

Social Economics and Entrepreneurship

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Edited by

Patricia-Luciana Runcan and Georgeta Rață

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P U B L I S H I N G

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FOREWORD

True research in social sciences means, primarily, investigating the human perception of truth and translating it into knowledge for the benefit of the society.

Presently, the requirements of globalisation challenge academics and practitioners to find the right path towards sustainable development, *i.e.* to bridge market effectiveness, environment, human development, and welfare.

Acknowledging the productivity transfer of human capital investments, education becomes the most prominent pillar of development because it grants creativity, flexibility on the labour market, social recognition, narrows the income inequality gap, induces positive externalities and enhances the living standard.

Economic and financial crises raise the issue of fairness, equity and the need to re-evaluate the principles businesses rely on, the social responsibility of companies, governance, transparency, ethics, etc. Therefore, the many folded concept of education may be considered as a prerequisite for entrepreneurship as an innovative activity that bonds businessmen and society through market mechanisms.

To induce full-fledged benefits and positive externalities, entrepreneurship should be supported by the social capital that shapes the set of values businesses rely on. By being part of a community that favours innovation and entrepreneurship, individuals will seek investment opportunities, meaning that by simply being part of a group sharing the same culture, moral and ethical values may be beneficial in itself because it enhances trust and accountability.

The present book, *Social economy and entrepreneurship*, reunites papers that search for answers businesses have been looking for to meet the requirements of sustainable development.

The first chapter, *Management and social economy*, includes papers that deal with the underlying determinants of modern management, either in business or public institutions, converging to the idea that the principles of social economy should prevail. Papers discuss issues related to the benefits of entrepreneurship, regional development and social capital. They argue that entrepreneurial initiative is inseparable of growth and development under the influence of values accepted by the society.

The second chapter, *Human resources*, includes researches focusing on the economic and psychological issues individuals are challenged with during crises. The chapter emphasises, yet again that the human resource is the most valuable capital of businesses and institutions requiring ongoing investments in its potential and welfare.

The third chapter, *Role of economics in social development*, shows that decision makers should be aware of the importance of social cohesion of the society as a foundation of sustainable development. Authors discuss the need for collaboration and communication, the new paradigm intended to balance profits and social responsibility.

All papers included in the book are meaningfully explaining the need to reconsider the traditional approach of management and focus on the ability of the human capital to create added value in an environment that allows the enhancement of the living standard and welfare. Therefore, managers should endeavour *to find the moral in everything*, perspective that will multiply the goodwill and the return on their investment.

Liliana Donath

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CHAPTER ONE

MANAGEMENT AND SOCIAL ECONOMY

MANAGING PUBLIC SERVICES IN PUBLIC ADMINISTRATION: FROM ECONOMIC TO SOCIAL EVALUATIVE CRITERIA

DORINA ȚICU

Evaluative Criteria for the Management of Public Services in Public Administration

Evaluative criteria are a result of “political management” (Popescu 2005, 118) regarding the future evolutions of the public space—seen as an *agora* of public policy manifestation, a space which is “in relation to society as a whole ... the society that defines a certain welfare system, a certain type of economic, legal and political infrastructure” (Bulai 2012, 117). Political management brings a certain vision of a problem and of a set of values to the public space, of which the target groups, the subjects of a policy, must be aware. The actors depart from certain strategic options for a specific public policy and they continue with the formulation of a policy draft taking into account the enabled criteria, the general public policy mission, and the vision, which can be personal, institutional, or at the group level. The proper implementation and the services management require the activity of their evaluation based on different economic criteria (effectiveness, efficiency, costs, profit), but also social criteria (equity, solidarity, loyalty, fidelity, benefits).

A premium criterion for evaluating public policies is consistency, meaning “the needs of a community that have to be resolved and that is justified for it” (Arnaud & Boudeville 2004, 39). A public policy will be deemed pertinent or relevant if its objectives and course of action are adapted to the nature of the problem. In other words, the actor’s task will be to analyze the presence or absence of the consistency between the objectives of the programme, their objectives, the measures and the human and financial resources put into practice through that public policy. The relevance of a public policy refers to how well it addresses the objectives established and proposed implementation plan to the identified problem.

Efficiency refers to how well used the available resources are in transforming the activities proposed in the intended results. This criterion can bring into question the possibilities of solving a problem with lower costs in the same unit of time. The effectiveness tries to identify if the public policy has fulfilled its initial goals.

