

VIEŠOJI POLITIKA IR ADMINISTRAVIMAS

Mokslo darbai · Research Papers

PUBLIC POLICY AND ADMINISTRATION

23 (2)

2024

ISSN 1648-2603 (print)

ISSN 2029-2872 (online)

ISSN 1648-2603 (print)
ISSN 2029-2872 (online)



VIEŠOJI POLITIKA IR ADMINISTRAVIMAS

2024 m., T. 23, Nr. 2

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ISSN 1648-2603 (print)
ISSN 2029-2872 (online)



PUBLIC POLICY AND ADMINISTRATION

2024, Vol. 23, No. 2

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Published since 2002

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THE LEGAL STATUS OF THE MAYORS OF LITHUANIAN MUNICIPALITIES AFTER CHANGES TO THE MUNICIPAL STRUCTURE MODEL IN 2023

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DOI: 10.13165/VPA-24-23-2-01

Abstract. The purpose of this article is to present the results of a qualitative study conducted using a questionnaire in February 2023, which aimed to reveal the peculiarities of the legal status of the mayors of Lithuanian municipalities in the presence of two different municipal structure models (the model that was applied from March 2015 to April 1, 2023, and the model that has been applied since April 1, 2023). The idea of conducting this research arose just a few weeks before the regular municipal council and mayoral elections took place on March 5, 2023, a few months before the new Local Self-Government Law came into force on April 1, 2023. This law introduced a new municipal structure model and changed the dominant role of the mayor in Lithuanian municipalities. This research is unique because of the target group chosen for it – only the ten mayors of Lithuanian municipalities who have served in these positions for four or more terms (20 or more years) were consulted. The results of the research show that: the mayors have a good understanding of the specifics of the new municipal structure applied since April 1, 2023; and the mayors are essentially prepared to take on a new role (the role of the municipal executive institution), replacing their previous role (the role of the chairman of the municipal council). However, the fact that the mayor of the municipality, who continues to be the organizer of municipal council meetings (the other role of the mayor of a Lithuanian municipality), will not have the right to vote when the municipal council makes decisions at its meeting is cause for concern. Mayors are also worried about the different interpretations regarding the possibility of transferring part of their powers to vice mayors (political appointees). The results of this research could be useful for improving the legal regulation of the powers of municipal

institutions (both municipal councils and municipal mayors, in terms of the scope, composition, transfer and delegation of powers to other municipal entities) and the relations between these institutions.

Keywords: *municipality; municipal structure model; mayor of the municipality; legal status of the mayor; transfer of the powers.*

Reikšminiai žodžiai: *savivaldybė; savivaldybės struktūros modelis; savivaldybės meras; mero teisinis statusas; galių perdavimas.*

Introduction

Both Lithuanian society and local municipalities faced significant changes and challenges after April 1, 2023. These changes and challenges were prompted by a decision of the Constitutional Court of the Republic of Lithuania in April 2021. In its decision, the Constitutional Court declared that certain provisions of the Laws on Municipal Council Elections and Local Self-Government (adopted in 2014) were unconstitutional. These provisions were related to the direct elections of the mayor of the municipality and the additional powers granted to the mayor. The Constitutional Court found that these provisions contradicted Article 119 of the Constitution, which establishes the constitutional principles of local self-government.

In order to address the situation that had arisen before the regular municipal council and mayoral elections of 2023 (otherwise, there would have been a need to revert to the municipal structure model that had applied in Lithuanian municipalities since 2003), a bill to amend six articles of the country's Constitution was registered in the Parliament of the Republic of Lithuania in June 2021. The procedure for considering this bill in parliamentary committees was initiated in October 2021. Alongside efforts to amend the country's Constitution, projects to amend the Law on Local Self-Government and other related laws were also prepared. This entire process culminated in three significant events:

1. In April 2022, the second vote took place regarding the amendment of six articles of the country's Constitution related to the status and powers of the municipal mayor, which came into force in May 2022.
2. In June 2022, the Election Code was adopted, which came into force in early September 2022.
3. On June 30, 2022, the Law on the Amendment of the Law on Local Self-Government was adopted, which came into force on April 1, 2023.

In this way, Lithuania achieved a result that had been deliberately pursued since 1998 – a municipal structure model with a directly elected municipal mayor, which was legalized through the Law on Local Self-Government and which complies with the country's Constitution.

The search for a municipal structure model with a directly elected municipal mayor was not an easy task. The option that was ultimately chosen and enshrined in the Law on Local Self-Government (in its revised version) passed by the Parliament in June 2022 emerged as only one of a number of possible compromise solutions. It implements the provision of Article 119, Part 1 of the Constitution of the Republic of Lithuania, which declares that the right to self-government, granted by law to state territory administrative units, is exercised (starting from May 2022) by not one, but two municipal institutions – the municipal council and the mayor of the municipality. Both of these municipal institutions have been directly elected since 2023, and have the powers of a municipal government (local authority) and a public administration. Being a compromise and having been developed hastily, this municipal structure model, as a whole and in its individual elements (including the legal status of the municipal mayor, the scope and composition of their powers, the transfer of certain powers of the mayor to a deputy mayor(s) or a director of the municipal administration, etc.), could not and cannot fully satisfy the diverse perspectives, experiences, interests, and goals of different individuals and groups. Therefore, the local municipal structure model (and its elements) has received and continues to receive a fair amount of criticism and scrutiny. There are concerns about its sustainability, and challenges that may arise during its implementation are identified. In order to respond to all of these issues and help find rational solutions to address real-world problems, it was decided to conduct a study (surveying municipal mayors with substantial knowledge) and present the results in the form of an article.

The purpose of this article is to present some of the results of research conducted in February 2023, which aimed to reveal the peculiarities of the legal status of Lithuanian municipal mayors in the presence of two different municipal structure models (the model that was applied from March 2015 to April 1, 2023, and the model that has been applied since April 1, 2023).

Literature review

In order to better understand which of the elements of the municipal structure models implemented in Lithuanian municipalities since April 1, 2023, are the most commonly debated, and which roles (dominant and others) of the municipal mayor are most contested, it is appropriate to describe the municipal structure models applied in Lithuanian municipalities from March 2015 to April 2023 and from April 1, 2023, onwards. This is best achieved using the provisions of the textbook by A. Astrauskas (2022) and the statements from the article prepared by A. Astrauskas, K. Čelkė and K. Vilkauskas (2023).

From March 2015 to April 1, 2023, the following municipal structure model was applied in Lithuania (Figure 1):

- 1) **Municipal structure model** – a parliamentary republic-type dual municipal structure model, also known as the “Municipal Council–Administrator” model.

- 2) **Municipal council** – an elected, representative, and decision-making municipal institution; the right of self-government is implemented exclusively through it, and it possesses and exercises the powers of a municipal government (local authority) and a public administration.

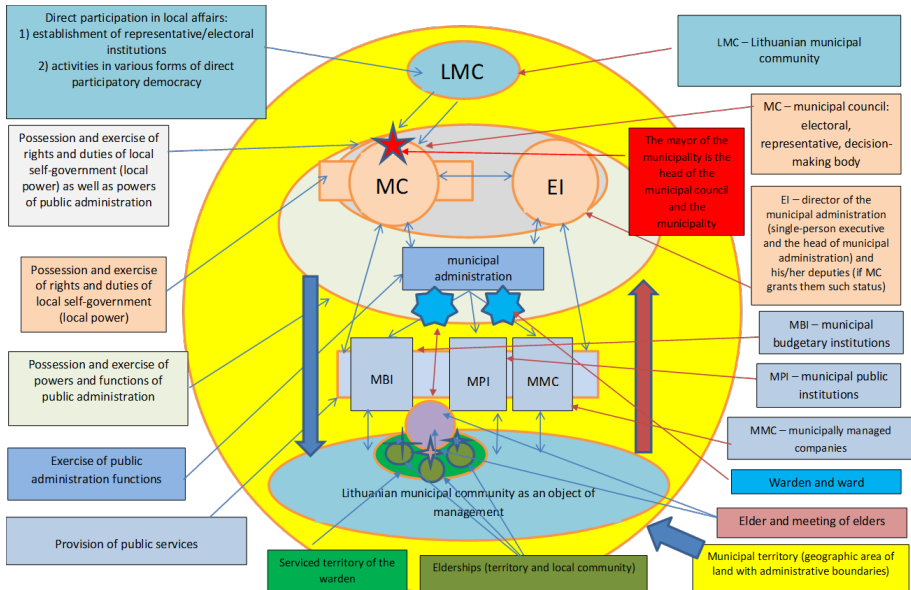


Figure 1. Municipal governance model applied in Lithuanian municipalities in March 2015–April 2023

(Source: Astrauskas 2022, 86)

- 3) **Mayor of the municipality** – a state politician, a member of the municipal council, the chairman (leader) of the municipal council (the dominant role of the mayor), and the head of the entire municipality:
- 3.1) until 2015, the mayor of the municipality was elected by the municipal council from among its members for the duration of their term; since 2015, they have been directly elected;
 - 3.2) since 2015, the mayor of the municipality has been granted powers typical of the municipal executive institution (the mayor possesses and exercises the powers of municipal government/local authority).

In cases where a motion of no confidence is expressed by the council or in other situations specified by law, the mayor can be dismissed from office before their term ends.

- 4) **Deputy mayor(s) of the municipality** – state politician(s) and member(s) of the municipal council. The number of deputy mayors ranged from 1 to 3, depending on

the number of municipal council members. They were appointed to their positions by a decision of the municipal council for the duration of their term, following the mayor's nomination. Deputy mayor(s) carried out functions and tasks set by the mayor and acted as a substitute for the mayor when they could not perform their duties (e.g., due to temporary incapacity, etc.). Deputy mayor(s) could also hold the position for public reasons.

- 5) **Director of the municipal administration and deputy director** – the director of the municipal administration was the single-person executive institution of the municipality, and served as the head of the municipal administration (the municipal budgetary institution). While lacking the powers of municipal government (local authority), the director had executive (public administration) powers. The director was appointed by a decision of the municipal council following the mayor's nomination, and served for the duration of their term as a political appointee. The director was required to resign at the first meeting of the newly elected municipal council, at the mayor's initiative, upon a motion of no confidence by municipal council members, or in other cases specified by law. The director could have from 1 to 3 deputies, who were appointed to their positions by a decision of the municipal council following the mayor's nomination as political appointees. Starting from 2011, the Local Self-Government Law allowed the municipal council to grant executive institution status to the deputy director(s) of the municipal administration, specify their areas of activity, and provide executive (public administration) powers.

Since April 1 2023, a new municipal structure model has been applied in Lithuania (Figure 2):

- 1) **Municipal structure model** – a presidential republic-type model with “one power center” of municipal governance, also known as the “Municipal Council–Directly Elected Mayor” model.
- 2) **Municipal council** – an elected, representative, and decision-making municipal institution; one of the two municipal institutions through which the right of self-government is implemented, it possesses and exercises the powers of municipal government (local authority) and public administration. The municipal council does not have its own leader (specifically, the chairman of the municipal council).
- 3) **Mayor of the municipality** – a state politician, the executive institution of the municipality (with the dominant role of the mayor), the head of the entire municipality. The mayor is also responsible for organizing municipal council meetings, presiding over them, and signing, announcing, and potentially vetoing adopted decisions. The mayor does not have a voting right during municipal council meetings, and serves as one of the two municipal institutions through which the right of self-government is implemented. The mayor possesses and exercises the powers of municipal government (local authority) and public administration; in cases where

a motion of no confidence is expressed by the council or in other situations specified by law, the mayor can be dismissed from office before the term ends.

- 4) **Deputy mayor(s)** – political appointee(s). The mayor appoints the deputy mayor(s) to their position with the approval of the municipal council (and in cases specified by law, even without the approval of the municipal council). Depending on the size of the municipality (more precisely, based on the number of municipal council members), there can be from 2 to 4 deputy mayors, who carry out functions and tasks determined by the mayor. When appointed by the mayor, the deputy mayor can substitute for the mayor when the latter is temporarily unable to perform their duties due to vacation, temporary incapacity, or other justifiable reasons, or when the mayor’s authority is suspended by a court decision (the deputy mayor may perform not all, but only some of the mayor’s powers prescribed by law).
- 5) **Director of the municipal administration** – appointed unilaterally by the mayor (no approval from the municipal council is required) and serving as a political appointee for the term of office of the mayor. The purpose of the director is to serve as the head of the municipal administration (the municipal budget institution), but by law the director is also granted some other powers of public administration.

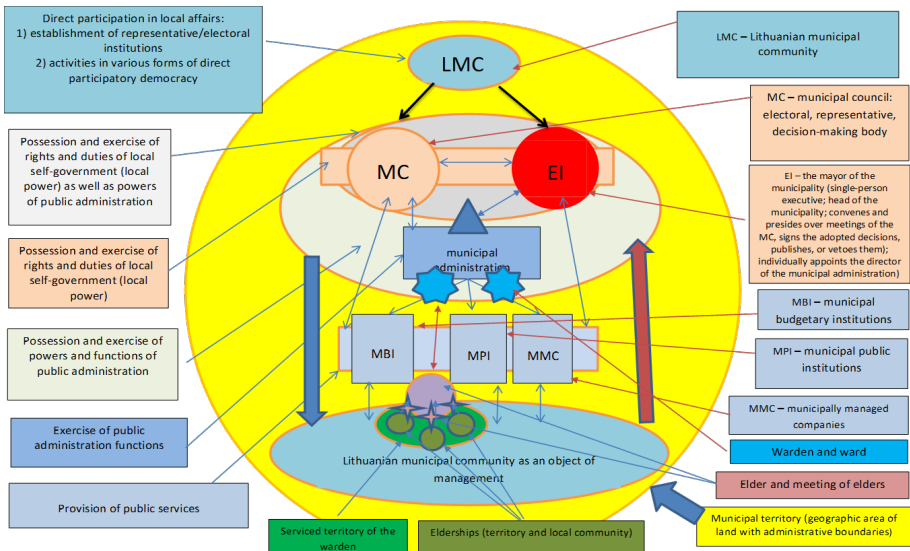


Figure 2. Municipal governance model applied in Lithuanian municipalities from April 2023

(Source: Astrauskas 2022, 87)

Methodology

An online structured questionnaire survey was chosen for this qualitative research. The questionnaire consisted of 20 questions, some of which were designed to ascertain the respondents' opinions on the mayor's legal status and roles (dominant and others) in the municipal structure models implemented in Lithuanian municipalities both before and after April 1, 2023. As mentioned previously, when conducting the research, the focus was on a specific target group: experienced mayors of Lithuanian municipalities who had held these positions for no less than four terms, i.e., 20 or more years. This group of respondents consisted of only 10 mayors of Lithuanian municipalities, of which 8 agreed to answer the questionnaires. The research was conducted in February 2023, and the results were summarized in March 2023. The authors of the article conducted the research.

Research results

In this paper, we present only some of the most interesting results of the research.

The first question aimed to determine the opinions of the respondents on the roles that should be performed by the mayor in a general theoretical sense (without specifically linking them to a particular municipal governance model). When formulating this question, we followed the theoretical approach outlined in the textbook by A. Astrauskas (2022), which suggests that in republic-type municipal structure models, 2 functional levels, 3 functional branches and 4 functional places can be identified. The functional places consist of: the head of entire municipality, the chairman of the municipal council, the single-person executive institution, and the director of the municipal administration. These places can be both institutionalized and non-institutionalized – i.e., if the decision is made not to establish a position in a particular municipal governance model corresponding to a certain functional place, then the functions of such a non-institutionalized functional place are transferred to another institutionalized functional place.

According to the respondents' opinions, the mayor in the municipal structure model, in a general theoretical sense, should perform three roles: serve as the head of the entire municipality; represent the municipality beyond the municipality's borders; and at the same time perform the functions typical of the municipal executive institution, while equally attentively carrying out the functions of the chairman of the municipal council (as a meeting/work organizer). A municipal structure model that assigns the mayor's responsibilities to three functional places is considered acceptable and rational.

The second question aimed to determine the opinions of the respondents regarding the requirements that are appropriate to be imposed on a person running for or holding the position of the mayor of a municipality.

The respondents selected (Figure 3) 6 out of the 8 possible requirements imposed on the directly elected mayor of the municipality, of which the most important are the residency requirement (supported by all 8 respondents) and the citizenship requirement, the requirement of an impeccable reputation, and the oath of office (supported by 7 out of 8 respondents). Of the 8 respondents, 4 agreed that there should also be an education requirement imposed on individuals aspiring to or holding the position of a mayor. None of the respondents proposed applying an age requirement.

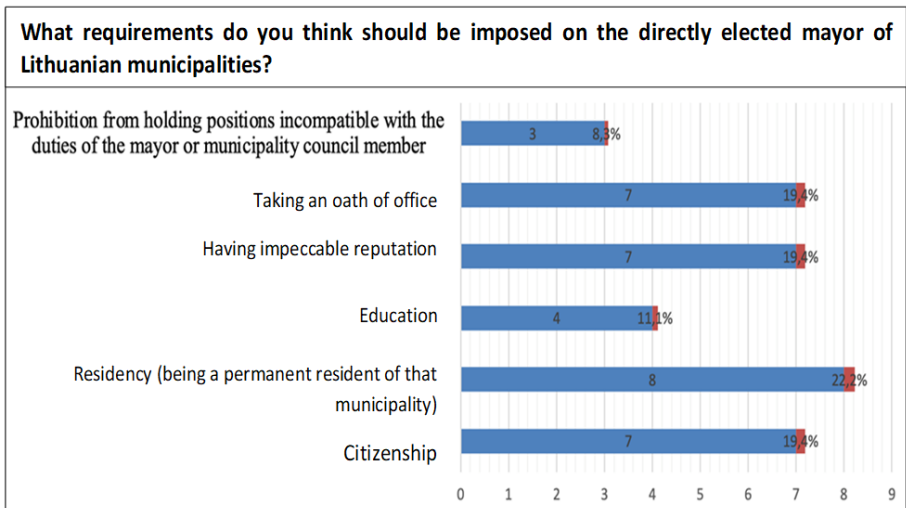


Figure 3. Responses to the question regarding the requirements to be imposed on a directly elected mayor of a Lithuanian municipality

(Source: compiled by the authors based on survey results)

The third question aimed to determine the opinions of the respondents regarding who should temporarily replace the mayor when they are ill, away on a business trip or otherwise unable to perform their duties.

In the respondents' opinions, when the mayor is unavailable they should be replaced or temporarily have their duties performed by the deputy mayor appointed by the mayor with the approval of the municipal council – i.e., a municipal council member (4 out of 8 respondents). Another possible option is that these duties could be performed by a political appointee (supported by 3 out of 8 respondents).

The fourth question aimed to determine the opinions of the respondents on what guarantees would best protect the municipal mayor and motivate individuals to take up these positions.

According to the respondents, the best way to protect the municipal mayor and motivate individuals to assume the duties of the mayor would be an official salary (with bonuses and allowances) that is commensurate with their responsibilities, and the right to return to former positions or choose new roles at the same or a lower level in the public sector.

The fifth question aimed to determine the opinions of the respondents on the order of priority for performing functions in the years 2023–2027, with the change in the mayor's dominant role in the municipal structure model. The respondents' opinions are presented in **Figure 4**.

In your opinion, which functions should the municipal mayor directly elected for the 2023–2027 term focus on in 2023? Please provide your response in order of priority from 1 (least important) to 4 (most important)		
	Place	Points
Municipal executive institutions	1	36
Head of the municipality (for duties related to representing the municipality outside its borders, in relations with state institutions, courts, LSA, etc.)	2	29
Organizer of the work of the municipal council (making the meeting agenda, convening meetings, presiding over meetings, etc.)	3	27
Supervision and vetoing of decisions made by the Municipal Council	4	18

Figure 4. Responses to the question regarding the order of priority for performing functions in 2023–2027, with the change in the mayor's dominant role in the municipal structure model

(Source: compiled by the authors based on survey results)

According to the respondents, as stipulated in the Local Self-Government Law, which entered into force on April 1, 2023, the mayor of the municipality should focus on implementing the functions of the executive institution (the first role). It is equally important for the municipal mayor to properly perform the functions of the head of the entire municipality (the second role, including duties related to representing the municipality beyond its borders) and the functions of the organizer of the municipal council's work (the third role). The newly assigned function related to the oversight and veto of decisions made by the municipal council is considered to be the lowest priority.

The sixth question aimed to determine the opinions of the respondents on the most significant challenges that municipal mayors elected in 2023 could face.

According to the respondents, from 2023 to 2027, mayors are likely to face the same challenges as in the period from 2019 to 2023, including: imperfections in the legal

environment (all 8 of the respondents believe this); and a lack of financial resources (7 out of 8 respondents). Of the 8 respondents, 3 did not rule out the possibility of conflicts between the municipal council (or the majority thereof) and the mayor in local affairs. This concern has already been confirmed in practice with the example of the Anykščiai District Municipality in 2023.

In response to **the seventh question** concerning the three most important tasks that mayors elected in 2023 should begin their activities with, the following were identified: forming their team (all 8 of the respondents believe this); seeking help and engaging in constructive communication with municipal council members to form a stable working relationship with the council majority and reach an agreement on mutual communication/collaboration (5 out of 8 respondents); and getting acquainted with the economic/financial situation and identifying and anticipating the most important issues and how to address them (4 out of 8 respondents).

Conclusions

1. In the opinions of the mayors of Lithuanian municipalities who have held these positions for four or more terms, a municipal structure model in which three functional places are assigned to the mayor's responsibilities is considered acceptable and rational. These functions are: serving as the head of the entire municipality; representing the municipality beyond the municipality's borders; and at the same time performing the functions typical of the municipal executive institution, while equally attending to the functions of the municipal council leader (as a meeting/work organizer). It can be concluded that the respondents were essentially satisfied with both the municipal structure model applied before April 1, 2023, and that applied since April 1, 2023, although the actual municipal structure models and the dominant role of the mayor in these models differ significantly. This means that, despite much criticism, the municipal structure model applied since April 1, 2023, will not undergo significant change (i.e., the model itself will not change, but only specific elements of the model will be adjusted when necessary and based on practical needs).
2. For the respondents, the most significant source of stress is the fact that, with the change in the municipal structure model and adjustments to the role of organizing council meetings/work, they will no longer have voting rights when the municipal council makes decisions. However, the legislator has compensated for this loss by granting the municipal mayor the right to veto decisions made by the municipal council. After experiencing and mastering these new types of power, it is expected that the mayors of Lithuanian municipalities will psychologically come to terms with the loss of their voting rights, and the stress they experience will decrease.

Thus there will be less interest in initiating changes to the Law on Local Self-Government related to the regaining of voting rights.

3. It is likely that there will be a more intense search for more acceptable legal regulation for the mayors of Lithuanian municipalities, creating opportunities for them to transfer some of their power to vice mayor(s) and/or to the directors of the municipal administration. This search could potentially lead to amendments to the provisions of Law on Public Administration (a General Law) and the Law on Local Self-Government (a Special Law) that regulate the procedure and cases for transferring the power (or functions) of public administration. In the opinion of the respondents, transferring some of the mayor's power to vice mayors would meet with less resistance if vice mayors were not political appointees, but, like municipal mayors, members of municipal councils (elected local politicians). On the other hand, municipal mayors, who understand the possibilities of signing administrative decisions remotely, can significantly mitigate their willingness to share powers with other subordinate entities by using a modern digital document management system.

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LIETUVOS SAVIVALDYBIŲ MERŲ TEISINIS STATUSAS PAKEITUS SAVIVALDYBĖS STRUKTŪROS MODELĮ LIETUVOJE 2023 METAIS

Anotacija. Straipsnio tikslas – pristatyti 2023 m. vasario mėnesį atlikto mokslinio tyrimo, kuriuo siekta atskleisti Lietuvos savivaldybių merų teisinio statuso reglamentavimo ir jo tobulinimo galimybes, svarbiausius rezultatus. Sumanymas atlikti tokio pobūdžio mokslinį

tyrimą kilo likus vos keliems mėnesiams iki įsigaliojant 2022 metų birželio mėnesį priimtam Vietos savivaldos įstatymo pakeitimo (naujos redakcijos) įstatymui, kuriuo buvo įtvirtintas naujas savivaldos modelis ir pakeistas savivaldybės mero dominuojantis vaidmuo, taip pat likus kelioms savaitėms iki eilinių savivaldybių tarybų ir merų rinkimų (rinkimai vyko 2023 metų kovo 5 d.). Atsižvelgiant į 2022 metais vykusias diskusijas dėl naujo savivaldos modelio principinių nuostatų ir savivaldybės mero naujo vaidmens tame modelyje, dėl šių pokyčių sukeltamų pasekmių ir atsirandančių iššūkių tirti pasirinkta ypatinga tikslinė grupė – Lietuvos savivaldybių merai, ėję šias pareigas keturias ir daugiau kadencijų (tyrimo metu jie vadinti „patyrusiais“ merais). Tyrimo rezultatai parodė, kad merai gerai supranta 2023–2027 metais numatyto taikyti naujo savivaldos modelio specifiką ir iš esmės yra pasiruošę vietoj iki tol turėto statuso ir vykdyto savivaldybės mero – savivaldybės tarybos vadovo – vaidmens atlikti naują savivaldybės vykdomosios institucijos vaidmenį. Vis dėlto paaiškėjo, kad nemažai nerimo kelia ta aplinkybė, kad savivaldybės meras, kuriam ir toliau numatytos atlikti savivaldybės tarybos posėdžių organizatoriaus pareigos, neturės iki tol turėtos balso teisės savivaldybės tarybai posėdyje priimant sprendimus. Merus taip pat neramina ir skirtingos interpretacijos dėl subjektų, galinčių juos pavaduoti, taip pat dėl galimybės, esant poreikiui sumažinti merui tenkančią milžinišką darbo krūvį, dalį jų įgaliojimų perduoti (deleguoti, suteikti teisę atlikti) vicemerams (politinio pasitikėjimo tarnautojams). Tyrimo rezultatai gali būti naudingi tobulinant savivaldybių institucijų (savivaldybės tarybos ir savivaldybės mero) įgaliojimų (apimties, sudėties, jų perdavimo (delegavimo) aspektais kitiems subjektams) ir šių institucijų tarpusavio santykių teisinį reglamentavimą.

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A BABY BOOM IN BRATISLAVA: EDUCATIONAL POLICY AND CITIZENS' QUALITY OF LIFE IN A SMART CITY

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DOI: 10.13165/VPA-24-23-2-02

Abstract. This article critically examines the possibilities and limits of self-government in the field of primary education. The theoretical basis consists of the analysis of relevant legal regulations, thanks to which a logical legal framework is created. Subsequent research involves a practical comparison of the possibilities of self-government in the case of statutory rules of primary education. The aim of the article is to provide a case study of the implementation of school policy from the point of view of the selected self-government of the municipalities of the Bratislava region.

Keywords: *primary school; self-government; decentralization.*

Reikšminiai žodžiai: *pradinė mokykla; vietos savivalda; decentralizacija.*

INTRODUCTION

The management of primary schools and school facilities is a delegated policy of the State in Slovakia, the practical implementers of which are local authorities – municipalities and towns. Decentralization has been in place for more than 20 years (e.g., Mihalík and Klimovský 2014); it is therefore expected to be a well-functioning system. At the same time, many scientific studies, such as that of Srebalová and Peráček (2022), draw attention to the importance of the effective functioning of local governments in the context of the competences they fulfil and ensuring the quality of life of citizens, which is the basis of the Smart City concept. From the legal perspective, it can be said that the administration of “school

self-government” is contained in several legal provisions, which form a binding framework for local authorities to pursue school policy. Comparing the settlement structure of the Slovak Republic with the existing legal framework in the field of education, the question arises as to whether the municipalities, which are experiencing the permanent growth of their population, are able to respond flexibly enough to the needs of their inhabitants in the field of education. As the founders of primary schools within their jurisdiction, local self-governments are charged with responsibilities such as building new educational facilities or upgrading existing ones where necessary. However, limited competencies often inhibit these bodies from effectively fulfilling their obligations due to various factors, which can be broadly categorized into financial and legislative constraints. In response to the growing number of school-age children, resulting from demographic changes in recent years, many primary schools in districts that are part of the larger metropolitan area surrounding the nation's capital are currently experiencing shortages of classrooms, staff and other basic resources needed to provide quality education. This raises the question of whether this trend will lead to a deterioration in the educational outcomes of the pupils concerned, or have an overall negative impact on their social development. Despite the extensive literature on primary education policy, a research gap has been identified in the form of a lack of research on primary education capacity in the National Capital Region.

The aim of this paper is to provide a case study of the impact of population growth on the capacity of primary schools in the Bratislava region, taking into account the legal possibilities of school founders. The research problem in this case is the need to define the legislative possibilities and obstacles of local governments in the implementation of decentralized educational policies in the context of the demographic development of the territory, taking into account the obligation to ensure the quality of life of citizens, which is the basis of the Smart City concept (e.g., Han and Kim 2021).

THEORETICAL BACKGROUND

In order to effectively address the baby boom crisis in Bratislava, it is important to first understand its causes and consequences. One factor is the several years of continuous migration to the Bratislava region and the associated trend of suburbanization. As noted by Bezák (2011), the Bratislava metropolitan region is one in which migration played a decisive role in total population growth at the beginning of the 1990s. The region concentrates the majority of interregional migration flows in Slovakia, whether from neighboring or distant regions. According to Podolák and Šveda (2019), municipalities near Bratislava are among the most attractive for new settlers. The available literature shows that the issue of suburbanization has been addressed by numerous authors, such as Jurčová et al. (2004), Podolák (2010), Novotný and Víglašová (2010), Madajová, Michálek, and Podolák (2014), Bleha, Vaňo, and Bačík (2014, 40–163), and Novotný and Pregi (2019). As noted by Korec,

Ondoš, and Bačík (2020), population growth has been strongly influenced by suburbanization. Around Bratislava there is literally a ring of rural villages and small towns which, especially after 1998, emerged when city residents relocated in search of better housing. According to Heriban (2021), suburbanization and population growth also experienced an upward trend during the COVID-19 pandemic. The available statistical data show that suburbanization has also led to an increase in the number of births, which increased by more than 50% in the Bratislava region between 2003 and 2022.

In order to bridge the gap between population growth and the education system, it is necessary to define the educational policy of the state. According to Machyniak (2020, 99–102), education policy can be characterized as a public policy for human development. As Horváthová and Čajková (2018) pointed out, it is a common practice in Central Europe that the state authority is the creator of educational policy. Thus, the prescribed procedures are determined from the central level. As far as policy making is concerned, the situation in the Slovak Republic is the same, i.e., it is concentrated at the central level. It should be noted that the decentralization of competencies to local governments has resulted in a model where the state authority is the policy maker and the local government is the implementer.

Regarding the fiscal decentralization of primary education, the area is addressed by several authors who analyze the development, effects and new challenges in the application of devolved competences. In this field, authors such as Čavojec and Sloboda (2005), Klimovský (2010), Nižňanský and Hamalová (2013), and Bobáková and Rožová (2019) are particularly significant. The current laws and regulations are based on a package of decentralization measures that have been in place for almost two decades. According to Machyniak (2021), the municipality is responsible for all activities aimed at securing the public interest in the cadastral territory of the municipality. According to Miháliková and Koreňová (2016, 122–135), the basic task of the municipality in the field of education is to ensure the necessary spatial and material-technical provision of the educational process in schools and school facilities of which the municipality is the founder. As stated by Bardovič et al. (2019), the area of competence of the municipality in education policy primarily includes the functioning of pre-schools and primary schools, including improving the quality of the school environment and increasing the capacity of educational facilities. Thus, the municipality becomes the main pillar in financing the needs of primary schools. As reported by Mihálik and Klimovský (2014), decentralized regional education in Slovakia was expected to bring about the efficient and meaningful transfer of competences between the state and regional school levels. From the perspective of regional education, the main problem is the funding system, which is unable to enforce the optimization of the school network to make it more financially flexible and efficient. As Horváthová and Čajková (2018) observed, the development of education is the single form of investment that yields the highest rate of return. In the context of global competition, only those countries that consider access to education as an investment of paramount importance can be successful.

METHODOLOGY

The theoretical basis of this paper is an analysis of the legal framework in the field of primary education. The first step is to analyze the transfer of responsibilities to local government. This analysis is then complemented by a synthesis of the legal sources of funding for primary education. The subsequent section then deals with the demographic development of the population in the Bratislava region.

The empirical part of the paper focuses both on the comparison of the inputs analyzed and on the prediction of problems and barriers in the region in the next 5 years. The comparison is based on currently available statistical data processed from the Statistical Office of the Slovak Republic and the Slovak Centre for Scientific and Technical Information – an organization within the structures of the Ministry of Education of the Slovak Republic. The comparison is based on two variables – selected groups of children and age. These categories are compared via a simulation of the age category of a pupil in the first year of primary education (Group A) and a pupil leaving primary education (Group B). The aim of the comparison is to compare the number of children entering primary school with the number of children leaving primary school, i.e., handing over their place to future first graders. The data obtained was processed by means of Microsoft Excel. The calculation of the number of missing school places was derived via the following equation:

$$Dy^{1-6} = Ga^{1-6} - Gb^{1-6}$$

Where:

Dy^{1-6} = difference in the number of children entering and leaving school by year;

Ga^{1-6} = number of children in the first year of primary education by year;

Gb^{1-6} = number of pupils leaving primary education.

