governance, nationally and locally. To underscore the importance of accountability and transparency in Nigeria local government, section 7(1) of the 1999 constitution of the Federal Republic of Nigeria specifically guarantees a democratically elected local government system, while schedule 4 of the same constitution defines the functions of the local government (FGN, 1999). The implication of its constitutionally guaranteed governance structure and its closeness to the people is that the institution of transparency and accountability and their norms in governance should be more evident at this level. (Enofe, Aigboduwa; Audu & Idemudia, 2015).

The aim of this research is to examine the relationship between Accountability and Transparency on local government Administration in Nigeria. This study furthermore investigates the effect of accountability and transparency on local government service delivery and to highlight some challenges of accountability and transparency in the local government with focus on Yewa South Local Government Area of Ogun State.

Research Hypothesis:

- 1. There is significant relationship between accountability, transparency and Local Government Administration in Yewa South Local Government.*
- 2. There is correlation between accountability, transparency and local government service delivery in Yewa South Local Government.*

2. CONCEPTUAL CLARIFICATIONS

2.1. CONCEPT OF ACCOUNTABILITY

The term accountability is linked to the idea of stewardship. The term could also be viewed as a summation of giving account of actions taken and being held answerable; and to give account would, by itself, be inadequate unless there is a means of holding the actor responsible. Accountability as a term most times refer to a conceptual umbrella which cut across various prominent concepts like equity, transparency, responsiveness, integrity, democracy, efficiency and responsibility (Mulgan 2000; Behn 2001; Dubnick 2002; Enofe, Aigboduwa, Audu & Idemudia, 2015). The term accountability has been adopted to represent the popular term used to describe any mechanism that makes powerful institutions responsive to their particular publics (Mulgan, 2003). Akindele and Adeyemi (2011) in their work, argue that the concept of accountability has been differently defined by scholars. Accountability has been conceptualized as way of being answerable or liable for one's actions or inactions, conduct in office or position. Accountability as a term has also been defined as the process of getting elected officials and other office holders accountable and more responsible to the people who got them elected or appointed them for their action while in office. They further opined that accountability connotes the state or quality of being liable and required by a specified person or group of people to report and justify their actions in relations to specific matters or assigned duties.

Accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards. The officer reports fairly and accurately on

performance results vis-à-vis mandated roles and plans (Adegbite, 2010). It means doing things transparently in line with due process and the provision of feedback. Many social relationships carry an element of accountability within. Accountability is all about being answerable to those who have invested their trust, faith, and resources in the public servants. Accountability is an obligation to answer for the execution of one's assigned responsibilities. Accountability in the public sector is the requirement to provide explanation about the stewardship of public money and how the money has been used.

Accountability is not just about the responsibility of public officers and the institutions to the people they support to serve but also includes willingness on the part of the office holder to submit to scrutiny at the appropriate office he/she is holding. Accountability as a concept has been further classified into the following; Individual Accountability, Managerial Accountability, Fiscal Accountability and Administrative Accountability (Adagbabiri, 2015).

Administrative accountability refers to the responsiveness of appointed public officials to the (elected) political executive as well as to the public or the governed; because of the permanency of tenure and expertise (acquired in order to cope with the explosion in scientific and technological knowledge), appointed officials are in a position of power vis-à-vis the laymen politicians (for the most part) in the executive and legislative branches. It is the accountability of government (public officials both elected and otherwise) to the voting public through the ballot box. It is the giving account of governmental actions/inactions to the general public who through their votes afford them such positions and to enable the public believe in such government or give a continuous support in future election.

2.2. CONCEPT OF TRANSPARENCY

Generally, transparency means openness, communication and accountability. Transparency in the public services means when a public office holder is open everywhere and every time as possible when it comes to issues of decisions and actions they take. In furtherance to this, they should be able to give reasons for their actions and inactions (Chapman, 2000). When transparency is radical in management, it involves decision making being carried out publicly. Richard (2004), in his work, "what is Transparency?" sees transparency as an active disclosure. Similarly, various scholars have defined government transparency as the publicizing of incumbent policy choices, and the availability and increased flow to the public of timely, comprehensive, relevant, high-quality and reliable information concerning government activities. Transparency has been generally supposed to make institutions and their office-holders trusted and trustworthy (O'Neill, 2002).

Transparency International (2015) defines transparency as a way of shedding lights plans, rules, processes and actions. It is a way to know why, how, what and how much. Transparency ensures that public officials, civil servants, managers, board members and business men act visibly and understandably and report on their activities, this therefore imply that the general public can hold public servants accountable for their actions and inactions. Transparency is one of the surest ways to guard against corruption. Transparency provides assurance to the organization that systematic information are

provided in an orderly manner and according to clearly laid down rules, principles and procedures. Transparency enables an organization to answer the basic questions such as, of whom is information being demanded? What specific information? and for what purpose? (Florini, 1999 in Aigbokhaevbolo; Oziegbe 2016).

Transparency is characterized by the following:

- (a) A disclosure system.
- (b) Access to information.
- (c) Openness to public participation.
- (d) Absence of undue secrecy.
- (e) Readiness to face and accommodate legitimate scrutiny.
- (f) Humility on the part of executive office holders through readiness to answer questions raised by citizens.

Transparency is therefore an instrument of accountability. Transparency is impossible or very difficult where freedom of access to public information is not guaranteed in law or statute (Waziri, 2009).

2.3. CONCEPT OF LOCAL GOVERNMENT ADMINISTRATION

The guidelines for Local Government reform of (1976) defines Local Government as the government at the local level exercised by the representative council created by law to perform certain function within defined areas; however it is a level of governance put in place to carry out specific function to meet the needs of rural dwellers. Local government is also seen as a political division of a nation or in federal system, state which is constituted by law and has substantial control over the affairs of the local people. Also, Local Government as a concept has attracted the attention of many scholars in the academia who have defined it in several ways. For instance Agagu (1997) asserts that Local Government is a government at the grassroots level of administration meant for meeting peculiar needs of the people. In his analysis, he viewed Local Government as a level of government which is supposed to have its greatest impact on the people of the grassroots. Aransi (2000) opined that Local Government is a Government administrative unit closest to the people, or in general parlance, the grassroots. Local government according to him acts as veritable agent of local service delivery, mobilizer of community based human and material resources, and organizer of local initiatives in responding to a wide variety of local needs and aspirations, it provides the basic structures and conditions for grassroots participation in democratic process.

The Need for Accountability and Transparency in Local Government Administration

- It conferred integrity on Public office holders (Omowunmi 2016)
- It engender fulfillment of responsibility
- It enhances public trust on public officials
- It resolves the problem of impunity
- It engender sense of fulfillment on public office holder
- It is divine requirement (Romans 14 vs 12, 1 Cor, 4vs 2)
- It enhances mass Public participation
- Reduces corrupt practices

- It is an ideal configuration of good governance (Adagbabiri 2015).
- Address the issues of the integrity of the local government.
- Transparency and accountability are essential components of democratic government and governance, nationally and locally (Arneil G Gabriel 2017).
- Some of the problems facing Accountability and Transparency at Local Government Level in Nigeria are; Corruption, God-fatherism, Nepotism, Parochial political culture, Cross-cultural social influence and Loop-sided federal structure.

Challenges of Accountability and Transparency at Local Government Level in Nigeria

- God-fatherism and Prebendalism
- Prevalent of Corruption at Local Government Level
- Political Apathy at Local Government Level
- Faulty Electoral Process
- Constitutional Delinquency

3. THEORETICAL FRAMEWORK: THEORY OF ACCOUNTABILITY

This theory of accountability was proposed by Vance, Lowry and Eggett (2015). It explains how the perceived need to justify one's behaviors to another party causes one to consider and feel accountable for the process by which decisions and judgments have been reached. In turn, this perceived need to account for a decision-making process and outcome increases the likelihood that one will think deeply and systematically about one's procedural behaviors. This theory was originally developed by Tetlock, Lerner, and colleagues and has been effectively applied in organizational research. Importantly, as explained carefully by Vance, Lowry, and Eggett (2013), a useful way to understand accountability is to distinguish between its two most prevalent uses: (1) as a virtue and (2) as a mechanism. As a virtue, accountability is seen as a quality in which a person displays willingness to accept responsibility, desirable trait in public officials, government agencies, or firms; hence, in this use, accountability is a positive feature of an entity. As a mechanism, accountability is seen as a process in which a person has a potential obligation to explain his or her actions to another party who has the right to pass judgment on the actions as well as to subject the person to potential consequences for his or her actions. Accountability theory focuses on the process of accountability. Accountability theory proposes several mechanisms that increase accountability perceptions. For example, "even the simplest accountability manipulation necessarily implicates several empirically distinguishable sub manipulations" (Lerner and Tetlock 1999), including the presence of another person, identifiability, and expectation of evaluation.

Tetlock's Social Contingency Model of Accountability

Social contingency theory of accountability as, by far, provided the most influential conceptual foundation for the existing body of accountability research. Specifically, Tetlock argued that accountability is the fundamental social contingency driving individual's behavior and decision. This is because individuals are concerned about their image and status; because accountability entails an expectation of a potential

evaluation. Individuals position themselves to defend their decision or actions should they be subject to evaluation.

Furthermore, Tetlock (1985, 1992) was a proponent of what has been labelled the phenomenological view of accountability (Frink and Klimoski, 1998). Under this view, accountability is seen as a state of mind rather than a state of affairs. The phenomenological approach acknowledges that objectives, external conditions are important in a discussion of accountability, because individuals use these objective conditions to form their subjective assessment of accountability.

4. METHOD OF DATA ANALYSIS

The collected data was analyzed based on descriptive statistics using a frequency distribution method of analysis and chi square, all the twenty-five elected and appointed officials were chosen as sample population size from Yewa South Local government Ilaro area of Ogun state. Only twenty-three of the questionnaires distributed were returned.

Presentation of Results

This section of the questionnaire focuses on the respondent's view on Accountability and Transparency for Local Government Administration.

Table 1 Accountability and Transparency are essential for Local Government Administration

Responses	Frequency	Percentage (%)
Strongly Agree	18	78
Agree	5	22
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

Table 1 shows that 78% of the respondents strongly agree that accountability and transparency are essential for local government administration in Yewa South Local Government Area; 5% agree that accountability and transparency are essential for local government administration in Yewa South. This shows that majority of the respondents 18 representing 78% agreed to the statement above.

Table 2 Accountability and Transparency tends to enhance effective service delivery at the Local Government Level

Responses	Frequency	Percentage (%)
Strongly Agree	20	87
Agree	03	13
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

Table 2 shows that accountability and transparency tends to enhance effective service delivery at the Local Government Level; 20% strongly agree; 03% agree to this statement. These responses present heavy evidence of how transparency and accountability enhance effective service delivery in Yewa South Local Government.

Table 3 Accountability and Transparency promote Citizen’s Participation at Local Government Level

Responses	Frequency	Percentage (%)
Strongly Agree	20	87
Agree	03	13
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

With table 3 above, 20% of the respondents strongly agree that accountability and transparency promotes Citizen’s participation at Local Government Level; 03% of the respondents were of the opinion that accountability and transparency promotes Citizen’s participation at Local Government Level by agreeing to the statement.

Table 4 Accountability and Transparency has significant effect on Revenue Generation in Yewa South Local Government Area

Responses	Frequency	Percentage (%)
Strongly Agree	15	65
Agree	05	28
Undecided	03	07
Disagree	-	-
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

Table 4 shows that 15% of the respondents strongly disagree that accountability and transparency has significant effect on Revenue Generation in Yewa South Local Government Area; 05% of the respondents agree that accountability and transparency has significant effect on Revenue Generation in Yewa South.

Table 5 God-fatherism, Corruption and Political Apathy endanger Accountability and Transparency at Yewa South Local Government Area

Responses	Frequency	Percentage (%)
Strongly Agree	10	43
Agree	13	57
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

Out of the 23 respondents, 43% of the respondents strongly agree that God-fatherism, Corruption and Political Apathy endanger Accountability and Transparency at Yewa South Local Government Level; 57% of the respondents agree to the above statement. With this statement, it is clear that a higher numbers of the respondents beliefs that God-fatherism, Corruption and Political Apathy are factors that endanger accountability and transparency in Yewa South.

Table 6 Citizens can make Elected Appointed Officials Accountable to the Public in Yewa South Local Government Area

Responses	Frequency	Percentage (%)
Strongly Agree	08	35
Agree	06	26
Undecided	04	17
Disagree	05	22
Strongly Disagree	-	-
Total	23	100

Source: Field Survey (2019)

Table 6 indicates the respondents' responses to Citizen's role in ensuring that elected appointed officials are accountable to the Public. 35% strongly agree to the statement; 26% agree; 17% were undecided while 22% disagree. On average this shows that majority of the respondents 08 representing 35% agree to the statement.

5. DISCUSSIONS OF FINDINGS

The goal of improving accountability, transparency and reducing inefficiency at the local government level should not be viewed in isolation, but as part of the broader issue of governance and public management. The study asserts that a higher number of respondents agreed to the various questions asked. From the results, majority of the strongly agreed that accountability and transparency tends to enhance effective service delivery at the local government level. The study further reveals that God-fatherism, Corruption and Political Apathy endanger Accountability and Transparency at Yewa South Local Government Area. This was in line with Enyi, (2013) that problem of poor leadership and other operational factors are equally responsible for the dismal records of transparency and accountability in the local councils of Nigeria.

6. CONCLUSION AND RECOMMENDATIONS

This paper examined the relationship between accountability and transparency on local government Administration in Nigeria. From the foregoing, it is deductible that imbibing the culture of accountability and transparency in our local government administration is synonymous to the much needed development at the grassroots level. However, from the study it was revealed that there are some challenges facing the local government in exhibiting a high level of transparency and accountability. The study identified God-fatherism, Corruption and Political Apathy among these challenges.

Demands from political God-fathers have not helped council chairmen in performing their duties by been transparent and accountable to the people.

Finally, it was revealed that accountability and transparency are essential for local government administration. Local governments across the nation cannot run effectively without the officials been transparent and accountable to the citizens since the local government is the tier of government that is closer to the people.

In view of the above findings, it is hereby recommended that local government chairmen should discharge their responsibility effectively and efficiently with high level of transparency and accountability as these will enhance the standard of living of ordinary citizens so as to give a new sense of direction to local government administration in Nigeria. Local government legislators should use their independence to carry out effective oversight function and continue to make laws that will benefit their locality. In conclusion, disciplinary measures should be put in place to deal with local government officials who are not transparent when performing their duties and responsibilities. Measures for these actions should be enforced without fear or favour as it will help local governments perform more effectively and bring about the much needed development at the grass root level.