Equality is a criterion found at the public policies level, especially since this relates to public space as a geographical space of manifestation assuring the needs of the majority, and is therefore social. The impact refers to the overall effect of the benefits brought by the policy implementation over the direct or indirect beneficiaries of the programme. Sustainability shows whether there is a possibility for the continuation of the positive results of the policy or project following its evaluation. Blalock (1991, 117) creates a catalogue of some evaluative criteria, giving examples for each (Table 1-1).

Table 1-1. Criteria

Criteria	The question	Examples
Effectiveness	Did we obtain a valuable result?	Units of the goods or of the service provided through the application of the policy
Efficiency	How big was the effort required to get that result?	Unit cost Net benefit Cost / benefit ratio
Suitability	Does it solve the problem that led to the formulation of that policy?	Costs Efficiency
Equity	Are the costs and the benefits equitably distributed among the various social groups?	Pareto Criterion Rawls Criterion
Sensitivity	Does the application of that policy meet the needs, preferences or values of the various social groups?	Consistency with the opinions of the citizens
Fairness	Are the results desired?	Both efficient and equitable

In this context, the success of any type of public policy is closely connected to all types of criteria (economic and social) promoted at some point by the actors regarding their degree of internalization and promotion of the values in the public administrative space. Therefore, the criteria can cause a different and a specific instance of the decision-making process

beyond any applicable decision-making theories in the public policy or administrative spaces.

Methodology and Results

This study was designed to set out the methodological framework for identifying the traits of the decision-making process in the administrative space, starting from the axiological dimension enabled by the actors involved in the process, a dimension based on two variables: the frequency and intensity of the values.

We conducted the present study between March and June 2012 on a sample of 648 respondents who were public servants and employees of the city halls of towns in the Romanian counties of Botoșani, Suceava, Piatra Neamț, Iași, Bacău, Vaslui, Focșani and Galați.

We based the study on a questionnaire applied to a sample composed of eight equal-number small samples (consisting of 71 respondents). The sample is representative and based on a probabilistic process to ensure that “each element of the population has equal opportunities to sample” (Miftode 2003, 256). In relation to the size of the sample, the probabilistic error is most likely somewhere around 6% (Ibid., 257).

The following is a summary of the demographic data: 62.8% female, 26.2% male and 12.1% non-responsive; 27.3% aged between 31 and 40, 23.9% between 41 and 50, 15.3% over 50, 8.5% aged between 21 and 30 and 0.2% up to 20; 96.7% Christian-Orthodox and 3.3% Romano-Catholic; 13.6% single, 61% married and 6.6% divorced; last school graduated: 45.5% high school, 11.3% college, 32.3% master's degree and 1% Ph.D.; at the time the questionnaire was distributed 32.4% declared themselves advisors, 21.5% inspectors, 8.3% contact persons, 5.7% heads of office and 0.6% directors; 37% had worked in public administration for over 10 years, 33.1% held a senior position between 5 and 10 years, 26.4% between 1 to 5 years, 3.5% up to 1 year, with 25.3% non-responsive; monthly income: 27.3% up to 1,000 RON, 15.4% from 1,000 to 1,500 RON, 8.8% from 1,501 to 2,000 RON, 1.7% from 2,001 to 2,500 RON, 0.8% over 2,500 RON, and 47.9% non-responsive.

Generally, in relation to administrative decisions, 41.4% of respondents say they take decisions following the economic logic of the costs and benefits of decisions, 33.2% argue that the regulations clearly establish the logic, and 8% claim they use logic steps, since economic logic belongs more to lobbyists on the market (see Figure 1-1).

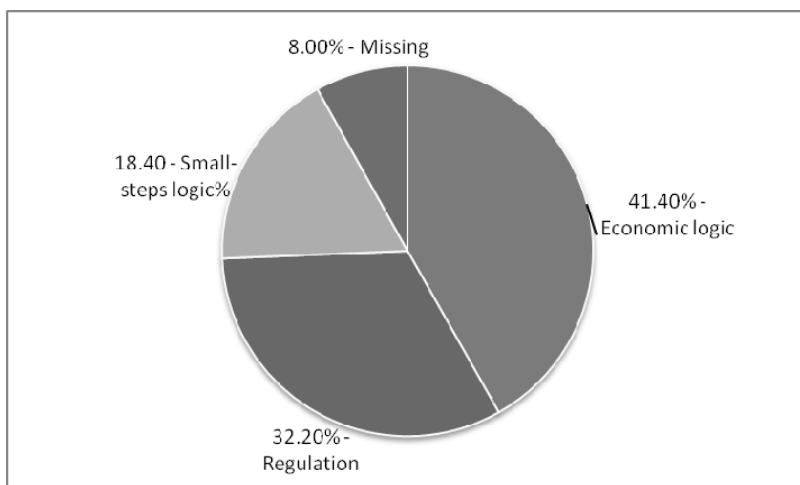


Figure 1-1. The logic and the reason for the decision

Continuing with the criteria used in the decision making process, it should be noted (see Table 1-2) that all items, both economic and social, have positive scores.