DISCUSSION AND CONCLUSION

The legislative framework

The main piece of legislation governing primary education is Act No. 245/2008 Coll., known as the Act on Primary Education, which entered into force in September 2008. The law stipulates that primary schools may be established either by the state, municipalities (self-governments), ecclesiastical authorities or legal entities registered in the Slovak Republic. In order to ensure effective governance of the primary education sector, certain powers and responsibilities are delegated to lower levels of the administrative hierarchy – in particular to regional governments and self-governing units. Regional governments assume delegated competencies over all elementary institutions functioning within their jurisdiction, and are also responsible for the implementation of state policies and programs at the local level. In terms of a positive definition of the need for decentralization,

Nižňanský (2005) argued that a decentralized state can make better use of human, productive and natural potential for the benefit of the population. According to McIntyre, Mitchell and Roy (2023), arguments for fiscal decentralization can be motivated by a variety of reasons, including electoral success, the pressures of regional nationalism, and territorial dissatisfaction with the dispersion of national economic income. As Štrkolec (2019) further argued, the goal of fiscal decentralization is perceived as the concern of the legislature for the fiscal autonomy of local governments. Consequently, as Nordholm, Arnqvist, and Nihlfors (2022) noted, autonomy itself seems to be an important factor not only in financial terms, but also in the case of school governments. The available literature suggests that there is a positive correlation between governance autonomy, strategic decision-making, and student achievement. According to Mihalík and Klimovský (2014), whether an education system, including its content, is autonomous or partially autonomous seems to be a factor influencing the overall positive impression of the decentralization process at the local government level. On the basis of the defined legislation, it can be stated that in the Slovak Republic there exists the decentralization of the formal aspect of education and the partial decentralization of the procedural aspect. However, there are areas (e.g., curricula) that are largely managed from the central level.

On the other hand, the funding of the school system itself can be described as limited. The main obstacle that local authorities face in their efforts to increase the capacity of primary schools in their jurisdiction is funding. Lack of financial resources not only hampers efforts to expand the physical infrastructure, but also severely limits investment in hiring more teachers, which is essential to ensuring a manageable pupil-teacher ratio in the classroom. The basic funding allocated by the state to local governments is set at a precise amount per pupil – the so-called normative figure. The use of the funds defined by the normative figure is divided by law between salaries and operating costs. Salary costs are intended to cover the salaries of teachers, while the salaries of non-teaching staff are financed from the municipality's own budget. In the 2022/2023 school year, the total amount of the normative figure was €1,775.33¹ per pupil per school year. On the basis of the legislation currently in force, it can be stated that the applicable ratio of personal financial costs to operating costs is defined by the legislator at the level of 88.55%:11.45%. On the basis of the above, it can be concluded that normative financing is intended to cover salaries and current operating costs, i.e., there is no reserve for possible expansion or capacity increase.

The demographic development of the Bratislava region

Accordingly, data from the Slovak Statistical Office indicate that between 2010 and 2020, the population of the Bratislava region increased by more than 13%, and the total number of inhabitants grew to more than 677,000. A notable trend that emerged during this period can be termed a baby boom – an increase in the birth rate as a result of various socio-economic factors operating within the society at a particular point in time.

1 For a detailed breakdown see: <https://www.minedu.sk/data/att/23433.pdf>

Baby booms often coincide with periods of improved living standards or other favorable circumstances for starting families, helping to create a conducive environment for people living in this region, leading them to expand their families, and resulting in escalated birth rates and accelerated population growth. According to the Statistical Yearbook CVTI (2022), as of September 15, 2022, there were a total of 175 primary schools in the Bratislava region. Of these, 133 are municipal schools, 32 are private schools and 10 are ecclesiastical schools. In percentage terms, almost 83% of pupils attend primary schools established by municipalities.

Forecasting primary school places: a 5-year horizon

Based on the above, a practical forecast of the number of pupils in the Bratislava region over the next 5 years was produced. This forecast provides an answer to the estimated number of new primary school places that will need to be provided. The calculation of this forecast is based on the age structure of children, and compares the number of children entering the first year of primary school with the number of children leaving primary school in the following school year. The forecast was produced for the next 5 years, in which the number of new places needed is given separately for each school year as the difference between the two groups compared. The data obtained are presented in Table 1.

Table 1. Comparison of the projected age structure of children in the Bratislava region – a forecast of the shortfall in places in the next 5 years

School year	2023	2024	2025	2026	2027	2028
Group A	5 YO	4 YO	3 YO	2 YO	1 YO	0 YO
Group B	14 YO	13 YO	12 YO	11 YO	10 YO	9 YO
Number of children in Group A	9,052	9,190	9,271	8,704	8,508	8,309
Number of children in Group B	6,531	7,067	7,553	7,664	7,811	8,134
Difference/Year	-2,521	-2,123	-1,718	-1,040	-697	-175

Source: Authors' calculations based on data from the Statistical Office of the Slovak Republic

An analysis of current enrolment trends suggests that these problems will continue to escalate unless immediate action is taken. Based on statistical estimates derived from available data, approximately 8,000 additional seats will be needed over the next 5 years just to provide equal access to primary education for every child in the Bratislava metropolitan area alone; an average of approximately 66 additional classrooms per year. To accommodate such a large influx of pupils, local authorities are required to create 6,845 new primary school places, or 83% of the total demand, based on the current distribution of pupils by type of school. To accomplish this challenging task, these authorities would need significant financial resources to provide the necessary infrastructure development.

Although exact cost estimates may vary depending on factors such as land prices in particular locations, construction costs, and other expenses related to building permits, it is not unreasonable to assume that an average primary school for up to 300 pupils could cost from €4,000,000 upwards. This means that for the municipalities in the Bratislava region alone, the cumulative investment requirement could be in excess of €94,000,000 just to ensure that every child has the opportunity to attend a municipal school. We can base this claim, for example, on the Ministry of Education's published call for the expansion of primary school capacity (Ministry of Education, n.d.), which sets the upper limit of support for the creation of one new place at €13,750. The problem of the baby boom in the Bratislava region is not an issue that emerged only in the last year. Developments over the last 3 years show that over the period and in percentage terms, the creation of new places appears to be slower for local authorities than for private investors. Over the same period, the number of places increased by 11.17% for local authorities, 0.13% for ecclesiastical schools and 33.14% for private providers. This may indicate the more efficient use of prior capacity or the use of vacant space. The question then becomes: What other options are available to local authorities? It is rather difficult to analyze the spare capacity of local government, but it is certain that if local government decides to increase its capacity by constructing or renovating existing buildings, it will be limited to some extent.

Table 2. The development of the number of schools, classes and pupils in the Bratislava region in 2020–2022

Type of elementary school	2020	2021	2022	2022 v. 2020
Municipal	133	132	133	0
of which number of classes	2,343	2,431	2,531	188
of which number of pupils	51,280	53,698	57,727	6,447
Private	23	27	32	9
of which number of classes	228	278	325	97
of which number of pupils	3,452	4,385	5,163	1771
Ecclesiastical	10	10	10	0
of which number of classes	211	214	209	-2
of which number of pupils	4,871	4,927	4,939	68

Source: Authors' calculations based on data from the Statistical Office of the Slovak Republic

A partial solution to the emerging problem seems to be the Ministry of Education's call to increase the capacity of primary schools. This is part of the economic stimulus plan, in which founders from the Bratislava region can also participate. According to BSR (2022), 15 projects comprising a total of 3,000 new places have been successful in the current

round of calls. This trend should continue, especially in view of the need to make up for the shortage of places.

One possible recommendation is the possibility of a public-private partnership in which developers of residential subdivisions would commit to building schools, which is an area for further research.

Conclusion

1. This research focuses on the impact of population growth and primary school capacity in the Bratislava region. However, it is also applicable to other regions.
2. A research gap has been identified in relation to the issues analyzed, despite the large amount of literature in the field of education.
3. Demographic trends and the resulting increase in the number of children predict a future problem regarding primary school capacity.
4. The analysis carried out demonstrates the need for the creation of 8,000 new places, which schools will have to cope with within the next 5 years.
5. The call for EU funds seems to be a partial solution, but this funding will not be able to cover all of the capacities that are needed.
6. The optimal solution seems to be public-private partnerships, where private developers expanding housing capacity would also create space for new schools, which would be run by the municipality. However, more research is needed in this area. For capacity reasons, this could not be done within the framework of this article.

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KŪDIKIŲ BUMAS BRATISLAVOJE: ŠVIETIMO POLITIKA IR PILIEČIŲ GYVENIMO KOKYBĖ SUMANIAJAME MIESTE?

Pateiktame straipsnyje kritiškai nagrinėjamos vietos savivaldos galimybės ir ribos pradinio ugdymo srityje. Teorinį pagrindą sudaro aktualių teisinių normų analizė, kuri padėjo sukurti loginę teisinę bazę. Vėlesni tyrimai leidžia praktiškai palyginti vietos savivaldos galimybes, kai taikomos įstatyminės pradinio ugdymo taisyklės. Mokslinio straipsnio tikslas – sukurti mokyklų politikos įgyvendinimo vertinimo modelį pasirinktos Bratislavos regiono vietos savivaldos atvejo analizės pagrindu.

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Šis mokslinis straipsnis buvo parengtas pasinaudojus „Erasmus+“ programos stipendija Nr. 101085569 (Erasmus+ Jean Monnet Modul LEADER).

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Acknowledgement:

This work was supported by the Erasmus+ Programme under the Grant No.101085569 Erasmus+ Jean Monnet Modul LEADER.



DIGITALIZATION AND ARTIFICIAL INTELLIGENCE IN CENTRAL ASIA: GOVERNMENTAL RESPONSES AND FURTHER IMPLICATIONS

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DOI: 10.13165/VPA-24-23-2-03

Abstract. Digitalization and new technologies are now firmly on the agendas of governments worldwide. New technological trends have not only become catalysts for economic development, but are also reshaping how the public sector works and implements its policies. Amid technological transformations, the countries of Central Asia are searching for new ways to adapt to these changes. This paper aims to assess these attempts by exploring the digitalization policies of the five Central Asian countries. By using qualitative methods and expert interviews, the article identifies key limitations and potential areas of development for the Central Asian states regarding digitalization and artificial intelligence. By providing valuable insights, the article contributes to a deeper understanding of the digitalization challenges faced by developing countries. Through the analysis of local expert opinions, the article seeks to contribute valuable insights to the distinct approaches adopted by these countries, thus enriching the understanding of the region's trajectory in the digital era.

Keywords: *digitalization; artificial intelligence; governance on digitalization and artificial intelligence; Central Asia; public policy; public administration.*

Reikšminiai žodžiai: *skaitmeninimas; dirbtinis intelektas; skaitmeninimo ir dirbtinio intelekto valdymas; Centrinė Azija; viešoji politika; viešasis administravimas.*

Introduction

New innovative trends including artificial intelligence (AI), robotics, big data, and blockchain are expected to have a significant impact in the near future. Public bodies have been also influenced and challenged by technological advances. The challenges associated with new technological trends go beyond upgrading the workings and business processes of governments, conceptually relating to transformational changes in policies, economies, and people's lives. Technologies can directly benefit the achievement of approximately 70% of the Sustainable Development Goals (SDGs), while more digitally mature countries have performed better in achieving SDG progress compared to other similar states. Digital infrastructure built and supported by a government can be the roads and bridges of the future, delivering crucial services for people (UNDP 2023).

Despite global geopolitical turbulence, the Central Asian (CA) countries of Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan illustrate economic growth. With their landlocked but geostrategic locations, they strive to find new ways to boost their economies and improve their competitiveness. In this regard, the technological dimension of their policies is of interest for practical and theoretical reasons. Exploring the digitalization and AI-related strategies of these countries helps to identify key perceptions, obstacles, and institutional, political, and social issues. Furthermore, conducting a comparative analysis between these five countries can reveal how contextual factors affect the implementation of digitalization and AI policies. To this day, there have been only a few attempts to investigate this issue. The purpose of this paper is to evaluate the digitalization and AI strategies of the five CA countries by critically analyzing major problems and barriers in their technological development.

Literature Review

For the CA countries, digitalization has the potential to modernize and integrate national economies into the global economy, spur a digital leap, and build an information society in the post-pandemic era. Under these conditions, the CA countries all intend to improve their digital potential and carry out political reforms to better cope with current and future challenges. As a result, they are currently implementing ambitious national strategies and programs aimed at transforming their societies into ICT-proficient cultures by creating digital economies and digital governments, as well as achieving sustainable economic growth. Although the approaches of the CA countries to the national development of ICT and digitalization differ, they all face common problems and obstacles, such as: the digital gap at the national and regional levels; insufficient legislative frameworks, especially concerning confidentiality and the protection of personal data; a lack of financial, technical and infrastructural resources; costly and slow Internet; a lack of qualified professionals

with IT skills; low public trust in online services; and a relatively low level of digital literacy (Khakimov 2022).

World Bank research shows that a 10% increase in broadband penetration adds around 1% to economic growth in CA, and that a 1% increase in Internet access corresponds to a 4.3% increase in export growth. This digital communication drive will expand the access of the enterprises and citizens of CA to secure Internet via reliable satellite communications, reducing the digital inequality in the region and promoting inclusive last-mile digital services. In addition, ground stations with built-in Internet traffic exchange points and green data processing centers will be located in the territory of the CA countries. Along with investments in infrastructure, the EU promotes reforms in digital governance, including in the telecommunications sector, the field of personal data protection, cybersecurity, and respect for human rights. These initiatives represent the beginning of the concrete implementation of the Digital for Development Hub in the Asia-Pacific region (Stano 2022).

AI as a technology is developing rapidly in CA. At the same time, it entails several potential risks, such as a lack of transparency in decision-making, gender or other forms of discrimination, the invasion of privacy, and its use for criminal purposes. Against the background of fierce global competition, a firm approach is needed from the CA countries based on a centralized AI policy. To take advantage of AI-associated opportunities and challenges, CA must act as a whole and define its path based on the values of the region in order to promote the development and implementation of AI (Younas 2020). Researchers from the Asian Development Bank (Tokyo) and professors from the Lee Kong Chian School of Economics (Singapore) examine in detail the main transmission channels through which digital transformation is increasing the productive capacity of economies in Asia. Numerous authors have explored how improving digital infrastructure, digital literacy, and financial regulation can help maximize the benefits of digitalization for the region's economy (Beirne and Fernandez 2022).

A "Central Asia-as-a-platform" strategy is being proposed in order to create an innovative competitive advantage for the region in the era of digital transformation. In addition, a sub-regional center for digital sustainable development solutions in Almaty, Kazakhstan, is also being mooted as a potential venue for a digital platform that might enable the implementation of the proposed digital strategy for CA (Tazhiev 2021). To accelerate economic and social digital transformation, a digital solutions center (DCR) for the research and development of proposals has been suggested to decision-makers concerned with the use of new digital technologies. In particular, three scenarios were presented in the DCR report. In Scenario 1, the DCR presents GovTech in Kazakhstan with an emphasis on digital transformation, and does likewise in other CA countries but with a specific emphasis on the digitalization of their value chains. In Scenario 2, the DCR applies GovTech to Kazakhstan with an emphasis on digital transformation, but its scope of activity can be expanded to other CA republics to then move back in line with Scenario 1. Here, a given country would assess its ability and desire to leap into becoming a predominantly digital economy and

society. In Scenario 3, the main focus is the implementation of the Asia-Pacific Information Superhighway program (Ure 2021).

This literature review is primarily concerned with the economic and political aspects of digitalization in CA in the context of international and global processes, and these are undoubtedly important for the framework of this paper. However, an analysis of the literature shows that the problems of digitalization and the use of AI in CA are largely not considered from the perspective of the science of public policy and public administration. Therefore, this paper attempts to fill this research gap. In addition, many authors study the problems of digitalization in CA in terms of the interests of major international actors (USA, China, the EU). This article provides new insights by identifying national and regional barriers to digitalization and the use of AI, and presents a vision of the prospects for addressing them.

Objective

The objective of this paper is to study the challenges and barriers faced by digitalization and AI in CA. This entails an analysis of the key priorities and objectives outlined in the digitalization policies of the countries concerned, as well as the practice of implementing these policies and the measures of the governments of these countries. The article aims to explore common challenges, opportunities for regional cooperation, and synergies. This involves assessing the extent of collaboration among CA countries on regional initiatives and understanding the factors that shape their collective approach.

Exploring the opinions and assessments of local experts concerning the effectiveness of government policies on digitalization and artificial intelligence is the first stage of this research. By incorporating expert viewpoints, the study seeks to capture nuanced insights into the perceived strengths and weaknesses of the implemented strategies, providing a comprehensive understanding of the policy landscape. These research questions collectively form the foundation for a thorough analysis of CA digitalization policies, contributing valuable insights to the broader discourse on regional integration and technological advancement.

The following research hypothesis is put forward based on the goal and research question: Different digitalization challenges in the CA countries are explained by the differing effectiveness of public policy.

Methods

The article uses interviews with experts and other qualitative methods. To enhance the validity of the research and ensure triangulation, secondary sources are used alongside primary sources such as national legislation (national strategies and programs), official

statements, speeches, and international and regional government publications.

Expert interview is a type of in-depth interview method in which the respondents are highly qualified specialists – in this case, in the field of public administration and political science. The expert interviews in this studies involved 9 respondents (2 respondents each from Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan; one respondent from Turkmenistan). The interviews lasted for an hour or more, and the electronic Delphi method was used to create rankings through multiple rounds of interviews, ensuring that important topics were thoroughly explored. Among the experts were university professors, heads of NGOs, heads of government departments, heads of think tanks, journalists, and scientists. The purpose of the expert interviews was to identify key problems and barriers, as well as prospects for cooperation in the use of AI. During the expert interviews, the factors hindering the development of digitalization and the use of AI at the national and regional levels were identified (a total of 10 factors in 2023).

The processing and interpretation of the interview results was carried out in compliance with general rules for editing video and audio recordings. The descriptions and results of the interviews were summarized according to the Consolidated Criteria for Reporting Quality Research checklist. Participants were invited to participate in the study via personal contact, after which a formal invitation letter was sent via email. Interviews were conducted with experts from CA to determine key problems and barriers, as well as to identify prospects for cooperation in the field of digitalization and the use of AI. The analysis of transcripts unveiled various theories and observations, from the specific to the general. In the first stage, aspects of the broader topic were described in order to develop hypotheses. To establish connections between the distinctive features of the interviewees' experiences, further categorical analysis was carried out, combining classifications into clusters. Based on this clustering, the analysis of the opinions of experts bearing information from different countries was able to reflect a more unified picture for the broader CA region.

Results

The following section describes the dynamics of the digitalization process in the five CA countries based on its main indicators. This information allows the public policy and state measures undertaken by CA countries to be analyzed and evaluated.

For the CA countries, effective government policies in the field of digitalization and AI are of global importance and will provide significant potential for modernization, as well as allow integration into the global digital economy. One of the most effective digitalization strategies is e-government, which is considered the main tool of digital transformation. The United Nations E-Government Survey is an effective indicator of a country's current readiness for digitalization and digital transformation.

One of the most important aspects of digitalization in the field of public administration

in Central Asia is the e-government development indicator. Kazakhstan ranks first in this indicator, as e-government was created there in 2006 as a platform for providing public services. More than 10 million people have since gained access to more than 760 electronic services.

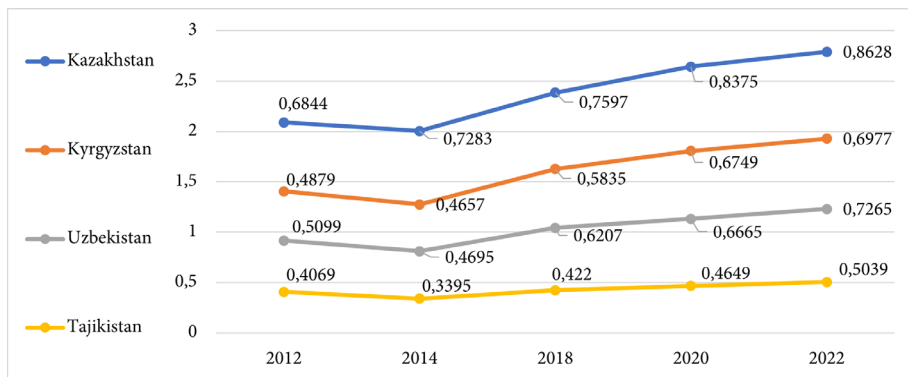


Figure 1. CA countries ranked by level of e-government development

In a recent United Nations E-Government Survey, Kazakhstan rose from 38th place in 2012 to 28th place in 2022, with an E-Government Development Index (EGDI) of 0.8628. Meanwhile, Uzbekistan improved from 91st place to 69th place, with an EGDI of 0.7265; Kyrgyzstan moved up from 99th place to 81st place, with an EGDI of 0.6977; while Tajikistan fell from 121st place to 129th place, with an EGDI of 0.5039 (Figure 1; UN DESA 2022).

Thus, Kazakhstan can be classified as having a very high EGDI, while it can be said that Uzbekistan, Kyrgyzstan, and Tajikistan all have high EGDI values. One of the most important indicators of innovation and technological potential is the Network Readiness Index, which characterizes the level of development of information technologies around the world. There is a close connection between the development of information and communication technologies and economic well-being, as technologies today play a leading role in countries' development, productivity, and competitiveness, while also diversifying economies and stimulating citizens' business activity, thereby contributing to the improvement of people's living standards. The Network Readiness Index unites four groups of indicators: the technological component, the human factor, managerial skill, and influence (Table 1).

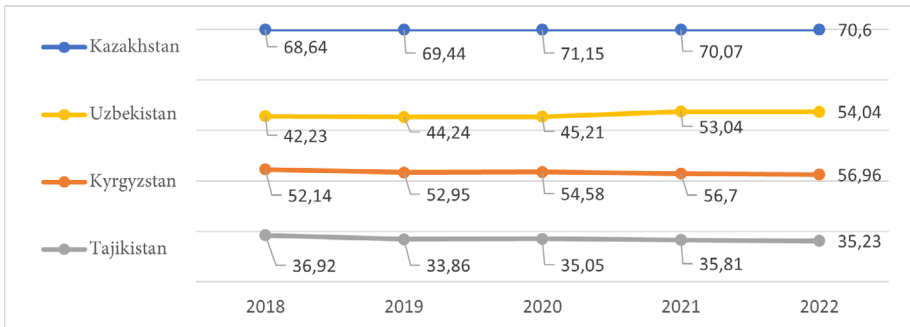
Table 1. The Network Readiness Index of CA countries

Countries	Technologies	People	Management	Influence	Total	Ranking
Kazakhstan	42.87	49.51	62.87	54.60	52.46	58
Kyrgyzstan	30.64	33.48	51.21	48.79	41.03	95
Tajikistan	29.41	26.89	34.69	47.92	34.73	111

(Source: Dutta and Lanvin 2022)

The 2022 Network Readiness Index (Dutta and Lanvin 2022) provides estimates for a total of 131 countries, which together account for almost 95% of the world's gross domestic product (GDP). Kazakhstan is in the top three countries in the CIS region, occupying 58th position overall.

Cheap access to reliable and fast Internet is an important indicator for the development of digital transformation. At the same time, access to the Internet in CA countries is growing. Currently, Kazakhstan's indicators are close to the OECD average, while in Tajikistan the growth rate of Internet access remains fairly low (Figure 2).

**Figure 2.** CA countries' ranking for Internet penetration rate

(Source: IMD 2022)

In the 2022 World Digital Competitiveness Ranking (IMD 2022), Kazakhstan occupied a leading position in terms of Internet penetration among CA countries with a value of 70.6 (advanced). In Kazakhstan, 73% of the population has Internet access. In Uzbekistan, 50% of the population has Internet access, with a value of 50.4 (transition). Meanwhile, in Kyrgyzstan, 34% of the population has Internet access, with a value of 54 (transition). Finally, 19% of the population has Internet access in Tajikistan, with an Internet penetration rate of 35.2 (emerging). Limited access to the Internet is a serious obstacle to the development of digital transformation in the CA region.

Table 2. Internet penetration rates in CA countries in 2021

Country	Infrastructure	Affordability	Network coverage	Mobile data affordability	Basic skills	Gender equality	Online security
Kazakhstan	58.03	72.22	82.82	91.36	85.30	100.00	93.15
Kyrgyzstan	58.44	44.15	81.93	44.93	76.34	100.00	49.64
Tajikistan	51.13	18.88	78.11	22.59	71.12	16.02	17.10
Uzbekistan	54.04	44.62	79.68	63.70	74.06	63.36	71.11

(Source: GSMA 2022)

The use of digital technologies and Internet penetration rates vary significantly in different countries (Table 2). Of the CA countries to be assessed or for which data are available, Kyrgyzstan occupies the leading position in infrastructure, with an indicator value of 58.44, while Tajikistan has the lowest value of 51.13. In terms of accessibility, Kazakhstan leads with 72.22, and again Tajikistan has the lowest indicator value – 18.88. Tajikistan also has a low indicator value in terms of gender equality, as only 16.02% of women have access to digital technologies, and the country likewise lags behind in terms of security (17.10). Meanwhile, there is no gender inequality in the use of digital technologies in Kazakhstan and Kyrgyzstan. In countries with low incomes, the level of education is often also low, which leads to an insufficient level of basic skills. This trend is reflected in the ratings of the CA countries in this area.

Insufficient government support for digitalization as a limiting factor in the development of AI and digitalization in CA countries

The analysis of statistical data shows that significant differences in the main indicators of the implementation of digitalization are explained by insufficient government support in CA countries, especially in Tajikistan. According to World Bank data from the 2022 GovTech Maturity Index, in terms of the level of digitalization and public administration in the CA countries, Kazakhstan and Uzbekistan have significantly improved their indicators (Kazakhstan – 0.817; Uzbekistan – 0.813). This indicates increased government support in the field of digitalization.

The B and C rankings given to Kyrgyzstan (0.578) and Tajikistan (0.309), respectively, show that they have not improved their positions. It is obvious that the government of Tajikistan does not pay significant attention to state support for digitalization and is characterized by an insignificant level of modernization in the field of digitalization and the use of AI in the public sector. Turkmenistan (0.125) is the only country in Central Asia with a very low GovTech indicator level (World Bank, 2022).

The role of digitalization in CA countries

In general, the interviewed experts noted the positive effects of digitalization. The

degree of penetration and use of various software, in particular of Western origin, differ markedly across the region, but residents nevertheless use the same products. This demonstrates the significant potential for the formation and development of a unified CA network. On a related note, an expert from Uzbekistan outlined the following: “Of course, there is a difference in the spread of different social networks. Much of this depends on political will and state policy, but in general, the same social networks are used throughout the region.”

In particular, many of the interviewed experts agreed that if all CA countries unite and form a common approach to digitalization, they can create a digitally integrated CA. Furthermore, country-specific features of the development of digitalization were noted by several experts. In particular, the situation has changed in the context of the war in Ukraine, especially with the arrival en masse of Russian nationals. Specifically, one expert from Uzbekistan claimed: “Many IT specialists have arrived, who work hard and do a lot for the development of the digitalization of our country. Two years ago, the president announced a special program in Uzbekistan, called Million Programmers, training the local workforce to become programmers and IT specialists. Therefore, this suggests that the concepts of digitalization and intellectual innovation are very well recognized at the highest level.” In Turkmenistan, the experts note that despite the concept of creating a national sovereign network having been developed, it is still unclear what work such a network will do. One of respondent stated: “I can see the desire to work in this direction, but the desire to create a more closed autonomous network of sovereign Internet should also be noted, where the state will have very tight control.” In general, it can be concluded that digitalization has huge potential for unification within the CA region, through which effective scenarios for the development of regionalism are plausible.

Challenges and obstacles in digitalization and AI implementation

The responses offered in the interviews show that there are certain difficulties and problems regarding digitalization and the implementation of AI, both in specific countries and the region as a whole. The most important problem concerns connection speed and Internet quality. In addition, the overall speed of digitalization differs from one country to the next. While in some countries digitalization and related programs have been developing for a long time and at a good pace, in others the process of digitalization is only just beginning. An expert from Kyrgyzstan explained this: “There is no quality Internet in the departments or the representative offices of the regions. I recently visited the post office, and everything was processed using old, antediluvian ways.” Low-quality Internet represents a significant obstacle to the development of a unified regional approach to digitalization. Another expert from Kazakhstan offered an opinion regarding public policy, which they claim is directly related to the freedom to regulate the information flow and the exchange of information. They claimed: “States are concerned about maintaining control over information from the point of view of security.”

Differences in the understanding of threats to regional security: the “switch” is in the hands of the state

This study also examined the question of the existence of differences in the understanding of regional security in CA. From the interviews, it can be concluded that in Kazakhstan and Uzbekistan, a significant transformation is being observed, and approaches to understanding security, including cybersecurity, are changing. However, in the other CA countries there is a tendency toward excessive securitization. An expert from Kazakhstan stated: “This is because uncontrolled information, networks, technologies, and so on are still considered as a potential source of threat.” Based on this response and others like it, excessive control by the state authorities appears to be a common factor across CA countries. Meanwhile, some experts note that a certain intergenerational division is unique to Kazakhstani society, where young people choose and vote for freedom and free access to information, while the older generations often favor censorship, prohibition, and constant control. Ultimately, there is no single approach and vision that permeates across society.

In particular, one of the experts from Tajikistan expressed the following opinion: “Nevertheless, there is a low level of digital security, a high level of fraud, to which the entire population is exposed.” The peculiarity of Turkmenistan lies in the issue of security, and especially concerns over national interests and the stability of the regime. A further expert from the country observed: “Therefore, for them, digital technologies, or the Internet, or globalization in the field of Internet technologies can influence or serve the stability of an entire state, and not its development.”

Concrete steps to develop digital skills: legislative initiatives to create a single digital CA space

The interviewed experts were also asked about the steps that CA countries should take to create a single digital space. The analysis of their responses shows that all countries ought to initiate a regional program, which could subsequently be legislatively enforced. On the other hand, digitalization itself is likely to be largely influenced by the pace of the regionalization process. An expert from Uzbekistan noted: “If we see some kind of regional organization in CA in the near future, it would be possible to see a legislative initiative within this organization. Thereafter, it will be possible to talk about the formation of a unified approach to digitalization and the use of artificial intelligence.” Thus, this research has shown that there are still significant difficulties to overcome in the field of digitalization, which are connected, first of all, through the existing state policies of all CA countries. Importantly, government officials believe that the development of digitalization can directly affect freedom of speech and the security of the state as a whole.

Opportunities and risks when creating a regional platform for digitalization and AI

Overall, improving cooperation between CA countries by creating a regional platform for digitalization and AI brings clear benefits and opportunities by contributing to data integration and the exchange of knowledge, despite some risks related to the loss of national identity and an increase in cybercrime. However, this potential remains largely unfulfilled due to different digitalization approaches and conditions across the CA countries.

These differences are limiting factors for digital transformation in the region.

In the CA countries, there are different levels of digital literacy and Internet accessibility, variations in the quality of Internet services, and a weak legislative framework in several countries.

Digitalization and AI unite, standardize, and set a single platform for a common perception, creating completely new conditions both at the national and regional levels. This study has also demonstrated that the CA countries have different technical capabilities, such as those concerning the speed and quality of Internet coverage. These factors complicate and slow down the process of creating a unified regional approach to digitalization.

Conclusions

Currently, all CA countries implement strategies aimed at introducing a digital economy and digital government to achieve sustainable economic growth. At the same time, all of the CA countries face the following array of similar problems: weak legislative framework in the field of digital security, weak Internet coverage and low speed, lack of qualified specialists, low level of digital literacy, and lack of cooperation between countries.

This allows a number of key conclusions to be drawn:

1. There are certain difficulties and problems in digitalization and the implementation of AI in the CA region. The most important problem concerns connection speed and Internet quality. In addition, the overall speed of digitalization differs across countries. While digitalization and related programs have been developing for a long time and at a good pace in Kazakhstan, Uzbekistan, and Kyrgyzstan, in Turkmenistan and Tajikistan the process of digitalization is at its early stage.
2. The absence of effective policies addressing the digital gap in CA impedes the uniform development of the IT sector, creating barriers to inclusive economic and social growth.
3. The lack of educational programs promoting digital literacy and cybersecurity poses a threat to building a skilled workforce and fostering responsible technology use.
4. Inadequate investments in digital infrastructure and AI through public-private partnerships hinders technological progress, impeding innovation and economic growth in the CA countries.

Based on the conclusions of this article, the following recommendations for policymakers and legislators are formed:

- a. Enact policies to narrow the digital divide nationally and regionally by improving IT infrastructure and ensuring equal access. Develop a regional strategy for digitalization and AI to encourage collaboration among CA countries.
- b. Advance digital literacy, cybersecurity, and skills through educational programs.

- c. Increase investment in digital infrastructure, including broadband networks and data processing centers.
- d. Drive national AI progress through public-private partnerships, propelling digitalization and AI development in CA countries.

Acknowledgment

This research is funded by the Science Committee of the Ministry of Science and Higher Education of the Republic of Kazakhstan (Grant No. AP19678623).

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SKAITMENINIMAS IR DIRBTINIS INTELEKTAS VIDURINĖJE AZIJOJE: IŠŠŪKIAI IR POVEIKIS VYRIAUSYBĖMS

Skaitmeninimas ir naujosios technologijos pastaruoju metu yra reikšmingos viso pasaulio vyriausybių darbotvarkėje. Naujų technologijų tendencijos ne tik tapo ekonominio vystymosi katalizatoriumi, jos taip pat keičia viešojo sektoriaus veiklą ir viešosios politikos įgyvendinimą. Vykstant technologinėms transformacijoms Centrinės Azijos regiono šalys ieško naujų būdų, kaip prisitaikyti prie šių pokyčių. Šiuo straipsniu siekiama įvertinti tokius bandymus išnagrinėjus penkių Vidurinės Azijos šalių skaitmeninio politiką. Taisant kokybinius metodus ir ekspertų interviu straipsnyje buvo nustatyti pagrindiniai Centrinės Azijos valstybių skaitmeninio ir dirbtinio intelekto apribojimai ir galimos plėtros sritys. Manoma, kad pateikus vertingų įžvalgų galima nuodugniau suprasti skaitmeninio iššūkius, su kuriais susiduria besivystančios šalys. Analizuojant vietos ekspertų nuomones, straipsnyje siekiama pateikti vertingų įžvalgų apie skirtingus šių šalių metodus, taip praturtinti regiono trajektorijos skaitmeninėje eroje supratimą.