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FINANCE

THE IMPACT OF IMMIGRATION ON THE UNDERGROUND ECONOMY IN THE EU CONTEXT

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Abstract: *The main purpose of the actual paper is to analyse if the phenomenon of immigration has any impact on developing the underground economy for the destination countries and if the size of the underground economy determines any change in the number of legal immigrants, in the European Union. Thus, the research question refers to: Is there any relation between the immigration phenomenon and the underground economy in the EU countries and to what extent is related to? In order to check the relation between the two facts, was performed a Panel Data analysis, using data from 22 EU member states over the period between 2008 and 2015. Meanwhile, wastested the relation between the size of the shadow economy and the share of long-term legal immigrants arriving into the reporting country during the reference year within total population of the reporting country and underlined that there is a bidirectional relation between the two variables. Even the illegal immigration is considered in many cases a significant source of deviation and criminality with impact on the shadow economy, the analyse highlights the relation between legal immigration and underground economy, supposing that this segment of immigrants has an important impact on labour force along time. Unfortunately, illegal immigration is hard to be quantified because of it dynamic and impossibility of monitoring the entire phenomenon.*

Keywords: *immigration, shadow economy, EU countries, labour force, legal immigration*

JEL Classification: *J61, E26, F15, C23*

1. INTRODUCTION

The immigration phenomenon is no doubt an important challenge for any destination country in terms of socio-economic aspects. In the later 20th century, Europe has faced a high growth of immigration of both European and non-European origin individuals even if the attractiveness of a place does not remain the same along history. For example, until 1960s countries like Greece, Italy or Norway were mostly the main source of emigrants for other developed countries like France or Germany, but during years, these origin countries have become destinations due to increasing living standards. Another important event that had impact on the trend of immigration in Europe was the Schengen Agreement signed in 1985. The treaty abolished the internal borders, thus the European citizens have the right to live and work anywhere in EU. Nowadays there are 26 countries having full rights within the Schengen Agreement, including four non-EU

countries (Switzerland, Iceland, Norway and Liechtenstein). In this context, UK and Ireland preferred to maintain its own borders and the free movement between them under the Common Travel Area, but respecting the Schengen Information System providing data on law enforcement (stolen cars, missing persons, court proceedings). Also from 28 EU countries, Bulgaria, Romania, Croatia, Cyprus, UK and Ireland are not part of Schengen zone, but the citizens of these countries are free to travel for tourist purpose.

Schengen treaty was always criticized by contributing to migration and criminality development. A rethinking of Schengen agreement was taken in account after 2015 when the influx of immigrants passed over one million in Europe, most of them Syrian refugees who entered the EU by crossing Greece. The effects of the immigrant flow appeared immediately and “the 13 November Paris attacks, which killed 130 people, prompted an urgent rethink of the Schengen agreement (...) There was alarm that killers had so easily slipped into Paris from Belgium, and that some had entered the EU with crowds of migrants via Greece”(BBC News, 2016). Beside some criminal facts that have serious impact on social life, immigration might contribute to underground economy sustenance. Some observers explained the possible causality between the underground economy and the immigration development assuming that: “...European case studies contradict the view that the underground economy is primarily a consequence of immigration...[...]. Undoubtedly, immigrants provide one source of labour for the expansion of these activities, and they may be preferable to domestic workers because of their vulnerability. However, the 201 underlying causes for the expansion of an informal economy in the advanced countries go well beyond the availability of a tractable foreign labour supply.” (M. Samers, pp.1, apud. Castells and Portes).

By this research paper, we choose to analyse the impact of legal immigration on the underground economy assuming that the rate of legal immigrants has significant impact on underground economy and vice-versa. In order to determine if there is any connection between the two phenomena we used a panel data analysis. Data were collected over 2008-2015 for 22 EU countries regarding the rate of immigrants from total population in each country and the rate of underground economy.

The paper is structured in 4 parts. The first section consists of a short incursion in the discussion upon the meaning of the concepts of shadow economy and immigration as well as the relation between these two phenomena, from the perspective of previous research. The second section contains the description of the research methodology and a short description of the database used. Within the third part, we expose and interpret the results of the two models developed on the available set of data. The last section contains the conclusions of the analysis performed and future research directions.

2. LITERATURE REVIEW

Usually the immigration is considered the best tool in reducing labour market shortages and to control the on-going trend of population ageing. In order to achieve a positive influence from the “new comers” it might exist an integration process, which is the purpose for most immigrants.

In fact, the integration is the definition of being accepted by the society to all levels. Of course, there is not a certain model of integration; this might be different because of the immigrant status, political framework, and economical aspects. According to their purpose, immigrants might be divided in legal workers, illegal workers, for study purpose, asylum seeker or refugee. Asylum seekers and the refugees are considered persons with special status with specific regulations according to their cases. An important aspect highlighted about asylum seekers in different studies shows that “Additional labour immigrant flows have positive influences on the labour market performance of the foreign population already residing in the EU-10 countries, while the asylum seekers are not very concluding in impacting the labour market host countries” (Nicu Marcu, Marian Siminică, Grațielă Noja, Mirela Cristea, Carmen Elena Dobrotă, 2018, p.9).

Being part of the weak segment of population, the immigrant (no matter what status he has) is liable to improper activities because of two reasons: first, he needs any job to sustain himself and his family and second the employers could take advantage of their situation. Thus, results the first favorable indicators which can contribute to shadow economy. More and more states are facing the phenomenon of underground economy with larger shares in GDP. The concept of the underground economy refers mainly unreported income arising from transactions unreported and / or criminal activities such as prostitution, drugs and weapons. Thus, the size of the underground economy is influenced by factors such as excessive tax burden and regulations of the state.

“Increasing the tax burden to workers and social security contributions and labor market regulations cause a larger underground economy” (Schneider, 2000, Johnson, Kaufmann & Shleifer, 1997). Over time, the concept of underground economy was highlighted by various categories of specialists in economic, legal, social and the definitions related to the underground economy are some of the most diverse as are the activities carried out in this sector. In literature the name of the concept of different connotations underground economy gains from parallel economy, the economy hidden, concealed, occult, unofficial, dual, gray, shadow, informal etc.

Defining and measuring informal economy involve a complex approach that experts on economic, scientists have contributed to the development of methods to identify and measure the impact on the economy stagnating economic development of states. In the perspective of several researchers (Schneider, Savasana, 2007) (Caballé, Panadés, 2007) (Levaggi, 2006) (McGee, 2005) (Torgler, Valev, 2007) among the causes leading to the determinants of economy underground are mentioned: tax fiscal pressure, pressure from regulations imposed by state tax morality denoting attitudes of citizens to public sector services. Other economists emphasize corruption as another determining factor for increasing shadow economy and find significant evidence on the contribution of labour market regulations on the underground economy, “the unofficial economy accounts for a larger share of GDP when there is more corruption and when the rule of law is weaker” (Johnson, Kaufmann and Zoido, 1998, pp.387).

Moreover, the difficult economic conditions and also increasing poverty were those that led to the growth of the informal economy and migration in all European

countries. In this context, the phenomenon of labour migration to areas economy contributed to its growth since migration has become a mass phenomenon that affects every aspect of a company.

Unfortunately, in countries of SE Europe there is a high degree of acceptance of employment in the underground economy according to a study (SELDI, 2016), which "deprives large masses of labour protection government regulations." In this part of Europe, unemployment reaches alarming levels, and with the economic conditions and increased pressure corruption in the region led to emigration continuously by the European Union, and why not, most often in the grey economy. Lately, about the migration phenomenon in literature has reached a consensus that "migration is a universal phenomenon with implications at global level". In a study conducted by the authors (Massey et al, 1998), it states that "migration is as old as humanity." Moreover, the researcher observed that even if the direct tax burden decreases, "the shadow economy is still increasing, because other important factors like regulation, have increased during this time"(Schneider, 2000, pp.17).

The specialised literature provides evidence that the immigration "may facilitate but does not create underground activity" (Samers, 2004 apud, Quassoli, 1998; Reyneri, 1998; Sassen, 1996, 1998; Wilpert, 1998). In other studies developed by the authors (Bühn Schneider & Karmann, 2007), they point out that "one of the causes of growth economy, as represented by the large number of unemployed contributing to the development of this type of economy." Moreover, the difficult economic conditions and also increasing poverty were those that led to the growth of the informal economy and migration in all European countries. In this context, the phenomenon of labour migration to areas economy contributed to its growth, since migration has become a mass phenomenon that affects every aspect of a company. Also, in countries of SE Europe there is a high degree of acceptance of employment in the underground economy according to a study (SELDI, 2016), which "deprives large masses of labour protection government regulations."

3. DATA AND METHODOLOGY

In order to test whether there is a unidirectional or bidirectional causality between immigration and the shadow economy in the European Union member states we conducted a panel data analysis. Thus, we collected annual data regarding the phenomena of immigration and underground economy, from the Eurostat database, which cover a period of 8 years, between 2008 and 2015, for 22 out of the 28 EU member states and also from the research conducted by other economists (Schneider, 2015). Six of the EU member states were excluded from the analysis due to the lack of continuous and accurate data regarding the variables under analysis. However, the database used within this analysis is representative for the EU 28, since within the excluded countries there are three groups of states based on the value of the number of long-term immigrants arriving into the reporting country. The first group of states is represented by Bulgaria and Croatia and is characterized by a reduced value for the number of long-term immigrants arriving into the reporting country during the reference year. The second group of states, designed

by Belgium, France and Romania, registers an average value for the number of long-term immigrants arriving into the reporting country above the average value recorded by the indicator for all the 28 EU member states under the period considered within the analysis. By contrast, the United Kingdom is one of the EU member states registering one of the highest values of long-term immigrants arriving into the reporting country.

The present research paper uses two variables: the size of the shadow economy and the share of the long-term legal immigrants arriving into the reporting country during the reference year within total population of the reporting country. Table 1 provides the summary statistics for the two variables used within this study.

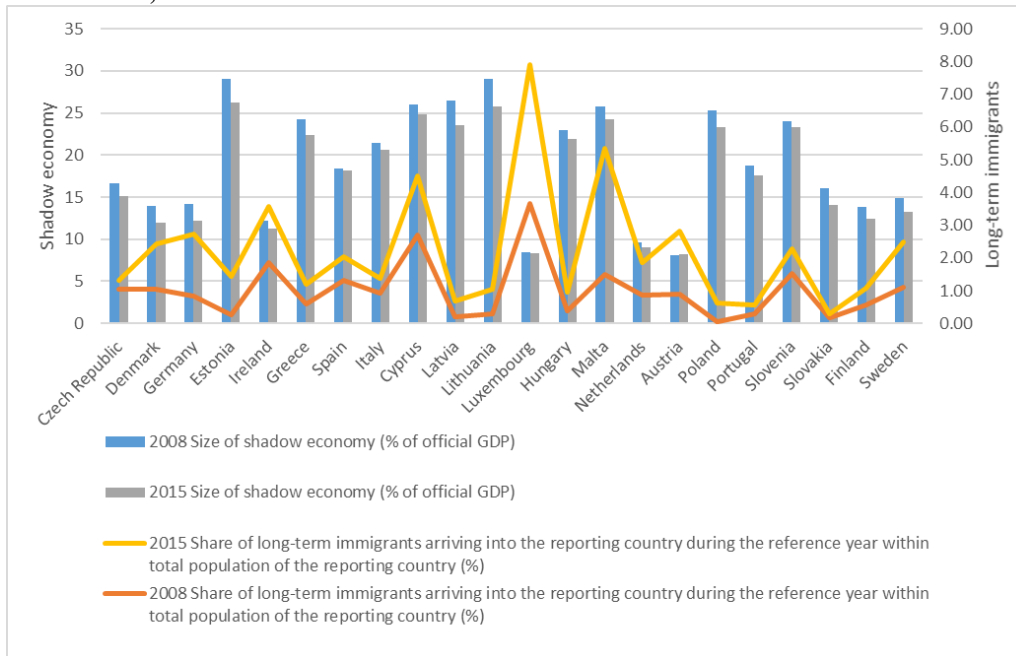
Table 1 Summary statistics of the variables

Share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country (%)					
	Mean	Median	Maximum	Minimum	Standard deviation
2008	1.00	0.88	3.67	0.04	0.87
2009	0.88	0.74	3.19	0.12	0.80
2010	0.80	0.65	3.38	0.10	0.77
2011	0.88	0.63	3.96	0.09	0.88
2012	0.91	0.66	3.90	0.10	0.84
2013	0.93	0.64	3.93	0.10	0.87
2014	1.01	0.66	4.06	0.10	0.97
2015	1.21	0.75	4.23	0.13	1.07
Size of shadow economy (% of official GDP)					
	Mean	Median	Maximum	Minimum	Standard deviation
2008	19.06	18.55	29.10	8.10	6.69
2009	19.61	19.50	29.60	8.50	6.70
2010	19.40	19.30	29.70	8.20	6.81
2011	19.02	19.30	29.00	7.90	6.69
2012	18.72	19.30	28.50	7.60	6.63
2013	18.25	18.80	28.00	7.50	6.52
2014	18.04	18.60	27.10	7.80	6.39
2015	17.63	17.90	26.20	8.20	6.19

Source: a) author's computation based on the data retrieved from Eurostat Database; b) Schneider, 2015

The data included in table 1 emphasizes the fact that the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country (%) registered, on average, values between 0.80% and 1.21%, with a significant increase in the last two years under analysis, i.e. 2014 and 2015 (Figure 1). In the same time, the estimated size of the shadow economy registers, on average, a declining trend over the analyzed period (Figure 1), with a peak registered in 2009 and a minimum value registered in the last year under analysis.

Figure 1 Evolution of the size of the shadow economy and the share of long-term immigrants in 22 EU member states, 2008 and 2015



Source: author's computation based on the data retrieved from Eurostat Database; Schneider, 2015

Thus, using different explanatory (X_i) variables we tried to catch the influence these variables have on the dependent variable (Y), by using The Panel Least Squares Method.

Given a set of observations, the panel data regression model could be written as follows

$$Y_{it} = \alpha + X_{it}\beta + \delta_{it} + \gamma_{it} + \varepsilon_{it}(I)$$

where:

Y_{it} – represents the dependent variable;

X_{it} - represents a k dimensional vector of regressors;

ε_{it} – represents the innovation for M cross-sections and T observed periods;

δ_{it} and γ_{it} – represent the specific effects (random or fixed) for units of the cross-section or for some periods of time”(Necula, 2012, pg.61).

In this paper, we developed two econometric models.

First, in Model 1 we considered the size of the shadow economy as the dependent variable and tested the unidirectional causality between the share long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country and the size of the shadow economy. Furthermore, we used fixed effects for both the cross-section units and the periods included (22 cross-sections included, 8 periods, 176 observations).

Second, in Model 2 we considered the share long-term immigrants arriving into the reporting country during the reference year within total population of the reporting

country as the dependent variable and tested the unidirectional causality between the size of the shadow economy and the share long-term immigrants. We used fixed effects for both the cross-section units and the periods included (22 cross-sections included, 8 periods, 176 observations).

4. RESULTS AND DISCUSSIONS

The estimated results obtained by performing Model 1 are reported in Tabel 2. The results indicate that there is a unidirectional causality between the two variables.

Table 2 Results of the Panel Data Regression Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Intercept	1.686393	0.194698	8.661590	0.0000
share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country	-0.039267	0.009833	-3.993275	0.0001
R-squared	0.083951			
F-statistic	15.94625			
Prob.	0.000096			

Source: author's computation using Eviews

Thus, the increase of one share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country expects the size of the shadow economy to decrease on average by 0.039 % of the official GDP. The results were statistically significant with a 95% confidence interval. Considering the value of the Adjusted R-squared, the explanatory variable (the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country) explains 8.39% of the response variation (shadow economy as % of the official GDP). Thus, other factors influence the change in the size of the shadow economy in a proportion of 91,61%.

However, the results confirm that the size of the shadow economy slightly decreases when the share of long-term legal immigrants arriving into the reporting country during the reference year increases. This might be a consequence of the fact that public governments across the EU member states promote public policies to sustain the integration of the legal immigrants on the labour market. Evidence on the activity rates of immigrants aged 15 years or over, in the 22 EU member states, shows that for the period between 2008 and 2017 the activity rate increases within half of the states within the sample, while in the rest of states the activity rate decreases. However, the increase in the level of the activity rates between 2008 and 2017 is quite insignificant (below 1 percentage point) for states like Austria, Slovakia and Italy. For states like Bulgaria, the Czech Republic, Germany, Estonia, Latvia, Luxembourg, Poland and Sweden the activity rate of immigrants increased by 1 to 4 percentage points in 2017 compared to 2008. On the other hand, a significant increase in the level of the activity rate of immigrants was recorded in Lithuania, Hungary and Malta (over 4 percentage points). Moreover, some other factors, such as increasing quality of life by improving social security system,

reducing risk of poverty, participating in lifelong learning, might contribute to the decrease of the size of the shadow economy.