Table 1-2. Decision-making criteria

Economic criteria	%
1. Progressive enhancement	30.6%
2. Objectivity	46.3%
3. Costs and benefits	39%
4. Continuity	26%
Social criteria	%
5. General good	43.7%
6. Target group benefits	10.5%
7. Ethics	28.9%
8. Loyalty	14.7%

Table 1-2 shows that the criterion of objectivity achieves the highest score (46.3%) followed by the general good (43.7%) and costs and benefits (40%). However, because all the criteria have high percentages and are close one to another it is difficult to achieve a hierarchy, since a simple mathematical calculation will not invalidate the criteria assessed by respondents. In other words, the decision-makers take into consideration both the economic and the social criteria, but the economic ones have

higher percentages. It may also be noticed that the lowest percentage is obtained by the criterion of the benefit for the target group and that of loyalty.

Moreover, in an attempt to see if there are any particular types of continuity between the general economic logic that enables the respondents (see Figure 1-1) and the economic and the social criteria, we have calculated the percentages for each criterion in the part of the respondents that declared that they appeal to this kind of logic. The respondents who operate an economic logic activate the economic costs and benefits (45.9%) and the social general good (37.3%). However, all other criteria receive these positively oriented states, although never exceeding 50%. The percentage scores for all those who work with the general perception of economic logic are: progressive enhancement (28.7%), objectivity (43.3%), continuity (25.4%), group benefits (6.7%), ethical criteria (23.5%), and loyalty to the leader (9%). In other words, even if the respondents have a type of economic logic, they create the same hierarchy of the economic and social criteria (see Table 1-3).

Table 1-3. Comparative view of the criteria

Economic criteria—all the actors	%	Economic criteria—actors that use economic logic
1. Progressive enhancement	30.6%	28.7%
2. Objectivity	46.3%	43.3%
3. Costs and benefits	39%	45.9%
4. Continuity	26%	25.4%
Social criteria—all the actors	%	Social criteria—actors that use economic logic
5. General good	43.7%	51.1%
6. Target group benefits	10.5%	6.7%
7. Ethics	28.9%	23.5%
8. Loyalty	14.7%	9%

It can be said that the actors who use economic logic increase the importance of benefits and costs (economic criterion) and the general good (social criterion), and reduce the amounts of all other social criteria.

Conclusion

In public administration, in order to have a high performance management, all economic or social criteria matter. Even if the actors are oriented to an economic logic in making decisions, that does not mean that social criteria

are circumvented. The economic criteria are the ones that prevail, but the social are also important to reconcile the decision-making that concerns the costs and benefits for the good of the whole community.

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MULTISECTORAL COLLABORATION IN THE DELIVERY OF SOCIAL SERVICES IN THE FYROM

NATASHA BOGOEVSKA
AND SVETLANA TRBOJEVIK

Introduction

The system of social protection is crucial for providing the social security and wellbeing of citizens. After independence, the Republic of Macedonia inherited a highly centralized social security system with the state holding the dominant role of protector, with an insignificant participation of non-governmental, private and religious sectors in social protection activities. Over the last two decades, and more so after 2000, the system of social protection in Macedonia introduced continuous change and had many reform attempts, especially in the area of social services. Intended key changes have been reducing the state role as a direct provider of social services through the involvement of other sectors (private, NGO, religious) as partners of the state in accordance with the principle of pluralism. In addition, the development of alternative forms of protection aiming at reduction of the dominant dependence on institutional care and implementation of a process of deinstitutionalization has been a priority. One of the biggest challenges in the reform process is the decentralization of social services, which includes building local networks of social services tailored to the specific needs of citizens in each municipality (Bornarova 2013).

The deconcentration of social services, from national level to other stakeholders that deliver services on the local level, means that in addition to municipalities and centres for social work, provision of social services will be administered by NGOs, consisting of individuals who perform certain social protection activities, religious communities and groups, as well as private initiatives and the social responsibilities of businesses (Spasovska 2013).