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THE PREVENTION AND RESOLUTION OF SOCIAL AND LABOR DISPUTES: INTERNATIONAL STRATEGIES AND THE EXPERIENCE OF KAZAKHSTAN

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DOI: 10.13165/VPA-24-23-2-04

Abstract. *In today's globalized world, social and labor disputes have become a significant concern for individuals and organizations. This paper aims to explore the prevention and resolution of such conflicts, focusing on both international practices and the specific experience of Kazakhstan. By examining the literature, research methodology, and analytical reports, we will gain insights into effective strategies and approaches to addressing social and labor conflicts. This article is optimized for SEO and provides valuable information for individuals, organizations, and policymakers seeking to navigate the complexities of social and labor disputes. International experience is a valuable source of knowledge and practice for improving government regulation and conflict-prevention mechanisms. The article examines strategic documents and economic indicators based on qualitative research by OECD countries on the prevention of the adverse consequences of social conflicts. The study examines a number strategic documents and programs for conflict prevention and resolution.*

Keywords: *Kazakhstan's experience; content analysis; national security; conflict prevention; labor disputes; resolution; social disputes.*

Reikšminiai žodžiai: *Kazachstano patirtis; turinio analizė; nacionalinis saugumas; konfliktų prevencija; darbo ginčai; sprendimai; socialiniai ginčai.*

Introduction

The prevention and management of social and labor disputes is a multifaceted challenge that necessitates the application of diverse methods and strategies. The relevance of

conflict prevention through early warning systems and knowledge-sharing platforms, as well as the resolution of conflicts through mediation and other alternative dispute resolution mechanisms, cannot be overstated. Social and labor disputes often stem from conflicts between employees and employers, and are frequently triggered by disagreements over working conditions, wages, benefits, or other employment-related issues. These disputes can have far-reaching consequences, including detrimental effects on productivity, employee morale, and overall social harmony. Hence, the exploration of effective prevention and resolution strategies to mitigate the adverse effects of such conflicts is of paramount importance. This article will offer a comprehensive overview of international practices in preventing and resolving social and labor disputes. Furthermore, it will delve into the specific experience of Kazakhstan, a country that has demonstrated commendable efforts in addressing these issues. By analyzing the literature, research methodologies, and analytical reports, we aim to provide a comprehensive understanding of the best practices and approaches to handling social and labor disputes. Between 2005 and 2011, there was a relatively high average annual population growth rate of 1.5% in Kazakhstan (compared with 0.4% in the Europe and Central Asia region). The share of women in the total population of the country is 57%, and the share of the population living in urban areas is 54%. In the 1980s, the indigenous population was a minority, whereas by 2009 the share of ethnic Kazakhs in the total population was 63%; ethnic Russians (23%) and Ukrainians (2%) were the second- and third-most common groups, respectively (Apendiyev and Assylbekova 2023).

Maintaining the well-being and order of society is essential for efficient governance and its progression. Social and labor disputes are the primary causes of tension and social unrest. They play a vital role as indicators of underlying issues and untapped potential growth, but cannot be left unsupervised. Neglected conflicts can fester into resentment and result in violent behavior. Effective prevention and resolution strategies are crucial in order to mitigate the adverse effects of such conflicts. Various forms of conflicts, including large-scale military clashes, have a significant impact on employment, income, and the availability of decent work opportunities. Unresolved or improperly regulated conflicts can cause serious damage to the stability and development of society. International experience shows that government regulation and conflict prevention strategies can be effective tools for achieving peace and stability in society.

Literature Review

Conflict theorists often assume that disputes either “cleanse” or “unite” societies (Marx and Engels 1962). According to conflict theory, war is the outcome of an ongoing, escalating conflict between individuals, organizations, and entire societies. A community may unite in certain ways during a battle, but there will always be conflict between different societies. As per Weber’s (1978) view, when a society reaches a point at which it has developed

a bureaucratic system, conflict begins to arise, typically as a result of a situation where a person in a position of power begins to serve themselves. In relation to the labor force, once employees witness a power imbalance regarding authority, conflict is unavoidable. The main contributor to this conflict is the difference in social status due to the lack of a unanimous code to follow. To resolve this conflict, Weber suggested that all of the involved parties should cooperate to work out a solution. This requires dialogue, with everyone in agreement. On the other hand, a society could completely collapse as a result of conflict. Conflict theory also examines numerous social, religious, and other forms of groupings, as well as various capitalist factions. Anthony Oberschall (1978, 291) expressed a similar thought: “With this little exception, Coser’s concept of social conflict effectively conveys its meaning (1967:232): ‘social conflict [is] a struggle for values or claims to status, authority, and scarce resources, in which conflicting groups seek not only to achieve the desired values, but also to neutralize, harm, or eliminate opponents.’” Class, racial, religious, and communal disputes; riots, rebellions, and revolutions; strikes and civil unrest; marches, demonstrations, protest meetings, and the like – all are examples of social conflict. Any political or social dispute must have three essential traits in order to exist: understanding their origins, developing early intervention methods, and employing effective resolution strategies. These can either be utilized to instigate conflict or they can instruct us on how to resolve it. The modern American sociologist and economist Kenneth Boulding, in his work *Conflict and Defense: General Theory* (2018), tried to present a holistic scientific theory of conflict, covering all manifestations of living and inanimate nature, individual and social life. He uses conflict in the analysis of physical, biological, and social phenomena, arguing that even inanimate nature is full of conflicts leading to “an endless war of sea with land and some forms of terrestrial rock with other forms”.

In this work, the author emphasizes the benefits of conflict for the life of society, considering conflict as an opportunity for development. In particular, in the author’s opinion, social inequality is the main factor causing people’s dissatisfaction with their well-being. The truth is that there is conflict in every relationship, existing within and around us. This is a characteristic and inevitable feature of all human relationships that occurs at all levels of society: intrapsychic, interpersonal, intra-group, intergroup, intra-national and universal (Sandole et al. 2009). Conflict is a common occurrence in human presence; it is a part of life that initiates us into what is going to happen. The essence of Ralph Dahrendorf’s (1958) related concept is as follows: any society is subject to change at every moment, as social change is omnipresent; any society experiences social conflict at every moment, as social conflict is omnipresent; and every element of society contributes to its change, as any society relies on the coercion of some of its members by others.

A social conflict is a process in which an individual or group seeks to achieve their own goals by eliminating, destroying, or subjugating another individual or group. The report “Paths to Peace: Inclusive Approaches to Preventing Violent Conflict” (United Nations and World Bank 2018) emphasizes the importance of inclusive approaches in preventing

violent conflict and promoting sustainable peace. It highlights the human and economic costs associated with violent conflicts and the urgent need for preventive measures, calling for a shift towards inclusive approaches. Inclusive approaches recognize that conflicts are caused not only by political or economic factors, but also by social divisions, resentments, and inequality. The United Nations continues efforts to ensure a political settlement and sustainable peace despite growing global tensions and complicated conflicts. OECD countries apply preventive measures to reduce the number of labor disputes and conflicts in industrial relations. These measures include focusing on conflict prevention, adjusting labor inspections, and providing technical assistance and advice. The role of the State in preventing labor disputes is to promote social partnership, develop negotiation processes, and finance the implementation of social policy.

In the context of Kazakhstan, the literature highlights the country's efforts to improve labor legislation, promote social dialogue, and establish mechanisms for dispute resolution. The introduction of the Labor Code in 2015 has provided a legal framework to protect the rights and interests of both employees and employers. Additionally, Kazakhstan has established labor inspectorates and mediation services to facilitate the resolution of disputes. One of the main conditions for the external security of any country is to maintain internal integrity and unity. The position that "if conflict increases inside the country, the enemy will increase beyond its borders" (a Kazakh proverb) emphasizes the maintenance of this internal security. National security cannot be practically complete without including in it a reasonable system of measures for the preservation, reproduction and improvement of national culture. By and large, the protection of national culture is one of the most important functions of the army, police, judicial systems, legislative provisions, and consistently active domestic and foreign policy.

Methodology

To collect relevant data and analytical information, a mixed research approach was used. This approach combines qualitative and quantitative methods to provide a comprehensive understanding of social and labor disputes and strategies for their prevention and resolution.

Qualitative methods such as interviews were conducted with employees, employers, labor experts and politicians to gather subjective opinions and experiences. These qualitative data provide valuable information on the root causes of disputes and the effectiveness of various approaches to their prevention and resolution. Quantitative methods such as surveys and statistical analysis are used to collect objective data on the prevalence of social and labor disputes, their impact on productivity, and the effectiveness of specific activities. By analyzing quantitative data, we were able to identify trends, relationships, and potential areas for improvement.

Analysis and results

The effective prevention of social conflicts requires the systematic monitoring and analysis of social tensions. Some countries, such as Canada, have specialized organizations and research centers dedicated to studying social dynamics and identifying potential sources of conflict. The data obtained from such monitoring helps the Government and public organizations to develop targeted measures to prevent conflicts and respond to them in a timely manner. The Canadian Institute for Conflict Resolution (n.d.) is one of many organizations that specializes in teaching means to resolve conflict. However, in certain circumstances the involvement of the legal system is the only method to reduce conflict. For this reason, the creation of a fair legal system that protects human rights and guarantees equality before the law is an integral part of the prevention of social conflicts. Sweden, for instance, attaches great importance to human rights and has a well-developed system of courts and human rights organizations that can be appealed to when rights are violated. Such a system helps to resolve conflicts on a legitimate basis and prevent discontent and protests (European Network of National Human Rights Institution 2022). The prevention and resolution of social and labor disputes involve various methods, such as preventive resolution, out-of-court methods, and mediation. Preventive resolution aims to reduce or eliminate conflicts within the labor sphere and can be implemented at both the macro and micro levels (Bocharova and Rymanov 2019). Out-of-court methods, including mediation, are recommended for resolving labor disputes as they provide a speedy resolution, reduce costs, and lessen the burden on civil courts (Meniv 2022). Mediation is an effective mechanism for out-of-court dispute resolution, allowing for the joint settlement of labor disputes and the continuation of labor relations (Vennikova 2022). However, the number of labor disputes settled through mediation remains relatively small compared to the total number of terminated labor disputes.

The prevention and resolution of social and labor disputes involves the use of preventive methods and techniques to avoid conflicts escalating into litigation. It is important to understand the nature and essence of conflicts and disputes in the field of labor that go beyond collective labor disputes. Labor conflicts are based on the age-old conflict between labor and capital, and labor disputes often involve complex organizational and legal mechanisms. The European experience shows that conciliation, arbitration procedures, and social courts are effective in resolving social security disputes. Community unions also play a role in settling and preventing individual labor disputes by achieving successful resolutions, restoring dignity to workers, and addressing personnel and labor management problems (Hak-Soo 2010).

The development of human capital helps to increase productivity, create jobs, and reduce inequality of opportunity, which can in turn reduce the risk of social conflict. The even distribution of income and the reduction of poverty are important factors for the prevention of social conflicts. Countries that pay special attention to social policies and social

support measures can achieve greater social stability. In this part of the article, regression models are used to investigate factors influencing conflicts, such as economic indicators, unemployment, social inequality and political stability. The sample includes 10 countries: Switzerland, Norway, Germany, the Netherlands, Sweden, Canada, New Zealand, Greece, Colombia and Turkey. Important factors in preventing social conflicts are the equal distribution of income, poverty reduction, human capital development, the creation of favorable conditions for entrepreneurship, increased employment, and infrastructure development. These measures contribute to reducing social inequalities, improving the standard of living of the population and reducing the risk of social conflicts.

Table 1. Indicators of unemployment, employment, and wages in 10 countries for 2021–2023

	Country	Level of economic development	GDP per capita, USD	Unemployment level, %	Youth unemployment level, %	Employment level, %	Average monthly salary, USD
1.	Switzerland	High	91,991	2	17	80	7,189
2.	Norway	High	77,513	3.7	13	70.1	4,688
3.	Germany	High	51,203	5.6	5.6	77.3	4,435
4.	Netherlands	High	48,302	3.4	8	82.2	4,000
5.	Sweden	Average	54,262	7.7	7	69.3	2,897
6.	Canada	Average	43,936	5	9.6	62.4	2,681
7.	New Zealand	Average	40,415	3.4	10.3	70	3,668
8.	Greece	Low	18,908	10.9	24.2	88.55	902
9.	Columbia	Low	6,418	10	10.9	58	240
10.	Turkey	Low	12,194	10	20.1	48.2	506

Source: Take-Profit.Org (n.d.)

Based on the data presented in Table 1, a comparative analysis and a model of financial indicators for the prevention of social conflicts was derived.

Economic development is linked to reducing social conflicts, as high economic growth, low unemployment, and better wages contribute to stability and well-being. However, conflict in the economy depends on many factors, and a wide range of economic, social, political, and cultural aspects should be considered for a complete assessment.

At the same time, to continue the analysis of this topic, it is important to consider the realities of Kazakhstan, where one of the factors of social tension is the employment rate. The employment rate in Kazakhstan is similar to international indicators, especially

concerning women's employment. With a high level of access to jobs, the current challenges in this area for Kazakhstan are most related to quality issues. The total number of unemployed Kazakhs today ranges from 450,000–470,000 people. Officially, 453,000 people are registered with the employment authorities (VisaSam.ru 2024). The number of formally employed Kazakhs is 8.744 million people. In general, Kazakhstan faces extensive challenges in developing professional skills that employers demand, as well as addressing issues related to low results obtained under the International Student Educational Achievement Assessment Program (PISA). If these problems are not resolved, they will hinder further improvement in the labor market. Solving these tasks will require additional investment in acquiring skills throughout the entire life cycle, such as early childhood development, adult education, and youth. In the future, achieving Kazakhstan's development goal of becoming one of the thirty most highly developed countries by 2050 will depend on maintaining balanced and inclusive growth.

The short- and medium-term economic prospects depend on the continuation of a macroeconomic policy oriented towards stability due to the continued commitment to developing a rules-based revenue management system and creating a sustainable financial sector. Improving medium- and long-term development prospects depends on the success of Kazakhstan's diversification efforts – namely, the creation of highly qualified human capital, improving the quality of physical infrastructure, and strengthening institutional capital, which represents all of the components necessary for the development and expansion of the country's private sector. Youth labor market participation rates are relatively favorable compared to most other countries in the region, although significant pockets of disadvantage persist. From a more positive perspective, a steady decrease can be identified in the unemployment rate among young people aged 15 to 28 since 2000, which in 2011 amounted to 6.1% (Ministry of Labor 2023).

A significant portion of Kazakhs are self-employed, with diverse activities and incomes. To be classified as unemployed, one must seek employment assistance at a job center or through the e-government portal, but many prefer finding work through other means. Internal migration is increasing due to unemployment, with young people moving to cities in search of work. The economy's sectoral structure, population density, and migration processes influence each region's unique labor market. Service industries are becoming more important, with around 60% of the workforce employed in this sector. The government aims to redirect labor resources from the labor surplus in the south to the north of the country.

A tough situation in terms of unemployment is typical for single-industry towns. With the depletion of hydrocarbon deposits and solid minerals and the development of automation, the demand for labor in such regions is decreasing. Low resource prices limit the ability of subsurface workers to maintain employment. Today, the most acute situation has developed in the Mangystau region, particularly in Zhanaozen. Statistics show that there are more unemployed among women (5.4%) than among men (4.3%). In employment

programs, women are allocated to a separate category, and this problem is recognized at the state level (Ministry of Labor 2023). Often, one of the main requirements for candidates for vacant positions is the availability of special technical education; that is, vacancies are designed mainly for representatives of working professions. The holders of this type of education are most often men. Within the program's framework for the development of productive employment and mass entrepreneurship, out of every 1,000 students in working professions, only 185 are women. According to the Almaty city employment center, vacancies offered by employers in the technical field account for around 40% of all vacancies (Ministry of Labor 2023).

Discussion

Kazakhstan's labor market is unbalanced in the demographic, sectoral, and regional spheres. According to employment specialists, "women's" specialties are the least competitive and are often paid less. In the coal, mining, and oil refining areas, male labor prevails, and enterprises where women's labor would be most fully applied are poorly developed. Labor market indicators vary significantly across the regions of Kazakhstan. For example, in the Mangystau region and other western oil and gas regions of the country, as well as in the Karaganda region and several other regions in which the mining and metallurgical industry is dominant, the employment rate of men is higher than that of women, both within these industries and in general. There are also quantitative and qualitative differences between male and female unemployment. Most unemployed men find work fairly quickly, while the bulk of women displaced from public production lose their employment status almost forever. It is also important to note that women coming out of maternity leave do not have the opportunity to study full-time.

The ECPM consulting company conducted a study with the purpose of assessing not only the causes, but also the consequences and effectiveness of resolving labor conflicts in Kazakhstan. This year, the expert survey has already involved 128 respondents, including: representatives of trade unions; company management; experts in the field of social and labor relations, including specialists in the field of government relations and human resources; politicians; deputies of the Mazhilis; economists; political scientists; and public figures. The survey asked the following question: What is the main reason for workers' participation in protest actions? In response to this, the following were highlighted: unsatisfactory salary level, 78.9% of respondents; unsatisfactory working conditions, 45.5%; wage inequality of local and foreign workers holding comparable positions, 44.7%; dependent position of employees, 24.4%; unwillingness of employers to invest in the development of the social infrastructure of the region, 19.5%; and fear of job loss as a result of automation, 6.5% (Ismailov 2023).

The head of the Presidential Administration of the Republic of Kazakhstan constantly

monitors the situation at the country's enterprises with the adoption of preventive measures to avoid conflicts based on labor disputes (Order of the head of the Presidential Administration 2023). To ensure control over compliance with the labor rights of employees and avoid tension in labor collectives, state labor inspectors of the regions regularly carry out preventive control and unscheduled operational inspections at enterprises at the request of employees. As of November 1, 2023, state labor inspectors had conducted 5,834 inspections, during which 8,936 violations were detected, including in the following fields: labor – 6,600; occupational health and safety – 2,094; employment – 242. In total, 3741 fines were issued to employers for a total amount of 339.5 million tenge, and 2046 administrative fines were imposed in tenge. In February 2021, a Situation Center for the Prevention and Prevention of Labor Conflicts was created under the Ministry of Labor and Social Protection of the Population, and monitoring groups were created in the regions, which also included representatives of trade unions (Ministry of Labor 2023).

Causes of conflicts in labor disputes

Salary arrears. As of December 8, 2023, current and overdue salary arrears amounted to 828.9 million tenge in 33 enterprises concerning more than 1,600 employees. The region with the largest amount of salary debt is East Kazakhstan, owing 272 million tenge, while Kostanay owes 152.4 million tenge, and Almaty 97 million tenge. Moreover, 738.1 million tenge was allocated by the Ministry of Labor to 44 bankrupt enterprises and 614 employees at the rehabilitation stage. The largest amount of debt owed by bankrupt enterprises is 219.3 million tenge in the Mangystau region, while the Almaty region owes 142 million tenge, and the Astana region 127 million tenge. As of December 8, 2023, labor relations had been terminated due to staff reduction at 482 enterprises, affecting 29,340 employees. The largest number of employees was at Tengizchevroil LLP, affecting 19,290 people in the past year. This company also employs 1,841 part-time employees (with a modest salary and unpaid leave). For reference, 7,080 employees were employed in Tengizchevroil LLP projects, and 2,098 in other related enterprises.

Employment. To combat unemployment in Kazakhstan, the Enbek program for the development of productive employment and mass entrepreneurship for 2017–2021 has been developed and is currently being implemented. Specialists of the Ministry of Labor and Social Protection of the Population of Kazakhstan predict that by 2025, unemployment in Kazakhstan may increase due to objective factors. Trends show that in the medium term, an increase in unemployment will likely occur due to the incoming demographic wave in the development of the country, population change, and changes in the labor market. In 5–6 years, the working-age population will be dominated by the second wave of the demographic explosion (the first wave occurred in the late 1950s–early 1960s) – that is, the generation born in the second half of the 1980s.

Today, representatives of this generation are 35–40 years old. In 2025, this group will make up the main and most active, in-demand, and sizeable group of the working-age population. This will put pressure on the labor market (Ministry of Labor 2023). The social

orientation of the regions can be determined by various indicators, such as the level of education and employment, the availability of medical services, and other social factors. Another indicator is the level of employment in the regions and the stability of the labor market. The development of transport, energy and communal infrastructure in the regions is a further important factor. The presence of major highways, airports, and railways, as well as the availability of energy supply and utilities, play an essential role. The specific features of the region, such as its geographical location, natural resources, climatic conditions and the availability of sales markets, are also critical factors. Conflict factors may include political instability, ethnic and religious tensions, economic inequality, and other relevant factors for a given area. All of this data is derived from the Academy of Public Administration's letter under the Republic of Kazakhstan president No. 03-01/4101, dated November 13, 2023, to the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan. The social orientation of the region can be assessed using various indicators that reflect the population's social well-being and quality of life. However, there is no one universal formula for measuring social orientation, as it is a concept that includes many aspects. These factors include: the level of education, that is, the proportion of the population with higher education; literacy rates; the accessibility of educational institutions and quality of education; the accessibility and quality of medical services; mortality rates; average life expectancy; and morbidity rate.

Employment is an essential factor. Low wages, uneven development and the unequal distribution of economic opportunities between different regions of the country can become a source of social and economic inequality. Poverty, unemployment and lack of access to social services can cause discontent and conflict in society. According to the approved national budget for 2023–2025, the total amount of income for 2023 is forecast to be 19.064 trillion tenge, including 14.279 trillion tenge from tax receipts. Traditionally, the donor regions (regions which contribute more to the state budget than they receive in return) include the western oil-bearing regions of Atyrau and Mangystau, as well as the cities of Almaty and Astana. Shymkent, the third-largest city, with a million inhabitants, is not yet a donor region. The total financing of the national budget next year will amount to 488 billion tenge. Of this amount, almost half – 45%, or 220 billion tenge – is expected to come from the Atyrau region, followed by 211 billion tenge from Almaty, 38 billion from Astana, and 19 billion from the Mangystau region. The total financing of recipient regions from the national budget was 2.119 trillion tenge in 2022 (Sadenova 2023).

Table 2. Table of social and economic indicators of several cities and regions of the Republic of Kazakhstan with the highest conflict indexes

Region	GDP per capita (million tenge)	Social status (donor or recipient)	Infrastructure development level	Real salary index (according to ASPIR)	Investment received (billion tenge)	Unemployment level (%)	Gross enrollment ratio in higher education (%)
Astana	10.7	Donor	Developed	449,873	1,002	4.7	204.6
Almaty	20.6	Donor	Developed	409,000	3,363	5	204.6
Shymkent	3.1	Recipient	Developed	266,852	66	5	124.4
Ayrau	12.4	Donor	Medium	602,411	3,733	4.8	37.9
Mangystau	4.0	Donor	Medium	519,118	365	5.3	23.2
Zhambyl	2.6	Recipient	Medium	257,688	28	5	38.2
Turkistan	3.5	Recipient	Developing	248,905	55	5.1	124.4
West Kazakhstan	4.0	Recipient	Developing	314,567	50	5.1	83.2
Zhetisu	1.6	Recipient	Developing	259,690	45	5.2	124.4

Source: open data from the government of the Republic of Kazakhstan – data.gov.kz

Regions such as Atyrau and Mangystau derive significant revenues from taxes and fees related to the activities of the oil and gas industry and other industrial enterprises. They also receive substantial investments and financial support from companies engaged in extracting and processing natural resources. These regions play an essential role in the economy of Kazakhstan, but also face specific challenges related to the need to ensure sustainable development and balance between regions within the country. In terms of GDP per capita, the leading positions are occupied by the Almaty region (20.6 million tenge), Atyrau (12.4 million tenge), Astana (10.7 million tenge) (Bureau of National Statistics of the Agency for Strategic Planning and Reforms 2023). In the study of a region's economic indicators, it is necessary to pay attention to the GDP and economic growth of the region, assessing the contribution of the region to the total gross domestic product (GDP) of Kazakhstan and its dynamics. Regionally, the highest unemployment rate in Kazakhstan in the second quarter of 2022 was observed in the Mangystau and Zhetisu regions, with rates of 5.3% and 5.2%, respectively. The Turkestan and West Kazakhstan regions follow in this metric, as well as the cities of Almaty, Shymkent and Zhambyl, all of which reflect a rate of 5%. Market competition, property rights protection and the availability of financial services contribute to stability and reduce the likelihood of social conflicts, and the level of employment and unemployment has a direct impact on social stability. High unemployment can contribute to discontent and social conflict, while increased employment contributes to social harmony.

Conclusion

The author would like to note the experience of the OECD countries in resolving social and labor conflicts. By studying the strategies and mechanisms used by these countries to effectively resolve conflicts and analyzing their experience, other countries can gain valuable information about successful conflict resolution methods and apply these methods to similar situations around the world. The OECD countries have implemented various strategies and mechanisms for the effective resolution of social and labor conflicts. These approaches are aimed at facilitating dialogue, negotiations and compromise between the conflicting parties. They have demonstrated their expertise in resolving these conflicts through social dialogue, mediation, legislation, social welfare programs and ongoing monitoring.

By encouraging dialogue, ensuring fair labor practices, and addressing the root causes of conflict, these countries have succeeded in maintaining social harmony and developing productive labor relations – mainly via social dialogue, collective bargaining, mediation, and arbitration. These mechanisms provide a structured and impartial approach to conflict resolution, ensuring fair results. The importance of the continuous monitoring and evaluation of conflict resolution strategies used in OECD countries is also evident in Kazakhstan.

By regularly evaluating the effectiveness of various approaches, areas for improvement can be identified and necessary adjustments can be made. This proactive approach ensures that conflict resolution mechanisms remain relevant and respond to society's changing needs. Continuous monitoring and evaluation help to identify the strengths and weaknesses of conflict resolution strategies.

Resolving social and labor conflicts is a complex task that requires a multifaceted approach. Countries and stakeholders must learn from the experience of OECD countries and adapt their strategies to their own unique circumstances. By implementing effective conflict resolution mechanisms, societies can create a more equitable and inclusive environment. Through dialogue, cooperation and commitment to social justice, we can work to create a world in which conflicts are resolved peacefully and workers' rights are protected.

The direction of regulating labor relations faces the following challenges: insufficient effectiveness of the mechanism for resolving labor disputes, which leads to an increase in the number of labor disputes resolved in court; and insufficient awareness of employees by employers regarding labor rights and their obligations at enterprises where labor disputes have occurred. In conclusion, the prevention and resolution of social and labor disputes are crucial for maintaining social harmony, ensuring the fair treatment of employees, and promoting productivity. By exploring both international practices and experiences specific to Kazakhstan, this article has provided valuable insights into practical strategies and approaches to address these conflicts.

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SOCIALINIŲ IR DARBO GINČŲ PREVENCIJA BEI SPRENDIMAI: TARPTAUTINĖS STRATEGIJOS IR KAZACHSTANO PATIRTIS

Anotacija. Šiuolaikiniame globalizuotame pasaulyje socialiniai ir darbo ginčai tapo dideliu asmenų ir organizacijų rūpesčiu. Šiuo straipsniu siekiama ištirti tokių konfliktų prevenciją ir konfliktų sprendimo būdus, daugiausia dėmesio skiriant tiek tarptautinei praktikai, tiek specifinei Kazachstano patirčiai. Straipsnyje nagrinėjama mokslinė literatūra, pritaikoma tyrimo metodika ir vertinamos analitinės ataskaitos, pateikiamos išvalgos apie efektyvias socialinių ir darbo konfliktų sprendimo strategijas ir būdus. Šis straipsnis suteikia vertingos informacijos asmenims, organizacijoms ir politikos formuotojams, norintiems išspręsti sudėtingus socialinius ir darbo ginčus. Tarptautinė patirtis yra vertingas žinių ir praktikos šaltinis tobulinant vyriausybės reguliavimą ir konfliktų prevencijos mechanizmus. Straipsnyje nagrinėjami strateginiai dokumentai ir ekonominiai rodikliai, pagrįsti kokybiniais EBPO šalių tyrimais, skirtais neigiamų socialinių konfliktų pasekmių prevencijai. Tyrime analizuojama parengtų ir įgyvendintų strateginių konfliktų prevencijos ir sprendimų dokumentai, kitos įvairios programos.

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STRATEGIC MANAGEMENT AS A TOOL FOR THE DEVELOPMENT OF PUBLIC SPHERE ENTITIES

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ABSTRACT

As global practice shows, the fundamental mechanism for optimizing the activities of public authorities is strategic management, which involves the development and introduction of the latest technology to optimize their functioning and contributes to the formation of positive trends in the innovative development of the entire public administration system. Therefore, this article, based on the analysis of modern problems in the formation of strategic management in the development of the public sphere, demonstrates the expediency of using the strategic management methodology in the development of the public sphere to ensure its effective formation. The main strategic management tasks of state authorities are determined, solutions to which must be derived in compliance with the criteria of effectiveness and social responsibility. The need to change the management culture in the public sector is substantiated – in particular, the introduction of a strategic approach to management in the activities of state authorities is encouraged. The place and role of strategic management in the organization of the activities of state administration entities is defined. The main tasks of the strategic management of state authorities are also outlined, solutions to which must be carried out in compliance with the criteria of efficiency and social responsibility. The main stages of strategic management in the public sphere are characterized, the observance of which enables state authorities to quickly solve organizational problems and, in general, ensure the effective functioning of the public administration system at all levels. The key conditions for the effective work of state authorities in Ukraine are identified, and both modern innovative strategic management tools and the possibilities of their use in domestic state authorities are analyzed. It is substantiated that the analysis of strategic alternatives and the justification of strategy is a conceptual task of strategic management, the achievement of which requires the use of an interrelated set of tools. The main directions of the development of the system of management of the activities of public sphere entities are studied, and it is emphasized that this should change in accordance with general trends in the development of management science. The implementation of strategic approaches should become a priority area of implementation for the new concept of public sector management. The stages of the strategic management of public sector entities are also proposed, taking into account their purpose and role in the development of the country and the objective of reforming the general public administration sector.

Keywords: *strategy; development; public sphere; public management; strategic management; innovative tools; public authorities.*

Reikšminiai žodžiai: *strategija; plėtra; viešoji sfera; viešasis valdymas; strateginis valdymas; inovatyvūs įrankiai; valdžios institucijos.*

INTRODUCTION

The desire of Ukrainian society for progressive transformations based on European values prefigures, first of all, the need for a large-scale and rapid update of the effectiveness of the public administration system within the purposeful implementation of public administration reforms. Therefore, reforming the management system of public sector entities is currently one of the highest priority tasks in the country, since it is their activities that ensure the creation of general conditions for the development of business and entrepreneurial initiative. As global practice shows, the fundamental mechanism for optimizing the activities of public authorities is strategic management, which involves the development and introduction of the latest technology to optimize their functioning. This will contribute to the formation of positive trends in the innovative development of the entire system of public administration in Ukraine.

The implementation of economic transformations in the country has led to an increase in the role of the regions in all spheres of society. At the same time, the functioning of these regions requires the formation of an effective management system capable of implementing economic policy in market conditions. After all, for Ukraine, the strategy of the development of the economy of the regions is now the main development task. Hence, it is expedient to determine the strategic priorities of regional business entities to ensure the sustainable development of the country, reducing regional asymmetries and interregional differentiation. For this purpose, the development of strategic management systems that ensure regional economic development is carried out. However, systems of strategic management of regional economic development are in their initial stages of development, and have not yet achieved the effect that was first expected. Therefore, the problem of developing the theoretical and methodological foundations of a system of strategic management of the development of the regions' economies is relevant, within the framework of which it is necessary to clarify the content, purpose, and economic regularities of development, and the scientific principles underlying the formation of these foundations.

LITERATURE REVIEW

The theoretical basis of the development of the strategic management of public sphere entities is formed of works, first of all, by such authors as Boyne (2004), Gruening (2001), Hood (1991), Kooiman and van Vliet (1993), Osborne (2006), and Steiss (2020).

Shekhovtseva (2000) considered strategic management as a sequence of stages that ensure the functioning of the main institutional management structures. In accordance with this, the specifics of implementing strategic management are reduced to: defining clear goals of the organization's functioning; the strategic analysis of the external and internal conditions of the organization; forecasting parameters of the development and functioning of the organization; the development and implementation of the strategic goals of the organization; the formation and selection of alternative strategies for the development of the

organization; the implementation of strategies; and the control, adjustment and regulation of the strategy implementation process.

Kasych and Kharchenko (2017) distinguished the following stages of strategic management for public institutions: planning the strategy development process; strategic analysis; the development of a set of basic strategies; the coordination of the content of basic strategies and their adjustment in accordance with the specifics of the activities of public sphere entities; the implementation of the strategies of public sphere entities; and control over the implementation of strategies.

In truth, the strategy of the socio-economic development of a region is created only as an invisible, coordinated part of the strategy of the socio-economic development of the country and the economy of any district. At the same time, it acquires meaning and significance as an integrated indicative strategy for microeconomic units of the entire region, and directs other economic entities of various scales from the external environment (NGOs, integration unions and alliances, international organizations, etc.) (Osborne 2006; Steiss 2020).

Strategic management is an important functional resource for optimizing the activities of state authorities, which should simplify complex management structures and interactions between vertical levels of power in such a way that the activities of state authorities have an internally balanced nature between strategic and tactical principles of management (Kooiman and van Vliet 1993).

AIMS AND OBJECTIVES

The purpose of this article is to highlight the key elements and models of strategic management, because the primary and most appropriate task of the public sphere is the use of not one specific model of strategic planning and management, but a complex of several which will increase the quality of the management strategy formed for the development of the public sphere.

In accordance with this goal, the following tasks were set:

- justify the importance and roles of strategic management in the activities of state authorities;
- analyze global experience of using innovative strategic management tools;
- determine the main directions of development of the system of management of the activities of public sphere entities;
- determine the tasks and stages of strategic management in the public sphere.

METHODS

In order to achieve the aims and objectives of the article, the dialectical method of scientific knowledge was used as the basis of this study, and the following general scientific and special methods of scientific research were employed: morphological analysis, synthesis and grouping – to detail the conceptual and categorical apparatus, namely, to substantiate strategic management; structural and logical analysis – to determine the sequence of the study and present the results of the analytical part of the study, that is, to determine the indicators of the strategic management development index; graphical – to provide a visual presentation of the research results; modeling – to enhance the improvement of the structural and logical scheme of the mechanism of the strategic management of public sector entities; the abstract-logical method – for formulating research conclusions; and the methods of analysis, synthesis and generalization – to study the basic principles and tasks of the strategic management of the development of the public sphere.