If we analyze the opposite situation, i.e. a decrease in the share of long-term immigrants determining an increase in the size of the shadow economy, we argue that legal immigrants contribute to the increase of the formal economy sector. Legal immigrants have all the legal rights to live and/or work in the country, thus they get involved in the formal economy as workers and if they are interested in obtaining the full rights any citizen of that country has, they become part of the productive workforce involved in the formal sector of the national economy.

The estimated results obtained by performing Model 2 are reported in Tabel 3. The results indicate that there is a unidirectional causality between the two variables.

Table 3 Results of the Panel Data Regression Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Intercept	20.75014	0.692325	29.97166	0.0000
size of the shadow economy (% of official GDP)	-2.137969	0.535392	-3.993275	0.0001
R-squared	0.083951			
F-statistic	15.94625			
Prob.	0.000096			

Source: author's computation using Eviews

Thus, the increase of one share in the size of the shadow economy (% of official GDP) expects the share of long-term immigrants to decrease on average by 2.13% within total population of the reporting country. The results were statistically significant with a 95% confidence interval. Considering the value of the R-squared, the explanatory variable (shadow economy as % of the official GDP) explains 8.39% of the response variation (the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country). Thus, other factors influence the change in the share of long-term immigrants in a proportion of 91,61%.

The results confirm that the share of long-term legal immigrants arriving into the reporting country during the reference year increases when the size of the shadow economy decreases. This might be a consequence of the fact that the country becomes more attractive to immigrants due to the public fiscal and monetary policies promoted by EU member states governments to sustain the economic growth and minimize the size of the underground economy. In the same time, immigrants and especially legal immigrants decide to leave their home country for better economic and social conditions, no matter the area of interest (i.e. security, family, work, leisure etc.). This means that a country with an increasing size of the shadow economy will determine a decrease in the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country.

5. CONCLUSIONS

The analysis undertaken within this paper emphasized a bidirectional indirect relation between the size of the shadow economy and the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country. However, the influence a change in the size of the shadow economy has on the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country is quite significant. Still, the analysis underlines a weak impact a change in the share of long-term immigrants arriving into the reporting country during the reference year within total population of the reporting country has on the size of the shadow economy.

Moreover, the analysis underlines that 8% of the change occurred in one of the two variables is explained by one share change in the other variable.

Bottom line, the immigration has not a significant impact on the underground economy which means that a positive effect of integrating the immigrants might be taken in consideration if a couple of priorities are respected: flexible policies according to labour market needs, respect immigrants rights and reduce discrimination, frequently supervise the impact of immigration in order to rise the capacity of predicting the economic impact of immigration. A complete scenario of an efficient integration of the immigrants on the labour market, which does not leverage the size of shadow economy, shall admit all the roles that immigrants might play for the host country as a worker, a consumer, a tax payer and why not, an investor.

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HOW ENTREPRENEURS WORDS IMPACT THEIR SUCCESS. LIFE COACH PERSPECTIVE

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Abstract: *Language can affect the results or can bring positive results into the entrepreneurs life. In the case of business, entrepreneurs need to focus on using a positive language, whether we are talking about advertising, the business itself, the relationship with stakeholders or shareholders because people generally respond best to positive and not negative messages. Purpose: The purpose of this research is to show the impact of words on entrepreneurial success. Methodology: I applied a focus group where I invited 20 entrepreneurs from Iasi, Romania, from the IT field. Within the focus group I asked entrepreneurs a single question, "What are the biggest fears as an entrepreneur in terms of your professional life?" Main results: 95% of entrepreneurs fear to have financial failures and 90% of entrepreneurs have fear to say 'NO'. Life coaches need to be careful and aware when entrepreneurs want to move forward and move towards action or if they turn to inaction during the life coaching process. When entrepreneurs are confronted with certain fears, they have to change the values they are guiding in their lives. But to change their values, everything starts from what they think and what they say. Conclusions: Often words are used as a routine, without entrepreneurs becoming aware of the impact of words spoken. When entrepreneurs make statements expressing fear, despondency, pessimism and anxiety, they are constantly excused, they will shape entrepreneurs' reality and undermine their authority, power and presence. In addition, they have to focus on "how can they do a certain thing" and not on "why not doing something"?*

Keywords: *entrepreneurship, system of values, fears, success, positive thinking.*

1. INTRODUCTION

The language is one that can affect the results or may bring positive results in the life of entrepreneurs. Word is the tool that empowers entrepreneurs to create or destroy. The word gives them the opportunity to express and to communicate and the opportunity to think, but also to create the events of their own lives. In the business case, entrepreneurs should focus on the use of positive language, whether we are talking about advertising, the business itself, the relationship with stakeholders or shareholders because people generally respond best to positive and not negative messages. Globally, there are more employees and freelancers than entrepreneurs because of the system in which they were trained, which is why some of them are afraid to take risks (Kiyosaki and Trump, 2008). In this article we intend to focus on the entrepreneurs, because they have the power to change the way in which we work and live. They create new jobs, and they lead to a thriving society. In addition, entrepreneurs have a high level of creativity than those who are not entrepreneurs, leading to the generation of new solutions to problems (Mc Mullen and Kier, 2017). At the same time, in this article, we intend to pay special attention to words that entrepreneurs usually use because words are the ones that

influence others and they are the ones who build personal relationships at work. In addition, words can break relations and cause a change. Practically, with any word that the entrepreneur has to say, it has a positive or negative emotional impact. Depending on the situation, the words used by entrepreneurs can motivate or discourage, boast or criticize, cure or injure, tell the truth or mislead. In this way, coaching involves both the growth and the change of the client (Moore et al., 2008). Entrepreneurs need to capitalize on the power of their words by using the maximum potential of words, discovering the impact that words can have, repairing the damage created by the words they use.

It has been found that a large number of companies are bankrupt in the first 5 years of activity, due to lack of entrepreneurial experience. The entrepreneur does not get enough money to financially support himself, his family and the company (Kiyosaki, 2014). Besides the lack of experience, there is a lack of knowledge and specialized support from a life coach to motivate the entrepreneur. In addition to this, the keywords spoken by the entrepreneur to key people also have a major impact on: employees, business partners, suppliers and so on. When entrepreneurs choose their words, they allow them to be strong and succeed or fail if they do not choose their words with great care. In order to solve their problems, entrepreneurs need to change their minds, stop having the "I deserve" mentality and come up with solutions to their own problems and put them into action. Entrepreneurs need to think large-scale in their own failures (Kiyosaki and Trump, 2008). A life coach has to see entrepreneurs in relation to their future potential and not in relation to past performance (Whitmore, 2014).

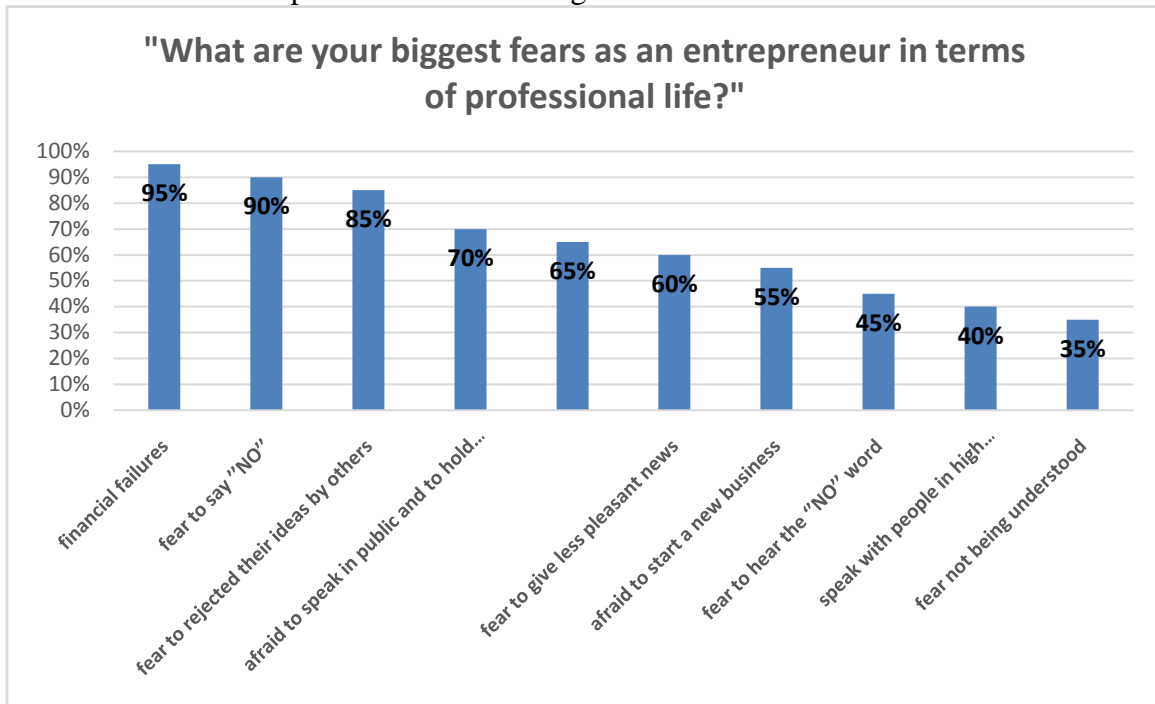
2. RESEARCH METHODOLOGY

The purpose of this research is to show the impact of words on entrepreneurial success. The objective of this research is to provide a new theoretical perspective on the use of positive language for entrepreneurs by identifying the main concerns faced by IT entrepreneurs by analyzing the words they use. For this purpose, I used a qualitative research method in which I opted for the semi-structured interview for data collection, and for the processing of new data I used the content analysis. Finally, I set up a focus group in which, as a life coach, I invited 20 entrepreneurs from Iasi, Romania, to the IT field, to whom I asked a single question: *"What are the biggest fears as an entrepreneur in terms of your professional life?"*

Research results:

- The most common responses to entrepreneur fears:
 - 95% of entrepreneurs have financial failures
 - 90% of entrepreneurs have the fear to say "NO"
 - 85% of entrepreneurs have the fear to be rejected their ideas by others
 - 70% of entrepreneurs are afraid to speak in public and to hold presentations
 - 65% of entrepreneurs are afraid of being judged by the answers they offer
 - 60% of entrepreneurs fear to give less pleasant news
 - 55% of entrepreneurs are afraid to start a new business
 - 45% of entrepreneurs fear to hear the "NO" word
 - 40% of entrepreneurs speak with people in high hierarchical positions

- 35% of entrepreneurs fear not being understood



Source: The author

3. DISCUSSIONS

Life coaches need to be careful and aware when entrepreneurs want to move forward and move towards action or if they turn to inaction during the life coaching process. Since, depending on the stage they are, they can apply a series of change techniques that are specific and effective for the stage they are in (Moore et al., 2008). For example, when entrepreneurs face certain fears, they need to change their values that guide them alive. But to change their values, everything starts from what they think and what they say. The words of entrepreneurs show us the values they pursue (Kiyosaki, 2014). In the case of entrepreneurs, values are what define what they think and how they live. Practically, values are in fact the principles, after which they are guided in everyday life (Maxwell, 2008).

When entrepreneurs use phrases such as "no", "I have to", all this provokes both negative emotions and a value judgment. Thus, the transition from constructive to frustrating conversations takes place. For example, if customers want to get in touch with the entrepreneur, and he speaks negatively, they will avoid doing business with the entrepreneur. Because customers love to work with people they like and who have strong leadership. Other examples of negative expressions that entrepreneurs used in the focus group referred to: "This person / situation seems to be impossible." "I think I am a total failure at ..." "I often feel hopeless ..." "I do not think I will ever be able to understand this." "I think I will try, but ..." "Public speaking fears me of death".

The negative language reveals the negative beliefs of the entrepreneur, which means that their subconscious responds in a way that shapes their own reality. For example, if the entrepreneur feels overwhelmed and frustrated, he will constantly use words like "no" or "I cannot". In this case, the mind and body of the entrepreneur will follow the direction of his words. On the other hand, a positive language changes their perspective for the better. So trying to replace thoughts or negative words with positive ones would sound like this:

Instead of "Yes, but ..." entrepreneurs could try the "Yes, and ..."

Instead of "I need", entrepreneurs could try the "I want / I propose" option.

Instead of "I cannot", entrepreneurs could try the "I can", "I wish" or "I prefer" option.

Instead of "I do not want", entrepreneurs could try the "I will choose" option.

Instead of "I Want", entrepreneurs might try the "I like it" or "I'll choose".

Instead of "I Need", entrepreneurs could try the "I Like" or "I Prefer" versions.

Instead of "My partners do not listen to me at all", entrepreneurs might try the option "My partners see things differently from me. I should ask what they see and I do not know". Instead of "Nobody listens to me", entrepreneurs might try the option "Some partners do not seem to be listening to me. I wonder how I can speak so as to make them want me to pay attention to what I need".

Therefore, in this case it is necessary to reformulate the negative statements with the positive ones. Another option is for the entrepreneur to ask a question, which in turn raises a number of other challenging questions by replacing obstacles with solutions. We find that thoughts determine the words. In turn, words are the ones that consolidate beliefs. Beliefs lead to actions, and shares turn into results (Keller, 2012). Thinking begins when the entrepreneur says, "I'm not good in sales, or I hate to call customers". Practically when beliefs are strengthened, reality starts to become influenced by what the entrepreneur thinks. In this way, the actions that the entrepreneur will undertake will be unproductive because they expect poor performance. It is a cause-effect relationship, in which if the entrepreneur wants positive results, he must use positive words (Keller, 2012).

For entrepreneurs to start using positive language they need a certain discipline. First, there needs to be a monitoring of what the entrepreneur wants to talk about from the internal dialogue that needs to be positive. Another recommendation in this case is to ask a trusted person to monitor his entrepreneur's language because often habits are invisible. There are also entrepreneurs who over generalize words such as "I will never do this thing", which is a restrictive language. This shows that there is a limiting belief that then leads to blocking his progress. In such a case, it is possible to change the entrepreneur's perspective by using questions such as: "Never really? Has never happened to do that?"

Second, it is necessary to create a psychological space. So when something negative happens, it is advisable for entrepreneurs to take a break to create a space between the event and the reaction. In addition, entrepreneurs need to correct their body posture: taking the right position, backing their shoulders, displaying a slight smile on the face and keeping eye contact with people. This will help entrepreneurs to have more confidence in them, just by correcting posture. Also, instead of blaming others,

entrepreneurs might propose solutions to improve the situation and encourage others to do the same. Since the fault is nothing but to invoke behavior that is defensive, which means that the defensive reduces the level of awareness of solutions to problems (Whitmore, 2014). In addition, fear of guilt is the one that blocks risk taking and does not bring any change (Whitmore, 2014).

Another aspect is that people tend to mirror and show behaviors with those who spend most of their time or those who have the most influence on them. In this case, entrepreneurs must display positive and healthy behaviors; otherwise their attitude and negative energy will affect others and pull them down instead of raising them. Therefore, entrepreneurs become focused on what they have to do and on the words they are saying, when both their values and their thoughts, as well as their feelings and actions, lines up (Maxwell, 2008).