The Legal Basis for Multisectoral Cooperation in Social Protection

The nature of social problems requires the mutual treatment of institutions and organizations from different sectors and domains in the implementation of social protection measures. Often, social problems arise from or imply health, educational and environmental problems. Therefore, their prevention and overcoming are not effective without the joint, coordinated and organized action of various relevant institutions and organizations (Bogoevska 2013).

The Republic of Macedonia, according to its euro-integrative aspirations, has accepted new trends in managing the public sector. For the first time, the changes in the social legislation in 2004 enabled the pluralisation of the delivery of social protection services; although the state maintained its role of a basic carrier, it predicted the inclusion of other actors, such as private legal entities, individuals and civic organizations (Bogoevska & Jovanovska 2010).

The legal basis for interrogative and multisectoral cooperation in the area of social protection is set by the Law on Social Protection (Official Gazette, 79/09, 36/11, 51/11 and 166/12), according to which the State, the municipality, the City of Skopje and the municipalities of the City of Skopje are identified as carriers of social protection.

The state fulfils its social function through the Ministry of Labour and Social Policy and the network of public social protection institutions. The Ministry of Labour and Social Policy develops policies, manages the system of social protection and strategically plans its development, and supervises the legality and enforcement of laws and other regulations in the field of social protection. The social protection system consists of facilities such as social work centres and institutions for non-institutional and institutional welfare. The Centres for Social Work are public institutions with public authorities for the activities in the field of social protection. They are responsible for the administration of social protection cash benefits and for the provision of social services (Spasovska 2013).

In addition to the state, municipalities, the City of Skopje and municipalities from the City of Skopje are also carriers of the social protection system. They can establish public institutions for non-institutional and institutional care based on approval, with the exception of establishing a Centre for Social Work and a Public Institution for the protection of children and youth with behavioural problems. The municipalities can develop inter-municipal cooperation in the field of social protection. The municipal administration should be encouraged to take the leading

position in the development of social services in the community by developing network cooperation with all relevant actors at the local and central levels.

Besides the measures from the social security system, the state accomplishes care in the prevention of social risks through measures undertaken by tax policy, employment, scholarships policies, housing, family and health care, education and other areas in accordance with law. Social services can develop through the inter-sectoral cooperation of social protection institutions, healthcare facilities, educational institutions, institutions for protection and education of children, kindergartens, judiciary, etc.

Pluralisation of the social protection system allows other legal and physical entities to perform activities in the area of social protection, creating conditions for multisectoral collaboration among the public, private and civil sectors.

The **Civil Sector** is a citizen association concentrated on achieving goals and objectives in the area of social protection, performing certain activities of social protection as determined by the law, whereas humanitarian organizations, NGOs, religious communities and associations, and other non-profit organizations provide certain services to persons who are at social risk and in need of help, if they have acquired approval to do so. The ministry participates in providing partial financial assistance for performing certain activities of social protection to associations based on published public announcements.

According to the Law on Associations and Foundations (Official Gazette no. 52/2010, 135/2011), citizen associations can gain public interest status if they perform activities of public interest, implement programs and projects at central and/or local levels, independently or in cooperation with state administration organs and those of the municipalities of the city of Skopje, or if they use financial means to implement the activities. The organizations, which are of public interest, have additional tax and customs exemptions. Transferring responsibilities from the organ of state administration, the municipalities or the city of Skopje, or from other entities with public authority, in accordance with law, entrusts the organizations with the activities of public interest.

In the **private sector**, domestic and foreign legal entities or individuals may establish a private institution for social protection such as a centre for social work, a public institution for children and youths with educational and social problems, and public institutions for children and youths with behavioural problems.

The law on donations and sponsorships of public activities (Official Gazette no. 47/06, 86/08, 51/2011) provides legal incentives for greater private sector initiative in the field of social protection as an activity of public interest that regulates the giving and receiving of donations and sponsorships. From this, the provider and recipient may request tax incentives for personal income tax, tax incentives for income tax and tax incentives for value added tax.

The **Law on concessions and public private partnership** (Official Gazette no. 6/2012) regulates cooperation between the public and private sector as *lex generalis* for activities of public interest. The public-private partnership assumes a form of long-term cooperation between the public partner and the private partner, regulated with a contract, which has the following characteristics:

- The private partner assumes the obligation to provide public service to end users in the areas of competence of the public partner, and/or the obligation to provide the public partner the necessary conditions for the provision of public service to end users, and/or activities under its jurisdiction.
- Each partner in a public-private partnership will, for the duration of the partnership, take the responsibility for risk events within their sphere of influence, or the responsibility is shared to achieve the optimal management of risks during partnership through the use of the managerial, technical, financial and innovative capabilities of the private partner and with the promotion of the exchange of skills and knowledge/experience between public and private partners.