RESULTS

The dynamic development of the modern world requires effective and mobile activity from state authorities, which would have a strategic focus and guarantee stability in the implementation of their functional powers. The experience of administrative reforms in the leading countries of Europe and the United States indicates increased attention being paid to the implementation of strategic management in the activities of public authorities as an important component of the reform implementation process.

It has been established that strategic management in the activities of state authorities generally represents the clearly structured activity of state administration entities aimed at achieving defined goals. In this context, strategic management in the activities of state authorities plays a universal role, ensuring the efficiency, optimality and rationality of administration at all levels of power functioning (Kasych 2016). Thus, the strategic approach applied to the field of public administration involves the clear representation of the final socially determined result, the most effective organization of actions to achieve goals and, most importantly, real responsibility for results, which is ultimately determined by the public.

The tasks of strategic management in the activities of state authorities are as follows:

- ensuring the strategic focus of all management processes;
- ensuring the availability of synergy and consolidating the efforts of all public authorities;
- clearly defining the goals and objectives of development, improving the management and quality of public services, ensuring the availability of an effective mechanism of their control;
- optimizing the functional potential of structural divisions in the public sphere;

- creating powerful tactical resource support for the process of state management decision-making;
- ensuring the effectiveness of goals and tasks, which, in turn, would open new horizons for the functioning of structural divisions within state management structures;
- introducing new information and social technologies in management activities;
- improving performance indicators in the formation of promising areas of activity in the public sphere (Stoyanets 2015).

In general, strategic management in the activities of state authorities should ensure the solution of two main issues, namely automated responses to external changes and the organization of the appropriate process of making state management decisions. At the same time, the resolution of the above-mentioned tasks should be carried out in compliance with the criteria of effectiveness and social responsibility.

The analysis of economists' research reveals a generally accepted structure of the strategic management mechanism, including for public institutions, which includes the stages of strategic planning, strategy implementation, and the evaluation and control of strategy implementation (Kendall 2004). In the authors' opinion, the shortcomings of existing studies lie in positioning feedback as a component of the stage which involves solving the tasks of evaluating and controlling the implementation of the strategy. For public institutions, this concept is logically illegitimate, as it implies control of the current values of target performance indicators, and not the forecasted factors of internal and external environments on the basis of which the strategic plan was formed.

Therefore, in the authors' opinion, the optimal structure of the concept of strategic management should contain the following stages: analyze the existing socio-economic situation, on which it is appropriate to conduct an analysis of internal and external factors of development; forecast development indicators based on existing conditions; identify existing problems; define the goals of the strategic development of the institution and align them with state and regional development priorities; and the strategic planning of a public sector entity, which includes two important components – the development of the concept of the development strategy of the public institution, and the implementation of the public institution's strategic plan. In connection with the need to coordinate the goals of public institutions within the framework of a single comprehensive approach, the content of the concept of strategic management can be reflected in the following form (Fig. 1).

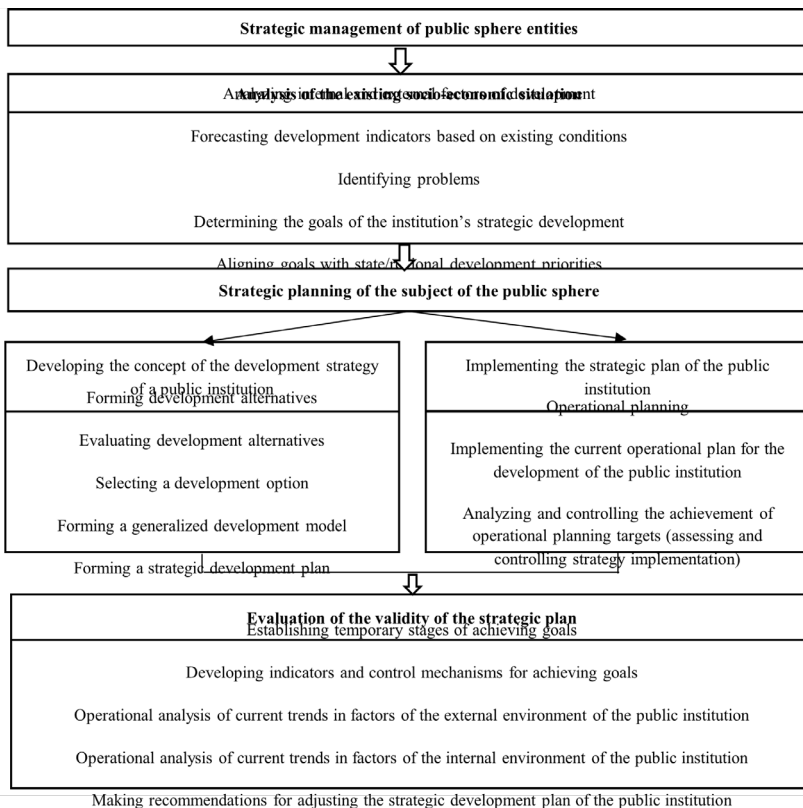


Figure 1. Improved structural and logical scheme of the mechanism of strategic management of a public sector entity

(Source: compiled by the authors)

Each of the tools and methods depicted above allows us to move closer toward a certain goal in the development of a public institution or organization. However, there is currently no universal set of tools that can solve all existing development problems. That is why it is advisable to use a set of models, as a result of which the negative aspects of one model will overlap with the positive aspects of others.

To build a strategic management system, it is possible to use the following preexisting models developed by Thompson and Strickland (1998).

1. Strategic management with the help of choosing strategic positions, which involves: the analysis of prospects; the determination of priorities and the allocation of resources between various promising types of activities; the analysis of possible diversification options; the forecast of dynamics of instability factors; planning new

strategies corresponding to expected levels of environmental instability; and forecasting organizational changes and opportunities.

2. Management based on the ranking of strategic tasks, which takes place within the management system by: categorizing tasks according to the degree of urgency and importance, where tasks with the highest priority are transferred to the relevant divisions for preparation and decision-making; controlling the decision-making process to ensure the compliance of the consequences of decisions with the strategic instructions available in the management system; and ensuring the continuous recovery and revision of current strategic tasks.
3. Management in conditions of strategic surprise, which is used when new problems are not only poorly predicted and develop very quickly, but also arise suddenly, without having an expected forecast.
4. The management of weak signals, which is based on the assumption that any adverse phenomena or prospects for the growth of opportunities do not arise suddenly, but are determined by the appearance of harbinger signals, or weak signals.

In addition to the above-mentioned models, the following strategic management models are used in international management practice (Kooiman and van Vliet 1993).

5. Entrepreneurial – characterized by leadership foresight, the active search for new opportunities, the implementation of various changes and the adoption of well-founded decisions. This type of management is most common in newly created enterprises, in a difficult financial situation and in the presence of strong managers.
6. Adaptive – based on taking measured steps to solve problems and identifying opportunities for their gradual solution. This type of management is used by managers of enterprises with a stable economy, and is effective when the external conditions are stable. Lower-level managers have some freedom in implementing strategy.
7. Planning-based – involves systematic comparative analysis, the formulation of strategy and the justification of decisions. This type of management is typical of large companies that have sufficient resources to conduct detailed comparative analysis. Planning specialists are involved in formulating such a strategy.
Further models of strategic management that are used in management practice can also be added according to Kenton (2023).
8. On the basis of strategic gaps – this involves the formation of strategic decision zones that must be adopted by the company's managers in order to turn current trends in the right direction in order to achieve the desired parameters of the company's development. This approach emphasizes the correspondence between what is possible and what should be achieved.
9. Taking into account the strategic advantages of the institution based on the results of SWOT analysis.

10. Creating and maintaining competitiveness through the use of broader strategic measures that ensure orientation toward long-term competitiveness, during which key success factors are identified.
11. Reputation, as businesses with a trustworthy reputation have loyal customers, reliable partners and wide access to financing and investment.
12. Taking into account the size of the enterprise, which involves the formation and effective use of certain organizational systems. This dictates the presence (and appointment) of a person (or department) responsible for specific tasks related to the development and implementation of various strategic plans.

Each of these models has both advantages and disadvantages, which are analyzed in Table 1.

Table 1. Advantages and disadvantages of strategic management models

No.	The name of the strategic management model	Advantages	Disadvantages
1	Strategic management through the selection of strategic positions	Makes it possible to analyze prospects, determine priorities and allocate company resources	The selected position may not correspond to market trends
2	Management based on the ranking of strategic tasks	Review of current strategic tasks through categorization, analysis and continuous renewal	Not taking into account the influence of the external environment of the enterprise
3	Management in conditions of strategic surprise	Enables rapid response and management decision-making at the enterprise	Waiting for a strategic surprise can divert the company's attention away from solving operational problems
4	Weak signal control	The company's response to signals predicting strategic surprises	Waiting for a harbinger signal can distract the company's attention away from solving operational problems
5	Entrepreneurial	Orientation towards the key role of a leading manager-entrepreneur	Impossibility of making management decisions collegially
6	Adaptive	Careful response of the enterprise to problems and their gradual resolution	Difficult to apply in dynamic conditions of the external environment

7	Planning-based	Use of strategic planning	Based on the ability to predict the future
8	Based on strategic gaps	Collegial adoption of strategic management decisions	Search for a strategic niche
9	Taking into account strategic advantages	Identification and development of strengths	Rejecting the destabilizing influence of weaknesses
10	Based on creating and maintaining competitiveness	Assessment and development of competitiveness	Focus on permanent, stable, long-term competitiveness
11	Based on creating a positive image	Formation of a positive image in the environment	Focus on permanent, stable, long-term development
12	Considering the size of the enterprise	Construction of a specific organizational structure of the enterprise	Not taking into account the influence of the external environment of the enterprise

The various strategic management models described above can also be used in the public sector. However, given the strengths and weaknesses of each model, it becomes very difficult to recommend the use of any specific approach. Each company must independently choose a specific model based on its strengths and weaknesses, the level of competitiveness in the market, opportunities for further development, as well as threats and risks from the external environment. In some cases, it may be appropriate to use several models at the same time. To do this, a combined model should be created that includes the strengths of both models, selected in such a way as to neutralize the weaknesses of at least one of them.

The implementation of the proposed algorithm of strategic management in the public sphere should be carried out using a variety of key tools, including the following: SWOT analysis, the TEMPLES method, matrix methods, scenario forecasting methods, GAP analysis, Balanced Score Card, quantum performance measurement, the Lawrence S. Maisel model, the EP2M model, tableau de bord, indicative planning, strategic maps, the goal tree method, and budget planning and control. This toolkit should be used in a complex – that is, to solve specific problems, a number of alternative methods are proposed for the analysis and implementation of management decisions. This provision is based on the conclusion regarding the presence of shortcomings in certain strategic management tools, with increased responsibility for the results of planned changes compared to the use of strategic management at the micro level. The characteristics of the most common tools used in public administration are provided in Table 2.

Table 2. Characteristics of strategic management tools

Strategic management tool	Characteristics of the tool
SWOT analysis	Makes it possible to identify those strengths and weaknesses that require the most attention and effort from the company.
Balanced system of indicators	This is a format for describing activities using a set of indicators corresponding to certain strategic perspectives. It is closely related to business processes that are aimed at meeting the needs of consumers.
TEMPLES method	The model allows users to consider a group of issues related to the external environment, dividing them into several subgroups for appropriate definition and classification. Each of these factors is subjected to appropriate analysis in order to determine what difficulties may arise when working in this field and what positive opportunities may open up. It is convenient to analyze these factors taking into account different perspectives, when it is necessary to predict what changes await the institution in the future and to choose strategies that are as adequate as possible for the existing situation.
Tableau de Bord	A system that combines a set of financial and non-financial indicators to measure the performance of all units of the institution. Indicators are divided into functional and target, between which cause-and-effect relationships are determined. Operational performance indicators (non-financial) are used at the lower levels of management, financial indicators are added at the upper levels.
Lawrence S. Maisel model	Virtually complete similarity to the balanced scorecard, only the perspective of learning and growth is replaced by the perspective of human resources (innovation, education and training, development of products and services, competence and corporate culture).
EP2M	The purpose of this model is to ensure the implementation of the strategy. In addition, attention is paid to such areas of activity as customer service, the improvement of internal processes (increasing efficiency and profitability), change management, freedom of action, etc.
Ernst & Young Achievement Measurement	The verification of compliance of the company's critical success factors with its strategies.
Business Management Window	A model focused on strategic management and growth in external and internal spheres.

The peculiarity of the modern paradigm of the strategic management of the development of a region is that, firstly, management becomes strategic, and secondly, the economic development of the territory and the effective management of this process become tasks not only of the administrative subsystem of the region, but also of individual social groups within the population (Kotler 1972).

Thus, the system of strategic management of the development of the region's economy provides for:

- a complex of normative and legal documents regulating the activity of the management system;
- a set of interconnected subsystems – target, functional, supply, object;
- a set of organizational structures that carry out practical activities in the field of strategic management of the development of the region's economy (Mihir 2019).

The classification of existing regional development strategies is presented in Table 3.

Table 3. Classification of regional development strategies

Classification sign	Types of strategies
1. Depending on the instrumental set of actions	Active Passive
2. Depending on the object of coverage by strategic actions	Territorial Industry Integral
3. Depending on the issue of the state of the internal potential of the region	Development Stabilization
4. Depending on the tasks and their time content	Intermediate Conceptual
5. Depending on regional conditions	Uniqueness Diversification
6. According to the aspect of actions	Economic Social Ecological Complex
7. By functional feature	Investment Marketing Information support

Source: developed by the authors

Thus, the study of the evolution of economic theory and modern concepts of economic development and practice shows that the region becomes not only the subject of goal setting, but also the subject of economic development. Therefore, from the point of view of methodology, it is necessary, but not sufficient, to study the region only as the subject of goal setting. Supplementing the theoretical analysis of regional goals with a systemic dialectical analysis of the region as the subject of development in the process of forming strategic goals makes it possible to systematically use a targeted, top-down approach to the study of the region alongside a subject-functional, bottom-up approach. The region must be studied as a subject of economic development in the target and functional aspects according to the following main directions: as a state-territorial formation, as a system, as an organization, and as a subject of strategic management (Indeed Editorial Team 2023).

To form a model of socio-economic programs, the following regional development scenarios are taken into account.

1. Regressive: economic decline, demographic and migration decline, imbalance of economic relations.
2. Conservative: preservation of the current factors of economic growth in the region, instability of the external environment, probability of demographic and migration-induced stagnation of socio-economic development in the country (Verma 2016).
3. Innovative: modernization of the economy, development of the regional innovation system, creation of highly competitive production and service sectors, positive demographic and accelerated migration trends.
4. Progressive: intensive inflow of investments and the most favorable external conditions on the world food markets, positive demographic and accelerated migration trends.

Socio-economic programs should derive from the target settings of the Strategy for the Socio-Economic Development of the Oblast and Region. These programs must be focused on the medium or long term, and it is advisable to implement them in stages, where each stage should correspond to specific goals with certain quantitative parameters.

In modern conditions, when competition between territories to attract economic resources and production factors is increasing, it is important to develop a strategy for the development of the region which can be adequately implemented into the system of existing interregional and international relations. In this regard, a number of requirements are put forward for the regional strategy, the most important of which are: the scientific validity of the strategic goals, tasks and priorities of the development of the region, taking into account the objective trends and processes taking place in the region and in the external environment; and the coordination of the various, sometimes mutually exclusive, interests of subjects.

The requirements listed above show that the strategy of socio-economic development of the region is a complex and extremely important document (or set of documents), which

will serve as the basis for making mid-level management decisions.

The number of countries grouped by the strategic management development index should also be listed (Fig. 2).

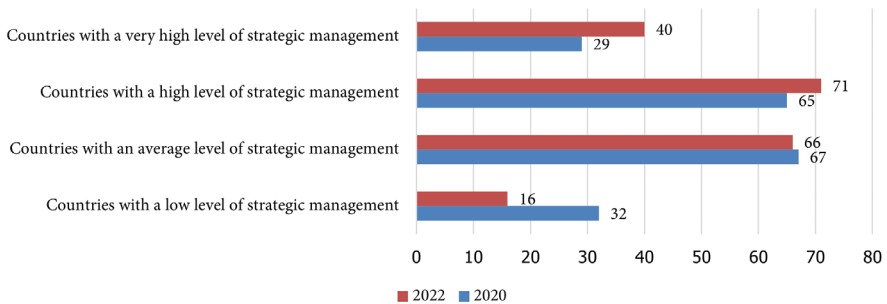


Figure 2. The number of countries grouped by the strategic management development index in 2020 and 2022.

It should be assumed that management in public sphere bodies lags behind to a certain extent – both at the theoretical and practical level. That is why, when determining the directions of development of public sphere entities, regardless of whether they are state authorities or local self-government bodies, the most effective methods and approaches of the private sector should be used after appropriate adaptation.

Among the most widely recognized and effective methods used in the business environment are strategic management methods. However, their implementation in the practice of subjects of the public sphere requires scientific and methodological justification and the delineation of features.

The main arguments in favor of the introduction of modern approaches are as follows:

- there is a real need to change the management culture in the public sector;
- it is necessary to ensure the optimization of labor resources and the improvement of the organizational structure of public sector bodies;
- this will lead to the implementation of competitive conditions in the formation of personnel, which will allow the level of quality of the functioning of state institutions to be increased;
- focusing on the implementation of innovative approaches to management will make it possible to turn the management of state structures into a driver of system reform and ensure effectiveness.

The introduction of strategic management methods into the management practice of public sector entities (PSEs) will have its own specificities, but the phasing of the process will remain as it was presented by Kasych (2017).

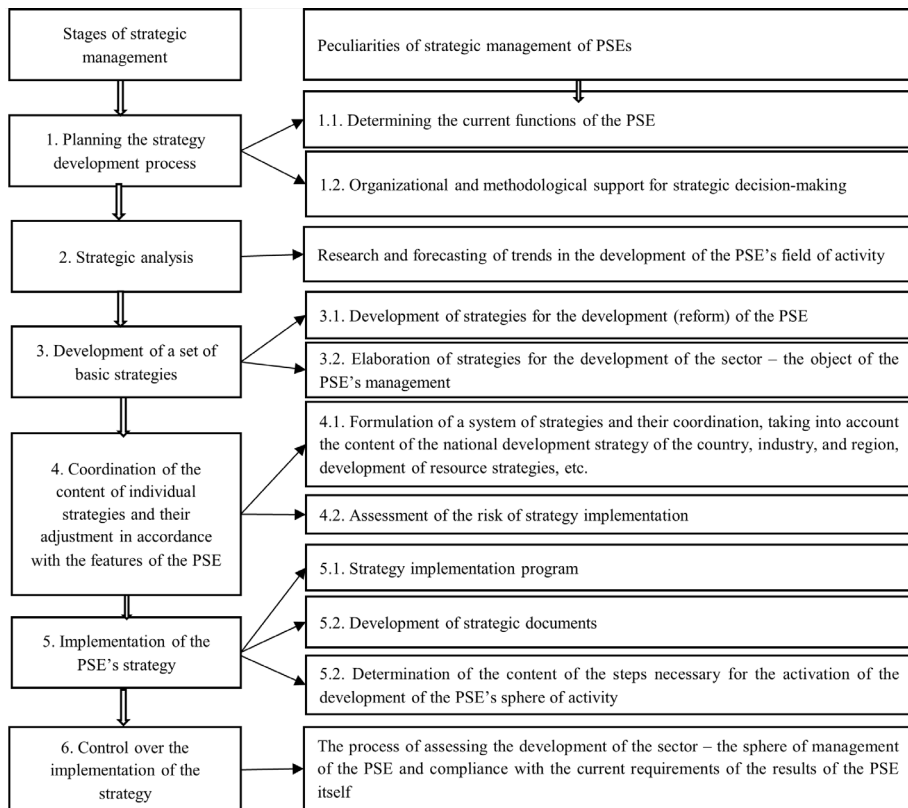


Figure 3. The process of strategic management of the activities of public sphere entities
(Source: developed by the authors)

We can thus observe the following six key stages of strategic management of the activities of public sector entities.

First stage. Planning the process of developing a strategy for the activities of public sphere entities involves: defining the current functions of the SPS, outlining their tasks in the context of general state policy, and developing organizational and methodological measures for making strategic management decisions.

Second stage. Strategic analysis of the sphere of activity of public sphere entities should provide a comprehensive study of the (functional or regional) sector of activity of the public sphere entity in the context of determining forecast trends for the purpose of setting strategic activity tasks. Outlining the development prospects of the state, industry, and region will allow the target requirements of the external environment to be identified for the activity of the public sphere entity.

Third stage. The process of developing a set of basic strategies should be aimed at the development of the segment of the economy for which this subject of the public sphere is responsible, and at the requirements for the change of the institution itself. The complexity and peculiarity of the strategic management of activities lies in the fact that it is necessary to ensure the coordinated development of a strategy for improving all internal subsystems of the SPS itself and to formulate a strategy for the development of the institution's sphere of activity, the development of which will be the main criterion for the effectiveness of the SPS.

Fourth stage. Coordination of the content of individual strategies and their adjustment in accordance with the specifics of SPS activity. The strategies developed by the SPS regarding the development of the institution itself and the sector under its management must be consistent with the general development strategy of the country and region, which act as a guideline or limitation for the institution's activities. A strategic approach in the state administration system should include not only specific indicators, but also a set of complex conditions and coordination mechanisms of all branches of government in the context of the implementation of the state-wide development strategy.

Fifth stage. The implementation of the SPS' strategies involves the development of a comprehensive program, the preparation of relevant documents and the justification of measures, the enacting of which will allow the implementation of the formed strategies.

Sixth stage. Control over the implementation of strategies determines the need to develop organizational and management mechanisms for periodic monitoring of the effectiveness of the SPS' activity and the implementation of an externally oriented strategy. However, control should be not only internal, but also external. All of the activities of the SPS should be built on the basis of the intersection of the interests of the state and society, and therefore it is necessary to form a mechanism of public control over the activities of all SPSs and, most importantly, over the efficiency of the use of resources (Kenton 2023).

To the ensure effective implementation of strategic management methods in the management practice of public sector entities, it is necessary to first make full use of the experience of implementing strategic management in the private sector and use those tools that have proven to be the most effective. Secondly, it is important to focus on providing leadership among the employees of public sector entities who are able to initiate and ensure the implementation of progressive changes.

DISCUSSION

According to the results of this research, it should be emphasized that there are a large number of statements and considerations regarding the strategic management of the development of the public sphere. Moreover, strategic management – as a basic approach to management, including in the field of multi-level state management – should be considered

as a valid way of attracting the market and civil society in order to manage the country in the context of weakening the role of political factors and transitioning toward priorities of economic expediency.

Therefore, the problem of developing the theoretical and methodological foundations of creating a strategic management system is relevant to the development of the region's economy, within the framework of which the content, purpose, and economic regularities of development and the scientific principles of the formation of these foundations should be clarified.

As global practice shows, the fundamental mechanism for optimizing the activities of public authorities is strategic management, which involves the development and introduction of the latest technology to optimize their functioning. This will contribute to the formation of positive trends in the innovative development of the entire public administration system.

CONCLUSIONS

In the context of reforming Ukraine at present, the issue of forming a new concept of management for public sector entities is becoming particularly relevant. The implementation of a strategic approach to management is aimed at ensuring specific results, stabilizing the activities of state authorities, and balancing strategic tasks and tactical attitudes regarding the implementation of individual state management tasks. At the same time, strategic management in the public sphere allows for the development of mechanisms of response and adaptation to the external economic environment, contributes to the reduction of uncertainty, and forms the basis for a consistent policy aimed at solving not only current problems, but also issues of long-term development.

Investigating the essence of the strategic management of the development of the public sphere, it can be concluded that it is aimed at creating competitive organizational advantages and establishing an effective strategic position, which will ensure future viability in changing conditions.

Therefore, according to the results of this research, issues regarding the importance and role of strategic management in the activities of state authorities were resolved, global experience of using innovative strategic management tools was analyzed, the main directions of the development of the system of managing the activities of public sphere entities were determined, and the tasks and stages of strategic management in the public sphere were identified.

Despite differences in approaches to strategic management modeling, three stages of the strategic management process can be identified in each model.

- 1) The strategic planning stage (strategic analysis and choice). At this stage, the company's strategies are determined by establishing the mission, analyzing strategic positions based on the study of internal and external factors.
- 2) The strategic organization stage, or setting up the organizational system in accordance with the chosen strategy (strategy implementation, strategy implementation). At this stage, all resources and intra-company relations, along with goals, tasks and spheres of responsibility of employees, are brought into full compliance with the chosen strategy. The necessary organizational changes are then carried out in the enterprise, and the policy of each of its structural units is developed.
- 3) The strategic control and regulation stage (strategy assessment and control of the implementation of strategic measures).

Among the key advantages of using strategic management as a tool in the public sector are ensuring competitiveness, promoting sustainable growth and integrity, raising employee awareness, and achieving goals.

However, strategic management in the public sphere allows for the development of response mechanisms and adaptation to the external business environment, contributes to reducing its uncertainty, and forms the basis for a consistent policy aimed at solving not only current problems, but also issues of long-term development.

In further research, attention should be paid to the construction of a conceptual model of strategic management and to determining a methodical approach to the formation of an effective strategy for the development of the public sphere.

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STRATEGINIS VALDYMAS KAIP VIEŠOSIOS SFEROS SUBJEKTŲ PLĖTROS ĮRANKIS

SANTRAUKA

Pasaulinė praktika rodo, kad pagrindinis valdžios institucijų veiklos optimizavimo mechanizmas yra strateginis valdymas, kuris apima naujausių technologijų kūrimą ir įdiegimą optimizuojant jų funkcionavimą. Tai prisideda prie teigiamų visos visuomenės novatoriškos plėtros tendencijų formavimo ir administravimo sistemos atnaujinimo. Todėl straipsnyje, remiantis šiuolaikinių viešosios erdvės plėtros strateginio valdymo formavimo problemų analize, įrodomas viešosios erdvės plėtros strateginio valdymo metodologijos

panaudojimo tikslingumas, siekiant užtikrinti efektyvų viešosios sferos formavimą ir plėtrą. Nustatomi pagrindiniai valstybės valdžios institucijų strateginio valdymo uždaviniai, kurių sprendimas turi būti vykdomas laikantis efektyvumo ir socialinės atsakomybės kriterijų. Būtinybė keisti vadybos kultūrą viešajame sektoriuje yra pagrįsta, ypač strateginio požiūrio į valdymą diegimu valstybės valdžios institucijų veikloje. Apibrėžiama strateginio valdymo vieta ir vaidmuo organizuojant valstybės valdymo subjektų veiklą. Nustatyti pagrindiniai valstybės valdžios institucijų strateginio valdymo uždaviniai, kurių sprendimas turi būti vykdomas laikantis efektyvumo ir socialinės atsakomybės kriterijų. Būdingi pagrindiniai strateginio valdymo viešojoje erdvėje etapai, kurių laikymasis leidžia valstybės institucijoms greitai spręsti organizacines problemas ir apskritai užtikrinti efektyvų viešojo administravimo sistemos funkcionavimą visais lygmenimis. Nustatytos pagrindinės efektyvaus valstybės institucijų darbo Ukrainoje sąlygos. Nagrinėjamos šiuolaikinės inovatyvios strateginio valdymo priemonės ir jų panaudojimo vidaus valstybės institucijose galimybės. Pagrindžiama, kad strateginių alternatyvų analizė ir strategijos pagrindimas yra konceptualus strateginio valdymo uždavinys, kurį norint pasiekti būtina panaudoti tarpusavyje susietą priemonių rinkinį. Išnagrinėtos pagrindinės viešosios sferos subjektų veiklos valdymo sistemos raidos kryptys ir akcentuota, kad ji turėtų keistis atsižvelgiant į bendras vadybos mokslo raidos tendencijas. Strateginių požiūrių įgyvendinimas turėtų tapti prioritete naujos viešojo sektoriaus valdymo koncepcijos įgyvendinimo sritimi. Taip pat siūlomi viešojo sektoriaus subjektų strateginio valdymo etapai, atsižvelgiant į jų funkcinę paskirtį, vaidmenį šalies raidoje ir reformuojant visą viešojo administravimo sektorių.

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NATIONAL STABILITY AND THE RESILIENCE OF THE FRONT LINE IN THE EAST OF UKRAINE: ZAPORIZHZHIA, DNIPRO, KHARKIV, AND SUMY

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DOI: 10.13165/VPA-24-23-2-06

Abstract. *The full-scale russian invasion of Ukraine on February 24, 2022, caused significant damage to the country, thus raising the issues of national stability and resilience. Given that Zaporizhzhia, Dnipro, Kharkiv, and Sumy form the front line in the east of Ukraine, this article focuses on analyzing the stability of the specified regions and the resilience of their energy, social, ecological, and economic elements. Due to rocket shelling and air strikes, Zaporizhzhia, Dnipro, Kharkiv, and Sumy have suffered human and civil infrastructure losses amounting to billions of dollars. Armed hostilities have also affected the environmental sector. In this regard, ensuring stability and resilience should be oriented toward properly developed mechanisms for both the long and short term. Theoretical research methods and secondary data analysis are used in this article.*

Keywords: *national stability; national resilience; regional safety; front line.*

Reikšminiai žodžiai: *nacionalinis stabilumas; nacionalinis atsparumas; regiono saugumas; fronto linija.*

Introduction

Resilience and stability became crucial components of Ukraine's national strength after the full-scale Russian invasion on February 24, 2022. Although national resilience is not given extensive attention in scholarly literature, ensuring national stability and resilience is inextricably linked with satisfying national interests, implementing strategic national priorities, and preserving the state's image in the international arena. In this regard, this article aims to explore the stability and resilience of energy, social, ecological, and economic elements in the regions of Zaporizhzhia, Dnipro, Kharkiv, and Sumy – those which form the front line in the east of Ukraine. In this article, the authors use theoretical research methods and secondary data analysis, focusing on the theoretical foundations of national stability and resilience alongside other elements of these phenomena. The major concerns of the front line in the east – specifically energy, social, ecological, and economic elements in Zaporizhzhia, Dnipro, Kharkiv, and Sumy – are also discussed, alongside an exploration of the region's safety.

Understanding national stability and resilience

Issues of the stability of the global system are studied in the works of Deutsch and Singer (1964, 391), who believed that stability should be understood as the system's potential to preserve its basic characteristics. Explaining their position, these authors emphasized that stability might be assessed from the standpoint of the likelihood of a state maintaining its own existence and territorial integrity in the absence of military conflicts. The broadest definition of stability was proposed by American researchers, in particular in the works of Waltz (1964, 882), who defined stability as a state in which the system exists without sudden transformations or destruction. However, such an interpretation of stability does not make it possible to distinguish this concept from the category of stagnation since, in this state; the system simply exists without changes, thereby falling into a state of stagnation and subsequent crisis.

In the authors' opinion, national stability is a structural prerequisite for developing the institutional structure of public administration, modernizing it, and transitioning it to a new level based on national interests and influence. The main aspect of stability is the presence of a certain potential barrier, the overcoming of which, as a result of external disturbances, would mean the transition of the military-strategic supersystem of states into a new qualitative form – from interactions characteristic of peacetime to interactions determined by a fundamentally different logic, leading to war with the use of weapons. At the same time, national stability correlates with national resilience.

Goodwin et al. (2023) considered national resilience over social cohesion, and observed links between the government, community, and aspects that reveal perceived feelings

of self-efficiency and psychological despair. According to the National Research Council (2012, 17), national resilience is explained as a state's capability to recover its initial condition rapidly and preserve its system and operation after unexpected tragedies. National resilience has thus evolved into a model to represent the crisis resistance of a nation, whereas resilience always concerns a sense of values and meaning. In the case of Ukraine, Ukrainian society became not the object of state policy to increase resilience, but the subject of resilience itself. This, not for the first time in our history, supported both the state and institutions, and ultimately enhanced our cohesiveness as a nation.

The issue of resilience is not only based on moral principles, but also presupposes a certain socio-psychological context, which is usually understood as a person's ability to overcome strong opposition, withstand heavy loads and stress, and preserve their inner spiritual world, life principles, and progressive development (Li et al. 2023). At the same time, national stability combines energy, social, ecological, and economic elements which ensure the safety of the state and region.

Understanding the energy component of stability as a dynamic category allows one to formulate the fundamental principles of organizing an energy security management system that would be more consistent with a dynamic and rapidly changing environment, and that would enable the creation of an adequate level of energy security in the long term. A country's energy stability should be closely linked to ecological stability and reducing the negative impact of energy on the environment. Social stability implies the provision to the population of favorable conditions for existence and development in the conditions of internal and external economic transformations. A direct indicator of social stability can be observed in the level, dynamics, and structure of the real incomes of the population (Gupta et al. 2011, 11). Economic stability is a state of the economy in which stable economic growth is maintained, the population's needs are met, management is as efficient as possible, and economic interests are protected at the national and international levels (O'Sullivan 2020). Ecological stability represents the ability of an ecosystem to maintain its principles of organization, structure, and functions when exposed to external and internal factors (Vanschoonbeek 2020). Under war conditions, Ukraine's regions in the east, specifically on the front line (Zaporizhzhia, Dnipro, Kharkiv, and Sumy), are experiencing substantial instability in all of the abovementioned elements.

The front line in the east: major concerns

Zaporizhzhia: energy, social, ecological, and economic elements

According to the Headquarters of the National Police in the Zaporizhzhia Region (2023), a year after Russia's full-scale invasion, the regional center alone had suffered over 400 missile strikes. As a result of enemy rocket attacks in the region, 344 individuals were

killed, including 21 children, and 939 people were injured, including 63 children. According to the Ukrainian Helsinki Human Rights Union (2023a), during the 547 days of the full-scale Russian-Ukrainian war, a total of 1,078 episodes related to human losses or the violation of rights among the civilian population were recorded in the Zaporizhzhia region. At least 13,211 civil infrastructure objects had been destroyed/damaged, mainly as a result of missile strikes. Zaporizhzhia continues to suffer from attacks almost every day.