4. CONCLUSIONS AND RECOMMENDATIONS

When entrepreneurs want to express a negative thought, they can get a positive turn by rewording words, because this changes the impression and the way of being around. For example, instead of the entrepreneur saying "we can not do this", it might use the phrase "here might be a problem, but what we can do in return is then ext thing". At the same time, instead of the entrepreneur saying that "this will never work", it could use the phrase "let's look at our solutions". Often the words are used as a routine, without entrepreneurs becoming aware of the impact of spoken words (Urban, 2007). To this end, they need a life coach to support them and to make them aware of words that have a negative connotation by rewording words. In addition to rewording words, entrepreneurs can use certain questions to get their people to become aware of some problems that might arise and to see if there are solutions to the problem. An example in this case is that instead of the entrepreneur saying, "We will never be able to do this because it violates company policy, "the entrepreneur might use the wording "It sounds very interesting what you say. How do you think management would be responsible? What conflicts do you think might arise?"

We note that when entrepreneurs make statements expressing fear, despondency, pessimism and anxiety, and are constantly excused, they will shape the reality of entrepreneurs and undermine their authority, power and presence. Instead, entrepreneurs using a positive and action - oriented language help them to trust their relationships. Therefore, in order to be successful, self-discipline is needed (Kiyosaki, 2014). I have noticed that entrepreneurs are afraid to hear the word 'no' because a refusal prevents them from serving people and reaching their goals. If we go to the origins of the word 'no', it is learned from childhood, even from parents who impose certain deprivations and punishments (Hopkins, 2014). In order for entrepreneurs to change their language, they should answer the question: "Who am I?" Because in this way, they help them identify their essential values and obtain emotional safety, which leads to the way in which they act (Maxwell, 2008).

Entrepreneurs also need to see that a problem or a fear is actually an opportunity, because in this way they can improve their quality of life (Keller, 2012). So,

entrepreneurs become what they think they will become, because thoughts are what influences their actions. In addition, every man has a different fear of what an entrepreneur fears of death, for another will have a very low impact (Idem). Some may be afraid to speak on the phone, others to speak to the public or to make sales. This is because they are afraid to get out of the comfort zone (Ibidem). So, life coaching can make entrepreneurs aware of the power of words, choosing words carefully, identifying opportunities, translating words into benefits, turning language into a positive one. They have to focus on "how can they do a certain thing" and not on "why cannot do something in the organization?" Because there are good solutions come when entrepreneurs focus on "how can they do something" and not "why can not they do"? Questions that begin with "why" focus on looking for accusations, seeking reasons, someone else or something else is to blame. While questions starting with "how" appeal to the search for solutions, creativity and positive thinking. Therefore, the life coaching process addresses the right questions that allow the brain the opportunity to participate in the success of the entrepreneurs.

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COST-BENEFIT ANALYSIS FOR TRANSPORT INFRASTRUCTURE PROJECTS: EASTERN EUROPEAN CASES

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Abstract: *Cost-benefit analysis is the most well-known technique of rational allocation of resources. This way of evaluating spending programs is an attempt to measure the costs and earnings of a community as a result of running the evaluated program. During the paper, I stressed the importance of a cost-benefit analysis regarding the decision to allocate financial resources, for a project from the transport sector. Our analysis is oriented to infrastructure projects from Romania and Republic of Moldova.*

Keywords: *Cost Benefit Analysis, transport sector, Eastern Europe*

1. THEORETICAL ASPECTS REGARDING THE COST BENEFIT ANALYSIS IN THE TRANSPORT INFRASTRUCTURE PROJECTS

The realization of an investment project (transport infrastructure, ecological depot, research center, land improvements, electricity production or distribution infrastructure) can have beneficial effects such as local or regional economic development, optimization of transport flows, reducing pollution, improving soil performance, but it can also have negative effects such as: demolition of properties, displacement of inhabitants, cutting and decommissioning of land, noise pollution, environmental change. It is not a direct decision-making procedure, but one that leads to a better-oriented decision, if it is respected (Henley and Spash, 1993; Randall, 1987).

The purpose of the cost-benefit analysis for public spending programs is to determine whether a certain level of public spending can produce a greater benefit than if the respective funds were used in an alternative public program or if they were have been kept in the private sector (Boardman, Greenberg, Vining, 2004). Thus, the cost-benefit analysis in the public sector consists of a set of techniques that are designed to ensure that limited resources are allocated effectively between the private and public sectors, and subsequently, between alternative projects within each sector. The cost-benefit analysis estimates and summarizes the value-monetary equivalent of the present and future social costs and benefits, from the citizens' point of view, of the public investment projects, in order to decide whether they are in the public interest (Bueno, Vassallo, and Cheung, 2015). The main purpose of the cost-benefit analysis is to help make social decisions, more precisely, to facilitate the more efficient distribution of the company's resources. Basically, cost-benefit analysis is a method of evaluating a policy that quantifies in monetary terms the value of all the consequences of this policy on all members of the company. In principle, the impact of the projects from all points of view must be evaluated: financial, economic, social, environmental. The objective of the cost-benefit

analysis is to identify and quantify (respectively to give them a monetary value) all the possible impacts to determine the costs and benefits of the project; subsequently, the results are collected (net benefits) and concluded if the project is appropriate (Henley, Spash, 1993).

Traditionally, costs and benefits are evaluated by analyzing the difference between the "project" scenario and the alternative to this scenario: the non-project scenario (so-called "incremental approach"). Next, the results are aggregated to identify the net benefits and to determine if the project is timely and worth implementing. Therefore, the cost-benefit analysis can be used as a decision-making tool for assessing the utility of investments to be financed from public resources. Therefore, the cost-benefit analysis proves its usefulness when preparing the feasibility studies for choosing the optimal variant (economically, ecologically, socially, technologically) of the investment projects.

Between the transport infrastructure of a country and its economic development there is a two-way relationship. The development potential of a region is even greater as the region has a more modern transport infrastructure. Such a road network facilitates the reduction of travel time to different destinations, increasing accessibility in the region. The lack of adequate transport infrastructure can stifle development, and the national / regional economy is stagnating or even regressing. The difficult access (measured in time and cost) to the areas with economic, residential or leisure functions of a region makes that region less attractive for both the business environment and the population. The high costs of transporting the goods (whether we are talking about raw materials, semi-finished products or finished products) and moving in difficult conditions of people in a certain area are factors that discourage economic investments and lead to the gradual decline of that area.

The construction and maintenance of the transport infrastructure are activities with a powerful multiplier effect, which creates numerous jobs and drives the economic development. The construction sector, the building materials industry, the metallurgical industry, the construction machinery and equipment industry, tourism, auto transport and design services are the economic areas that have the most to gain from investments in infrastructure. The area that has been given the most attention in terms of studies based on cost-benefit analysis is the field of public transport. This section illustrates investments for the development of new or existing transport infrastructure. These investments may include the construction of new transport lines or connections, the completion of existing networks, as well as the interventions to modernize existing infrastructures. The proposed methodology focuses mainly on the modes of road and rail transport. However, the general principles can also be applied to other modes of transport, for example, maritime and air. The socio-economic objectives of the transport projects are generally related to the improvement of the travel conditions for goods and passengers, both within the study area and to / from the study area (accessibility), as well as to improving the quality of the environment and the well-being of the population served.

In more detail, the projects will deal with the following types of transport problems (Comisia Europeană Direcția Generală Politică Regională, 2008):

- reducing congestion by eliminating capacity constraints on the unique nodes and connections in the network, or by building new and alternative routes or routes;
- improving the performance of a connection or network node by increasing the travel speed and by reducing the operating costs and accident rate through the adoption of security measures;
- orienting demand towards specific modes of transport (many of the investments made in recent years, where the issue of environmental externalities has emerged as a critical factor, have sought to change the modes of transport in the demand for travel in order to minimize pollution and limit the impact on the environment);
- completion of missing links or poorly connected networks: transport networks have often been created at national and / or regional level and can no longer respond to transport requirements (especially in the case of railways);
- improving accessibility for people in the outlying areas or remote regions.

The first step is to clearly establish the main direct objectives of the transport project (reducing bottlenecks, changing transport modes), as well as those related to the environment (energy savings, reducing emissions) and separating them from the indirect objectives (regional development, employment etc.). Once the objectives have been clarified, the next step is to check if the project identification is consistent with the objectives (Matei; Stoica; Săvulescu; 2009).

Types of investments (Comisia Europeană Direcția Generală Politică Regională, 2008):

- new infrastructures (roads, railways, ports, airports) to meet the growing transport demand
- completing the existing networks (missing links)
- expansion of existing infrastructures
- renovation of existing infrastructures
- investments in security measures on existing links or networks
- better use of existing networks (for example, better use of under-utilized network capacity)
- improving intermodal transport (transshipment nodes, accessibility to ports and airports)
- improving the interoperability of the networks
- improvements in infrastructure management

Functional characteristics of investments (Korytářová and Papežiková, 2015):

- increasing the capacity of existing networks
- reducing congestion
- reducing externalities
- improving the accessibility for the peripheral regions
- reduction of operating costs for transport

Types of services:

- infrastructures for densely populated areas
- infrastructures for the request for long distance travel
- freight infrastructures
- infrastructures for the transport of passengers

The following tables show examples of monetary values for time savings in freight and passenger transport, CO2 emissions and accidents from HEATCO and IMPACT studies. Studies provide estimates for EU-25; the tables below also include values that have been estimated by JASPERS for Bulgaria and Romania, by applying a simplified approach using a linear extrapolation of GDP per capita to the value of time and to the values of victims of accidents in countries from Eastern Europe.

Table 1 HEATCO Estimated Values for Time Savings for Business Travel and Road and Rail Freight Transportation People Transportation Goods

Country	Plain	Bus	Car	Truck	Train
Austria	39,11	22,79	28,40	3,37	1,38
Bulgaria	13,35	7,78	6,69	1,58	0,65
France	38,14	22,23	27,70	3,32	1,36
Hungary	18,62	10,85	13,52	1,99	0,82
Germany	38,37	22,35	27,86	3,34	1,37
Romania	13,47	7,85	9,78	1,59	0,65
UE(25)	32,80	19,11	23,82	2,98	1,22

Source: HEATCO Project (<http://heatco.ier.uni-stuttgart.de/>) and http://ec.europa.eu/transport/costs/handbook/index_en.htm.

Table 2 HEATCO estimated values for avoided accidents (price factor, purchasing power parity: Euro 2002)

Country	Deaths	Severe accident	Slight accidents
Austria	1.685.000	230.100	18.200
Bulgaria	459.195	64.646	4.599
France	1.548.000	216.300	16.200
Hungary	808.000	108.400	7.900
Germany	1.493.000	206.500	16.700
Romania	465.445	65.415	4.657
UE (25)	1.302.000	161.800	12.200

Source: HEATCO Project (<http://heatco.ier.uni-stuttgart.de/>) and http://ec.europa.eu/transport/costs/handbook/index_en.htm.

The projects in the transport sector can have an impact on the economic structure of the regions. Theoretically, this is a controversial issue and the conclusions, which seem to be universally recognized, show that the effects can be both positive and negative. In the presence of market distortion, increasing the accessibility of a suburban area or region can lead to a competitive advantage, but also to a loss of competitiveness if the industry is less efficient than in the central regions. In this situation, increasing accessibility may force the local industry to get out of business (Crescenzi; Di Cataldo and Rodríguez-Pose, 2016).

2. COST-BENEFIT ANALYSIS FOR THE DEVELOPMENT OF THE TRANSPORT INFRASTRUCTURE: ROMANIA - BUCHAREST-BRASOV HIGHWAY

This chapter aims to exemplify the way of applying the methodology of Cost - Benefit Analysis that aims to develop transport infrastructure in Romania and other countries in the European Union. With a road density of 350 km / 1000Km², Romania is well below the European average of 1196 km / 1000Km², at position 23 in 30 European countries analyzed and, respectively, below the Eastern European average of 933 km / 1000Km², per position 8 of the 9 European countries analyzed. One of the problems of adventure in Romania, with a significant negative impact on the economic and social status of the country, is the lack of a satisfactory network of fast road transport, highways and express roads. Romania currently has 670 km of motorway in use. In this situation, the development of the road transport network is a national priority for achieving the objectives of ensuring the capacity necessary to carry out the freight and passenger traffic, the safe and rapid connection of the western and central area with the south and south-east of the country, for obtaining economic, environmental and social benefits, translated by increasing the volume of investments, providing new jobs, reducing pollution, improving and operating the road corridor by increasing the speed of travel, reducing operating costs over the entire life cycle of the project, reducing the number accidents by improving comfort during travel and reducing traffic congestion (Maniu and Pantelescu, 2015).

The project of the Comarnic-Brasov highway, is an integral part of the Bucharest-Brasov highway, is part of the general network of highways surveyed at national strategic level. The Comarnic-Brasov highway project fully meets the development objectives of the road transport infrastructure mentioned above, also ensuring direct, comfortable and quick access to the tourist resorts on the Prahova Valley throughout the year. The Comarnic-Brasov highway is part of the Bucharest-Brasov highway, which is divided into the following sections: Bucharest - Vlasiei Mill; Mill Vlasiei - Ploiesti; Ploiesti - Comarnic; Comarnic - Brasov. Among the specific objectives of the project, designed in such a way as to maximize the contribution of the project to achieving the objectives of the governance program, are (Comisia Nationala de Prognoza, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014):

- Reducing the number of accidents due to the implementation of the project, resulting in the direct decongestion of a crowded route (DN1) and making available to traffic participants a safer alternative route (Comarnic-Brasov highway), which leads to the saving of 10 human lives in - one year, according to the cost-benefit analysis elaborated for this project;

- Reducing travel time (and generating cost savings in terms of travel time) for passenger and freight traffic transiting the project area, by providing a road alternative that allows for increased speed, resulting in cost savings. estimated at almost 80,000 hours per day for users; for example, with regard to the Comarnic - Predeal sector, one of the busiest road sectors on the Bucharest-Brasov route, in the absence of the motorway, the estimates show that at the level of 2020 a the vehicle would travel the respective road

sector in about 120 minutes, while the motorway section would travel in about 12 minutes, so a reduction of up to 10 times the travel time.

- Reducing the degradation of the road structure within the localities located on the alternative routes to the proposed route of the project, especially as a result of the use of the highway by trucks (these being the ones that contribute most to the deterioration of the road infrastructure), as well as the reduction of the operating costs of the vehicles due to the reduction of the route and the state of the infrastructure used;

- Improving the quality of the environment and the health of the population, by reducing air pollution and noise level within the localities located on the alternative routes to the proposed route of the project, as well as by reducing the amount of pollutant emissions. Thus, according to statistics at European level, road traffic is the largest source of pollutant emissions. As for greenhouse gas emissions (CO₂, N₂O, NH₄), the implementation of the project would result in a reduction of 630000 tonnes per year of CO₂ emissions, respectively 435 tonnes per year of NO_x emissions. Higher speeds on the highway also favor the reduction of pollutant emissions generated by road traffic.