Features of Multisectoral Cooperation

Previous research points out that in the Republic of Macedonia there are few examples of the delivery of social services with the involvement of multiple relevant institutions/organizations. Most of the relevant local actors do not grasp the importance of applying intersectoral partnerships in social protection as well as the benefits from partnerships, such as reduction of social service fragmentation in the community, building a comprehensive systems of assistance and support for beneficiaries, increase in the level of knowledge and skills of professionals from different institutions/organizations, and maximization of outcomes by joining the available resources.

According to the survey conducted for the UNDP Office in Skopje in 2012, there is a lack of more significant initiatives and implementation of

effective partnerships at two levels: strategic (joint strategic planning of local activities) and operational (joint implementation of activities and building partnerships for joint action).

Cooperation is at its lowest level of participation and coordination at strategic level, informing the team and others about what is planned (a one-sided process) and offering consultation in identifying the problem, possible options and independent decision-making. In such processes, the institutions are not interested in actively participating in the process because it usually ends without common decision-making and action. One of the actors acts as an “owner” of the whole process and the procedure is for the non-essential involvement of other actors aiming only at satisfying the form. Certain activities occur because of the establishment of municipal councils in terms of resolving various issues of local interest. This work approach provides a forum (a multisectoral panel), through which professionals from different institutions/organizations meet and discuss different community issues. The forum (panel) meets regularly, overseen by a president who governs the meetings and has a good team of representatives/professionals from other institutions/organizations who remain employed within their home institutions, and meet regularly. Therefore, this kind of forum work is particularly important for municipalities in Macedonia because it represents an initial step in achieving cooperation through which actors are acquainted with their specific goals and activities and establish communication. In addition, quality work at this level can contribute to joint involvement in identifying local needs and services that require joint action, debate on local priorities for social action, and identification of needs for new non-traditional partners. However, professionals in this kind of activity maintain the specifics of their work roles, not causing coordinative or operational team delivery of social services.

There is a lack of effective partnership and support for local initiatives at operational level. This situation is due to the lack of experience of working on social projects but also to lack of knowledge and skills for building partnerships that include recognizing circumstances that impose the need for intersectoral partnership action, mobilizing appropriate people and resources, creating visions and defining goals involving different and non-traditional partners, and developing trust between partners as well as sharing responsibility for results.

Good practice in some municipalities occurs in the work of day-care centres for children/people with disabilities where the state is the main stakeholder and the municipalities, NGOs and the private sector often occur as partners in its implementation (Trbojevik 2013).

Weaknesses of the Actors Involved in Multi-Sector Cooperation

The actors who operate in the social sphere are not sufficiently involved in the local network of cooperation and do not establish an effective partnership, causing the significant loss of local resources. Such a situation is mostly due to the lack of inter-institutional trust and insufficient knowledge of the advantages of using different modules on intersectoral partnership. The municipal administration and the Centre for Social Work are key actors supposed to initiate the development of social services, and act as institutions that are clinging only to its responsibilities for protection of socially vulnerable categories, lacking the establishment of functional collaboration that leads to the referral of beneficiaries from one to another institution. The circumstances that lack regular communication, information, trust and common initiative lead to the significant loss of resources that, through joint initiatives and with the inclusion of other stakeholders (e.g. education, health, private, and religious sector), may otherwise contribute to the development of social protection. The analysis conducted in this area shows the weaknesses of all actors involved in multi-sectoral cooperation.

Social Work Centres are vital carriers of social protection and social services. However, because they are centrally organized and subjected to social inspection and supervision in regards to their work and application of the regulations, their operations are based on the enforcement of centrally designed policies, and therefore their implementation at local level is not always in line with the specific needs of the existing vulnerable groups.

The local government has not yet recognized the leadership role required for the development of social protection activities at the local level. The administrative apparatus does not invest enough in building up and strengthening human and infrastructural capacity for the delivery of social services to vulnerable categories of the population. Most municipalities have insufficient staff in charge of issues related to social protection (Trbojevik 2012). In addition, the municipal administration does not operate with sufficient capacities for strategic planning and budgeting and is not using the advantages of participative decision making in the creation of local social policies. In most municipalities, the overall social protection activities of the municipal administration consist of administering the one-time financial assistance for the residents at risk socially and the occasional organization of humanitarian activities.