According to the Institute of World History of the National Academy of Sciences of Ukraine (2022), on March 14, 2022, in the territory of the Zaporizhzhia Nuclear Power Plant (the largest in Europe), Russian army soldiers detonated used ammunition that had not exploded during the storming of the station on March 4, 2022, near the first power unit. As a result, a fire broke out in the administrative building of the power plant. The Institute of the Kyiv School of Economics (2023) notes that since the war began, Ukraine has faced substantial adverse effects from the hostilities, causing direct demolition and economic damage, impacting the state of the surroundings, and leading to considerable emissions of contaminants into the air. The results of these emissions have been disastrous, as they have caused losses that already amount to nearly \$4.2 billion, with 7% related to the Zaporizhzhia region. The amount of losses from soil disturbance alone varies between \$1–2 billion in the region.

The lack of established work on communication with the population, the negative consequences of hostilities, and the proximity of the front line (with air raid sirens and the shelling of the city every day) complicate the provision of social security in Zaporizhzhia. However, local businesses continue to work even in war conditions, and the gradual recovery of business activity has been recorded in the current year. Among the positive factors contributing to development is the relaxation of restrictions on the work of enterprises, in particular the reduction of the duration of the curfew, the stabilization of the functioning of the energy system, and the remedying of hourly power outages. As a result, according to the data from the first half of 2023, small and medium-sized business entities contributed \$93 million to state budgets of all levels. The number of economically active entities increased by 497 units, and the number of employees increased to 114,700 people (Zaporizhzhia Regional State Administration 2023).

Dnipro: energy, social, ecological, and economic elements

According to the Ukrainian Helsinki Human Rights Union (2023c), the Dnipro region experienced 1,329 episodes from February 2022 to February 2023 that were documented and entered into the database. During the specified period in the Dnipro region, 202 episodes related to human losses or violations of rights among the civilian population were reported. Because of shelling and fighting, at least 176 people were killed, at least 535 people were injured, and at least 6,493 objects of civil infrastructure were damaged.

The Dnipro region accounts for 5% of the \$4.2 billion of damage caused by the war-related emission of environmental pollutants (Kyiv School of Economics Institute 2023). The amount of losses from soil disturbance in the region varies between \$500 million and \$1 billion. According to the Ministry of Energy of Ukraine (2023), the head of the Dnipro Regional Military Administration, Serhiy Lysak, emphasized that a working group operates in the region. This group has inspected all energy facilities and identified priority areas where the strategic level of protection needs to be increased. Lysak also provided assurances that the region's leadership is placing maximum emphasis on protecting critical infrastructure and shielding consumers from the consequences of possible enemy attacks on energy facilities.

According to Visit Ukraine (2023), the largest number of internally displaced persons (IDPs) in Ukraine fled to Dnipro. From February 24, 2022, to May 31, 2023, 150,000 displaced people moved to the city, and since 2014 the total number of IDPs who have fled to Dnipro is as high as 187,000. Dnipro works to sustain its economic activity, and businesses have begun to adapt to the challenging conditions. For instance, while over 40% of eating locations were closed by the end of March 2022, now 80% of cafes and restaurants have resumed their work.

Kharkiv: energy, social, ecological, and economic elements

The full-scale aggression of Russia against Ukraine negatively affected the economic and social development of the city of Kharkiv. According to Dolzhko from The Information Portal of the Kharkiv Human Rights Protection Group (2023), as of February 23, 2023, over 9,250 incidents had been documented in the area. Almost 6,400 individuals had fallen victim to the war crimes of the Russian occupiers, with over 1,600 civilian deaths, including almost 100 children. According to the Ukrainian Helsinki Human Rights Union (2022), at least 4,240 objects of civil infrastructure had been ruined after the first 6 months of the war.

According to data from the official website of the Kharkiv City Council Mayor Executive Committee (2023), because of hostilities, numerous industrial enterprises located in the city have suffered significant damage. According to the data of the Main Directorate of the State Tax Service (STS) in the Kharkiv region, as of April 1, 2023, the number of individual entrepreneurs in the city of Kharkiv was 119,000 (as of January 1, 2023, this figure was 119,700). During January–March 2023, 3,100 individual entrepreneurs ceased their activities, and 276 individual entrepreneurs moved their businesses from Kharkiv and changed their legal addresses. During Q1 2023, more than 2,400 individual entrepreneurs officially registered businesses in Kharkiv. The consequences of military aggression and martial law have significantly affected the volume of retail trade in Kharkiv. However, due to the increase in the number of special offers provided by retail chains and small businesses, active recovery, and an increase in the number of retail chains, there is an increase in turnover.

Trade businesses, restaurants, markets, trading platforms, household services, and gas stations continue to resume their work, some partially, some completely. Retail chains in Kharkiv are also resuming their work and continuing to develop, and the total number of enterprises in this area is now as high as 312. There are 12 hypermarkets, 183 supermarkets, and 35 shopping centers in the city, offering a wide range of goods, household appliances, building materials and services, and providing computerized payment systems for customers. Despite the constant shelling of Kharkiv, industrial enterprises in the city continue their production activities and fulfill orders to ensure that the vital needs of the country and the population are met. Because of the full-scale military aggression of the Russian Federation, some industrial enterprises from Kharkiv moved to other communities and regions, where they continue to work to provide for the population's basic needs.

The Kharkiv region accounts for 12% of the \$4.2 billion of war-related environmental damage (Kyiv School of Economics Institute 2023), the entire losses of war emissions have already attained around 12% of \$4.2 billion related to the Kharkiv region. The amount of losses from soil disturbance in the region varies between \$1–2 billion.

Sumy: energy, social, ecological, and economic elements

According to the Ukrainian Helsinki Human Rights Union (2023b), in the first 425 days (from February 24, 2022, to April 24, 2023) of the full-scale Russian-Ukrainian war in the Sumy region, 1,282 episodes were recorded. At least 184 individuals were killed, and a minimum of 370 people were injured, mainly due to rocket attacks and explosive devices. During the specified period, at least 1,947 objects of civil infrastructure were destroyed, mainly by missile strikes.

According to the Ukrainian Helsinki Human Rights Union (2023d), the State Environmental Inspection in the Sumy region recorded 53 cases of impact on environmental components, and carried out damage calculations amounting to a total of \$57.4 million. The organization also calculated the following losses resulting from the Russian Federation's armed invasion and subsequent hostilities (the Ukrainian Helsinki Human Rights Union, 2023d):

- the clogging of land plots with construction and other waste caused by Russian troops' shelling – 5 cases, total amount \$1.4 million;
- atmospheric air pollution – 27 cases, total amount \$5.6 million;
- the clogging of surface water caused by the undermining of a bridge – 13 cases, total amount \$50 million;
- damage to trees to the extent of stopping growth and harming forests due to rocket fire – 7 cases, total amount \$150 million;
- losses resulting from the armed invasion and strikes in the areas of the nature reserve fund – 1 case, total amount \$167.7 million.

According to the Sumy Regional Military Administration (2023), regarding the general picture of the energy complex of the Sumy region, the most significant damage to the energy infrastructure was caused by airstrikes in March 2022. However, attacks on the energy system continued throughout 2022–2023. Currently, the electrical networks that are located near the border remain damaged.

According to the information of the Department of Economic Development and Trade of the Sumy Region (Khanin 2023), by the end of the winter of 2023, almost 90% of the enterprises of the Sumy region were working at a total capacity of 30–70%. As of the end of December 2022, only 56% of the main enterprises of the region had fully resumed work, 33% had done so partially, and 11% had not resumed work. Given this, the fact that 72 IDPs were employed in January–April 2023 can be called a positive dynamic in the displaced persons labor market, as this is 12 times more than in the same period of the previous year.

Ensuring the region's safety

The authors consider that a mechanism for ensuring stability is a system of means, methods, and instruments with the help of which a specific action is carried out on threatened socio-political, economic, ecological, energy-based, or social processes to protect the vital interests of society and the state. Such methods, in addition to specialized organizations that implement the function of ensuring stability, include the regulatory framework that underlies the formation and functioning of the relevant organizations and their interaction in achieving the goal of ensuring stability. This interaction consists of a set of methods, techniques, and tools.

The ability of this mechanism to ensure stability contributes to: preserving the unity of the civil population and national-cultural values; enhancing stability in social and economic relations; and forecasting political and social crises. If the latter arise, the ability to overcome them is one criterion by which the effectiveness of this system can be judged. In practice, the implementation of the state's social policy reflects the stability of society, which means that mechanisms for ensuring stability should reflect the following main directions of the state's social policy (Aravacik 2018; Borg 2018, 7–8):

- demography (fertility and mortality rates, average life expectancy, migration, number of families, etc.);
- social and labor conditions (labor resources, dynamics of employment and unemployment indicators, working conditions, etc.);
- level and quality of life of the population (indicators of real cash income, dynamics of consumption of goods, availability of cash savings, level of social benefits, etc.);
- housing security of the population (availability of housing stock in terms of square footage, amenities, needs for improvement);

- healthcare (indicators of population morbidity, causes of mortality, disability, characteristics of medical infrastructure, quality of staffing);
- socio-psychological state of the population (social satisfaction, anxiety, disadvantage, conflict, strikes).

At the beginning of the full-scale invasion, large objects of entrepreneurial activity and commercial production were in Russian sights, most likely due to the objective of freezing the region's economy. Later, transport routes (bridges and roads) were damaged to slow down the military logistics of the Ukrainian Armed Forces after the enemy destroyed places of possible deployment and other ecological objects. The priority of the enemy was to damage objects of strategic importance, which is the reason for placing the issue of strengthening the protection of undamaged objects that fit this category at the fore.

Despite losses and damages in the east and in the front-line cities of Zaporizhzhia, Dnipro, Kharkiv, and Sumy, safe functioning requires the government to arrange its forces and follow the course of recovery. This will involve reintegration policies based on the concept of safe reintegration with a focus on building stability, enhancing social cohesion at the level of communities and regions, and overcoming the consequences of occupation. Tools for achieving these goals include inclusive dialogue, transitional justice and rule of law approaches, the restoration of justice, and relevant reforms.

The recovery of the environmental sector after the war is likely to be more difficult than that of other industries. Much more money will need to be spent than is currently foreseen in the numerous damage reports. Therefore, mechanisms for ensuring stability and resilience should be oriented toward both the long and short term. Strategic mechanisms require more careful preparation, as their specificity lies in their focus on the young population. This means that if they are applied in a timely manner, they will be able to ensure stability in the long term since future social problems will simply not arise.

Conclusion

1. Stability and resilience are always specific, and public authorities are therefore obliged to determine their degree and take subsequent actions to neutralize particular threats on an ongoing basis. This must take into account the entire set of conditions and factors of the political, economic, social, and environmental processes that can cause damage to the country's national interests. The subjects of the integrated stability system include a set of government bodies, local governments, management structures of enterprises, institutions, organizations and public associations, citizens, and specially created management bodies. These entities carry out purposeful activities and direct participation in the implementation of the goals and objectives of ensuring the region's stability.

2. The system for ensuring the stability of the front-line region of Ukraine in the east should be based on the strategic management of elements of the regional security and stability system. The executive authorities of this area must cement the planned values that characterize indicators of each element of the region's stability, namely social, economic, energy-based, and environmental. Achieving this task will contribute to the socio-economic development of the area and ensure its transition towards a new targeted state of resilience. Moreover, mechanisms for sustainable development based on an efficient military waste management process will allow Ukraine to move towards greening the economy, thus increasing the wellbeing of the post-war population. From the perspective of the stable development of the region, it is important to identify and develop a system of indicators based on strategic planning documents. These indicators must manage the transition of the region from a damaging, technogenic place towards an integrated, environmentally oriented path of development.

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NACIONALINIS STABILUMAS IR ATSPARUMAS PRIEKINĖJE FRONTO LINIJOJE RYTŲ UKRAINOJE: ZAPORIŽĖS, DNIPRO, CHARKIVO IR SUMŲ SRIČIŲ ATVEJIS

Nuo 2022 m. vasario 24 d. įvykusi plataus masto Rusijos invazija Ukrainai atnešė daug nuostolių ir žalos, todėl iškyla nacionalinio stabilumo ir šalies atsparumo problema. Atsižvelgus į tai, kad Zaporizhė, Dnipro, Charkivas ir Sumai sudaro fronto liniją Ukrainos rytuose, straipsnyje buvo nagrinėjamas konkrečių regionų stabilumas ir atsparumas energetiniams, socialiniams, ekologiniams ir ekonominiams elementams. Dėl raketų apšaudymo ir oro antskrydžių Zaporizhė, Dnipro, Charkivo ir Sumų sritys patyrė milijardų dolerių žmonių ir civilinės infrastruktūros nuostolių. Ginkluoti karo veiksmai paveikė aplinkosaugos sektorių. Šiuo atžvilgiu stabilumo ir atsparumo užtikrinimas turėtų būti orientuotas į ilgalaikį ir trumpalaikį laikotarpį, naudojant tinkamai parengtus mechanizmus. Šiam tyrimui atlikti buvo taikomi teoriniai tyrimo metodai ir antrinė duomenų analizė.

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GENDER EQUALITY AND SOCIAL INCLUSION AS A SIGN OF THE SUSTAINABILITY OF UKRAINIAN CIVIL SOCIETY DURING AND AFTER THE WAR WITH RUSSIA

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DOI: 10.13165/VPA-24-23-2-07

Abstract. *This article is devoted to researching the complex interactions between a society's efforts to approach best practices of social inclusion and gender equality implementation in policy development processes and the ability of such a society to maintain its commitment to liberal and human-centered values in political life. Using the methods of stylized facts and comparative politics, we ground the applicability of the two-stage model of acquiring the institutional capacity to implement the principles of gender equality and social inclusion in the activities of the authorities. The first stage of this model involves the ability to accumulate additional costs to take into account and meet the special needs of vulnerable and discriminated-against groups in the process of policy development and implementation. The second stage entails the ability to achieve the efficiency of such expenditures in order to extract social outcomes through the reduction in the number of marginalized groups and the expansion of participation in the functioning of civil society institutions, ensuring the broad representation of all socio-demographic strata of the population. The stylized facts collected in this article may be the first (and are certainly not comprehensive) evidence that Ukraine is at the stage of forming the capability within society to benefit from the implementation of the principles of gender equality and social inclusion, both at the nationwide level and the level of individual organizations.*

Keywords: *gender equality; social inclusion; policy development; social outcomes; resilience.*

Reikšminiai žodžiai: *lyčių lygybė; socialinė įtrauktis; politikos formavimas; socialiniai rezultatai; atsparumas.*

Introduction

The tragic events of the most destructive war in Europe since the middle of the 20th century have actualized the problem of adapting the theoretical foundations and implementation of state policy development to the needs of countries that seek to ensure the sustainable functioning of civil society institutions and the protection of liberal values. This is particularly acute when bordering the totalitarian regime of modern Russia and being in the direct zone of influence of Russian imperial ambitions, as modern Ukraine is. Therefore, we consider it extremely important to identify the fundamental differences in the principles and procedures of collective action (particularly concerning embedding gender equality and social inclusion) between Russia and Ukraine. This may contribute to explaining the utterly irreconcilable positions of not only the ruling elite, but also the wider strata of the two populations, along with the extremely high stability of Ukrainians in their adherence to liberal-democratic values even under pressure of a year of total destruction and victimhood caused by the Russian invasion. The fundamental questions for the author are: What are the advantages of gender equality and social inclusion for a society during war and during the post-war reconstruction stage? In what forms do these advantages manifest (that are applicable for quantitative or qualitative analysis) during a confrontation between two societies – not only on the battlefield, but also in the realm of preserving the ability for the effective interaction between state bodies and the public?

Literature review

In the author's opinion, the most productive theoretical basis for answering these questions is the classification of social models that emphasize the institutions which regulate the access of economic and political market actors (generally referring to market interaction as competition in the conditions of scarcity of goods) to resources and institutional possibilities that guarantee them exclusive status and reduce the intensity of their competitive struggles (North at el. 2009; Williamson 1998). A society's capacity to ensure unceasing competition on political and economic markets, which allows every actor to obtain an exclusive position only as a result of successful innovative activity and increases the efficiency of the usage of resources to meet the needs of the population, leads to a range of possible development trajectories: a society of open access order, as proposed by D. North; a society with a prevalence of inclusive institutions, as proposed by D. Acemoglu; or the "open society" of Popper (1969). A range of historical trends can also lead to the concentration of economic and political power in the society, undermining the competitiveness of political and economic markets and suggesting another development trajectory – a society of limited access, with the prevalence of extractive institutions where incentives for innovative activity are suppressed by mechanisms for extracting administrative rent.

We assume that resource provision and implementing the principles of gender equality and social inclusion are embedded as important political components of ensuring the sustainability of a human-centered society. However, maintaining this sustainability during wartime requires that we strengthen the observance of the gender equality and social inclusion principles as a response to the challenges of increasing traditionalism and the influence of groups resorting to advocacy of violence in conditions of war (Wilén 2022).

A similar view can be seen in many publications on gender issues that are united by a common vision of gender equality as an important component of the effective functioning of a liberal democracy. For example, empirical confirmation of the hypothesis that a positive relationship exists between the share of women in school enrollment and tertiary education and a country's rank in the Corruption Perception Index (CPI) was obtained by Baktybayev (2020). Moreover, Ferdous and Islam (2021) emphasize that for developing countries with weak institutional capacities, the conflict between the forces of democratization, who advocate for inclusion and gender equality, and supporters of conservative-traditionalist ideology, which seek to oppose the strengthening of women and other vulnerable groups, acquires special importance.

The aforementioned study also emphasizes the complementarity between achievements for society in terms of gender equality and the transparency of government actions. Chiva (2023) may serve as another example of the importance of gender equality, with their study exploring the conditions (framing and training) that allow political actors to effectively counter attempts to legitimize gender discrimination. In further papers focused on the conditions for the formation of an anti-gender coalition of political forces, it is noted that anti-gender topics are widely used as a means of mobilizing and combining the forces of radical traditionalist views (Norocel and Pettersson 2023; Bastian and Luckham 2003; Aggestam and Holmgren 2022).

The theoretical basis of this paper involves taking into account the complex challenges faced by the institutions tasked with ensuring gender equality and social inclusion in the conditions of war, as well as the important possibilities that emerge during this period.

These challenges are firmly in the focus of feminist scholars, with an underlying notion which assumes that the organic nature of social life makes it impossible to establish reliable limits between “legitimate violence” in war and “illegitimate” violence outside the battlefield (Ferris-Rotman 2018; Swaine 2010). The expansion of the usage of violence transforms society's system of dimensions, at first by increasing the influence of those groups that rely on violence as a profession (Goldstein 2001; Swaine 2010, Cockburn and Zarkov 2002). Secondly, additional pressure may be placed on the achievements of women's movements in the post-war period via the strengthening of the advocacy of violence, as a component of militaristic ideology which leads to the softening of the reaction of society to the ordinary violence which women experience in the private sphere (Swaine 2010).

Moreover, society faces increasing pressure being placed on the principle of the equality of all under the law by the new wartime elite, and the justification of the shifting of the

burden of wartime and reconstruction efforts to those groups of the population that are seen as less important for solving military tasks – in particular, women (Goldstein 2001). As a result, this concept postulates the thesis of a continuum of violence, which posits that the violence women experience in the private sphere is perceived as ordinary, and as such is tolerated, while the violence occurring on battlefield is understood as extraordinary. The latter acquires primary importance, so ordinary violence against women is overlooked (Swaine 2010).

As an additional factor, it may be considered that male prevalence in both the spheres of international relations and society faces the strengthening of the influence of traditionally male spheres of activity in public life (Afshar 2003): the view spread in the literature defines war and post-war periods as those “where ‘fraternities’ – both national and international – compete over power” (Handrahan 2004, 433).

At the same time, historical experience points to the fact that the overemployment of men in the field of direct military operations and the acute shortage of labor opens up new opportunities for women (which does not in itself guarantee significant improvements in their wellbeing – rather, it only increases in their employment outside the home). As a result, however, the growth in demand for services that release women from domestic work may not be fully met, and the burden on women who combine professional and family activities may outweigh the benefits of obtaining a paid job (True 2012).

Therefore, gender integration initiatives give many women access to normal social interaction, encourage them not to lose motivation, prevent them from suffering irreparable losses in terms of their health, knowledge, and skills, enable them to be aware of the opportunities provided by different organizations that manage the available resources in society, support their social mobility and their ability to remain an integral part of society, and help them to participate in solving actual problems that benefit from their contribution (Hassnain et al. 2021; Vedung 1997).

The publications referenced above share a common approach in comparing established systems of institutions that have achieved integrity, resulting in a certain model of social interaction that has become ingrained and self-replicating. However, there is a gap in understanding the specific transformation process – particularly in the context of Russia and Ukraine, where the two societies have diverged in terms of inclusion and gender equality in both policy development and implementation. To fill this gap, this article introduces a range of stylized facts which may provide evidence of the notion that the integration of social inclusion and gender equality into policy development and implementation contributes to the formation of the “open access” and “inclusive institutions” social models and brings further advantages, even in wartime conditions.

Accordingly, this article aims to develop an argument for the thesis that the integration of social inclusion and gender equality into policy development and implementation contributes to society’s resistance in the conditions of war.

Stylized facts illustrating the formation of the capacity of Ukrainian society to gain

benefits through the implementation of gender equality and social inclusion

In an operational study of the gender sensitivity of social support in Ukraine during wartime conducted by the Poruch NGO (2023), a significant correlation was found between the duration of the residence of a household (family) in territory where evacuation was highly recommended (under shelling, lacking communal services and transport connections, with permanent risk even during attempts to satisfy basic needs) and the complexity of the problems faced by members of the household after changing their place of residence. Those who stayed under fire longer, especially those who had already left Ukrainian territory that had been lost, were much more likely to be completely dependent on social support and had no self-sufficient sources of living. These individuals were also much more prone to problems in their interaction with state bodies, and showed much lower levels of satisfaction with attempts to restore their social activity. In turn, majority female households stayed in dangerous territories for longer and refused (or had no opportunity) to follow the evacuation recommendations. Therefore, it can be expected that taking gender aspects into account in the process of developing and implementing evacuation and support programs for internally displaced people (IDPs) can significantly increase the mobility of the population, reduce the proportion of households with prolonged (problematic) waiting periods before leaving dangerous territory, and, accordingly, reduce the costs involved in the rehabilitation and return of IDPs to normal social activity. This activity can also reduce losses caused by increases in the number of disappointed individuals who reject career growth plans and measures to prevent the development of chronic diseases.

This capacity to gain benefit through the improvement of human development, albeit at additional expense (since gender sensitivity requires more complex planning, control, and reporting procedures for the planning and implementation of state programs, additional expenditure items in budget spending, etc.), fundamentally distinguishes not only between the institutional support and ideological institutions of state policy in Ukraine and Russia, but also between the two societies, expressing the radical divergence of two different trajectories of social development.

In Russia, the attitude towards people and towards the principles of organizing the interaction of a citizen with the institutions that develop and implement state policy is completely different. This attitude towards people views them as a resource which, in economic terms, is present in relative abundance. The human potential of the population for state policy in Russia is a standard resource, all units of which are relatively easily replaceable, and the additional costs that emerge when taking into account the special needs of certain target groups are not encouraged. This principle is manifested in all fields, and particularly in the military area. The tactics of the occupying army involve an economy that features various components of military operations, including incentives for the economy of financial resources, military equipment, and ammunition, but not people: the expenditure of this resource is not viewed as excessive or undesirable a priori (Snyder 2022).

In all other spheres of social interaction, institutions enabling actors to incur additional

costs to increase sensitivity and differentiation according to the needs of different segments of the population are not integrated within state policy. This causes the gradual accumulation of a critical number of impossibilities for state policy when it comes to responding to the needs and preferences of certain groups of the population. It thus becomes increasingly difficult to become a beneficiary, and the tools for assessing the social results of policy become more formal and less related to the real needs of the population (Acemoglu and Robinson 2009).

The results of another research project managed by the Poruch NGO (Poruch and USAID 2021) may be considered as another stylized fact that illustrates the formation of the possibility of gaining benefits through the implementation of gender equality and social inclusion. The widely known bonding and selection models (Lazear 1981; Salop and Salop 1976), in the context of strategic decisions on investing in human capital, explain the notion that employers will consider women of fertile age less inclined towards permanent employment and instead prefer to hire men for those jobs that involve highly specialized training. The idea that women of fertile age are more prone to shifts in working life and thus prefer to invest in universal skills (which retain their value in the event of a change of workplace) rather than in special skills (focused on a specific enterprise) can find empirical confirmation in the different returns to tenure for women and men: “lower returns to tenure for women could be due to employer discrimination based on rational expectations about women’s attachment to jobs. For example, if employers engage in statistical discrimination then the perception of women as ‘less’ stable workers could lead employers to systematically not hire women into jobs with opportunities of specific training or learning” (Munasinghe et al. 2008, 1297).

In particular, despite the fact that in developed countries women minimized the educational gap in the 1980s and have had an educational level higher than average since the beginning of the 21st century (OECD 2012), they are much less commonly represented in technical and engineering professions than men (ILO 2018). A similar situation is evident in Ukraine, where women have a higher educational level than men but the engineering and technical professions remain traditionally male (State Statistics Service of Ukraine 2019).

However, the results of a sample survey conducted by the Poruch NGO among the employees of energy enterprises in Ukraine (Poruch and USAID 2021) revealed that differences in the intensity of the participation of men and women in corporate personnel training programs are relatively small (a higher frequency of training of men was recorded, but their advantage remains within the limits of systematic sampling error). In addition, differences between the indicators of women and men who are employed in positions at the same level of the professional and qualification hierarchy almost disappear. Accordingly, since the intensity of training increases slightly with the increase in the professional qualification level of jobs, the difference between men and women is fully explained by the increase in the representation of men (and the decrease in the specific weight of women) as the professional

qualification level of jobs increases. Therefore, it was possible to ensure the almost equal access of women and men to opportunities to accumulate human capital in the process of professional training and professional development at energy enterprises in Ukraine.

At the same time, according to other research carried out by the Poruch NGO (2023), those respondents who were employed in the energy sector (even those who were forced to change their place of residence after the start of the war) did not lose their jobs, kept their incomes, and did not find themselves completely dependent on various forms of social assistance. Accordingly, we observe the example of establishing a connection between the additional costs that energy companies incurred in the pre-war period to ensure the access of women who combine family responsibilities with the realization of professional development plans and the saving of budget and donor resources, due to the reduction of the need for social and humanitarian help. This form of connection (where the centers of cost formation and benefit extraction are separated, respectively, the motivation to spend resources on ensuring gender equality and social inclusion is weak, and the load on the relevant institutional capacity of organizations is increasing) is considered as the most difficult to spread in society. Thus, the example of establishing such a connection is especially demonstrative.

At the level of the research of certain organizations, the sample of evidence in favor of social gains through the implementation of gender equality may be represented by the results of the survey of energy company employees conducted by experts of the Poruch NGO (2023). A statistically significant relationship was found between gender policy implementation (assessed by a set of formal features and the representation of women in the management bodies of companies) and the loyalty of the personnel to the companies (assessed by staff turnover indicators). Companies that have more actively integrated the principles of gender equality into the activities of personnel services appear to enjoy significantly greater commitment of their personnel, and this dependence is more pronounced in relation to groups of employees with relatively high qualification levels (Poruch 2023).

This case may illustrate the possibility for forming commercial incentives for expanding resource provision for ensuring gender equality and social inclusion – at least in the sector of large energy companies. In a more general sense, the positive connection between technological and social progress, in particular in the form of growing the share of high qualification labor demand and decreasing the gender gap in employment level and wage size, is in the focus of a wide array of literature – for example, Munasinghe et al. (2008), Kamborov and Manovskii (2005), and Rotman and Mandel (2023). Moreover, the establishment of such a connection in war conditions may be the prospective subject of further research in the context of embedding gender equality and social inclusion in the economic preconditions of the sustainability of the liberal-democratic order in post-soviet countries.

All of the above serves to justify the existence of a potential opportunity for Ukraine to receive benefits regarding the stability of society in war conditions, the pace of post-war recovery and development through the integration of the principles of gender equality and

social inclusion in the institutions of development and implementation of state policy, as well as Ukraine's ability to use this potential.

The idea of "the reevaluation of human life in the ideology of modern Western civilization"¹ is echoed by Russian propagandists in the media and appears in the statements of the country's top leadership.² For example, the Russian president striving to establish a law that decriminalized domestic violence in 2017 (Ferris-Rotman 2018) is a form of the manifestation of the general model of social interaction which is imposed on society by the Russian authorities regarding gender relations and social inclusion.

In Ukraine, even in the face of extreme shortages of financial resources, attempts are still being made to avoid affecting social orientation programs and to continue to foster liberal policy priorities with real resource and institutional support (Cabinet of Ministers of Ukraine 2020).

The same applies to Ukrainian society's continued rejection of the imperial political tradition, with the fact that the country exists on the former outskirts of a multinational empire as an insufficient explanation of such radical divergence. In contrast, the worst practices of concentrating power, widely associated with various forms of social discrimination, are widely applied by the national governments of many post-colonial countries (Acemoglu and Robinson 2009).

Similar examples of disregard for the value of human life in the process of building a national system of policy-making and policy implementation institutions inherited from the political tradition of the former USSR are provided by many countries that emerged after the collapse of the Soviet empire (Fukuyama 2022).

However, the absence of imperial ambitions in the ideology shared among both the political elite and the population is believed to facilitate Ukraine in its endeavor to build a system of political institutions with a high capacity for organic interaction with European national and regional political institutions. The successes of Ukraine in its integration into the European political system (which actually triggered the escalation of the situation in 2014) can be attributed to significant elements of the current conflict.

The author believes that the roots of the current irreconcilable divisions between Ukrainian and Russian social and political life can be identified in the period of modern Ukrainian history. The particularity of this period in Ukrainian history (featuring the significantly higher competitiveness of political markets, higher diversification of the industrial structure of the economy and a lower level of state influence on its productive capacities, a larger proportion of small and medium businesses, and more intense interaction with European and North Atlantic political structures, which enhanced the national liberal-democratic tradition) explains the radical contradictions that leave no room for compromise between the two countries. The readiness of Ukrainian society to offer resistance to the challenges posed to gender equality by the war (Chinkin et al. 2020) may be considered

1 The speech broadcast on January 2, 2023, on YouTube (https://www.youtube.com/@soloviev_live).

2 Putin's speech at the meeting with mothers of Russian soldiers, broadcast on YouTube (<https://www.youtube.com/watch?v=QArFuTzeY8A>).

as an immanent feature of the Ukrainian route towards social and political development.

The short period in which these qualitative distinctions were formed (with Ukraine having experienced only 30 years of independence) does not necessitate a lack of consolidation of the corresponding priorities and values in Ukrainian society. Attempts by Russia to appeal to “traditional” attitudes in Ukrainian society, which have repeatedly been part of a psychological information war against Ukrainian sovereignty, have never found significant support, neither among the local elite (except for in the case of activities directly affiliated with Russian ruling structures and agents of influence) nor among the majority of the population.

Researchers have identified at least three large-scale anti-gender information campaigns commissioned by Russian agents: “The first stage was implemented in 2010 – 2013, the second stage took place at the end of 2015 (beginning of 2016) – 2018, the third stage is ongoing since the end of 2018 to the present time” (Levchenko 2019, 85). At all stages, an important narrative spread within these psychological information operations was the thesis of “the destruction of national integrity of the Ukrainian people; attributing, mainly, to the European and American experience, a significant spectrum of social negative; demonization of certain social phenomena, initiated and spread from abroad” (Levchenko 2019, 185).

However, the high adaptability of modern Ukrainian society to liberal values, the natural development and implementation of state policies in Ukraine that foster the principles of the priority of human rights and international practices for their protection in social and political life, the moderation of public opinion, and the broad adoption of liberal-democratic values among a wide strata of the population have all allowed informational and psychological influence to be reliably resisted. These factors have also allowed high rates of integration of the principles of gender equality and social inclusion to be maintained in the activities of state institutions and local self-government bodies in Ukraine.

Even in communities that have directly suffered from hostilities and in which conditions for radicalization have been formed, the rejection of social inclusion principles has been successfully covered by a dense network of social inclusion and solidarity hubs. The experience gained by the Poruch NGO in the process of participating in the implementation of the “Support for the Cohesion and Development of the Communities Affected by the Conflict in Donbas” project under the International Organization for Migration reinforces this thesis: more than a thousand representatives of 20 territorial communities did not dissolve after training in a “neutral” environment on the principles of social solidarity, but instead became hubs for activating internal, local initiatives.

Conclusions

1. The readiness to form resource and institutional support for the flexibility and adaptability of authorities and their sensitivity to the needs, preferences and, in particular, gender identity of individuals both reflect the real rooting of human-centric principles in social life and form an indelible gap between Russia and Ukraine, expressing fundamental differences in the trajectory of social and political development in these countries. Accordingly, the level of attention to and the dynamics of resource provision devoted to the strengthening of gender sensitivity and social inclusion may be considered an important indicator for the evaluation of the resistance of Ukrainian society to the pressures of war as it approaches the model of a human-centered society. This can be presented as a two-stage model of acquiring the institutional capacity to implement the principles of gender equality and social inclusion: the first stage involves the ability to accumulate additional costs to take into account and meet the special needs of certain groups of beneficiaries in the process of policy development and implementation. The second is the ability to achieve the efficiency of such expenditures, to extract benefits from the reduction in the number of marginalized groups and the expansion of participation in the functioning of civil society institutions, ensuring the broad representation of all socio-demographic strata of the population.
2. The institutes of policy development and implementation for human-centered societies naturally evolve towards a higher level of differentiation, increased flexibility, and enhanced sensitivity to the needs of specific socio-demographic groups, creating real motivation and resource provision to meet the needs of groups which often do not benefit equally (or are greatly disadvantaged) from policy implementation. It is in this context that the integration of gender policies into institutional governance becomes an organic component of social development. The social benefit of integrating principles of gender equality and social inclusion into the institutions of policy development and implementation is reflected in Ukraine's increased ability "not to lose people." This term encompasses not only losses on the front line or from the barbaric bombardment of our territory (although ultimately this purpose may be strengthened as well), but also losses that are possible even within the territory that we control, such as those caused by lack of access to participation in state programs for particular segments of the population, the failure to provide timely social or humanitarian assistance, or the disregard for the additional conditions that need to be created for aid to be effective.
3. The roots of the current irreconcilable divisions between Ukrainian and Russian social and political life must be identified within the period of modern Ukrainian history. The particularity of this period in Ukrainian history (i.e., significantly higher competitiveness of political markets, higher diversification of the industrial

structure of the economy and a lower level of state influence on its productive capacities, a larger proportion of small and medium businesses, substantially more intense interaction with European and North Atlantic political structures, enhancing the domestic liberal-democratic tradition) explains the radical contradictions that leave no room for compromise between the two countries. The readiness of Ukrainian society to spend resources on achieving higher levels of flexibility and adaptability within state institutions, improving their sensitivity to the needs, preferences and, in particular, gender identity of individuals may be considered an immanent feature of the Ukrainian path towards social and political development and a values-based cause of the irreconcilable differences between the Ukrainian and Russian political spheres.