The Feasibility Study for the Bucharest - Brasov Highway project was developed in 2002 and updated in 2006. In the context of the Feasibility Study for the Bucharest-Brasov Highway, a cost-benefit analysis was developed, with the purpose of determining the social and economic benefits resulting from implementation of the new road sector. As a result of the passage of time from the moment of the initial cost-benefit analysis, as well as the changes of the route and the technical solution according to the results of the competitive dialogue stage of the award procedure, an updated cost-benefit analysis was designed to take into account the the route and the current technical solution of the Comarnic-Brasov highway. The model used for the elaboration of the cost-benefit analysis is the DCF (Discounted Cash Flow - updated cash flow) model, which quantifies the future costs / costs and revenues / benefits generated by a project in the implementation and operating stages; the difference between them is updated ("brought" at present) in order to ensure comparability of data, according to the principle of time value of money. Following the calculation of the indicators mentioned above, the economic profitability of the project has obtained positive results, indicating that the proposed investment is feasible from a socio-economic point of view. The social gains resulting from the implementation of the Comarnic-Brasov highway project show the significant impact it has on the lives of citizens: saving 10 human lives every year, saving time up to 100 minutes / vehicle on the busiest section of Bucharest and Brasov (Comarnic-Predeal), improving air quality by saving pollutant emissions of up to 63,000 tonnes of CO₂ per year, respectively 435 tonnes of No_x per year, creating new jobs both during the execution of the motorway and its operation (Comisia Nationala de Prognoza, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014).

Concession vs. traditional public procurement. At the general level, we have two option for the realization of the Comarnic highway, namely:

a) the award of a contract for the design and execution of works for the construction of the motorway and, subsequently, after completion, of maintenance and rehabilitation contracts;

b) awarding a public works concession contract, covering the entire life cycle of the project, from designing and obtaining financing to the execution of works and the permanent subsequent maintenance of the infrastructure, in the form of a public concession / partnership structure -private (PPP).

The choice of one or the other of the two options is based on an analysis (study to substantiate the concession decision), which results in whether the project concession / PPP project is more economically efficient than the project acquisition stage. classic public or not.

Technical description of the Comarnic-Brasov Highway. The starting point of the motorway at Comarnic was established as km 111 + 875. In the area 111 + 700 km is the first road node, which will have to be built when the section Ploiesti - Comarnic will be built. Thus, in order not to impede the further development of the motorway, a solution was chosen to start with this road node designed at the Feasibility Study level.

Access to the Comarnic - Brasov highway is therefore planned to be made by placing a roundabout intersection in the area where DN 1 intersects DJ 101 R (the bridge to Breaza), from which a connection to the highway will leave. The starting point of the freeway in Cristian is provided at km 165 + 090. In addition to the two accesses to Comarnic and Cristian, three unpaved road nodes will be located, in Busteni (km 131 + 600), Predeal (km 144 + 400) and Rasnov (km 158 + 750). Most of the route of the highway runs in the mountainous area, with accentuated windings due to the railway, steep slopes and watercourses, the current project of the Comarnic-Brasov highway aiming to overcome these constraints by ensuring a linear journey from the beginning to the end of the highway.

The highway is divided into 5 sections, as follows (Comisia Nationala de Prognostica, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014):

- Section 1: Comarnic Sud - Comarnic Nord from Km 111 + 875 to Km 115 + 300
- Section 2: Comarnic Nord - Buşteni road node from Km 115 + 300 to Km 131 + 600
- Section 3: Buşteni road node to Predeal road node from Km 131 + 600 to Km 144 + 400
- Section 4: Predeal road node to Râşnov road node from Km 144 + 400 to Km 159 + 645
- Section 5: Râşnov road to Cristian from Km 159 + 645 to Km 165 + 090 + new connecting road between the highway and DN73 (Cristian) + rehabilitation DN73B.

The design and execution of the motorway will be realized in compliance with the technical norms and standards in force. By carrying out the project, the impact on the local community is a positive one, the route of the highway not interrupting the routes of the existing roads. Thus, the current activities of the inhabitants of the area will not be affected. Moreover, the roads adjacent to the motorway will be rehabilitated, which will lead to better and safer travel conditions. As part of the concessionaire's work schedule, along with the works related to section 1 of the freeway described above, the concessionaire will rehabilitate a 3.5 km section of DN1 that will connect with the future section of freeway.

The rehabilitation works of the section of DN1 will be carried out in order to improve the road conditions and to ensure the taking of the traffic from a national road to the motorway sector in safe conditions and will include (Comisia Nationala de Prognoza, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014):

- The existing part of the road will be reconfigured in the sense of providing 3 lanes of traffic, of which a reversible lane that will take over the traffic on the 1st or 2nd lane, depending on the most crowded direction at different times.
- The existing asphalt coat will be milled and new asphalt layers will be laid.
- Horizontal and vertical signaling elements will be installed to ensure road safety conditions, especially visual signals on portals that will indicate the number of lanes available on each lane according to the above;
- Pre-signaling elements will be installed approximately 1 km before the start of the 3-lane reconditioned road sector, with the purpose of informing users about the changes that have occurred in the respective road sector;
- The existing parapets will be replaced, especially in the area of the railway and the areas where the minor riverbed of the Prahova river stretches to the base of the road embankment, in order to increase road safety conditions.

The concession tariff and the toll system. By the Comarnic-Braşov Highway a "semi-closed" toll system will be implemented, which will provide barriers on the entire road at the two ends of the highway, located in the Comarnic and Rasnov area, as well as cabs. of taxation in Sinaia-Busteni and Predeal. The concession tariff will be charged once the entire highway is completed and becomes operational. A detailed description of the toll system includes the following (Comisia Nationala de Prognoza, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014):

- A full width barrier located on Section 1 or Section 2,
- Toll station on the access lanes of the Busteni road node, allowing the following traffic flow to be charged (only of this flow): The flow from Predeal to Busteni, at the exit from Busteni.
- Toll station on the access lanes of the Predeal road node, allowing the following traffic flow to be charged (only this flow): The flow from Buşteni to Predeal, at the exit of Predeal.
- A full width barrier located on Section 4,
- A charging station on the access lanes of the Rasnov road node, allowing the following traffic flows to be taxed (only of these flows): The flow from Cristian to Rasnov, at the exit from Rasnov, and the flow from Rasnov to Cristian, at the entrance to Rasnov.

The concession rate to be paid by a car for the entire length of the motorway is expected to be 7 lei with VAT included, subject to indexation. The level of the tariff charged is established according to the distance traveled by the vehicle. The level of the concession rates for each category of vehicle is generally established below that existing in most European states. The concession rates will be introduced only when the highway is open to traffic, and the estimated nominal value of the revenues to be obtained from

taxation and rents for service spaces will be directly related to the traffic registered on the highway, the level of the tariff / axle, the availability of the highway, traffic mix etc. The level of the concession tariff mentioned above can be modified by the public authority, in accordance with the commercial and macroeconomic needs.

The main contractual stages. The concession contract is structured in three main stages as follows:

Table 3 HEATCO estimated values for avoided accidents (price factor, purchasing power parity: Euro 2002)

	Stage	Duration
1.	Preliminary period	12 months from the date of signing the contract
2.	Construction period	36 months from the end of the preliminary period
3.	Operating period	26 years since the end of the construction period

Source: HEATCO Project (<http://heatco.ier.uni-stuttgart.de/>) and http://ec.europa.eu/transport/costs/handbook/index_en.htm.

Presentation of the costs and revenues of the Project. The costs of the project will be borne by the Concessionaire and will consist mainly of the following (Comisia Nationala de Prognostica, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014):

- the costs related to the construction works (design, project organization, project management, field studies and actual works),
- costs related to the operation and maintenance activity, which covers the operating costs, current, periodic and major maintenance, maintenance of the tax equipment, service and parking spaces, maintenance centers,
- the costs of financing for the whole duration of the project, consisting of the costs of the long-term loans, the costs of the shareholders' equity contribution, bank fees, the hedging costs in terms of the interest rate, etc.

The total construction cost, based on the winning bid, is approximately 1.8 billion Euro (adjustable according to the above), out of which a cost of 198.5 million Euro, representing 11% of the total mentioned cost, covers the construction work of the Section 1 of the freeway, the rehabilitation works of DN1, the realization of the technical project for the entire freeway, the organization of the project, the management of the project and the costs incurred by the concessionaire for carrying out field investigations for the entire route of the freeway. A breakdown, by main cost categories, is shown below:

Table 4 HEATCO estimated values for avoided accidents (price factor, purchasing power parity: Euro 2002)

Cost item	Total (€) excluding VAT	Percentaje in total cost
Engineering and design costs, including investigations	109.701.500	6%
Construction	1.663.806.078	91%
Other costs (insurance, Independent Engineer, etc.)	54.850.750	3%

TOTAL	1.828.358.328	
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Source: HEATCO Project (<http://heatco.ier.uni-stuttgart.de/>) and http://ec.europa.eu/transport/costs/handbook/index_en.htm.

The construction costs cover not only the tread surface, respectively the part of the motorway seen, but also many other works that cause this tread surface to rise to a high quality level. These are important works of earthworks as well as the consolidation of the slopes due to the geological and geotechnical profile of the area crossed by the highway, works whose stability is directly influenced by the execution of a large and judicious system thought and realized by taking and removing the meteoric waters or by infiltration.

The project provides important works of art, including 19 viaducts and 16 bridges with a total length of approx. 4 km, as well as 10 km of tunnels with double tunnel (or about 20 km of single wire tunnel), representing one of the most complex engineering challenges. Also, are included 3 road nodes, the access roads to the highway, as well as ensuring the continuity of the existing roads that the highway could interrupt, relocation of the various utility networks that the highway affects, hydrotechnical works and mitigation of the impact on the environment. In addition, there are a variety of other works specific to a highway project, such as traffic monitoring system, road marking and signaling, emergency call system, ITS (Intelligent Traffic System), toll system, centers maintenance, service and parking spaces. Compared to the cost estimates made in the Feasibility Study phase, in 2006, the costs of the various categories of works presented by the winning bidder in his bid are generally comparable, with the variations that are largely due to the route variant proposed by the winning bidder, which is different from the one proposed in the Feasibility Study and which resulted in new engineering solutions, as well as the modifications of the regulations of the national legislation, 24 of the national and European technical ones and the technological advances that have been registered from 2006 until now (Comisia Nationala de Prognoza, 2017; Compania Nationala de Administrare a Infrastructurii Rutiere, 2014; Ministerul Transportului, 2014).

All these are illustrated in the following table, in which the costs of the main categories of works are compared, these being substantially similar.

Table 5 The costs of various categories of constructions category

Construction category	Feasibility study cost (Thousands Euro)	Winning bid cost (Thousands Euro)
Road works	371.831,93	616.708
Bridges, passages, viaducts	537.254,62	275.932
Tunnels	141.344,54	396.368

Source: http://www.cnp.ro/user/repository/Investitii_strategice_in_parteneriat_public_privat/Studiu%20fundamentare%20autostrada%20Ploiesti%20Brasov.pdf

3. CASE STUDY. CONSTRUCTION OF M3 ROAD IN THE REPUBLIC OF MOLDOVA

The M3 road from Moldova provides the shortest and most important connection between Chisinau and Giurgiulești, providing access to the Danube and the Black Sea. In addition, the M3 corridor is an integral part of the European road E577 Poltava - Kirovograd - Chisinau - Giurgiulești - Galați - Slobozia. It ensures the connection between the corridors of the European network IV and IX. At the moment, the corridor has at times a higher level of deterioration and a reduced load capacity, which leads to the restrictions of the weight on the axis and the diversion of freight traffic, the high transport costs and respectively the reduction of local business opportunities and transit traffic (Gherman, 2017).

The objective of this study funded by the EU, as specified in the Terms of Reference (ToR) is "... to ensure a study of banking, financial, environmental and institutional feasibility for the rehabilitation and extension of the M3 Chisinau-Giurgiulești road / border with Romania ", to identify the economic sectors suitable for road improvement. Further "the study must be appropriate for presentation to the International Financing Institutions in order to attract the financing of the improvement of the road for the preparation of the loans by the International Financing Institutions" (Administrația de stat a drumurilor, 2016; Ministerul Economiei și infrastructurii, 2012).

The M3 route connects Chisinau, the capital of Moldova, with Giurgiulești, the southern end of Moldova, for a distance of approximately 216 km and can be divided into 7 main sectors (Administrația de stat a drumurilor, 2016; Ministerul Economiei și infrastructurii, 2012):

- The corridor starts in Chisinau as a Category I bus with four lanes at the village of Porumbrei. From there to the south, an extension of the M3 was designed to bypass the city of Cimișlia. The design, the acquisition of the land and the earthworks began during the anilo period 1985 to 1995. The rights to purchase the land may have expired since then.

- Because the bypass road Cimișlia is not completed, the corridor continues from Porumbrei towards the southwest direction on local roads, as a Category IV road, to connect with the Republican road R3. The Pigeon-R3 sector was not planned to be an integral part of the M3 corridor, but due to the cessation of the works on the Pigeon-Cimișlia sector, the corridor passes through the villages of Pigeon, Iurievca and Gradiște. The sector has load restrictions, which is often not controlled, but the alternative route through Hâncești to Chisinau is much longer and therefore the transport costs are higher.

The M3 corridor follows the R3 route to Cimișlia. The R3 road sector between Hâncești and Cimișlia will be rehabilitated by the end of 2009. From Cimișlia the road (Category III) continues as M3 towards the south, towards Comrat city (dividing the mark E 557). Comrat is the capital of the autonomous region of Gagauzia. Here M3 intersects with R35 east of Basarabasca. The sector will be rehabilitated by the end of 2008. From the south of the city Comrat M3 continues as a Category II / III road, ensuring the connection of the villages Chirsova and Congaz to the intersection of R38.

The R38 regional road provides access to the west to the city of Cahul, with the border crossing with Romania, and to the east with the city of Taraclia.

The traffic varies between approximately 4000 vehicles / day on the northern sector of the M3 road, up to 700 vehicles per day between Vulcanesti and Slobozia Mare to the south. In the northern sectors there are distinct shipping routes. In addition, there is a significant number of traffic exchanges between Cimişlia, Comrat, Cahul and Giurgiuleşti. Based on the existing data, the traffic forecasts have been elaborated taking into account: the annual basis of the traffic volume and the travel characteristics of the corridor; traffic generation - new traffic attracted by the extended road options; diversion of traffic - traffic diverted from other corridors on an improved road; special traffic generators: traffic generated through new economic activities, Giurgiuleşti Free Port.

Most of the existing sectors of the road are in a normal to bad condition, and only locally in a very bad condition. However, the existing bituminous surface of the road, on some road sectors, is in a state in which it requires major maintenance and repair, where there have been recorded cracks, bumps, faience / crocodile skin and frequent transverse cracks (Administraţia de stat a drumurilor, 2016; Ministerul Economiei si infrastructurii, 2012).

The capital cost of major projects outside the route of the M3 corridor, varies from over 45 million Euros for the extension / bypass road Cimişlia, to over 10 million Euros for the new route / bypass road Ciumai-Burlăceni. On average, the cost per kilometer for new construction is 1.2 million Euros. The cost of the construction on the route varies widely between the necessary works, and oscillates between the rehabilitation works and the reconstruction works at Category II. The approximate cost per kilometer is 0.74 million Euro.

During the study, it became increasingly evident that the process of land acquisition and practice in Moldova will be an issue that must be considered in carrying out the technical project, as well as the implementation of the improvement projects. Especially since some sectors of the bypass roads are almost entirely private property. In addition, the property is shared by many individuals, in some cases more than 170 owners per bypass road sector (Administraţia de stat a drumurilor, 2016; Ministerul Economiei si infrastructurii, 2012).