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LYČIŲ LYGYBĖ IR SOCIALINĖ ĮTRAUKTIS KAIP UKRAINOS PILIETINĖS VISUOMENĖS TVARUMO ŽENKLAS KARO PRIEŠ RUSIJĄ METU IR PO KARO

Straipsnis skirtas kompleksinei sąveikai tarp visuomenės pastangų priartėti prie kokybiškos socialinės įtraukties ir lyčių lygybės įgyvendinimo politikos formavimo, tokios visuomenės gebėjimo išlaikyti įsipareigojamą liberalioms ir į žmogų orientuotoms politinėms vertybėms. Pritaikius stilizuotų faktų ir lyginamosios politikos metodus, pagrįstas dviejų etapų institucinių gebėjimų įgijimo modelio pritaikomumas lyčių lygybės ir socialinės įtraukties principams įgyvendinti valdžios institucijų veikloje. Pirmasis etapas apima galimybę kaupti papildomas išlaidas siekiant atsižvelgti į specialius pažeidžiamų ir diskriminuojamų grupių poreikius ir juos tenkinti politikos kūrimo ir įgyvendinimo procese. Antroji – galimybė pasiekti tokių išlaidų efektyvumą, išgauti socialinius rezultatus mažinant marginalizuotų grupių skaičių ir plečiant dalyvavimą pilietinės visuomenės institucijų veikloje, siekiant užtikrinti platų visų socialinių ir demografinių sluoksnių gyventojų atstovavimą. Straipsnyje surinkti „stilizuoti faktai“ gali būti pirmasis (tikrai nepakankamas) įrodymas, kad Ukrainoje formuojasi visuomenė (kaip tam tikra organizacija), remianti lyčių lygybės ir socialinės įtraukties principų įgyvendinimą visos šalies mastu.

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RISK MANAGEMENT IN THE PUBLIC SECTOR OF KAZAKHSTAN: CURRENT STATE AND DEVELOPMENT OPPORTUNITIES

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DOI: 10.13165/VPA-24-23-2-08

Abstract. *The system of risk management in the state bodies of Kazakhstan and many other countries is becoming particularly relevant and scientifically problematic, since the implementation of tasks set in national projects and development plans is often carried out under conditions of uncertainty and a diversity of factors, which can make it difficult to accurately identify and quantify risks for management decision-making.*

Based on scientific approaches to risk management in the public sector, this paper attempts to investigate the state of readiness of civil servants in Kazakhstan to implement risk management and determine the range of basic competencies of employees and the level of organizational culture, as differences in the culture and structure of organizations can affect the successful implementation of risk management at the level of public administration.

The analysis of the above-mentioned problem is based on a quantitative method of scientific research – a survey, which allows us to draw conclusions and generalizations about such a large group of respondents as civil servants in Kazakhstan, consisting of around 70,000 employees. Due to the fact that the survey was conducted using an online platform and was confidential in nature, the results of the study are characterized by representativeness and reliability.

Keywords: *risk management; qualification; public administration of Kazakhstan; civil servants.*

Reikšminiai žodžiai: *rizikos valdymas; kvalifikacija; Kazachstano viešasis administravimas; valstybės tarnautojai.*

Introduction

Risks have become inherent aspects of modern life and are present in all spheres of society. Kazakhstan, like many countries, underestimated the risk of COVID-19 infection, which resulted in high mortality rates among both the general population and healthcare workers (WHO 2022). Hasty isolation and quarantine measures led to a decline in the adaptability and mobility of small and medium-sized businesses, the halting of large-scale production, and an increase in unemployment and poverty among the population (BCG 2020). The consequences of economic and social risks have led to political issues and armed unrest (Bordovskikh 2020).

In order to respond to the rapidly changing socio-economic environment, the government of Kazakhstan has undertaken a series of modernization programs in recent years, focusing on expanding access to services for the population. However, despite the significant achievements of the state apparatus, there is still a problem with service delivery, which leads to dissatisfaction among citizens (Galy and Tynyshbayeva 2022).

As a result, there have been regulatory changes in the public sector aimed at providing managers with the ability to apply appropriate risk management methods. The country has also implemented a series of legal acts that regulate the use of risk management tools (Decree of the Government of the Republic of Kazakhstan 2021).

The main area of the regulations regarding the application of risk management relates to the field of financial management. Accounting for risks and regulation in the activities of state bodies is carried out by the Central Bank of the Republic of Kazakhstan in terms of asset management, banking, and investment activities. For the regulation and development of the financial market, the Agency of the Republic of Kazakhstan (accountable to the President) adheres to a risk-based approach within the framework of the control and supervision of subjects of the financial market, and also works to reduce the risks of carrying out activities in the insurance services market.

Further steps have been aimed at developing a base of national standards for risk management based on international standards in this area (Kazakhstan Institute of Standardization and Metrology 2024a, 2024b). The introduction of state standards has influenced the introduction of a common approach to, and set of principles of, risk management for interacting entities, and will also ensure the high-quality exchange of experience and knowledge on risk management.

Methodological conceptualization, however, has not led to success; official data on the results of the government's activities indicate poor work in terms of analyzing the current situation, risks, opportunities, global trends and conditions for further improving the welfare of the country's population (Press Office of the President of Kazakhstan 2022). The practice of public servants making managerial decisions and failing to assess the risks of changes in the external environment, internal factors and obstacles continues.

The process of assigning responsibility for risk management may not always be applied in a classical manner, as it also presents challenges within the government service system due to the involvement of multiple participants and stakeholders. Therefore, there is a pressing need to recognize the important factor of risk manager training and the essential competencies required for civil servants who manage risks and shape strategies to mitigate the negative impact of risks.

Literature review

In their extensive study, Bracci et al. (2022) noted that risk management is receiving increasing attention from scholars and practitioners in the public sector. However, difficulties in understanding and applying risk management emerge due to difficulties in systematizing and formalizing risk management knowledge. Risk management, supported by an integrated system of managerial accounting and control in public sector organizations, can help governments at all levels meet the growing needs for public service management, efficiency, and accountability (Bracci et al. 2022).

However, to this day there exist different interpretations of the term "risk," including in the field of public administration. Research conducted within government agencies in Sweden (Boholm 2019) identified over 10 approaches to defining this concept. The significance of this issue is justified by the fact that the concept of risk in public administration holds socio-political significance, because how government agencies define and prioritize risks will determine the outcomes of their dealings with them.

Risk management systems in the public sector have their own specificities in terms of implementation (Kolisovas and Škarnulis 2011). Additional research is needed to address this. In terms of organizational capabilities and mobilization for the effective deployment of an Enterprise Risk Management system in public sector organizations, this process primarily involves normative changes aimed at providing managers with the opportunity to apply relevant risk management methods (Mahama et al. 2022).

Another important aspect is the question of whether there is support from top management for these proposed initiatives. Research findings (Schäfer et al. 2022) demonstrate that the support of top management, the motivation of leaders to adopt best practices, and the stimulation of relevant policy changes (Rana et al. 2019) mediate the interaction between stakeholders and risk management practices in addressing risk management challenges in the public sector.

In this regard, the history of risk management development in the practice of public administration in Kazakhstan is relatively short; as a scientific problem, it has only begun to be addressed in recent years. The results of the analysis of Kazakhstan's regulatory framework by Omarkhanova (2022), governing risk management systems in public administration, showed a low level of development of these tools. Consequently, it should be acknowledged that there is currently a lack of both theoretical and empirical research on risk management issues in public administration in the country, taking into account contemporary trends in socio-economic and public development. Kazakhstan, like many other countries, is revising the principles and methods of public administration by transitioning from a rigid hierarchical system to an adaptive, flexible model of governance. Approaches and principles reflecting the concept of New Public Management aimed at transforming the management system through the implementation of innovative methods and tools for regulating public processes have become a priority in public administration (Lapsley 2009).

When considering the development of risk management in public administration, attention should also be paid to the assessment of the professional competencies of civil servants capable of developing and implementing a proactive approach.

The competencies of a government official are an important factor for the successful functioning of public services and are key to ensuring the effective operation of the state as a whole. A competent government official should have the necessary knowledge and skills to successfully fulfill their tasks, and should also be able to adapt to a changing environment and respond quickly to new challenges, as described in a study by Hinna et al. (2018) on implementing risk management in the Italian public sector, which discusses the hybridization between old and new practices. They should be able to effectively collaborate with team members and the public to achieve common goals. Moreover, the competencies of a government official are not limited to technical knowledge and skills; they also encompass communication, leadership, time management, conflict resolution, as well as ethical and professional standards, as concluded in a study by Gani et al. (2020) on the implementation of risk management in the Malaysian public sector to sustain the federal government's revenue. A competent government official should demonstrate a high degree of responsibility and reliability in their work.

Similar conclusions have been made by other researchers, who have also indicated that senior managers should go beyond and actively utilize risk management principles and tools in their activities. The results of interviews conducted by Tarek (2022) showed a correlation between risk perception and individual risk management strategies.

Given the importance of this issue, many researchers have examined and studied the realm of necessary competencies and knowledge for civil servants. Scholars such as Weber et al. (2013), Debela and Marijani (2023), Tikhomirov (2016), and others have contributed to the analysis of this subject. The analysis of numerous works indicates various approaches to assessing the competencies of civil servants. Despite ongoing efforts to improve the system of public administration, only one-third of civil servants in Kazakhstan receive positive evaluations from the population, who characterize the work of this minority as effective and professional (Ayubayeva et al. 2022).

Methodology

The purpose of this research was to study how the level of awareness, knowledge, and understanding of basic risk management concepts has changed among civil servants. It also aimed to assess the level of motivation, confidence, and the prospects of risk management policies within the public sector. To analyze the level of awareness, knowledge and understanding of the basic concepts of risk management among civil servants, a sociological survey was conducted among employees of central and local executive authorities. According to the official data of the Agency of the Republic of Kazakhstan for Civil Service Affairs, in terms of the personnel composition of central and local executive bodies (as of April 1, 2022), the number of Ministries is 18, and the number of positions in these bodies is 34,930, while the actual number of employees is 32,445. Local executive bodies are represented by 17 institutions, with 39,592 positions and 37,414 employees. Thus, the total number of eligible respondents was 69,859. In September 2022, a survey was conducted using the Google Forms tool, in which 771 respondents took part. The ratio of respondents from central state bodies to local executive bodies was 51.4% to 48.6%, respectively. This ratio makes it possible to ensure high-quality coverage of both civil servants responsible for the development of program documents, regulatory legal acts, and public policy in general, and those employees who implement, control, and contribute to the achievement of results and planned activities at the regional level. The key respondents in this study were middle-level civil servants and frontline employees (Table 1).

Table 1. Characteristics of the survey sample (N = 771)

Categories	Ratio (%)	Categories	Ratio (%)
Category of public authorities		Position	
<i>Central government bodies</i>	51.4	<i>Senior workers</i>	4.0
<i>Local executive bodies</i>	48.6	<i>Middle management</i>	90.7
		<i>Lower level workers</i>	5.3

Field of activity		Education	
<i>Justice</i>	33.1	<i>University PhD degree</i>	1.6
<i>Ecology, geology and natural resources</i>	16.7	<i>University Master's degree</i>	7.0
<i>Finance</i>	7.3	<i>University Bachelor's degree</i>	86.8
<i>Healthcare</i>	7.0	<i>Community college degree</i>	4.7
<i>Agriculture</i>	4.3		
<i>Economy, entrepreneurship</i>	2.5	Length of government service	
<i>Culture and sports</i>	2.2	<i>Up to 1 year</i>	5.4
<i>Information and community development</i>	1.9	<i>1 to 5 years</i>	13.7
<i>Labor and social protection</i>	1.9	<i>5 to 10 years</i>	22.8
<i>Judicial system</i>	1.0	<i>10 years and above</i>	58.1
<i>Trade and integration</i>	0.8		
<i>Industry and infrastructure development</i>	0.6		
<i>Other</i>	15.9		

The survey consisted of 5 sections: awareness of the general concepts of risk management; the practice of the application of risk management; the need to use identification and the economic and statistical analysis of risks; the automation of risk management processes; and the need for training or increasing the competence of civil servants in matters of risk management.

Results and discussion

The results of the survey of civil servants indicate that of the 771 respondents, 14.8% have no familiarity with the concept of risk management, 46.4% have heard of risk management but do not possess specific knowledge, 32.7% are familiar with the basic concepts, methods, and principles of risk management, and 4% regularly study risk management topics.

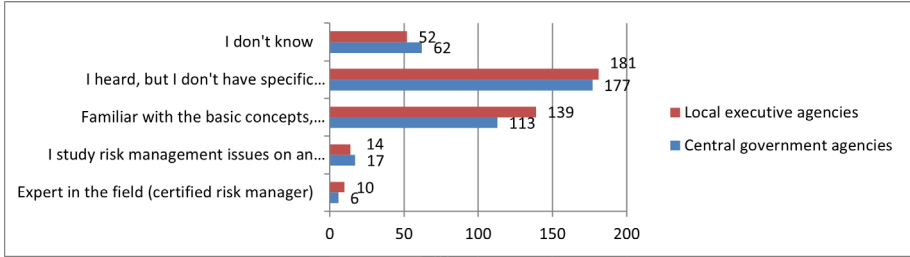


Figure 1. Awareness of the concept of risk management
(source: authors' research results)

Additionally, only 2% are experts in the field of risk management (certified risk managers), confirming the hypothesis that the system of government service lacks qualified and competent specialists in risk management (Figure 1).

During the survey of government officials, it was found that 16.7% (Figure 2) anticipate the possibility of increased bureaucratic procedures in the event of using risk management tools such as risk identification and economic-statistical risk analysis. This indicates a low level of risk culture and a lack of organizational preparedness to utilize these tools.

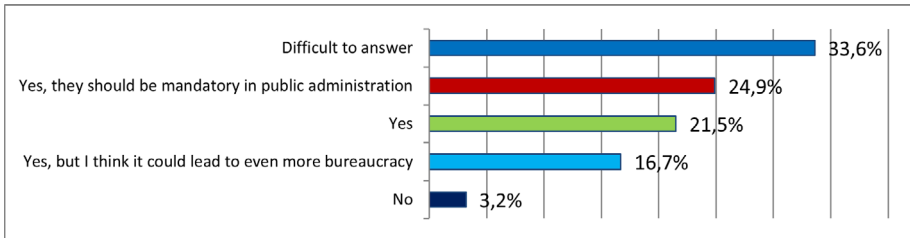


Figure 2. The need for identification and economic-statistical risk analysis
(source: authors' research results)

When making management decisions, the majority of respondents (57.8%) often take into account risks and take measures to prevent them, 13.5% sometimes do so, 13.6% only take measures at high levels of risk, 11.4% do not take into account risks, and 3.6% note risks, but do not take measures. Therefore, it can be concluded that every third managerial decision is made without fully and properly considering risks and their consequences.

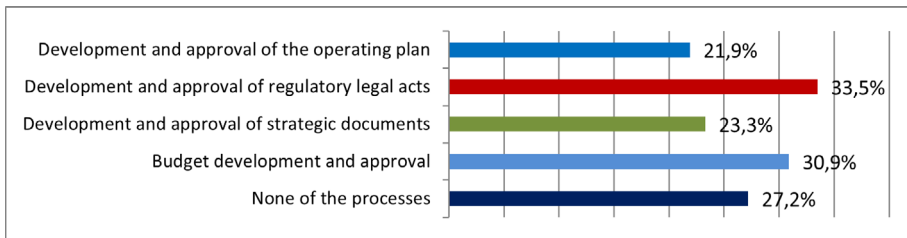


Figure 3. The level of integration of risk management into business processes
(source: authors' research results)

One of the most effective methods of implementing risk management is the use of information systems. Certain departments utilize specially developed applications or software to assess the level of risk. By employing specific algorithms, considering the institution's work specifics, and analyzing data through these systems, it becomes possible to calculate risks in any area of government agency operations. The use of applications and artificial intelligence can enhance the efficiency and effectiveness of specialists responsible for risk management.

During the survey, the state of automation in risk management processes in government institutions was also examined. The results revealed a low level of automation (Figure 4).

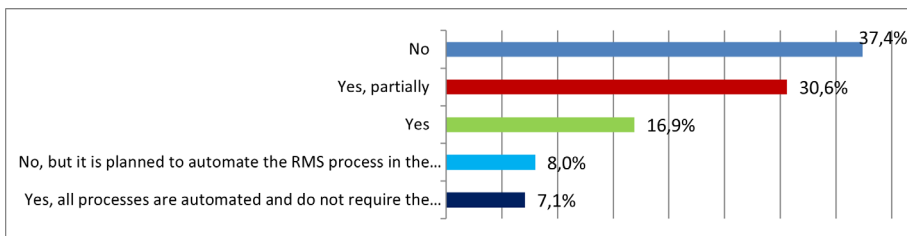


Figure 4. The degree of automation in risk management processes
(source: authors' research results)

The survey results indicate a need for training and expanding knowledge and skills in the field of risk management among public servants in Kazakhstan. Specifically, 26.2% of the respondents expressed a desire to undergo training in the short term, while 16.2% would do so in the medium term. Among the respondents, 42% answered “maybe” regarding the need for training and competence enhancement in risk management. Only 8.3% of the public servants stated that they do not wish to undergo training, while 7.3% expressed an interest in long-term training opportunities.

The implementation of new management methods and the improvement of administration in public governance require openness and readiness from the organization, including

changes in organizational culture and structure as well as the increased responsibility and mobility of employees. Among the respondents, 18.1% noted that their organizations meet these requirements and are in the process of improving their management practices. Likewise, 28.9% of the public servants believe that their government agencies have a sufficiently high level of openness and readiness. One-third of the respondents expressed the opinion that their department is partially prepared for changes and reforms in the public service system. A separate group of employees comprising 15.2% of the sample assumed that reforms in their organizations are implemented only due to instructions from higher authorities. The lowest readiness score for reforms was indicated by 5.4% of the respondents.

Thus, based on the analysis of the results of an empirical study conducted among civil servants at various levels, it can be argued that:

1. Awareness of the concept of risk management among civil servants does not meet the requirements of modern public administration. The lack of professional competencies in the field of risk management among the majority of government officials necessitates the implementation of systematic measures to prepare competent government officials.
2. In the practice of applying risk management methods, there is a low organizational culture among the participants in this process.
3. When determining the level of integration of risk management tools into the activities of the state apparatus, a high degree of implementation in the processes of development and approval of normative legal acts, budget and other strategic documents was established. However, according to the respondents, some regulatory legal acts do not always allow for proper risk assessment due to excessive regulation and duplication, which does not contribute to the improvement of the work of the state apparatus.
4. The degree of automation of risk management processes in the digital government environment requires new technologies and approaches that take into account global trends in the development of information technologies.

The basic competencies of risk managers in the public service system include the ability to identify risks and group them based on manageability and their level of impact. Public servants should properly weigh the existing external and internal risk factors and causes. When determining risk management strategy, employees should be guided by the organization's strategic goals and should not be influenced by external trends or interests. Additionally, organizational leadership should consistently motivate employees to mitigate risks and make informed decisions, taking into account the risks and their consequences.

Unfortunately, a risk management system is currently not established in the government organizations of Kazakhstan. The implementation of risk management, including the development of a risk management policy, is necessary, along with the establishment of a dedicated risk management unit or department responsible for coordinating risk management processes within the government organization.

At the same time, it is important to take into account the notion that the risk manager must have systemic knowledge, competencies and skills in the field of risk management. In particular, this includes: the skills to conduct stress testing of various types of risk; the constant control, monitoring and building of a risk management process; planning and coordinating the activities of the state body for risk management in accordance with its strategic goals, etc.

A special role is played by the constant growth of the professional and personal competencies not only of the risk manager, but also of all employees involved in the process of implementing the organization's strategic objectives through advanced training, training in specialized thematic areas, and self-study.

Regarding the formation and development of a culture of risk management in a government agency, this process involves embedding elements of risk management policy into the decision-making process. In general, the level and quality of risk management implementation can be included as one of the indicators for evaluating the effectiveness of any state body.

Conclusions

The Government of Kazakhstan faces the tasks of increasing the efficiency of state regulation, conducting quality analysis for managerial decision-making, improving the level of provision of public services, and implementing national projects to enhance their multiplicative effect. However, the effectiveness of these measures can only be achieved by considering the risks involved and implementing measures aimed at mitigating or reducing their negative impact.

In Kazakhstan, the experience of using risk management in public administration has only been applied recently, which means there are challenges regarding its effectiveness and optimality. There is a need to study international practices of implementing risk management in public governance and to gradually introduce them, considering the specifics of state strategic planning.

In this scientific article, a study of the level of development of risk management in the state bodies of Kazakhstan, the mechanics of its application, and the competencies of employees was conducted. The results of the study allow us to form the following conclusions.

1. The analysis of the regulatory framework and the practice of risk management in public institutions indicates a lack of a unified methodological framework and the impossibility of its application in all spheres of state regulation. Instead, state bodies develop legal acts based on their own understanding of risk management, which in turn reduces the effectiveness of interactions between them. As the current situation shows, there is a need to transform positive foreign experience in the development of government risk management, taking into account the sociocultural, economic,

and political processes of modern Kazakhstan. Accordingly, it is necessary to develop a regulatory legal act in Kazakhstan to determine common approaches to risk assessment and the control and order of organization of risk management units. This will optimize risk management processes.

2. A comprehensive set of measures to improve risk management in government agencies includes the preparation and training of qualified specialists. Considering that the public service system has several differences from the corporate sector, relying solely on external experts may not always be a satisfactory option. This conclusion is supported by the results of a survey conducted among current government officials in Kazakhstan. Therefore, it is necessary to develop a program for training certified risk management experts based on the Academy of Public Administration under the President of the Republic of Kazakhstan.
3. The issue of the level of development of corporate culture – in particular, the openness of institutions to the introduction of innovative public administration technologies – should be considered in the context of de-bureaucratization and the formation of new principles of work for state bodies, since the lack of interaction between structural units and bureaucratic barriers does not allow the potential of risk management to be fully exploited.

Despite significant attention from scholars being directed towards identifying risks in public administration and the corresponding conditions and factors of their management, taking into account the national peculiarities of socio-cultural development in Kazakhstan, unified approaches to justifying risks in the field of public administration have not been developed to date. This highlights the relevance of our research.

At present, risk management in the system of public administration of Kazakhstan is limited to identifying risks, but there is no analysis of their impact or the planning of measures to prevent them. The government takes measures to address consequences, but does not work on addressing the root causes of these problems. For example, regarding the problem of the high rate of alcohol consumption among young people, the government has introduced age restrictions on the sale of alcoholic beverages to reduce this indicator. However, it has not taken measures to identify the causes of underage drinking and prevent this process from occurring.

A central role in public administration should be given to the system of risk evaluation, management, and reduction. The main task of risk management as an element of public administration is to make effective decisions, create necessary conditions, and plan actions, all the while taking into account risks in order to reduce their potential negative impact on planned outcomes. Thus, the application of risk management in the field of public administration allows for identifying risks, determining risk factors and sources, establishing the nature and content of threats, assessing the degree and probability of hazards, and ultimately determining the best plan of managerial actions.

In order to advance the theory and practice of risk management in public administration,

there is a need for the development of a Risk Management Concept and the regulation of competencies for risk management specialists.

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RIZIKOS VALDYMAS KAZACHSTANO VIEŠAJAME SEKTORIUJE: DABARTINĖ PADĖTIS IR PLĖTROS GALIMYBĖS

Anotacija. Rizikos valdymo sistema tiek Kazachstano, tiek daugelio kitų šalių valstybinėse institucijose tampa ypač aktuali ir moksliskai problemiška, nes nacionaliniuose projektuose ir plėtros planuose nustatytos užduotys dažnai įgyvendinamos neapibrėžtumo ir veiksmų įvairovės sąlygomis, todėl gali būti sunku tiksliai nustatyti ir kiekybiškai įvertinti riziką priimant valdymo sprendimus.

Remiantis moksliniais požiūriais į rizikos valdymą viešajame sektoriuje, šiame straipsnyje bandoma iširti Kazachstano valstybės tarnautojų pasirengimo įgyvendinti rizikos valdymo būklę ir nustatyti darbuotojų bazinių kompetencijų spektrą bei organizacinės

kultūros lygį, nes organizacijų kultūros ir struktūros skirtumai gali turėti įtakos sėkmingam rizikos valdymo įgyvendinimui viešojo administravimo lygmeniu.

Analizuojant minėtą problemą taikytas kiekybinis mokslinio tyrimo metodas – apklausa. Ji leido padaryti išvadas ir apibendrinti didelę respondentų grupę – Kazachstano valstybės tarnautojus, apie 70 000 darbuotojų. Apklausa buvo atlikta naudojant internetinę platformą, buvo konfidencialaus pobūdžio, todėl tyrimo rezultatai pasižymi reprezentatyvumu ir patikimumu.

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DECENTRALIZATION IN INDONESIA: FROM REFORMATION TO THE LOCAL REGIME

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DOI: 10.13165/VPA-24-23-2-09

Abstract. *In post-democratic development, decentralization is considered as a way to realize both economic and social equality. This is stated in the Indonesian constitution and is the aim of ongoing reforms. In line with the many post-reformation divisions of the new autonomous regions, it transpired that there were many problems regarding the strengthening of local centralization, which identified local regimes in these new autonomous regions. This study focuses on how the segregation that occurs within regional autonomy leads to an arena of power for the local regime in producing local power, and has even been made the symbol of families and groups. This symbol of power has regenerated from the beginnings of the post-reform period until the simultaneous regional elections in 2020. This research uses a case study approach to assess three new autonomous regions after the reformation: the Riau Islands, South Sumatra, and Banten. A comparison of the power arena model is conducted in each region, and these findings explain how the strengthening of the local regime is regenerated through various forms of power. This research is also able to reveal that regional expansion is a contestation arena for the perpetuation of local regimes in several regions in Indonesia, and to explain this phenomenon.*

Keywords: *decentralization; new autonomous regions; arenas of power; local regime.*

Reikšminiai žodžiai: *decentralizavimas; nauji autonominiai regionai; valdžios stiprėjimas; vietos režimas.*

Introduction

Twenty-five years ago, on May 21, 1998, President Soeharto announced his resignation at the State Palace. This resignation paved the way for the democratization process in Indonesia because, previously, large demonstrations demanding a change in the fundamentals had occurred continuously since 1996. The change towards democracy in Indonesia is considered a positive development by non-profit research institutions, state officials, and even several scholars from both within and outside the country. Diamond (2008), for example, explained that Indonesia is one of the few countries that has democratized and developed a strong democratic regime even in the midst of a wave of significant problems and challenges: “Some new democracies are holding their own (like Mali) and even making progress (like Brazil and Indonesia) in the face of enormous accumulated problems and challenges.” Two years after the resignation of Soeharto, Freedom House (2010) published a report stating that Indonesia is the only country in Southeast Asia that is categorized as “free.”

The praise of the international community was well earned: from 1994 to 2010, Indonesia held three legislative elections (in 1999, 2004, and 2009) and two direct presidential and vice-presidential elections (in 2004 and 2009) that were considered democratic, along with holding hundreds of regional head elections since mid-2005 (Pilkada). Furthermore, the press is becoming more open, and it is becoming easier for the public to establish organizations or political parties, so the growth of citizens’ political participation is becoming autonomous.

However, after receiving praise from the international community, Indonesian democracy has unfortunately stagnated, and has even regressed (Aspinall and Berenschot 2019; Aspinall and van Klinken 2011; Aspinall et al. 2015; Liddle 2014; Power and Warburton 2021; Tomsa 2010). This reversion has most likely been caused by a combination of factors, including corruption, destructive political polarization, the cartelization of political parties, the marginalization of minority groups, intolerant behavior, and the strengthening of hate speech and hoaxes (Aspinall and Berenschot 2019; Aspinall et al. 2015; Power and Warburton 2021).

In addition, local elections and the implementation of decentralization have also experienced a regression that has led to new elites in local regimes (Berenschot et al. 2021). This occurs not only at the provincial and district/city levels; it is also surprisingly prevalent at the village level. At this level, local regimes and elites were born and developed in the decentralized time of the reformation era. Other things that emerged from post-reform decentralization in Indonesia include the strengthening of the fragmentation of local power,

producing social and economic gaps, inequality, political dynasties, violence and fear, all of which compete in an arena of power and the struggle for capital accumulation (Lucas 2016; Tadjoeddin et al. 2015; van Klinken 2007; Diprose et al. 2019).

Based on the process mentioned above, this article portrays the progress of decentralization in Indonesia in the post-new order democratic process. Without claiming to be fully comprehensive, this research will discuss how decentralization produced a clientalistic local power arena in which each region is part of a patron-client model based on a monopoly over resources. The article will also consider de-democratization in Indonesia, starting from the elite capture activities that occurred in various regions and discussing the construction of local regimes that rule over their territories through post-reformation decentralization (Berenschot 2018; Lucas 2016). This article will begin with a conceptual discussion of decentralization (which turns out to be two-faced). Research methods will then be presented, followed by a discussion on decentralization in the reformation era. The paper concludes with an analysis of decentralization and democratic regression at the local level. In this article, the authors also discuss the issue of Pilkada and the formation of new autonomous regions (*Daerah Otonomi Baru/DOB*), which are an integral part of the decentralization project in Indonesia.

1. Literature Review

Decentralization as a political practice is in great demand in a nation that has long been entangled in the frightening centralization of power, both authoritarian and dictatorial. Not only in the context of practice, but also conceptually, decentralization is seen as a way out for a geographically large country to increase governmental accountability and effectiveness in serving the public. Decentralization is also seen as an attempt to achieve “increased participation by ethnic minorities and social groups excluded under semi-democratic and authoritarian rule” (Willis et al. 1999, 7). Confirming the previous statement and citing the case of the East Asia Region, White and Smoke (2005) stated that decentralization has provided space for the majority of the development in this area: “Before 1990, most East Asian countries were highly centralized; today, subnational governments have emerged as the fulcrum for much of the region’s development (...) though East Asia’s decentralization has come later than in some other parts of the world, it is now here to stay.”

It can be concluded that decentralization has an effect on openness, accountability, wider participation, and development (on a large scale), which leads to democratization at the local level. As stated by Cheema and Rondinelli (2007, 1), decentralization is defined as “the transfer of authority, responsibility, and resources – through deconcentration, delegation, or devolution – from the center to lower levels of administration.” Cheema and Rondinelli’s perspective is echoed by Selee (2011, 13), who observed that decentralization is “the increase in subnational governments’ authority over functions, powers, and resources

and in their autonomy in decision making relative to the national government.”

Therefore, it is not surprising that since the beginning of the reformation the government of Indonesia has implemented a decentralization policy that is conceptually full of advantages. This implementation was even appreciated by USAID (2000, 17), who noted that “Indonesia is moving rapidly from years of tight central control to a far more decentralized and autonomous system of local government.” According to a USAID report, decentralization has created a basis for more democratic central and local government that is accountable, reliable, and effective. Indonesia’s decentralization is also viewed positively by the World Bank through its study agency, the Consultative Group on Indonesia (CGI) (in Hadiz 2010, 20), which stated that the implementation of decentralization is “crucial for Indonesia as a nation,” and represents an important step in the democratization process in the country.

The essence of the institutionalization of decentralization in Indonesia is oriented towards efforts to reduce the authoritarian concentration of power (as happened in the new order era) through the delegation of authority to regional power (governments) in order to create a democratic government. This step is also a response to the geographical context of Indonesia, which is composed of large islands, as well as an answer to the very diverse ethnolinguistic conditions in the country. Unfortunately, however, the dream of a more democratic future is slowly fading away. This is because decentralization actually encourages the rise of local traditions and customs, and fosters the emergence and consolidation of regional patronage networks that often increase rents and are very predatory (Hadiz 2010; Agustino 2010; Aspinall and Berenschot 2019; Nordholt and van Klinken 2007) – as is often the case in countries emerging from centralized authoritarianism (Arghiros 2001; Lacaba 1995; McCargo 2007). Put differently, decentralization in Indonesia has contributed to unforeseen problems or unthinkable consequences, many of which are discussed in this article.

The benefits of the openness of the decentralization era in Indonesia were unfortunately taken over by the local regime power model, as illustrated in Figure 1. The post-Soeharto era was originally intended to foster open access to freedom, with electoral democracy as a tool creating these ideals. In some cases in certain regions, as discussed by several studies (Lucas 2016; Dau 2022), there was in fact a kind of takeover of the idea of democracy at the regional level in Indonesia (Mas’oed and Savirani 2011; Muhtadi 2019; Tadjoeddin et al. 2015). The failure to re-consolidate the goals of democracy and strengthen the ideas of economic liberalization has had a direct impact on the activities of electoral democracy, which provides full autonomy to every region in Indonesia.

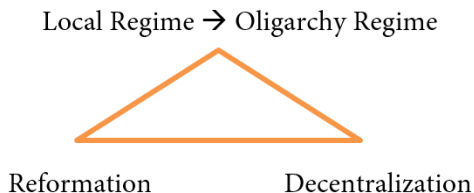


Figure 1. Decentralization Dialectic in Indonesia
(Source: compiled by the authors)

2. Materials and Methods

This research combines case studies with comparisons from several regions that held simultaneous regional elections in 2020. The methodology of this research tries to elaborate on the comparative politics approach of several subnational political studies in Indonesia. By referring to some of the results achieved when applying comparative politics to a national comparative model (Kitschelt 2000; Kitschelt et al. 2009; Kitschelt and Wilkinson 2006), this comparative model, in seeing how the local regime meets the arena of clientelism that occurred during the era of decentralization in Indonesia, allows researchers to dig deeper. This approach also reflects the idea that the emergence and formation of local regimes in the post-Reformation era cannot be separated from the regional expansion model, which was initially oriented towards autonomous regions (DOB) and the local regime that already existed.

The areas chosen for case studies were the Riau Islands, South Sumatra and Banten after the Reformation. The third pillar of this research involves seeking to obtain a detailed and in-depth picture related to the case being studied, and this process is occurring elsewhere in Indonesia as this paper is written. A collective case study involves examining more than one case related to the local regime in the three regions, each of which have their own characteristics, all of which have seen regeneration, and all of which still experience various forms of power imbalance. This case study illustrates that the reform era, by providing space for decentralization with efforts to realize social and economic justice in accordance with the constitution, actually opened up space for strengthening local centralization, which became the identity of the local regime in the newly developing region.

The comparison carried out by the researchers provides an overview of the existence of local regimes that were regenerated with the birth of reform, where the three selected regions provide an illustration of the strengthening of local regimes but display different forms along the way. Data collection was carried out using secondary data through literature, including journals, news media, and state documents such as regulations and reports

related to this research. The data that was obtained was then reduced to in order to select and focus attention on the research being carried out.

Therefore, several aspects of decentralization in the reformation era are explained, with decentralization viewed as a new arena of power in the formation of new autonomous regions (DOB). Furthermore, the notion of decentralization and democratic regression at the local level provides some data on the formation of local regimes with various patterns, including the presence of political dynasties, as shown in Table 1. Research on the emergence of local regimes in the decentralization era explains how decentralization and regional expansion are regenerating power arenas in local regimes. The conclusions of this study are presented alongside a final overview of the issue.

Table 1. *Comparison Each Region*

Positioning	Riau	South Sumatra	Banten
Title	Province	Province	Province
Wealth	Natural Resources	Natural Resources	Natural Resources
Number of Region	12	16	8
Ultimate Problems	Family Dynasty	Family Dynasties	Family Dynasties

(Sources: compiled by the authors)

3. Results and discussion

3.1. Decentralization in the Reformation Era

The administration of President B. J. Habibie formulated Law No. 22 of 1999 concerning Regional Government (UU Pemda) together with the Ministry of Home Affairs and parliament with the aim of achieving the substantial devolution of powers to bring government closer to the people and to promote greater transparency, in keeping with the World Bank's notion of good governance. Accordingly, governors, regents, and mayors are no longer appointed centrally, but are elected autonomously by regional parliaments.

Through this law, the role of the central government is that of an overseer or watchdog. The central government is only responsible for certain specific areas of authority: foreign policy, defense and security, the judiciary, monetary and fiscal policy, religion, national planning and the control of macro-national development, financial balance funds, the state administration system and state economic institutions, fostering and empowering human resources, the utilization of natural resources and strategic technology, conservation, and national standardization (Article 7(1)–(2)). The Regional Government has duties in relation to public works, education, culture, health, agriculture, transportation, industry, trade,

investment, environment, cooperatives, labor, and land (see Articles 10 and 11).

In addition to the Regional Government Law, Law No. 25 of 1999 concerning Fiscal Balance between the Central and Regional Governments was formulated by the Ministry of Finance, which has a (fixed) centralized nature that is different from the Regional Government Law. This shows that the central government is trying to maintain its control over the main sources of revenue in the regions. This can be seen from the 70%–85% of state revenues derived from natural resources (SDA) in the oil and natural gas mining sector, which is produced from areas controlled by the central government (Article 6(6)). In addition, control over income tax (PPH), value added tax (VAT), import levies and export taxes, as well as foreign aid, is still maintained centrally. In terms of accumulation, the central government still controls 75% of all state revenues. Only 25% of this income is distributed to the regions, namely the General Allocation Fund (DAU), of which 90% is channeled to autonomous regions at the district and city levels (formerly called Level II Regions), while the provinces (Level I Regions) receive only 10% (Article 7). The criteria for the distribution of these funds are determined by population size, poverty level, geographical conditions, and price indexes. Nonetheless, President Habibie laid the foundation for improvements to local government in Indonesia at the beginning of the reformation era.

During Megawati's leadership, Law No. 22 of 1999 and Law No. 25 of 1999 were changed to Law No. 32 of 2004 concerning Regional Government and Law No. 33 of 2004 concerning the Financial Balance between the Government and Regional Government. In general, the most recent law (Law No. 33 of 2014) did not change much: in contrast to the Local Government Law, the key point was to neutralize the heavy legislature, which is considered to have harmed democratization at the local level. This is because, after the new Regional Government Law, the DPRD can no longer replace regional heads (especially regents and mayors) arbitrarily. In addition, in mid-2015, regional heads were no longer elected by DPRD members because this law established that regional heads (both governors, regents, and mayors) were directly elected by the people. This is in line with the presidential and vice-presidential elections introduced in 2004, after which the president and vice-president are no longer elected by the MPR but are elected by voters directly. Thus, the direct election of regional heads completes the knitting together of the electoral system in Indonesian politics: namely, direct elections are not only carried out at the national level, but are tiered from the village level (village head elections or *Pilkades* that have taken place decades before) to the next level; from the local level (elections of governors, regents, and mayors and their representatives) to the national level (elections of the president and deputy).

The DOB system also shows that there are various practices of exploitation of natural resources, where these practices occur openly to the public (Agustino 2014). The openness of these exploitative practices occurs because of access to power, as part of the strengthening of local power due to the regeneration of power among families. In Sumatra and Kalimantan, for example, logging in the post-new order era has become increasingly rampant

(McCarthy 2006; 2007). Referring to McCarthy (2007), the delivery of logs from logging is carried out openly using water transportation on the Barito River, and not a single official takes action. This activity is carried out not only by the local elite, but also by the central elite (who collaborate with local elites and businesses). Their ability to log brutally is due to the access that they maintain from the positions they held after the formation of new autonomous regions.

3.2. Decentralization and Democratic Regression at the Local Level

It is undeniable that the implementation of the decentralization process at the beginning of the reformation era was highly commended by many foreign institutions. The World Bank, Asian Development Bank (ADB), Gesellschaft für Technische Zusammenarbeit (GTZ), and the Ford Foundation, for example, all expressed their approval (Turner and Podger 2003). Moreover, Indonesia's decentralization deserves appreciation for producing very well-performing local officials. For example, Joko Widodo (former mayor of Solo and governor of DKI Jakarta, who currently serves as president of the Republic of Indonesia), Tri Rismaharini (former mayor of Surabaya, now minister of social affairs), Ridwan Kamil (former mayor of Bandung, now governor of West Java), Yoyok Riyo Sudibyo (former regent of Batang), Abdullah Azwar Anas (former regent of Banyuwangi), and several other individuals all distinguished themselves well in this field. Even so, the number of champions of democracy in the regions is minimal when compared to regional heads of a more nefarious character, which is one of the roots of democratic regression in the decentralized Reform era.

Referring to the argument above, although decentralization is the child of the democratization of the reformation era, in reality, democracy at the local level has not been adopted smoothly. This happened because democratization did not immediately eliminate authoritarian and predatory behavior, but instead succeeded in realigning these actors as reformist and democratic before they were elected by the public during regional head elections. It can therefore be concluded that decentralization has to some extent been captured by the interests of the local elite (who often work closely with the central elite). Agustino (2010) and Kenawa's (2013) studies on political dynasties; Aspinall's (2010) study on the persistence of primordial structures in the regions; studies by Warburton and Aspinall (2019) and Mietzner (2020) on populist mobilization, growing intolerance, and strengthening sectarianism; the study of Marta et al. (2019) on deteriorating civil liberties; and Hadiz's (2010) study of how executive power silences critics and suppresses the opposition in authoritarian ways – all show that the decentralization of the reformation era was carried out using old, undemocratic methods and logic. This condition once again signals that unthinkable consequences are a reality in the decentralization of the reformation era in Indonesia.

This condition explains at least five things. First, the strengthening of the consolidation of political dynasties in the regions so that candidates outside the dynasties do not dare to

come to the surface to compete in the Pilkada contestation. Second, there is the purchase of parties by regional political dynasties with the aim of preventing political parties from nominating names other than those proposed by political dynasties. Third, there is a lack of regeneration in political parties, as there are no potential candidates proposed by political parties to run in the election. If this is not seriously anticipated, then in the future it may weaken local democracy and strengthen political dynasties or family politics.

Table 2. *Names of Dynasties in Simultaneous Regional Elections in 2020*

No	Name (Position of Regional Head/ Deputy Regional Head)	Period	Family Relation
1	Marlin Agustina (deputy governor of Riau Island)	2021–2026	Wife of Batam's mayor (2016–2021 & 2021–2026); Muhammad Rudi
2	Rahmad Mas'ud (mayor of Balikpapan)	2021–2026	Relatives of Penajam's regent (2018–2023): Abdul Gafur Mas'ud
3	Saifullah Yusuf/ Gus Ipul (mayor of Pasuruan)	2021–2026	Siblings of Pasuruan's regent (2013–2018 & 2019–2024): Irsyad Yusuf
4	Aditya Mufti Ariffin (mayor of Banjarbaru)	2021–2026	Son of South Kalimantan's former governor (2005–2010 & 2010–2015): Rudy Ariffin
5	Kusnidar Untung Yuni Sukowati (regent of Sragen)	2016–2021 & 2021–2026	Daughter of Sragen's former regent (2001–2005 & 2006–2011): Untung Wiyono
6	Adnan Purichta Ichsan (regent of Gowa)	2016–2021 & 2021–2026	Son of Gowa's former regent (2005–2010 & 2010–2015): Ichsan Yasin Limpo
7	Irna Narulita (regent of Pandeglang)	2016–2021 & 2021–2026	Wife of Pandeglang's former regent (200–2005 & 2005–2009): Rd. Achmad Dimiyati Natakusumah
8	Ratu Tatu Chasanah (regent of Serang)	2016–2021 & 2021–2026	Siblings of Banten's former governor (2007–2011 & 2011–2015): Ratu Atut Chosiyah
9	Kustini Sri Purnomo (regent of Sleman)	2021–2026	Wife of Sleman's former regent (2010–2015 & 2016–2021): Sri Purnomo
10	Etik Suryani (regent of Sukoharjo)	2021–2026	Wife of Sukoharjo's former regent (2010–2015 & 2016–2021): Wardoyo Wijaya

11	Sri Hartini (regent of Klaten)	2017–2021 & 2021–2026	Wife of Klaten's former regent (2005–2010 & 2010–2015): Sunarna
12	Mukti Agung Wibowo (regent of Pemalang)	2021–2026	Siblings of Brebes' regent (2012–2017 & 2017–2022): Idza Priyanti
13	Ipuk Fiestiandani (regent of Banyuwangi)	2021–2026	Wife of Banyuwangi's former regent (2010–2015 & 2016–2021): Abdullah Azwar Anas
14	Sri Juniarsih Mas (regent of Berau)	2021–2026	Wife of Berau's former regent (2016–2021): Muharram
15	Asmin Laura Hafid (regent of Nunukan)	2021–2026	Daughter of Former Nunukan' (2001–2006 & 2006–2011): Abdul Hafid Achmad (Bapak)
			Daughter of chairman of Parliament of Nunukan (2019–2024): Rahma Leppa (Ibu)
16	Safitri Malik Soulisa (regent of South Buru)	2021–2026	Wife of South Sulu's former regent (2011–2016 & 2016–2021): Tagop Sudarsono Soulisa
17	Hasan Ali Bassam Kasuba (regent of South Halmahera)	2021–2026	Son of South Halmahera's former regent (2005–2010 & 2010–2015): Muhammad Kasuba
			Nephew of North Maluku's governor (2014–2019 & 2019–2024): Abdul Ghani Kasuba
18	Lanosin Hamzah (regent of Ogan East Komering Ulu)	2021–2026	Siblings of South Sumatera's Governor (2018–2023): Herman Deru
			Herman Deru is also East Ogan Komering Ulu's former regent (2005–2010 & 2010–2015)
19	Pilar Saga Ichsan (vice mayor of South Tangerang)	2021–2026	Son of Serang's regent (2016–2021 & 2021–2026): Ratu Tatu Chasanah
20	Herry Erfian (vice regent of Central Bangka)	2021–2026	Siblings of Bangka Belitung Island's governor (2017–2022): Erzaldi Rosman
			Erzaldi Rosman is also a former regent of Central Bangka (2010–2015 & 2015–2017)

Source: compiled from a range of sources by the authors

In line with political dynasties and single candidates, what makes decentralization regress is the emergence of a “shadow government” or “shadow state.” For example, in Banten

Province during the reign of Ratu Atut, the shadow government was far more powerful than the formal government itself (Masaaki and Hamid 2008; Agustino 2010). The determination of who is the head of the service, which companies receive tenders, which institutions “deserve” to receive grants or social assistance (Bansos), and so on, is largely down to the will of the shadow government. As a result, the political-economic cycle in the regions does not move far – it revolves around the dynasty itself or the elites who are considered loyal to it. This emerged as a form of guarding loyalty to bureaucrats or elites in the regions to keep them working for the benefit of the dynasty. The shadow government in Bengkulu Province works along these lines. Agusrin Maryono and H. M. Syamlan (governor and deputy governor, respectively, for the period of 2005–2010), as well as staff from each supporting party, create the shadow state there (Santoso et al. 2018). This team was later known by another name, the “Special Staff for the Governor,” whose roles were to: (i) discuss bureaucrats who deserved to be promoted or should be demoted (so that their role in the rotation and transfer of positions was much stronger than that of the Position Advisory Board); ii) disseminate APBD-initiated projects; and (iii) act as a liaison between the governor and mass organizations, political parties, and journalists (Hidayat 2006). A similar context also occurred in Kutai Kertanegara Regency when Rita Widayarsi led (2010–2017), where Team 11 became a significant shadow state (Santoso et al. 2018).

Fourth, the weakening of civil society. Whereas the civil society is notionally a very important defender of democracy in fighting against undemocratic regimes or elite competitors who are anti-democratic, in truth it can be said that civil society is a barrier for political reform towards democracy. In decentralized Indonesia, the weakening of civil society must be understood from two perspectives. The first perspective is the co-opting of political dynasties by civil society groups (who depend on them) so that civil society is devoid of a response to various government policies, which may be detrimental to citizens. These groups seem silent when a policy is a dynastic initiative, and will shout loudly if policies (produced by parliament) are not in line with the interests of the dynasty.

Fifth, the regression of decentralization in the reformation era was also caused by a number of poor public services. It is little wonder that some scholars state that democratization at the local level has created a wide area for political actors to show off on the campaign trail, claiming that they can solve most of the problems in the regions. These actors also offer various policies and solutions to citizens so that they are attracted to them and vote for them during the Pilkada. However, it would be naive if we were to immediately assume that these changes would be realized in the form of public services if the actor were elected. In reality, the public often receives illegal levies that continue to spread, or in the case of services that should be free, it is common to find additional costs for beneficiaries, and so on, causing public complaints (Rosser 2012). The question then becomes: Why did this happen? It must be understood that the emergence of policies with populist nuances is the result of the logic of electoral politics (Pilkada). This logic explains that the Pilkada has become an arena for the war of promises, where actors compete with each other to offer

various programs to win the hearts of voters without necessarily fulfilling these obligations. In short, pseudo-populism (as depicted above) has become a real issue in Indonesia's decentralization, and this has contributed to a reduction in democracy at the local level, thus weakening the decentralization process in Indonesia during the reformation era.

3.3. The Local Regime and Regeneration in Decentralization Era

In the clientalistic model of high-cost politics (Cruz 2019; Berenschot et al. 2002; Diprose et al. 2019; Muhtadi 2019; Stokke 2017), decentralization and the formation of new autonomous regions are an arena in which the local regime develops and maintains its power structure. What happened in several areas, such as in the provinces of Banten, Kalimantan, Sumatra, and Central Java, is a consequence of the electoral democracy model, which identifies the capital development model (Diprose et al. 2019). In all of the developments of the growing clientalistic model, the family is the main model that emerges in various regions, where local rulers grow and develop through new regional autonomy (Masaaki and Hamid 2008).

The regeneration of every family is inevitable, starting from the husband, wife, children, and colleagues (Angeles 1999), all of whom occupy or continue the tradition of power for the benefit of family groups. Local regimes emerge in much the same way through arena of power that grows through the symbols attached to the culture of each region. Thus each local regime has its own power structure and territory of power, and decentralization became an arena of power that produced many local rulers. This has become part of the democratization project in Indonesia, which is now controlled by a group of local rulers with an elite capture agenda (Mahpudin et al. 2021; Lucas 2016). This group monopolizes the public agenda into the agenda of group interests, seizing social and monetary capital in every region in Indonesia. This is in line with the argument of Winters (2011:6), who observed that "command and control of the resources [is] for personal rather than institutional gain."

Table 3. *Dynasty Regeneration During the Reformation Era*

No	Region	Name	Position	Modality
Riau Island Province				
1	Batam City	1 Muhammad Rudi (husband)	1. Regional Council of Batam 2009–2010 2. Vice mayor of Batam 2011–2016 3. Mayor of Batam 2016–2021	1. Head of DMI Batam City dan DMI Riau Island 2. Chairman of the Shura Council PW GPII Riau Island 3. Head of DPC (Region Representative) Nasdem Batam City 4. Head of DPW (Region Representative) Nasdem Riau Island
		2 Marlin Agustina (wife)	1. Deputy governor of Riau Island 2021–2024	1. Head of PKK Batam 2016–2021 2. Head of Pikori Batam 2019–present 3. Head of Bunda Paud 2016–2021
2	Tanjung Pinang City	1 Lis Darmansyah (husband)	1. Mayor of Tanjung Pinang 2013–2018 2. Regional Council of Riau Island Province 2019–2024	1. Hospitality business 2. Head of Banteng Muda Indonesia Kepri 3. Secretary of DPD PDIP Kepri
		2 Yuniarni Weni Pustoko (wife)	1. Regional Council of Riau Island Province 2014–2019 2. Regional Council of Tanjung Pinang City 2019–2024	1. Wife of Lis Darmansyah 2. Chairman of Jantung Sehat Riau Island Province

South Sumatera Province

1	East Ogan Komerling Ulu Regency	1	Herman Deru (elder siblings)	1. East Ogan Komerling Ulu regent 2005–2010 and 2010–2015 2. Governor of South Sumatera province 2018–2023	1. Wealth of 38 billion rupiah 2. Treasurer of Yayasan Trisna Negara 3. Board of Sponsors of STIE Trisna Negara 4. Head of DPW (Region Representative) Nasdem South Sumatera 5. Komerling Tribe
		2	Lanosin Hamzah (younger siblings)	Regent of East Ogan Komerling Ulu 2021–2024	1. Undergraduate association coordinator NU OKU Raya 2020-2021 2. Primary Honorary Citizen of “Persaudaraan Setia Hati” 3. Expert Council of Forum Koordinasi Pelopor Perdamaian 2020–2022 4. Banser Honorary Member 5. Chairman of the Expert Council of DPD Nasdem East Ogan Komerling Ulu
2	Ogan Ilir Regency	1	Mawardi Yahya (father)	1. Regent of Ogan Ilir 2005–2010 and 2010–2015 2. Deputy governor of South Sumatera 2018–2023	1. Chairman of Parliament Ogan Ilir (two periods since 1999–2005) 2. DPRD OI 2005
		2	Ahmad Wazir (son)	1. Regent of Ogan Ilir 2016–2017	1. Wealth of 20 billion rupiah 2. Son of Mawardi Yahya

		3	Panca Wijaya Akbar (son)	1. Regent of Ogan Ilir 2021–2024	1. Scout of South Sumatera province 2. Head of Legal Affairs KONI South Sumatera 3. President director of PT. Limbersa 2015–2020
3	Prabumulih City	1	Ridho Yahya	1. Vice mayor of Prabumulih 2008–2013 2. Mayor of Prabumulih 2013–2018 and 2018–2023	Younger brother of Mawardi Yahya (deputy governor of South Sumatera)
Banten Province					
1	South Tangerang City	1	Airin Rachmy Diany	1. Mayor of South Tangerang 2011–2021	1. Sister-in-law of Ratu Atut Choisyah 2. Advisory Board of KNPI South Tangerang 2010–2013 3. Scouting Board of South Tangerang 4. Relawan Banten Bersatu (RBB/ United Banten Volunteers) Tangerang Raya Area 5. Committee of Dewan Koperasi Indonesia (DEKOPIN) Wilayah Banten
		2	Pilar Saga Ichsan	1. Vice mayor of South Tangerang 2021–2026	1. Son of Ratu Tatu, regent of Serang Regency 2. Nephew of Ratu Atut Choisyah 3. Leader of AMPG Banten 2015–2020 4. Wealth of 28 billion rupiah
2	Serang City	1	Tubagus Haerul Jaman	1. Vice mayor of Serang 2008–2011 2. Mayor of Serang 2011–2018	1. Stepbrother of Ratu Atut Choisyah 2. President director of PT. ARDADELI, 1990–2008 4. Head of Indonesian Chamber of Commerce and Industry (KADIN) Banten Province

3	Cilegon City	1	Tubagus Aat Syafaat	1. Mayor of Cilegon 2000–2005 and 2005–2010	1. Wealth of 21 billion rupiah 2. Head of Golkar Cilegon 3. Public figure in Cilegon
		2	Tubagus Iman Ariyadi	1. Mayor of Cilegon 2010–2015 and 2016–2017	1. Son of Tubagus Aat Syafaat 2. Head of DPD Golkar Cilegon
		3	Ratu Ati Marliati	1. Vice mayor of Cilegon 2019–2021	1. Daughter of Tubagus Aat Syafaat 2. Advisory Board of Forum Komunikasi Majelis Ta'lim, Cilegon City 2015–2020 3. Deputy chairman of DPD Golkar Cilegon, Women and Spirituality Division 2015–2020 4. Head of Dewan Pimpinan Daerah (DPD) Golkar, Cilegon City (24 December 2020–present)

Source: compiled from a range of sources by the authors

Table 3 provides an explanation of the regeneration of dynasties in several regions – especially in the new autonomous regions. For example, what happened in Banten, which became a province in 2000 after breaking away from West Java Province, shows how the Ratu Atut Chosiyah family (known as Atut) controlled Banten from the beginning (Agustino 2010; Masaaki and Hamid 2008) and have maintained power until the present day. Atut entered the political arena in 2001, when he was paired as deputy governor with Joko Munandar for the 2001–2006 period.

A critical question should be asked: Why do people not reject the emergence of a political dynasty in their respective areas? Referring to Hadiz (2010, 3), this is because they “have been able to usurp the agenda of good governance reforms, including that of decentralization.” Apart from Hadiz’s (2010) explanation, it can be argued that there is also a reluctance of the community to reject political dynasties because they still hope that the descendants of local rulers (who go to better schools, domestic or abroad) who become regional heads will change the way they lead to be more democratic, modern, and technocratic.

Conclusions

1. Decentralization is a result of reform. The authority to manage regions themselves, with their various potential resources, does not work in accordance with the

objectives of decentralization. There are various impacts that are expected to come with decentralization, ranging from the formation of an effective and accountable government – a government that serves – to the formation of a democratic civil society. First, as stated by the World Bank, USAID, GTZ, and other non-profit organizations, the decentralization process in Indonesia deserves praise because of the drastic changes that have been observed. However, decentralization has not delivered the results promised by the majority of its supporters. The reason for this is that regime change in Jakarta was successfully exploited by local elites (who often collaborated with central elites) to take maximum advantage of the power that had been delegated to the regions through the Regional Government Law and the Financial Balance between Regional Governments and the Central and Regional Government. Local elites succeeded in reorganizing and consolidating their political dynasties in the region. If they failed to build their dynasties, then the formation of a new autonomous region became the target area in which to realize the political-economic desires of the local elite. As a result, decentralization actually gave rise to political dynasties, corrupt practices, the weakening of civil society, and the promotion of intolerant behavior. This condition is a consequence that was not previously foreseen, and will continue to occur in the future.

2. From an international perspective, the decentralization regime in Indonesia can be viewed as an asymmetric democratic regime. Each region now has the autonomy to decide how it will be developed. On the one hand, this can be privilege that allows the region to choose what it wants; on the other hand, this can lead to the delusion of democracy, with some groups hijacking the political system through elite capture and the implementation of an oligarchy.

Acknowledgements

The authors would like to express their gratitude towards colleagues for their assistance and endless support during the process of writing this article. This research has received no funding and is free from conflicts of interest.

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DECENTRALIZAVIMAS INDONEZIJOJE: NUO REFORMAVIMO PRIE VIETINĖS VALDŽIOS GALIŲ STIPRĖJIMO

Decentralizacija, kaip postdemokratinės plėtros pastangos, yra laikoma būdu įgyvendinti tiek ekonominį, tiek socialinį teisingumą. Decentralizacija nurodyta konstitucijoje ir yra reformos tikslas. Po reformavimo daugybėje Naujųjų autonominių regionų paaiškėjo, kad buvo daug problemų dėl centralizavimo stiprinimo vietos valdžios lygmeniu. Šiame tyrime daugiausia dėmesio skiriama tam, kaip regionų autonomijoje vykstantys procesai padeda stiprinti vietos valdžios galių įtraukiant atskiras įtakingas šeimas ir interesų grupes. Šiame tyrime buvo naudojamas trijų naujų autonominių regionų, t. y. Riau salų, Pietų Sumatros ir Banteno atvejo analizės metodas. Palyginus galių stiprinimą kiekviename regione, galima būtų teigti, kad vietinės regioninės valdžios stiprinimas realizuojamas per įvairias valdžios formas. Šis tyrimas bent iš dalies paaiškino ir atskleidė, kad regioninė plėtra yra problemiškas procesas, nes yra sukuriami nauji galių centrai lokaliai valdžios lygmeniu.

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THE EFFECTS OF GOVERNANCE AND MULTIDIMENSIONAL POVERTY AT THE GRASSROOTS LEVEL IN INDONESIA

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DOI: 10.13165/VPA-24-23-2-10

Abstract. *The existing literature has predominantly focused on exploring how governance affects objective poverty measures; however, this study goes beyond by considering subjective poverty at the grassroots level, specifically in rural areas. Empirical analysis employing probit methodologies uncovers a positive and statistically significant correlation between governance quality and poverty. Notably, participation, accountability, public administration procedures, and e-government initiatives positively influence poverty levels. These findings highlight the importance of governance in improving the income and well-being of rural households. Furthermore, the study reveals that good governance practices have a positive impact on reducing the likelihood of poverty in rural areas, particularly among impoverished segments of rural communities. These results support the notion of a causal relationship between good governance and objective poverty, and shed light on the effects on subjective poverty. The study suggests several potential mechanisms through which this influence occurs, including the enhancement of e-government, participation, public administration procedures, and accountability. Districts with stronger village governance exhibit higher levels of participation and more effective decision-making processes that contribute to overall prosperity.*

Keywords: *good governance; poverty; developing countries; rural areas; Indonesia.*

Reikšminiai žodžiai: *„geras valdymas“; skurdas; besivystančios šalys; kaimo vietovės; Indonezija.*

1. Introduction

The relationship between governance and poverty has been a prominent topic for policymakers and researchers for many years. While several influential scholars have posited that good governance is a crucial driver of development (Das 2023; Idahosa and Abiodun Bakare 2022; Nguyen et al. 2021; Essounga Njan and Morgan 2020), there remains an ongoing debate regarding the direction of causality. Empirical findings on the relationship between governance and poverty are varied and inconclusive. The main point of debate lies between socialists who endorse the resource redistribution policy aimed at enhancing equality in society, and those who highlight the potential of policy to augment the individual's capacity to increase well-being (Blakemore and Warwick-Booth 2013). In terms of empirical evidence, while some studies reveal a positive correlation between good governance and poverty, others do not show such an association (Nguyen et al. 2021; Workneh 2020; Doumbia 2019).

Good governance is increasingly recognized as a pivotal factor for economic growth and human development in Indonesia, even locally (Karmakar and Jana 2023). Good governance can be conceptualized as a systematic process of making and implementing decisions that prioritizes poverty alleviation, demonstrates responsiveness to the community's needs, and ensures long-term sustainability through the effective formulation and implementation of policies (Pomeranz and Stedman 2020).

Rural areas in Indonesia exhibit a higher prevalence of poverty than their urban counterparts (Central Bureau of Statistics 2023). In response to this issue, the Indonesian government has implemented the Village Fund (*Dana Desa*) initiative to expedite development in rural areas through partnerships with local governments (Astika and Sri Subawa 2021; Eko et al. 2014). However, the disparity in poverty rates between rural and urban areas remains a pressing issue that demands further intervention and investigation.

Challenges remain in eradicating poverty in Indonesia, especially in rural areas (Hajad et al. 2023; Nurlinah, Haryanto, and Ansar 2024). Hence, it is imperative to consistently endorse and prioritize the implementation of policies and programs that bolster the principles of good governance and exhibit a high degree of receptiveness to the needs and aspirations of communities situated at the village level. Such initiatives can prove instrumental in achieving sustainable and equitable development, as they facilitate the mobilization of the resources and capacities of these communities and empower them to participate in decision-making processes that affect their lives and livelihoods. In addition, efforts should be made to improve rural communities' access to available resources and opportunities, such as education, healthcare, and jobs. These efforts are expected to help improve the welfare of rural communities and accelerate poverty reduction in Indonesia as a whole.

We investigate the complex relationship between governance practices and multidimensional poverty at the grassroots level in Indonesia. As the country grapples with various socio-economic challenges, understanding how governance dynamics influence poverty

outcomes is critical for effective policy formulation and implementation. Drawing on recent advances in governance theory and poverty measurement methodology, we synthesize the existing literature to explain recent developments in this field. Specifically, we examine the impact of governance factors such as participation, transparency, accountability, corruption control, public administration procedures, and public service delivery on subjective and objective poverty levels. Additionally, we analyze the linkages between governance mechanisms, socio-economic indicators, and contextual local factors to illustrate the different pathways through which governance structures determine poverty outcomes. By critically assessing the current state of research and identifying knowledge gaps, this article aims to provide insights that can inform evidence-based interventions and encourage sustainable development efforts in grassroots communities in Indonesia.

2. Methodological approach

2.1. Conceptual framework

This study was conceptualized based on the principles of good governance and the poverty index (see Figure 1). Most of the measurements employed by authors in this field utilize a governance index approach adopted from Kaufmann et al. (2010), while the poverty index is adopted from the poverty line of Indonesia Bureau of Statistics (2023) as an objective approach and the subjective approach is measured using a well-being index adopted from Deaton (2018). The presence of good governance captures perceptions of participation in local elections, transparency, accountability, controlling corruption, public administration, public services, and e-government, while poverty refers to the poverty line (minimum expenditure/consumption per capita per day) and perceived well-being, including factors such as income, housing, clothing, health care, and education.

Participation (PD) is considered to be an act involved in decision-making, and the fundamental act of decision-making at the grassroots level is the election of leaders or representatives. Participation is constructed based on how people choose governments and how the government is elected (Kaufmann et al. 2010; Dutta 2020). Transparency (TD) mainly reflects access to information and the extent to which people receive access to information from the government, including information related to poverty, such as lists of people who receive state aid and poverty budgets (Sathish 2020; Sarker et al. 2018). Accountability (AG) exists in the interaction between the community and government (Lakha, Rajasekhar, and Manjula 2015; Mishra 2016). For instance, the extent to which the intensity of the community communicates with the government and how the government responds to the community's needs both represent accountability (Musukhal et al. 2022). Control of corruption (CC) refers to how private interests co-opt public force (Véron et al. 2006; Dauda 2017). This factor questions how public funds are allocated and utilized, whether

there are additional funds for managing public services by the community to speed up the process of their affairs, and the level of commitment to controlling corruption. Public administration (PA) and public services (PS) reflect the quality of public administration procedures and delivery in public health, education, infrastructure, and law (Binh and Ha 2019; Nguyen et al. 2021). For instance, PA considers whether a community is satisfied or not, and the extent to which the quality of costly procedures is perceived by the community as having been achieved. PS reflects the extent to which high-quality public services are delivered by the government (Nguyen et al. 2017). E-government (EG) mainly refers to access to online public services (Mutula 2011) – for example, the availability of online platforms for public needs/inputs and the extent to which the government responds to these needs/inputs.

Poverty (PO) can be split into two: objective poverty refers to the recent absolute poverty line in Indonesia, which is \$0.93 per person per day (Central Bureau of Statistics 2023); while subjective poverty relates to the perception of welfare and minimum needs (Van B. Praag 2014) based on individual satisfaction with consumption, and theoretically represents both instrumental and intrinsic value (Deaton 2018).

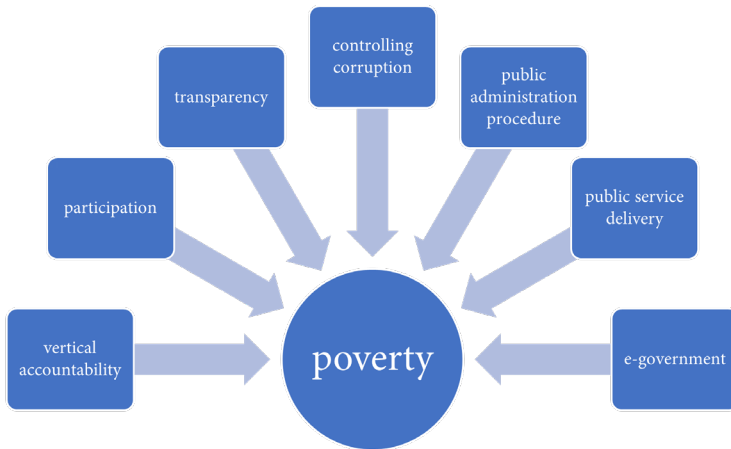


Figure 1. Conceptual framework.

(Source: adapted from Kaufmann et al. (2010), Deaton (2018), Nguyen et al. (2021), modified by authors).