The general conclusions of this feasibility study are that the corridor improvements M3 as a general scheme are guaranteed, and that an improved high-level road will be beneficial for the development of Moldova, especially in connecting the central part with the southern part of the country. However, as in other transition countries, traffic volumes are low, which together with the costs of construction determine the feasibility. Many sectors of the corridor show a sufficient economic rate of income and are economically feasible. While the economic analysis is a major decision criterion, in the process of selecting the project, other aspects must be considered in the development and stage of the continuous corridor M3. These are (Administraţia de stat a drumurilor, 2016; Ministerul Economiei si infrastructurii, 2012):

- The best economic use of existing investments (eg M3 km0 to km34)
- Development of a continuous corridor, without obstacles
- Connectivity of the national network

- The general benefit of the economic, as well as the environmental development of the traffic conditions, as well as the possible future conditions.

Summarizing the above, the project evaluation template was used to qualitatively evaluate the impacts of the factors mentioned above together with the economic evaluation. The following table presents the project evaluation:

Table 6 Recommendation of the project and the stage of the Chisinau - Giurgiulești road

Sector	Existing road category	Proposed category of road	Type of works	Cost per km	Economic feasibility	Economic development	Economic connectivity	Network	Social	Purchase	Ecological category	Impact on the environment	Rank	Period of time	Eligibility of the technical
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Chișinău-Porumbrei	I	I	Maintenance and repair	+	+	o	+	o	O	+	o	++ +	s	da	
Extension M3 the bypass road Cimișlia B1	N/A	II	New 2-lane construction on the 4-lane road mark	-	+	+	+	+	-	-	o	+	s	nu	
the bypass road Cimișlia B2	N/A	II	New construction of 2 lanes	-	-	o	+	+	-	-	o	--	m	nu	
Porumbrei-Valea Perjei, (R3)	IV	III/I I	Rehabilitation / Reconstruction	+	+	o	-	-	O	+	-	+	m		
R3-Cimișlia intersection	III	II ¹	Rehabilitated until 2009										l		
Cimișlia urban area	III	II ¹	Currently rehabilitated										l		
Cimișlia-Comrat	III	II ¹	Currently rehabilitated										l		
Comrat urban area	III	II	Reconstruction	+	+	o	-	-	+	+	-	+	m		
the bypass road Comrat	N/A		Bypass road with 2 lanes	o	+	+	+	o	-	-	+	++	s	nu	
Comrat-Balabanu (R38)	III	II	Reconstruction	+	+	o	o	o	+	+	-	++ +	s	da	
Balabanu(R38)-Ciumai	III	II	Reconstruction	+	+	o	o	o	+	+	-	++ +	s	da	
The roads around the villages Ciucur-Minjir, Chirsova, Congaz, Svetlii	N/A	II	New road to bypass	-	-	o	o	+	-	-	+	--	l		

Ciumai-Vulcănești	IV	II	Reconstruct ion	+	+	o	+	+	-	-	+	++	s	nu
Vulcanesti urban sector	III	III	Reconstruct ion	+	+	o	o	-	+	+	-	++	s	da
the road to bypass Vulcanesti	N/A	II	Bypass road with 2 lanes	-	-	+	-	+	-	-	+	--	l	
the new route and bypass route Slobozia Mare-Giurgiulești	IV/N/A	II	Bypass road with 2 lanes	o	o	+	+	+	-	-	+	++	s	nu
Vulcănești-Slobozia Mare-Giurgiulești	IV	IV ²	Rehabilitati on	+	o	-	-	-	+	+	-	-	m	
Slobozia Mare-Giurgiulești	IV	IV ²	Rehabilitati on	+	-	-	-	-	+	+	+	o	m	

Source: Administrația de stat a drumurilor (2016) http://files.asd.md/Tendere_locale/comunicat/Studiu.pdf Ministerul Economiei si infrastructurii (2012) Proiectul de Îmbunătățire a Drumurilor Locale Social & Mediu. <https://mei.gov.md/ro/content/lucrarile-pe-drumul-national-m3-chisinau-giurgiulesti-plina-desfasurare>

Four other elements contributed to the forecasting of the future traffic for the M3 corridor: traffic generation through the development of the Giurgiulesti port; generating traffic from local and regional accessibility through the corridor; divert traffic on the M3 corridor from other strategic routes, in particular R34; divert traffic from the existing M3 corridor on proposed improvements outside the route. Each of these components of future traffic on the M3 corridor is summarized in the following table:

Table 7 Traffic forecasts: generating from the Giurgiulești port in full development in 2018

Sector of corridor M3	%	Vehicles / day
Total port traffic for the M3 corridor	100	2,583
Giurgiulești - Slobozia Mare	100	2,583
Slobozia Mare – Vulcănești	36	930
Vulcănești – Comrat	24	620
Comrat – Chișinău	17	439

Source: Administrația de stat a drumurilor (2016) http://files.asd.md/Tendere_locale/comunicat/Studiu.pdf Ministerul Economiei si infrastructurii (2012) Proiectul de Îmbunătățire a Drumurilor Locale Social & Mediu. <https://mei.gov.md/ro/content/lucrarile-pe-drumul-national-m3-chisinau-giurgiulesti-plina-desfasurare>

4. CONCLUSIONS

The development of a resilient economy demands the development of the competitiveness of the public and private sectors of activity, regarding the attracting of the international and domestic financial resources indispensable to finance the evolution

of the economic entities. The need for resources usually exceeds the possibilities of purchasing them in a modern economy. Similarly, while resources have a limited character, there is a trend of continuous increase in demand for resources. Resources include in their structure, along with human resources, materials, currency, information, and financial resources. All these constitute the totality of the financial means indispensable for the fulfillment of the economic-social objectives in a certain period of time. Given the variety of competition sectors that require financing and the limited character of public resources, it is intended to carry out a comprehensive analysis of the costs and social benefits of a project regarding the optimization of the decision-making process in order to carry out various investment projects. It is necessary, in this regard, for a technique of classifying projects in order of their economic opportunity, so that they can be adopted in the order established before the investment budget is consumed. Specifying the destinations for the allocation of public financial resources is also the investigation of the needs of the company and the classification of its priorities. Selecting the categories of investments that correspond to a great extent the local, regional or national economic-social objectives at a given time.

Cost-benefit analysis is a process of measuring, identifying and comparing the social costs and benefits of an investment project. Projects undertaken by the public and private sectors need to be estimated in order to determine whether they are an effective resource allocation. In the private sector, projects that show a productive application of resources may entail benefits and costs for many people, not just for direct beneficiaries. In order to be able to distinguish between the private costs and the monetary outputs of the project, these effects are called social benefits and costs. Due to the differences between the level of public services, the infrastructure or the quality of scientific research conducted in the country, in comparison with the other countries of the European Union, it is essential to attract public funds for the necessary investments.

The cost-benefit analysis demonstrates its necessity by representing the social effects of a project, being compared with the investment costs, so that by implementing the project, the social benefits obtained condition the opportunity and the need for its realization.

In conclusion, the coordinating principle of cost-benefit analysis is economic in nature. The efficient allocation of resources leads to the maximization of the total social benefits; therefore the effectiveness of the cost-benefit analysis is identified at the level of a guide of the public sector resources and of the efficient provision, as in the case of the programs of health, environment, and infrastructure or with reference to education and social well-being. The degree of evolution of a sustainable economy requires the increase of the competitiveness of the sectors of public activity but also of the private ones, in order to attract the internal and international financial resources so necessary to finance the growth of the economic entities. As demonstrated throughout the paper, cost-benefit analysis is a process of identifying, measuring and comparing the social benefits and costs of an investment project or program. Both public and private sector investment projects need to be evaluated to determine whether they represent an efficient allocation of resources. Throughout the paper, it was stressed the importance of developing a cost-benefit analysis regarding the decision to allocate European financial resources in order

to finance a project from both the public and private sectors. Theoretically, cost-benefit analysis is a poorly explored area at the national level, with few studies and local publications addressing this topic. As a result of these aspects identified and analyzed in the paper, we can appreciate the cost-benefit analysis as a tool for evaluating the benefits of investments from the point of view of all groups of stakeholders, based on the monetary values attributed to all the positive and negative consequences of the proposed investment project.

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LAW

ROMANCE AT WORK AND THE NEGATIVE IMPACT IT HAS ON THE WORKPLACE ENVIRONMENT

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Abstract *In the 21st century people spend even more time at their work place, the interaction between female and male co-workers, increases due the time spend, which studies showed has a direct correlation with them being involved in romantic relationships. This paper is trying to show how companies should reacted to two co-workers being romantically involved, and how their relationship might affect the organization and the interaction between the ones involved in a romantic relationship and the rest of the company.*

Keywords *Workplace romance, human resources, organizational behaviour, business management, and organization impact.*

In contrast to meeting at the disco, heading to see a movie, date in high school or university, the workplace is rapidly becoming a desirable location to meet and fall in love with a romantic partner (Pierce, 1998). Indeed, researchers have indicated that workplace romance, or romantic relationships between two members of the same organization that are characterized by mutual sexual attraction, are rampant (Mainiero, 1989).

The sexual integration of the workforce in the past few decades has increased the frequency of intimate contact between male and female employees (Pierce, Byrne and Aguinis, 1996), thereby enhancing the likelihood of romantic relationships in the workplace (Pierce, Byrne and Aguinis, 1996). Indeed approximately 80 per cent of the employees in the U.S. report different types of social-sexual experience at their job (Pierce, Byrne and Aguinis, 1996), including mutually desired, fun loving, passionate romantic affiliations with their nearby co-workers. Similarly, Dillard and Wietteman (1985) reported that nearly 75 per cent of the individuals they interviewed had either observed or participated in a romantic relationship at work.” Corporate romance is as inevitable as earthquakes in California” (Westhoff, 1985, p.21).

Becoming an increasing phenomenon, romance at work caught the attention of many writers in literature, many of them having tried to explain the formation of romantic relation at work and the impact of it on the company environment.

This article attempts to show, based on existing literature on the topic, why organizations would wish to ban romantic relationships at work, if it is better to ignore them or to take action in favour of against romance at work based on the consequences that they might have.

Literature on office romances is replete with examples of positive and negative effects on the couple, their careers, their co-workers, and their companies. Researchers report negative effects such as co-workers disapproval, cynicism, and hostility (Hoffman, Clinebell, and Kilpatrick). Kennedy (1992) suggests isolation, destabilizing work

relationships, co-worker anxiety, and co-worker jealousies results from office romances (Hoffman, Clinebell, and Kilpatrick). Several sources believe that office romances disrupt the lines of previous communications, previous relationships, and informal alliances. Co-workers are usually concerned that the parties will exhibit favouritism and provide employment benefits to each other not given to other co-workers (Hoffman, Clinebell, and Kilpatrick). Management and legal literature accentuates the negative rather than the positive impact of romance on the participants, managers and organization as a whole (Riach and Wilson, 2006). Workplace romance may result in conflicts of interest, biased decision making and other inequities that negatively affect the performance, should the romance terminate (Mainiero, 1989) or be extramarital (Riach and Wilson, 2006). An example given by the case study made by Riach and Wilson (2006) showed that a manager noted that romance can give the individual a motive for coming to work, but costumers and other staff might see the romantic behaviour as negative; it could even attract the wrong employee. The same research, conducted by the two authors, Riach and Wilson, on a big number of employees and managers from a bar chain showed the negative outcomes of romance in that particular area, such as a chef not cleaning up the kitchen properly because he was having a relationship with a member of the bar staff and spending too much time in front of house fights, 'morning-after awkwardness', not working well enough for a while.

When co-workers become romantically involved with each other, a personal domain is added that cannot be reached by other co-workers (Brown and Rice, 1995). This causes problems throughout the work group, particularly when participants are of different organizational status (Brown and Rice, 1995). This leads to a potential power imbalance, and if that exists then exploitation and work group dysfunction may also exist (Brown and Rice, 1995).

Aspects that negatively affect the company environment are in the figure provided and based on it and literature this article attempts to show different reasons why companies would wish to ban romance from work.

Figure 1 Negative aspects regarding romance at work

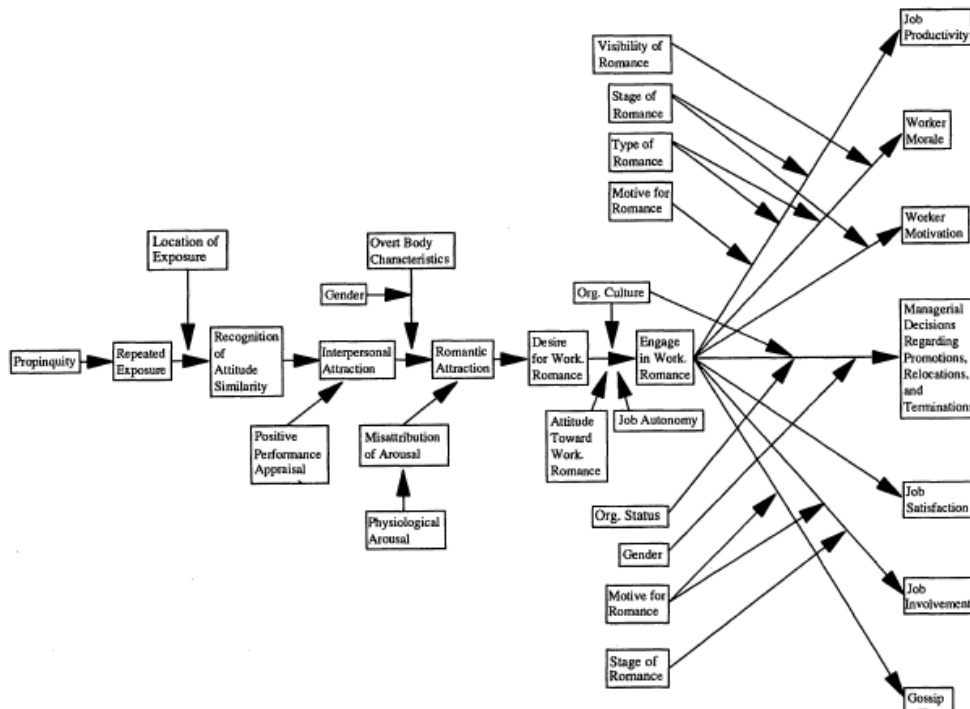


Figure 1. Conceptual model of antecedents and consequences of workplace romance

(Figure 1. Pierce, Byrne and Aguinis, 1996)

Companies' first concern and their reasons to ban organizational romances is job productivity. Researchers have argued that workplace romance should not be of managerial concern unless they disrupt an employee's performance (Mainiero, 1989). Research addressing workplace romance also indicates, however that such affairs can sometimes have an enhancing, and sometimes an impending, effect on job productivity (Pierce, Byrne and Aguinis, 1996).

Westhoff discussed job performance and suggested that newly formed couples are initially less productive because of large amounts of time and energy invested in their relationship (Pierce, Byrne and Aguinis, 1996). Consistent with Westhoff's theorizing, Mainiero (1989) suggested that in the early stages of workplace romance when couples admit their mutual sexual attraction and proceed toward one another, productivity may decline. Even though Quinn and Judge (Pierce, Byrne and Aguinis, 1996) acknowledge that some couples do become more productive, these authors maintained that is more common to observe a decline in productivity because of the missing meetings, late arrivals and early departures, and costly errors. Accordingly, a substantial portion of foregoing literature indicates that job productivity can be negatively affected by workplace liaisons.

Workplace romance can also have an impact on employee morale; i.e. the mood or spirit of the work group can be influenced by romantic organizational behaviour (Mainiero, 1989). Workplace romance literature suggests that the work mood can be raised as well as lowered because of such affairs. For example, 34 per cent of the executive women surveyed by Mainiero (1989) reported that a workplace romance can energize employee morale. The BNA Quinn and Judge (Pierce, Byrne and Aguinis, 1996) report suggested that a type of workplace romance can also have an impact on worker morale. In particular, manager-subordinate romances tend to disrupt employee morale more than peer romances do (Pierce, Byrne and Aguinis, 1996). Mainiero (1989) conceded that hierarchical romances can be devastating and destructive because of the employee jealousy and suspicion regarding favouritism. In reference to hierarchical romances and unequal social power, Powell (1993) suggested that work group morale can be negatively affected as the result of a romantic dependency that exists in a boss-subordinate liaison (Pierce, Byrne and Aguinis, 1996).

Romance at work, particularly those that are highly visible, promote interesting topics of discussion among organizational members (Pierce, Byrne and Aguinis, 1996). Employees who are perceived as being romantically involved with other organization members because of job-related motives are more likely to create negative gossip than employees who are perceived as being romantically involved with other organizational members because of love motives (Pierce, Byrne and Aguinis, 1996). Another important aspect of work place romance and the reason why organizations might wish to ban it is the potential treat of sexual harassment. Many writers in literature treat this as an important reason why senior managers wish to ban or discourage romantic involvement between co-workers.

Unfortunately, office romances may involve employers when the advances are unwelcomed, leading to sexual harassment or when the romance goes “sour” and one party retaliates with a sexual harassment claim (Hoffman, Clinebell and Kilipatrick, 1997). Workplace romances place employers in a dilemma (Hoffman, Clinebell and Kilipatrick, 1997). If a supervisor intervenes prematurely, the company faces the liability of a privacy lawsuit (Hoffman, Clinebell and Kilipatrick, 1997). Conversely, if a company ignores a workplace romance that ends in a sexual harassment claim, it is potentially liable. The U.S. Merit protection board (1981) completed comprehensive surveys of sexual harassment in the Federal government and found that 42 per cent of the female workers and 15 per cent of male workers claimed that have had at least one experience of sexual harassment (Hoffman, Clinebell and Kilipatrick, 1997), the numbers being quite big considering how much a company spends on a sexual harassment claims, figures reaching 8 million dollars per year (Hoffman, Clinebell and Kilipatrick, 1997) and damages include lost productivity, resignations, and decreased morale (Sandroff, 1988).

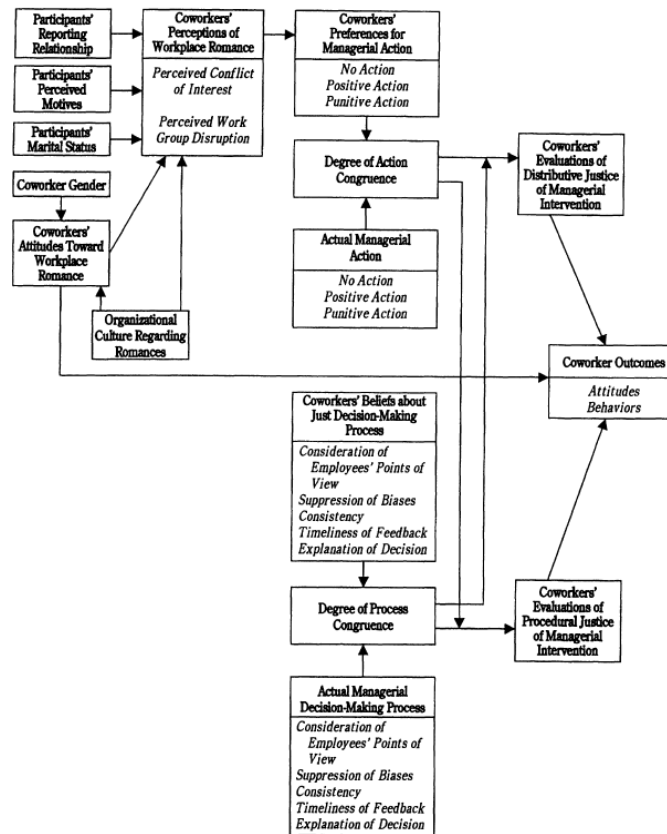
Having reached the point in my argument as to why the managers should not ignore romance at work, because of the consequences that it might have according to Hoffman, Clinebell and Kilipatrick (1997), The article will try to show the existent different perspectives in literature regarding if romance at work should or should not be ignored, and it will look at different situations which showed the necessity or argued against a managerial intervention.

Most of the research done on the topic (Mainiero, 1989, Hoffman, Clinebell and Kilipatrick, 1997, Powell, Wilson, Westhoff, 1985) showed that relationships at work are inevitable, being a natural aspect that might happen when two person work many hours together and have a lot of things in common. The question is if managers should ignore it or take action in favour or against it. Surprisingly, few organizations have policies or procedures to deal with office romance. Anderson and Hunsaker's (1985) survey found that 61 per cent of organizations did not have a policy on office dating, and a 1994 American management association poll showed that 94 per cent of the respondent organizations did not have a written policy on employee dating (Hoffman, Clinebell and Kilipatrick, 1997).

Based on the sexual harassment problem that might have the company liable if it does not take measures against it or is not aware of it Hoffman, Clinebell and Kilipatrick, (1997) argue that employers cannot now ignore office dating. Organizations need a three-pronged defence for adverse office romance: a supportive corporate culture, comprehensive orientation and training programs covering the issue, and a policy and procedure for dealing with the adverse consequences (Hoffman, Clinebell and Kilipatrick, 1997).

Other authors on the same topic have different opinions regarding this issue. Foley and Powell develop a scheme based on their research regarding the need of managerial intervention on working romance. Figure 2 shows co-workers' preferences and responses to managerial interventions regarding workplace romance.

Figure 2. Management intervention



(Figure 2. Foley and Powell 1999)

Foley and Powell (1999) adopt in their research Quinn's (1977) categorization of managerial actions in workplace romance as varying with increasing severity from no action to positive action then to punitive action. From this point on this article will take only into consideration why managers should not take any action against romance at work and in what circumstance they should take such a decision. It is important to note that legal principles may constrain the choices of management actions in different situations with punitive actions being the most likely to be restricted by law (Foley and Powell 1999). Also, participants in workplace romance faced with a managerial action have redress in that they may file lawsuits based on invasion of privacy, wrongful termination, emotional distress and other claims (Foley and Powell 1999).

Managers might ignore romance at workplace, showed in the research conducted by Foley and Powell (1999), until the romance at work does not create any sort of problems from perceived conflict of interest or work group disruption to production performance and job involvement managers should ignore the formed romantic relation and take no action. But what about the fact that romance at work, as shown in the first part of the article, can have negative effects on the company? What should the managers do regarding aspects that affect the company productivity or the work environment creating a tense relation between the co-workers?

Based on the research conducted above and the literature review, this article will try to highlight the decision that managers should take according to the situation presented.

As any concept, workplace romance can have positive or negative consequences on the organization. Literature on this topic is divided between showing the positive aspects of workplace romance on one side and on the other side, showing the negative influences that relationships have on the organizations. As stated at the beginning, this paper mentioned the negative effects that it might have according to the research made but because of the division of the concept arguing in favour or against it, this paper would advise managers to deal with it on a case-by-case situation.

This article will show a few situations and look at what are the expected actions from managers if a romantic relationship happens in their organization.

The results of the research conducted by Brown and Allgeier showed that managers may respond positively to workplace romances if these do not affect uninvolved co-workers, if participant's job performance is not negatively influenced, if participants act professionally, if they are happier, and the participants are single. Managers may respond negatively to workplace romance if the opposite of the above mentioned happened.

In cases of negative effects on the company decisions such as relocating one of the workers involved (Pierce, Byrne and Aguinis, 1996) is taken. Based on a hypothetical scenario, 41 per cent of the respondents would expect to be transferred and 46 per cent of the respondents would not be expected to be transferred if they participate in such an affair (Pierce, Byrne and Aguinis, 1996). A more negative decision might be to terminate or dismiss an employee because of his or her involvement in a workplace relationship (Pierce, Byrne and Aguinis, 1996). As with job relocations, terminations represent a punitive form of organizational intervention that should be made judiciously (Pierce, Byrne and Aguinis, 1996).

Another aspect that managers should pay attention to is the type of the relationship that evolves at work and the intention of the participants in that relationship. A co-worker to co-worker relationship has the greatest rights to privacy and employers have fewer rights to intervene unless the relationship affects performance or ends in a sexual harassment claim shows a research made by Hoffman, Clinebell and Kilpatrick (1997). But in a supervisor to subordinate relationship the supervisor has fewer rights and the employers have more rights to intervene because both the company and supervisor are exposed to sexual harassment claims (Hoffman, Clinebell and Kilpatrick, 1997) and can be perceived as a conflict of interest by the other co-workers (Foley and Powell, 1999).

Possible managerial actions ranged in severity from no action (e.g., ignore, feel problem will solve itself, do not want to risk taking action, do not know what to do) to positive action (e.g., openly discuss situation, counsel about what to do) to punitive actions (e.g., reprimand, warn to change behaviour or leave, transfer, terminate) (Foley and Powell, 1999). Quinn (1977) noted that the lower-status participants, typically female, were seen as more dispensable and were more likely to be the target of severe managerial action such as termination. Several universities now prohibit dating between

faculty members and their students as part of their sexual harassment policy (William, Giuffre and Dellinger, 1999). Similarly, many corporations (IBM, General Motors) enforce an anti-dating policy only on supervisors and their subordinates (William, Giuffre and Dellinger, 1999).

Sexuality takes many forms in the workplace, and it has multiple and contradictory meanings and consequences (William, Giuffre and Dellinger, 1999). Various literatures show that organizations attempt to control and to monitor sexual behaviour among workers, but also that workers resist and negotiate these constraints. (William, Giuffre and Dellinger, 1999)

This paper tried to show based on literature on the topic why organization would wish to ban romantic relationships at work and what are the ways in which managers should treat this aspect of organizations.

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REINFORCING THE EU INTEGRATION USING TAX REGULATION. THE BARRIER OF FISCAL COMPETITION

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Abstract: The paper examines fiscal competition towards fiscal harmonization in the EU, highlighting the legal framework outlined in this area by the provisions of the TFEU and arguing the need for an administrative monitoring and control authority. The research to identify the methods for strengthening the cooperation among member states of the EU has led to arguments to monitor and to control tax competition. This is a controversy solution, which requires further investigation, as the competition is not to be control in order to produce the best results on the market. Tax competition is not a new concept, the first analyzes of the phenomenon dating back one century, but with important implication on the single European market. The effects of tax competition are analyzed, emphasizing the tendency of governments to engage in open strives to attract investments, maintain revenues and long deposit profits, at the level of the EU Member States, but also at a global level. This conduct is based on the regulatory policies and it has direct effects both on national economies and on the international business environment. Out of the various forms of competition, tax competition can be considered a way to achieve global competitiveness and, indirectly, a mean to block free movement in the EU. The research on the possibility to reinforce the EU integration using taxation mechanisms points out the use of directive as an integration method and proposes the uniform rule of law for this purpose, using the European regulation as a regulatory instrument.

Keywords: tax competition, legal harmonization, EU taxation cooperation

1. INTRODUCTION

A high level of competition that evolves in all relevant areas, including the taxation system, characterizes the current economic environment and its effects are not always positive. Being considered usually an economic phenomenon, tax competition also calls for useful legal regulation to limit negative effects, maximizing as much as possible its economic and social benefits. The economic literature focused on tax competition has witnessed an important dynamic in the recent period, manifested both in academic and political debates. The positive effects of competition have determined states legislative institutions to look for solutions to create attractive tax systems for

investors. However, some taxation practices are anti-competitive and undermine fair competition and public confidence in tax systems, situation which requires prompt intervention by the institutions empowered to monitor the competitive environment and to sanction non-compliant practices. The antagonist relationship between fiscal competition, direct result of the governments' self determination right to establish taxation system, and the international fiscal cooperation mechanisms is actual and not easy to be managed. In the absence of fiscal competition, states fiscal institutions would opt for a monopoly type of behavior, charging excessive taxes. It is fiscal competition the one that leads to low taxation and boosts the discipline of public budget management, proving that tax competition is a determinant of the free character of the economy.

2. THE CONCEPT OF TAX COMPETITION

Tax competition is an issue of great interest for researchers, in the context of accelerating the process of globalization. This topic occupies an important place in the investigation and analysis carried out in the European Union, an international actor characterized by a high degree of economic integration, unique currency and freedom of movement of goods, services, persons and capital. It is important to acknowledge that tax competition cannot be considered competition in the real sense. Competition itself is the situation of free competition where the participants in the economic circuit are able to act on a free economic market, where only the law of supply and demand leads. In the case of fiscal competition, the competitors are the governments of the states, and their conduct is not tainted by demand and supply, but by political and economic interests. Although tax competition is present in all global markets, it is noted in the literature that there have been few attempts to define this phenomenon. Keen, M. defines fiscal competition as a "strategic fiscal context, within the wider framework of non-cooperation among tax jurisdictions (countries, states, or regions of a federation), where each establishes some tax-related parameters according to taxes practiced by the others ". The "Encyclopaedia of Tax Policy" provides a definition of explicit tax competition as well as a definition of implicit competition. Governments engage in explicit tax competition when establishing tax regulations specifically designed to increase the attractiveness of the jurisdiction for businesses, residents, labor or consumers. Governments engage in implicit tax competition when modifying some fiscal policy goals to mitigate the effects of competition from other governments.

There are also researchers considering that tax competition generates so many effects on economy and in social life so the concept should be defined as "tax war". There are two main reasons to support this renaming process of the concept. First, the competition between governments is completely different from the competition between companies, in terms of effects, general features and means of action. Second, the effect of tax competition at global level is destructive for all countries but it is even worse for the developing countries. On the contrary, there are opinion saying it is just a myth that tax competition hurts countries and public revenue. In reality, developed economy countries are not in competition with offshore area, the institution of tax credit being functional and efficient in order to prevent double taxation. The nowadays major opinion is not in

accordance with Charles Tiebout model, which considered voters are acting as consumers and that people would always move in lower tax jurisdiction. There are six intense arguments based on pure economic theory, justifying that the model is working only at local level, where the flexibility of workforce is easily manifested, and it is not validated in the context of the current global economy. Still, this phenomenon, known as tax competition, has led to important changes in tax policy everywhere. Wilson and Wildasin have proceeded in a different way, defining the tax competition according to its ways of performance. Broadly speaking, fiscal competition can be defined as any fiscal context in which different independent governments do not coordinate fiscal policies. In a narrow sense, fiscal competition can be defined as any fiscal context in which different independent governments do not coordinate their fiscal policies, and each government's fiscal policy affects the way in which tax revenue is allocated between them. We note in these definitions that there is a distinction between horizontal tax competition present among state governments and vertical tax competition, which is manifested at different levels of fiscal decision-making in accordance with the organization of that state. Vertical tax competition exists when tax authorities located at different levels of government (central, regional, local) share the same taxable items.

Tax competition may take several forms of manifestation, depending on the purposes pursued by the authorities, but also depending on the fiscal instruments that are used. Considering the goals pursued by the authorities, competition between governments takes place to attract:

- foreign direct investments, portfolio investments and high-performing financial capital;
- internal financial flows from multinational companies that can track revenue or profits,
- targeting the parent company for tax optimization purposes.
- buyers from abroad, in particular those who are interested in taxable products and excise duties, when there are significant differences between them;
- highly qualified workforce, considered to have a higher degree of mobility.

Considering the tax instruments used by the authorities, there are different forms of tax competition:

- competition through tax rates, when governments set lower rates of taxation than those established in other states;
- competition using tax bases, when facilities are provided for the establishment of taxable items (deductions, preferential treatment of tax losses, accounting for depreciation, etc.);
- public expenditure competition, when authorities spend a significant amount of the revenue to provide public services that increase business productivity (such as excessive public spending on infrastructure)

Evaluating the positive effects of fiscal competition and the negative impact of this phenomenon on the global market, in general, and of the European level, in particular, there is a strong need to balance the two, without eliminating none of them. This equilibrium could be insured using responsible and updated regulation.

3. TAX COMPETITION VERSUS TAX HARMONIZATION WITHIN THE EU

The European Union today's performance is the direct effect of integration, the unique and complex process that necessarily involves legislative approximation and includes fiscal harmonization. In line with the fundamental principles of freedom of movement that characterize the common market, there has always been noticed a certain need for uniform rules, with mandatory power in all Member States. Equally, the sovereign right of the states to self-determination and the fundamental subsidiarity principle of EU law have created the context of adopting country-specific rules. In the field of taxes and duties, Member States still enjoy sovereignty, while imperative rules at EU level are being adopted only with the unanimous vote of the members. However, the current state of European integration has also imposed particular uniformity in the fiscal regulation.

We can analyze tax harmonization in the European Union starting with 1996, when the European Commission initiated actions for a common system for ruling value added tax (VAT) for all Member States. This common regulation envisages compliance by the Member States with the general principles of VAT, that are definition of subjects of this tax, the possibility of co-existence for standard and reduced rates, the general criteria to identify taxable persons and the most frequent exceptions. The first VAT legislation at European level also addressed the place of taxation, prioritizing the principle of taxation at the place of origin, which indirectly fueled the phenomenon of tax competition. Although the idea of VAT taxation in the country of origin of goods and services is a strategic priority of the EU, it has been proved that it is very difficult to find consensus among Member States in this regard.

The harmful tax competition was a concern at European level since the adoption of the Code of Conduct for business taxation, set out in the conclusions of the Council of Economics and Finance Ministers (ECOFIN) of 1 December 1997. This Code is not a piece of regulation itself, it has no binding force but it certainly has political force. By adopting the Code, the Member States willingly assumed the standstill conduct, meaning that they have undertaken to abstain the adoption of tax rules that stimulate harmful tax competition and refrain from introducing any such measures in the future. When adopting the Code, the Council acknowledged the positive effects of fair competition, which may be beneficial for the market. In view of this, the Code was designed for the purpose of detecting the measures that unjustifiably affect the location of economic activity within the EU territory, by targeting the rules for non-residents, when they benefit of the more favorable tax treatment than the generally available fiscal treatment in the Member State. For the purpose of identifying such harmful measures, the Code sets out the criteria on the basis of which any potentially harmful measures should be tested. Since then, the Code of Conduct Group has been monitoring standstill conduct and the implementation of rollback and it has reported regularly to the Council.

An example of the small-scale evolution of the tax harmonization process in the field of direct taxation is the taxation of companies, as there is a strong risk that very low tax rates in a country or various tax cuts may unfairly attract firms from competing countries, with effects on the erosion of tax bases in their countries of origin. In this

respect, it is worth mentioning the efforts to approximate the regulatory or administrative provisions in the Member States to establish a Common Consolidated Corporate Tax Base (CCCTB) that applies to the entire activity of a company regardless of where it operates within the European Union.

Hence, the relationship between harmonization of regulation in the EU and tax competition is antagonistic and difficult to manage. Tax harmonization involves a certain coordination among the legislatives of all member states and several types of joint actions, from the establishment of uniform rules, namely single rates and identical tax bases, to the observance of the right of governments to decide, but within a predefined framework and within predetermined taxation limits. At least from strictly theoretical point of view, ideal tax harmonization is the one that eliminates the differences between national tax systems until the benefits of tax competition are abolished. Therefore, there is no unanimity with regard to tax harmonization, the main disadvantages being:

- the elimination of fiscal competition, with all its advantages that primarily involve attracting liquidity to the economy;
- the differences among tax rates, in order to fully justify other technical considerations (optimal fiscal pressure);
- competition between national regulatory systems is a wider phenomenon than fiscal competition, with more implication on the economy
- the efficiency of tax systems is not judged abstractly but on the basis of theoretical indicators and in precise terms, by direct reference to material factors (such as living standards) and behavioral factors (such as purchasing behavior);
- the violation of the fiscal sovereignty of the states;

Depending on the type of tax that we mainly refer to and analyze, the stringency of harmonization is appreciated differently, for instance:

- The highest degree of harmonization is necessary in the field of indirect taxes because the differences between them determine different prices for the consumer, thus indirect taxes segment national markets, which is a result incompatible with the Single Internal Market general objectives (complete and functional integrated markets).
- Direct taxes generally require limited harmonization, aimed at avoiding discrimination, double taxation or unintentional taxation.
- There is, however, a certain sub-category of direct taxes, such as those applied to flexible tax bases, for which it is considered that closer coordination is needed to counteract the distortions induced in the allocation of resources within the Single Internal Market
- Taxation of personal income does not require harmonization with the exception of the Regulatory Agreements to remove any restrictive effects on the free movement of persons, to avoid double unintentional taxation and to prevent the unwanted effects of the measures introduced at national level to prevent tax avoidance.
- Tax competition can be perceived as a method to achieve global competitiveness. States compete with each other to attract capital, and direct competition has encouraged efforts to create attractive tax systems for investors. However, some tax practices are anti-competitive and undermine fair competition and the confidence of contributors in the regulatory system of taxation.

In September 2004, the Commission adopted a Communication on preventing and combating financial and corporate malpractice (COM (2004) 611), which provides the strategy for a coordinated action in the fields of financial services and company law, in order to reduce the risk of financial malpractice. In the tax area, the Commission suggests more transparency and exchange of information in the field of corporate taxation so that tax systems are better prepared to cope with complex corporate structures. The Commission also wants to ensure coherent EU policies on offshore financial centers to encourage these jurisdictions to move towards transparency and effective information exchange. On 28 April 2009, the Commission adopted a Communication identifying actions that EU Member States should take to promote "good governance" in the tax area (i.e. more transparency, exchange of information and fair tax competition). The Communication identifies how good governance could be improved within the EU. It also lists the tools that the EU and Member States have at their disposal to ensure that the principles of good governance are applied internationally. Finally, it calls on the Member States to adopt a more coherent approach to the principles of good governance in their bilateral relations with third countries and international community. The Communication builds on the current EU policy on good governance and the G20 conclusions of 2 April on non-cooperative tax jurisdictions.

At EU level, the complexity of the integration process and the collaboration that Member States develop are necessarily enforcing harmonized tax rules, particularly with a view to the smooth functioning of the European single market. Thus, a form of tax harmonization becomes inevitable, and a number of issues can be argued for tax harmonization, such as:

- eliminating discrimination and the risk of double taxation;
- preventing tax evasion for transactions between member states contributors
- preventing revenue losses associated with tax competition scenarios
- reducing the costs for non-residents' employment under the provisions of several tax systems;
- non-use of the benefits of a single market by the Member States,
- the international distribution of tax revenues;
- distorting the constitution and implicitly the allocation of budgetary resources, with negative consequences on the level of the financing of the public expenditure financing;

Competition between governments has the same beneficial effects as competition in the business environment. States that promote fewer restrictive and protectionist fiscal policies will enjoy the most new jobs and will benefit of large investments. Tax competition is another aspect of open competition between countries, with increased importance in the context of increased mobility of capital and labor. Taxpayers, workers and investors are equally pursuing the highest return after tax, so they leave the home country for the one who is offering the most exciting taxation system. In this context, it is natural that in states with high rates of taxation the authorities' representatives criticize the phenomenon of tax competition because it limits their ability to use fiscal policy to achieve high public revenues and maintain excessive spending. These states criticize their more competitive neighbors, which attract economic activity and increased workforce.

Tax competition exists both between different European tax systems and between countries belonging to the same tax models. It is most pronounced amongst the Eastern model states and less among the northern model states. It also manifests itself more strongly between the eastern and the continental models. Instead, the Nordic system is the most resilient to tax competition (which may be said to be somewhat "frozen") due to the existence of dual taxation, as well as the fact that countries are geographically more isolated and do not interact with the rest of Europe.

It is pertinent to note that liberal low-tax regime were encouraged by high levels of economic, financial and monetary regulation and high taxes in other countries, and the competition provided by these regimes helped to spur international liberalization which has generally been beneficial. The action plan adopted by the Commission on 17 June 2015 for fair and effective corporate taxation in the EU also addressed issues related to harmful tax practices and the work of the Code of Conduct Group. The Tax Avoidance Package adopted on 28 January 2016 is part of the ambitious Commission agenda for a fairer, simpler and more efficient taxation of companies in the EU. The package contains concrete measures to prevent aggressive fiscal planning, to increase tax transparency and create a level playing field for all EU businesses. We note that the preferred instrument of harmonization of the EU taxation is the directive, as it respects the right of the state to decide on the procedure and means to respect it, still achieving a certain level of uniformity of the regulation.

4. THE TFEU PROVISIONS ON COMPETITION AND TAX HARMONIZATION

Although competition and tax harmonization are considered to be opposite concepts, the TFEU regulates in Title VII common imperative rules on competition, taxation and legislative harmonization. After dealing with the competition rules applicable to enterprises and the State aid issue in Chapter 1, Chapter 2 regulates the fundamental provisions in the field of tax competition between EU Member States and Chapter 3 regulates the approximation of laws. Article 110 (former Article 90 TEC) expressly provides that no Member State shall apply, directly or indirectly, to the products of other Member States any internal taxation of any kind higher than the taxes that apply directly or indirectly to similar domestic products. Also, no Member State applies domestic products to other Member States' products to indirectly protect other production sectors.

Furthermore, Article 111 (ex Article 91 TEC) lies down that products exported to the territory of one of the Member States may not benefit from any reimbursement of internal taxes higher than those effectively levied, directly or indirectly. With precise regards to other taxes than turnover tax, excise duties and other indirect taxes, exemptions or refunds may be granted for exports to other Member States and countervailing duties may be imposed on imports from Member States, only if the envisaged measures have been previously approved for a limited period by the Council, acting on a proposal from the Commission in accordance with Article 112 (ex Article 92 TEC).

On the basis of Article 113 (ex Article 93 TEC), the Council, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, shall adopt provisions on the harmonization of legislation on turnover tax, and other indirect taxes, insofar as such harmonization is necessary to ensure the establishment and functioning of the internal market and to avoid distortions of competition. The procedure to be followed for the approximation of laws is detailed in Chapter 3 of Title VII, stating that the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall adopt measures on the approximation of laws, regulations and administrative provisions of the Member States which have as their main objective the establishment and functioning of the internal market.

It should be noted that the text of the treaty allows Member States which consider it necessary to maintain the national provisions justified by the important requirements in the field of the common foreign and security policy and the common security and defense policy or relating to the protection of the environment or the working environment. In these particular situations, the respective member state should notify the Commission of the reasons for the maintenance of these provisions. However, if a Member State considers it necessary to introduce national provisions based on new scientific evidence relating to the protection of the environment or the working environment due to a problem specific to that Member State arising after the adoption of the harmonization measure, it shall address to the Commission a notification of the measures envisaged and the reasons for their adoption. Within six months of the abovementioned notifications, the Commission shall approve or reject the relevant national provisions after verifying whether or not they constitute a case of arbitrary discrimination or a disguised restriction on trade between Member States. It is also important to establish whether or not they might affect in any way the the functioning of the internal market or they constitute an obstacle the fundamental freedom of movements with the EU. Where a Member State invokes a particular public health problem in a field which has previously been the subject of harmonization measures, it shall inform the Commission, which shall immediately consider whether it is necessary to propose appropriate measures to the Council.

In order to respect the fiscal sovereignty enjoyed by EU Member States, Art. Article 115 (ex Article 94 TEC) provides that the Council must decide unanimously, in accordance with a special legislative procedure, and after consulting the laws, regulations and administrative provisions of the Member States which have a direct impact on the establishment or functioning of the internal market. In this procedura, the Coucil must consider opinion of The European Parliament and the Economic and Social Committee. Article 116 (ex Article 96 TEC) explains the notion of distortion of competition in the common market as follows: when the Commission finds that a disparity between the laws and regulations of different Member States distorts the conditions of competition in the internal market, and this is why a distortion has to be eliminated, the Commission consults with the Member States concerned. If this consultation does not eliminate the distortion in question, the European Parliament and the Council, acting in accordance

with the ordinary legislative procedure, shall adopt the relevant Directives. Any other useful measures provided for in the Treaties may be adopted.

At the same time, a consultation procedure may be followed by states to prevent the adoption of laws that have the effect of distorting loyal tax competition. According to art. 117 (ex Article 97 TEC), the Commission, after consulting the Member States, shall recommend to the States concerned appropriate measures to avoid distortion. When a Member State is looking to adopt or to amend national provisions does not comply with the Commission's recommendation, the other Member States may not be required, under Article 116, to amend their national provisions with a view to eliminating this distortions. When the Member State which has disregarded the Commission's recommendation causes only distortion to its detriment, Article 116 shall not apply. Sinn has studied the issue of tax competition at the European Union level by showing that intensifying the phenomenon between states for attracting mobile capital will limit the ability of Member States to maintain their current high level of social transfers. He believes that it is necessary to establish a central European Union-level authority responsible for redistributive policies, so that Europe "does not have to give up the progress made in the social plan"”.

From our point of view, it is also possible to consider the extensions of the prerogatives of a particular existing authority, acquiring in addition to the competences already exercised and competencies in the field of concrete monitoring of the tax competition.

5. SOME CONCLUSIONS

The literature on tax competition is centered on analyzes focused exclusively on the provision of economic and financial information. In reality, however, much of the tax regulations of the states and, in particular, of the Member States of the European Union produce effects on tax competition within the European common market and also on the global market. Thus, the theoretical analysis identifies the need for European Union action to limit the fiscal competition and for the Member States to intervene in the process of fiscal harmonization, without canceling the positive effects of the competition between their fiscal policies. In this context, it is important to respond to the need to monitor and to balance the competitive actions in the tax field. We advocate fiscal harmonization based on fiscal coordination and not to achieve total harmonization, which would involve the elimination of the benefits of tax competition as follows:

- The impossibility of using fiscal policies to counter economic imbalances (economic and financial crises). During the recent global financial crisis, states' governments have opted for revenue maximization either by increasing quotas or by introducing special taxes, or these methods are specific to the tax competition environment
- Fair and reasonable competition contributes to the increased competitiveness and to the development of the business environment.
- the current global economic and financial environment is characterized by competition for access to finance and attracting foreign investment to all less developed

countries. The use of fiscal policy as a tool for fiscal competition can take place in a regional context, especially for newly integrated EU Member States.

Fiscal harmonization between 28/27 states with such a diverse economic potential would, in our view, imply too high compromises for both high-spending and low-income countries. The first category of states should resize their public spending to the detriment of their direct beneficiaries and another category of states should painfully adjust their citizens' incomes to allocate a larger share to the public budget. So, there are arguments in favor and arguments against the process of tax harmonization at EU level, and the first of them do not counterbalance the importance of others. In other words, neither tax competition, nor tax harmonization can be eliminated, which only provides for fiscal coordination with the implicit acceptance of elements of tax competition. As we have seen, EU imperative rules of law (in particular the provisions of the Treaty on the Functioning of the European Union, but also the regulation in taxation directives) create the necessary framework for monitoring tax competition and require delegation of these powers to the European and Member States' specialized administrative authorities.

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