2.2. Data collection

Data were collected from Indonesians residing in Gowa Regency, Indonesia, through a questionnaire containing good governance and poverty items. The questionnaire encompassed both closed and open-ended questions. To be eligible, respondents had to meet the

following criteria: (1) be 17 years of age or older, (2) be of Indonesian nationality, (3) have resided in one of the study areas for at least 1 year, (4) communicate in Bahasa, and (5) be willing to participate in the study. The required sample size would fall between 99 and 397 individuals, using a margin of error between 5% and 10%. A total sample size of 200 was deemed appropriate for the study.

2.3. Data analysis

The regression analysis included control variables such as location, age, education, and gender. To enhance the interpretability of the sub-indicators, the scores were summed up to obtain a composite/total score for each variable. The study utilized two regression models: the probit regression model was used for good governance and objective poverty, while the multiple regression model was used for good governance and subjective poverty.

The probit regression model is stated as:

$$y^* = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \dots + \beta_{11} \chi_{11} + \varepsilon \quad (1)$$

$$\begin{cases} y = 1, \text{ if } y^* > 0 \\ y = 0, \text{ otherwise} \end{cases}$$

$$y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \dots + \beta_{11} \chi_{11} + \varepsilon \quad (2)$$

where y and y^* respective objective and subjective poverty indicators, take on a value of 0 for individuals not considered poor, and 1 for poor; variables through represent indicators for PD, TD, AG, CC, PA, PS, and EG, respectively; β_0 is the intercept term; $\beta_1, \beta_2, \dots, \beta_{11}$ are the slope coefficients for poverty indicators; $\chi_1, \chi_2, \dots, \chi_{11}$ are the confounding terms; and ε is the random error term.

This approach determines the extent to which good governance indicators are associated with poverty indicators while controlling for potential confounding factors. It models their effects in a regression framework by transforming the sub-indicators into interval scales and the categorical and ordinal variables into dummy variables, providing insight into the complex relationships between the variables. Using control variables also accounts for potential biases and the omission of confounding variables that could impact our estimates.

3. Results

3.1. Characteristics of the representatives

Respondents were household heads and members with an average age of 40 years. The majority of respondents (65%) were household members, while the remainder were household heads. Regarding occupation, the respondents were categorized into eleven main sectors: household assistant, homemaker, public transportation driver, laborer, fisherman,

farmer, self-employed, private employee, public sector worker, school/college, and unemployed. The largest proportion of respondents were self-employed (29%), followed by homemakers (28.5%), while the remainder (42.5%) fell under the nine other jobs. Regarding gender, females represented 64% of the sample and males 36%.

The average monthly per capita income was IDR 3,038,550. There was broad variation in this figure as seen in the standard deviations, with a minimum value of 0 and a maximum of IDR 200 million. Most respondents (96.5%) were literate, with varied levels of educational attainment ranging from elementary to tertiary school. However, most respondents had achieved secondary school completion (52.5%). Primary was the peak educational attainment level more frequently in households receiving state aid, while higher education was more often achieved in households not receiving state aid.

3.2. Inferential analysis

Most good governance variables significantly negatively impact poverty, indicating that their improvement can help alleviate poverty among rural households in Gowa, Indonesia (see Table 1). Notably, the variables of participation and decision-making (PD), accountability (AC), public administration (PA), and e-government (EG) exhibit statistically significant effects on poverty reduction, albeit to varying degrees. Specifically, an increase in participation at the local level (PD) is associated with a 1.310-point reduction in the average poverty Z score when holding other variables constant. This suggests that more participatory governance models can effectively reduce regional poverty. Moreover, a one-level increase in AC, PA, and EG can reduce average poverty by 1.163, 1.223, and 1.868 points, respectively. This underscores the importance of promoting accountability, streamlining administrative procedures, and leveraging technology in public services to reduce poverty in rural areas.

While the remaining variables – transparency and disclosure (TD), corruption control (CC), and the provision of public services (PS) – did not have a statistically significant impact on poverty reduction, the sizes of their effects are nonetheless noteworthy, with magnitudes of 0.447, 0.531, and 1.223 points, respectively. Thus, strengthening these dimensions of good governance may impact poverty reduction in the long term. Overall, these findings suggest that improvements in good governance can significantly reduce poverty among rural households in Gowa, ultimately leading to increased household income and well-being.

Table 1. The effects of good governance on subjective and objective poverty status (N = 200): Ordinary Least Squares (OLS).

Variables	Objective poverty			Subjective poverty	
	Coeff.	ME on Pr (y = 1)	p-value	Coeff.	p-value
Participation (PD)	-1.310**	-0.392	0.047	-0.052	0.618
Transparency (TD)	-0.447	-0.134	0.262	-0.003	0.968
Accountability (AG)	-1.163*	-0.348	0.078	0.125**	0.048
Controlling corruption (CC)	-0.531	-0.159	0.424	0.010	0.908
Public administration procedure (PA)	-1.223**	-0.366	0.015	0.217***	0.009
Public service delivery (PS)	-1.372	-0.411	0.119	0.038	0.801
E-government (EG)	-1.868***	-0.559	0.009	0.177**	0.037
Good governance (GG)	-6.785***	-2.091	0.001	0.636	0.002
Bontoala (1 if yes. Paccinongang as a reference)	-0.275	-0.085	0.386	0.083*	0.084
Panciro (1 if yes. Paccinongang as a reference)	0.351	0.108	0.137	0.088**	0.021
Gender	-0.190	-0.058	0.386	0.026	0.447
Education	-0.020	-0.006	0.444	0.003	0.453
Age	-0.006	-0.002	0.400	0.001	0.869
Constant	4.283***		0.001	0.486***	0.001
Wald X2-statistic	34.9 (12)			2.33(6,193)	
p-value	0.001			0.034	
AIC	232.87			0.06	

***, **, and * indicate $p < 0.01$, 0.05 , and 0.10 , respectively.

(Source: survey data)

4. Discussion

Overall, this study demonstrates a high level of good governance, which is consistent with the findings of other scholars who have assessed good governance in rural areas (Roy and Tisdell 1998; Liu et al. 2022). There is also a strong correlation between good governance and objective and subjective poverty. However, the poverty rate was not significantly

different between the two indicators, indicating that poverty levels were relatively low. Additionally, the findings suggest that good governance could potentially reduce poverty or mitigate the likelihood of experiencing poverty. While the relationship of good governance with poverty is scantily evidenced in studies of rural areas, scholars have explored this relationship in a broader context (Ochi, Saidi, and Labidi 2023; Akobeng 2016). The results of this study prompt the detailed discussion of each indicator.

The PD indicator, which encompasses grassroots-level decision-making, such as local elections (Kaufmann et al. 2010), was recorded at a high level in the study area. The Gowa community was reported to be actively involved in decision-making and social activities, with the quality of the administration of the election also deemed to be relatively good – for instance, involvement in formulating village development plans and transparency when counting votes in elections. Previous studies have linked high levels of voter participation in rural elections to electoral fairness and low corruption (Wu, Rogers, and Wang 2023), whereas regions with high corruption tend to discourage electoral participation (Subekti et al. 2023).

Furthermore, a significant correlation between high community participation and poverty was found. Kakumba (2010) asserted that citizens' participation is crucial for enhancing the local capacity for rural development and poverty alleviation. Increased participation would increase agricultural output, employment opportunities, and household income. The development strategy of the Indonesian government has encouraged citizens' involvement, although the current community participation model in rural Indonesia is characterized by the involvement of RT/RW or local village elites in decision-making. This implies that the position of the village head has become more exclusive than in previous years (Berenschot, Capri, and Dhian 2021).

Pavlova and Lühr (2023) found that non-political voluntary participation has a more significant impact on welfare indicators than political participation. Das and Das (2018) concluded that grassroots democracy, decentralization, and participation can enhance citizens' voices in policymaking and facilitate the efficient distribution of public welfare benefits.

In terms of the TD indicator, while the government provides information easily to the public, there is a lack of trust in the integrity of this information. For example, the government openly announces the list of households receiving state aid and the amount of assistance given to them, but there are households included due to family connections or the presence of relatives in government rather than actual poverty. This finding is consistent with previous research that suggests that government behavior in Indonesia tends to be based on patron-client interests (Yakub, Armunanto, and Haryanto 2022). Transparency has no significant relationship with the level of poverty in rural Gowa. However, this study revealed that the list of households receiving state aid was determined transparently, which allows for the further evaluation of efforts to reduce poverty in rural areas. It is widely recognized that the more transparent public officials are, the easier it is for the public to obtain

basic services (Warf and Stewart 2016). However, the reason for the lack of a significant relationship between transparency and poverty reduction in rural Gowa remains unclear. These results suggest the need for further investigation into the mechanisms underlying the relationship between transparency and poverty reduction in Indonesia, particularly in rural areas where poverty remains a significant challenge.

Regarding the AG indicator, the intensity of communication between the public and the government in Gowa is relatively high, and the government responds to citizens' needs. Fossati (2016) concludes that accountability resulting from electoral democracy at the local level plays an important role in the effective implementation of national social protection programs. However, in terms of controlling corruption, there is a negative attitude from communities, especially regarding whether the government is serious in its commitment to eradicating corruption or not. This is related to the notion that government behavior in Indonesia tends to be based on patron-client interests, which undermine efforts to address corruption.

In terms of its impact on poverty in rural Gowa, the AG dimension has been found to have a significant relationship, while the CC dimension is unexpectedly not significant. Nguyen et al. (2021) suggested that improving the AG and CC dimensions can result in more efficient public investment and better access to public services for the poor. Corruption tends to benefit those in power, and reducing corruption can help narrow the gap between the rich and the poor. Therefore, increasing accountability and controlling corruption are effective ways to accelerate poverty reduction and improve the standard of living. Studies conducted by Warf and Stewart (2016) in Latin America and the Caribbean have shown that reducing corruption positively correlates with increased access to education and literacy rates.

The PA and PS indicators reflect the quality of public administration procedures and their implementation in the public sector, including services such as public health, education, infrastructure, and law. Although the community is highly satisfied with the established administrative procedures, they rated the delivery of public services lower than the overall average satisfaction value. This low rating may prompt citizens to take political action, such as by urging politicians to intervene and expedite the delivery process, engaging in clientelism, electing leaders who pledge to enhance service efficiency and streamline bureaucracy, or appealing together to safeguard against inadequate service delivery.

Furthermore, a significant relationship between public administration and poverty reduction was identified. Indeed, streamlined public administration will provide space for the community to be more productive in increasing their income because fast administrative procedures will improve the quality of public services in rural areas, allowing access to government services and investing in households to reduce poverty (Dunford, Gao, and Li 2020).

In contrast, PS has no influence on poverty reduction when viewed from the two dependent poverty variables. This finding may be attributed to the weak sub-indicators of public

service delivery in influencing the effect of good governance on poverty. Nonetheless, this study highlights the importance of efficient administrative procedures in promoting economic growth and reducing poverty rates. Dunford et al. (2020) demonstrated that the Chinese government's program to reduce poverty has produced extraordinary breakthroughs; China has been able to reduce its large poverty rate with administrative procedures accessed from the center, regions, and villages, making it easier for people in rural areas to increase their income. Therefore, policymakers should prioritize measures that enhance public administration and streamline bureaucratic processes to improve access to essential public services and promote economic growth in rural areas.

The EG indicator has significantly impacted household income in rural Gowa. While it is true that most people in the area have access to the Internet either in their environment or at home, they are not aware of the online platform provided by the government for public services, which indicates a lack of utilization. This issue stems from various factors, including a lack of government awareness, support, and political will, documented in prior studies (Akpan-Obong et al. 2022). Thus, appropriate management procedures and context are needed in rural communities to promote the use of e-government, particularly in Gowa.

Research suggests that speed in responding to complaints from rural communities strengthens the government's ability to provide fast and efficient services, thereby increasing the impact of e-government on poverty reduction in rural areas (Akpan-Obong et al. 2022; Anas et al. 2024). In addition, the emergence of technological innovations, such as artificial intelligence and big data, can facilitate better decision-making and offer programs that better align with the needs of rural communities. However, it is crucial to acknowledge that using e-government for anti-poverty programs can reinforce existing power structures and result in unequal access to opportunities, particularly in regions with unequal Internet access and limited digital technologies (Maiorano, Das, and Masiero 2018).

Conclusions

1. This study investigated the correlation between governance quality and poverty at the grassroots level in rural areas, both subjectively and objectively. The research focused on the Gowa district in Indonesia and utilized primary data. Governance quality was operationalized through the application of the governance index formulated by Kaufmann et al. (2010), objective poverty was assessed using the poverty line determined by the Indonesian Central Bureau of Statistics (2023), and the measurement of well-being adopted Deaton's (2018) subjective approach.
2. The empirical analysis, employing linear regression and probit methodologies, uncovered a positive and statistically significant correlation between governance quality and poverty. Notably, participation, accountability, public administration

- procedures, and e-government initiatives favorably influence poverty levels. These findings indicate that governance is important for increasing the income and welfare of rural households. The positive relationship observed between governance index score and the reduced probability of experiencing poverty in rural areas implies that superior governance practices benefit the impoverished segments of society that dwell within rural districts.
3. These findings provide support for the existence of a causal relationship between good governance and objective poverty, and shed light on the impact of good governance on subjective poverty. The study identified several potential mechanisms through which this influence occurs, including the enhancement of e-government, participation, public administration procedures, and accountability. Districts with stronger village governance exhibit higher levels of participation and bolster decision-making processes that contribute to overall prosperity.

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VALDYMO POVEIKIS IR PRIEMONĖS DAUGIAMAČIAM SKURDUI ĮVEIKTI INDONEZIJOJE

Anotacija. Mokslinėje literatūroje daugiausia dėmesio skiriama tyrinėjimui, kaip valdymas veikia objektyvias skurdo priemones. Tačiau šis tyrimas apima daugiau nei subjektyvų skurdą paprastų žmonių lygmeniu, ypač kaimo vietovėse. Empirinė analizė, pasitelkus *probit* metodikas, atskleidė teigiamą ir statistiškai reikšmingą koreliaciją tarp valdymo kokybės ir skurdo. Pažymėtina, kad dalyvavimas, atskaitomybė, viešojo administravimo

procedūros ir e. valdžios iniciatyvos teigiamai veikė skurdo lygį. Šio tyrimo išvados pabrėžia valdymo svarbą gerinant kaimo namų ūkių pajamas ir gerovę. Be to, tyrimas atskleidžia, kad „gero valdymo“ praktika teigiamai veikia mažinant skurdo tikimybę kaimo vietovėse, ypač tarp skurdžių kaimo bendruomenių segmentų. Rezultatai patvirtina priežastinio ryšio tarp „gero valdymo“ ir objektyvaus skurdo sampratą ir atskleidžia poveikį subjektyviam skurdui. Atlikus tyrimą siūloma keletas galimų mechanizmų, kurie realizuoja šį poveikį, taip pat stiprinamos e. valdžios, dalyvavimo, viešojo administravimo procedūros ir atskaitomybė. Apylinkėse, kuriose kaimų valdymas vadybiškesnis, žmonės aktyviau dalyvauja, o prie bendros gerovės prisideda veiksmingesni sprendimų priėmimo procesai.

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ENHANCING TRUST-BASED GOVERNANCE AND COLLABORATIVE INNOVATION BASED ON ROUTINE DYNAMICS IN CENTRAL SULAWESI PROVINCE

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Abstract. Routine Dynamics has emerged as a potential action pattern within public organizations. In truth, there is a relationship between trust-based governance and collaborative innovation in developing Routine Dynamics in public organizations. This study aims to analyze the relationship between trust-based governance and collaborative innovation regarding the Routine Dynamics of public organizations in Central Sulawesi Province, Indonesia. The research uses quantitative analysis in the form of structural equation modelling on a research sample of 120 people. The study shows that trust-based governance and collaborative innovation have a significant relationship with Routine Dynamics in public organizations. The research also shows that there is a relationship between trust-based

governance and collaborative innovation. Meanwhile, Routine Dynamics will better serve as a new perspective in public organizations to improve trust-based governance and collaborative innovation. Finally, the authors argue that the greater the level of achievement of trust-based governance and collaborative innovation, the easier it will be to develop the implementation of Routine Dynamics in public organizations.

Keywords: *trust-based governance; collaborative innovation; routine dynamics.*

Reikšminiai žodžiai: *pasitikėjimu grįstas valdymas; bendradarbiavimo inovacijos; įprastinė dinamika.*

Introduction

Scholars have identified the concept of Routine Dynamics, otherwise known as the activities of organizational and administrative capabilities. This concept explains that routines play a role in the creation of social and organizational dynamics that underpin a number of major contemporary concerns. According to the definition of Routine Dynamics, it can be considered a social, material, and cultural environmental phenomenon that includes all activities in the antecedents and outcomes of routines. The intimate relationship between routines, practices, and process is a fundamental finding from research on Routine Dynamics (Aguinis et al. 2011).

One area of Routine Dynamics focuses on the notion that routines are internal practices that support organizational change and stability (M. S. Feldman and Pentland 2022). Routine Dynamics has emerged as a practice perspective that sensitizes the researcher towards viewing stability and change in organizations as particular action patterns (M. S. Feldman et al. 2016). According to Farjoun, Routine Dynamics adopts a processual view in which stability and change are both ever present and integrated (Farjoun 2010). This practice-based approach has changed what can be said to constitute the study of routines (M. S. Feldman and Khademian 2002)

Although routines are the foundation of an organization's economic capabilities, the practice perspective emphasizes that they are much more than this. By asking how and why routines are carried out as they are, for example, larger questions about how routines produce and reproduce organizational and social consequences are quickly raised (Wenzel et al. 2021).

The routine itself, as well as its social, material, and cultural surroundings, are all included in the practice perspective of routines' antecedents and outcomes. Then, there is the intimate relationship between routines, practices, and process, which is a fundamental finding from research on Routine Dynamics (Howard-Grenville et al. 2016). Routine Dynamics examines how actions recreate structures that constrain and enable ongoing actions, treating a routine as a lived experience rather than an abstraction. In practice, routines are

situated; they are performed and experienced by specific people at specific times and places (Dittrich et al. 2016; Feldman et al. 2016).

Typically, Routine Dynamics are part of the social and environmental dynamics that underpin some of the major issues facing our time, as scholars have recognized. Additionally, researchers use this concept of patterning work to comprehend the processes that routine participants use to establish and maintain patterns that they perceive as constant or evolving (Danner-Schröder and Geiger 2016). Dynamics allow researchers to examine how routine activities can be carried out as part of organizational routines that will strengthen, adapt, and change the social frameworks, so that organizational performance and management will be unavoidably enhanced (Omidvar et al. 2023). Further, explaining how the patterning of the effects of performing actions can be analyzed enables people to identify pernicious effects, and can also help them to choose new directions more wisely. Even for social inequality, Routine Dynamics can alter patterns by developing our behavior and performance (Janssens and Steyaert 2009).

Routine Dynamics also offers instruments for understanding the dynamics that have produced these grand challenges and the possibilities for addressing them. Routine Dynamics can thus be viewed as a strategy for practice which links trust and social phenomena that must be analyzed by reference to practices, actions, and the organization of and relations among practices (Schatzki, 2016).

Meanwhile, public trust leads to greater compliance with a wide range of public policies, such as public health responses, regulations and the tax system. It also nurtures political participation, strengthens social cohesion, and builds institutional legitimacy. In the longer term, trust is needed to help governments tackle long-term societal challenges such as climate change, ageing populations, and changing labor markets (OECD 2022).

Trust-based governance performs better in situations where it results in a willingness to be vulnerable with trustworthy others and an unwillingness to be vulnerable with untrustworthy others. Trust-based governance performs better in situations in which (a) trustworthy and untrustworthy partners exhibit markedly different behavior or high behavioral risk, and (b) the organization is willing to be vulnerable despite doubts concerning the partner's trustworthiness (Vanneste and Yoo 2020).

In other words, trust can have many definitions and meanings. For this report, trust in government is defined as the public's perception of government based on expectations of how it should operate. This form of trust is the public's trust that a system and the politicians who lead or oversee it are responsive and will do what is right even in the absence of scrutiny (Hitlin and Shutava 2022). In truth, the relationship between innovation and trust is stated as the expectancy of reasonable and positive reactions by others in response to individual innovation attempts (Clegg et al. 2002). Trust among organizations is critical for effective innovation implementation. However, in terms of innovation speed, trust between managers and employees is under-communicated. Thus, new methods must be adopted when performing testing related to the speed of innovation (Mitcheltree 2021).

Trust-based governance is based on the dual expectation grasped by exchange partners that each will act in a way that serves, or is not detrimental to, one's own interests (Barney and Hansen 1994)

There are two types of trust: integrity-based trust and benevolence-based trust. In the case of integrity-based trust, exchange partners are confident that neither side will engage in behavior that is self-interested in nature because such behavior would violate a set of principles that the partners find acceptable (Mayer et al. 1995). Trust-based governance is not founded on naive faith, in which partners unreservedly accept their counterpart's integrity and charitable behavior (McEvily and Tortoriello 2011). Trust is viewed as a latent variable resulting from distinct but related (formative) indicators, such as propensity to trust and perceived integrity, which lead to (reflective) indicators, such as team member cooperation and monitoring (Costa and Anderson 2011).

Meanwhile, there is little doubt that the government can reform public bureaucracies in order to re-establish connections with innovation and organizations, thus building trust (Cheng and Sandfort 2023). Trust may focus on organizations, groups, or individuals at the organizational, group, and individual levels of analysis (Korsgaard et al. 2008). There is a substantial body of literature on Routine Dynamics that enables specific types of performance; however, little research has been conducted to determine whether such Routine Dynamics extend to organizational trust. The outlines how an organization's routines and trust change in response to feedback and pressure; i.e., whether stakeholders' trust increases or decreases (Hurley 2023).

Furthermore, individuals or organizations can acquire and exchange intellectual capital through trust-based governance, especially in ambiguous and uncertain situations, and knowledge exchange is dependent on the presence of trust (Jiang and Chen 2017). Thus, three distinct types of recall are investigated: procedural, declarative, and transactive memory, and their roles in the formation, efficiency, and adaptability of organizational routines. An agent-based model simulates organizational routines as recurrent sequences of sequential tasks performed by networks of individuals (Miller et al. 2012). Based on this context, Routine Dynamics has a close relationship with trust-based governance and collaborative innovation during organizational change. This research confirms that Routine Dynamics has an effect on trust and collaboration in innovation, and that there is a relationship between collaboration, trust, and innovation (Hattori and Lapidus 2004).

On the other hand, innovation can change unavoidable aspects of our daily lives. It must be stated unequivocally that an innovative organization must foster a trusting environment within the organization in order to foster collaboration, the creation of new ideas, creativity, and, ultimately, innovation (Lazányi 2017).

Innovation is a broad term that is related to terms such as creativity, technology, and change. Numerous academic disciplines have conducted research on innovation, including business, economics, engineering, and public administration. Researchers have examined innovation from a variety of perspectives, including the individual, group, organization,

industry, and economy. Organizational innovation is the study of innovation in commercial and public organizations (Lam 2006).

Collaborative innovation permits large firms to exploit their advantage-creating skills while concurrently exploring for opportunities outside their current domain. Studies of innovations in organizations are multidimensional, multilevel, and context-dependent (Ketchen Jr. et al. 2007). Innovation involves risk and effort, and innovation engagement may result either from an expectation of a positive response, from believing that suggestions will be heard, or from acquiring innovation benefits (Clegg et al. 2002). Collaborative innovation is the pursuit of innovations across firm boundaries through the sharing of ideas, knowledge, expertise, and opportunities (Ketchen Jr. et al. 2007).

1. Theoretical background: Routine Dynamics, trust-based governance, and collaborative innovation

Scholars have considered the process-oriented nature of routines over time, tracing behavioral theory and Routine Dynamics perspectives. Routine Dynamics as a process orientation is possible through a deeper understanding of action as doing, and exhibits a spectrum of intentionality, control over the personality, and social autonomy, which expands and builds on the Routine Dynamics perspective. There are three characteristics that are particularly useful for orienting a process towards Routines Dynamics: a related transcending dualisms, and building relations in an organization (M. S. Feldman et al. 2016).

Routine Dynamics may be explained as a field of routine research based on the idea that routines are adhered to with internal dynamics which lead to both organizational stability and change (Feldman and Pentland 2022; Feldman and Khademian 2002; Miller et al. 2012). Organizational routines, or recurring patterns of interdependent organizational actions, have been studied through the lens of capabilities, which originated in organizations, economics, and the lens of practice, which is grounded in organizational theory (Parmigiani and Howard-Grenville 2011).

Routine Dynamics during organizational change has involved the study of dynamics and their effects from an organizational perspective (Peigne 2013). Meanwhile, the variation and selective retention of patterns of action are necessary and sufficient to explain the features of organizational routines that are most relevant in relation to dynamic capabilities, such as formation, inertia, endogenous change, and learning (Pentland et al. 2012).

Routine Dynamics is the study of the internal dynamics of routines. The key ideas of Routine Dynamics have developed over several years, based on contributions by many scholars (Feldman 2016). Further, Yi et al. (2016) created simulations to demonstrate how interactions between routines can result in unexpected effects, hypothesizing that these changes may boost organizational fitness in the long run (Yi et al. 2016).

Based on the above analysis, it can be concluded that internal or endogenous forces

are also at work, according to Routine Dynamics studies. Through this lens, it is clear that simply carrying out routines creates chances to experience newness or new novelty of Routine Dynamics (Zbaracki and Bergen 2010). In this sense, Routine Dynamics research seeks to explain how organizational routines change. Organizational actors frequently try to influence, design, and manage routines in order to achieve organizational goals. The term *routine design* refers to intentional efforts to change one or more aspects of a routine in order to create a desired situation.

The application of trust as a governance mechanism leads to superior results; then, the success of trust-based governance is dependent on trade partners' capacity to use and learn from each other (Carson et al. 2003). Meanwhile, there are two key characteristics of trust-based governance. The first step in developing an interorganizational relationship necessitates accepting vulnerability. Refusing to initiate a relationship also implies an admission of being vulnerable. Vulnerability arises as a result of the fact that a relationship with a trustworthy partner is preferable to no relationship, which is preferable to a relationship with an untrustworthy partner. The second distinguishing feature is that partners have no recourse in the event of termination. Termination occurs when trust in the partner is lost, usually as a result of a poor outcome (Mayer et al. 1995).

Trust-based governance can address such issues by relying on each partner's trust that the other will not exploit its vulnerability, even in circumstances in which opportunistic gains are inherent (Barney and Hansen 1994). Trust-based governance and management must be linked, and this needs to start with an examination of the division related to public governance, conventional wisdom, as well as the attempt to combine central oversight with professional autonomy (Torfing 2023). In this context, trust-based governance may ensure the reputations of the partners, as well as guarantee that their knowledge of how one another behaved in previous instances of vulnerability are included in trust-based governance (Dirks and Ferrin 2001). Trust is an important concept in social science research as a key factor in organizational success and human resource practice. Few models of organizational change encompass the role of trust in the process of change (Morgan and Zeffane 2003).

In this sense, trust reflects an essential human desire that all of us share in governance; the need to trust other people, to be trusted in exchange, and to experience trust in ourselves. When there is trust, governance is aligned around achieving the purpose of the organization, embracing goals and objectives, and collaborating willingly, and the organization is empowered to conduct its best work.

As the twentieth century came to a close, technological advances raised the standard for global economics, ushering in an era in which change and innovation are inseparable. Examining the perspectives and behaviors needed to bring about innovative change, trust, and collaboration are all part of changing an organization (Hattori and Lapidus 2004). Little empirical research has focused on the potential effects of change between trust-based governance and collaborative innovation as a means to foster synergy through interaction with organizations from different professions. This demonstrates that collaborative

innovation is the key to long-term growth and development within an organization (Gallaud 2013).

Trust, power, and organizational routines relate to exploring a government's intentional tactics to renew relationships with non-profits serving historically marginalized communities (Cheng and Sandfort 2023), inspired by the increase in the number of governance networks and the increasing demand for public innovation to be in advance of collaborative innovation as a cross-disciplinary approach to studying and improving public innovation (Sørensen and Torfing 2011).

It is important to overcome the barriers to collaborative innovation through a combination of institutional design, leadership, and management (Torfing 2019). Integrating both dimensions into a single concept known as collaborative innovation may be more beneficial than other innovation strategies. This is because collaboration has at least two capabilities, including benefiting all stages of the innovation process and preparing the stage for sharing benefits, risks, and costs (Torfing 2019).

2. Materials and methods

This research uses a quantitative design, in which both primary and secondary data are used to analyze trust-based governance and collective innovation regarding Routine Dynamics in Central Sulawesi Province, Indonesia. Data were collected from 150 respondents using a questionnaire survey employing a non-purposive sampling technique. Research samples were selected through random sampling, according to which the data are considered representative in terms of respondent analysis. In total, 150 questionnaires were distributed, while only 120 were returned – approximately 90 of the original sample. A Likert scale was used, involving a scale with responses ranging from *disagree* to *strongly agree*.

The questionnaire shows that each variable, dimension, and indicator consists of exogenous and endogenous variables. A 6-month period from June to December 2023 was used for collecting data, which was then analyzed using structural equation modelling via AMOS.

Based on the analysis of each variable, Routine Dynamics means the idea of routines, drawing the researcher's attention to specific aspects of specific action patterns, such as task orientation, sequential acts, repetition and familiarity, and efforts towards reflexive control. There are four dimensions of Routine Dynamics: practices, processes, activities, and institutions (Feldman and Khademian 2002; Kremser and Schreyögg 2016; Lowndes and Skelcher 1998; Parmigiani and Howard-Grenville 2011; Peigne 2013).

Trust-based governance implies that trust is used to initiate an interorganizational relationship and that a lack of trust is used to dissolve the relationship among actors in public organizations. In this article, we used the theory of trust-based governance, as many authors (Vanneste and Yoo 2020; Stevens et al. 2015; Barney and Hansen 1994; Dirks and

Ferrin 2001) have stated that trust-based governance consists of outcome risk, behavioral risk, self-serving norm, value capture, and value creation.

Collaborative innovation in public administration refers to a problem-solving process in which pertinent and impacted people collaborate beyond established institutional barriers to identify and execute innovative solutions to pressing problems (Sørensen and Torfing 2018; Vivona et al. 2023; Li et al. 2023). Some dimensions of collaborative innovation are considered in this article, such as: the emergence of innovation, collaboration, the creation of new manufacturing relationships, and institutionalization.

2.1. The measurement of hypotheses

The analysis in this paper focuses on each variable by using a quantitative approach. Inferential statistical methods were used to test the hypotheses using structural equation modelling (Hair et al. 2016). The reliability scale of the 14 items under study was assessed using SPSS Windows version 24 and SEM Analysis. The reliability statistic value was assessed individually using Cronbach's alpha, and the result was 0.910 (with $F_{\text{test}} = 0.910 > = 0.05$).

Through confirmatory factor analysis, we removed 10 items based on the Mahalanobis distance. For this study, we used three variables: Routine Dynamics, consisting of five items; trust-based governance, measured using four items; and collaborative innovation, involving five items. The results of the data analysis of variables, dimensions, and indicators of Routine Dynamics, trust-based governance, and collaborative innovation are presented in Table 1.

Table 1. Variables, dimensions, and indicators

No.	Variables	Dimensions	Indicators	Scholars
1.	Routine Dynamics	Routine practices (RD2)	Routine Dynamics is based on practice, theory and empirical evidence, and continues to engage with practice and theory as the discipline has evolved.	(Feldman and Khademian 2002; Kremser and Schreyögg 2016; Lowndes and Skelcher 1998; Parmigiani and Howard-Grenville 2011; Peigne 2013).
		Routine processes (RD3)	The idea of routines draws the researcher's attention towards specific aspects of particular behavior patterns.	
		Routine activities (RD4)	Routine Dynamics focuses on the activities of organizational phenomena, starting with the work of the management.	
		Institutions' routines (RD6)	Institutional change is related to the level of value co-creation practices and what processes underlie changes in organization and management.	
		Organizational activities (RD9)	Organizational activity is considered to be related to an organization and the organization is held responsible for the violation of its structure, hierarchy, rules, regulations, and management.	

2.	Trust-based governance	Outcome trust (TBG1)	Adjustments in prospective outcomes have a greater impact on trust than alterations to the expectations of what will be achieved in organization.	(Vanneste and Yoo 2020; Stevens et al. 2015; Barney and Hansen 1994; Dirks and Ferrin 2001)
		Self-serving (TBG2)	If the government's actions do not obstruct unity, progress, and growth, and do not damage people's well-being, the government will be completely trusted.	
		Norm (TBG3)	The government's common ideas about what members must do to be deemed trustworthy.	
		Value capture of trust (TBG7)	Value may sometimes contribute to stronger value creation, such as informal trust, recurring relationships, and customized assets, but it can also lead to worse alliance performance.	

3.	Collaborative innovation	Emergence activity (CI1)	Collaborative innovation is an activity that evolves over time from innovation, and organizations and stakeholders can actively become part of this emergence process.	(Sørensen and Torfing 2018; Vivona et al. 2023; Li et al. 2023; Klooker and Hölzle 2023)
		Collaboration (CI3)	Collaboration refers to innovative contributions to the development of new production processes, and influences significant achievements in the development of new products.	
		Relationships of innovation (CI4)	The quality of the relationships on innovation and the co-creation of collaboration will create a high level of innovation.	
		Creation of new manufacturing (CI6)	Collaborative innovation is viewed as a formality associated with the creation of new manufacturing methods, and has an impact on the realization of new goods.	
		Institutionalization (CI8)	The extent to which relationships have been pre-established by the practice of innovation in the institution.	

Source: compiled by the authors

This research posited the following three hypotheses:

- Trust-based governance has a positive and significant influence on Routine Dynamics.
- Collaborative innovation has a positive and significant influence on Routine Dynamics.
- Trust-based governance and collaborative innovation have positive and significant influences on Routine Dynamics.

The statistical results of AVE and CR are presented in Table 2.

Table 2. The statistical results of each variable

Criteria	RD	TBG	CI
AVE	0.734	0.796	0.756
CR	0.838	0.794	0.727

Note: AVE – Average Variance Extracted; CR – Composite Reliability; RD – Routine Dynamic; TBG – Trust-Based Governance; CI – Collaborative Innovation

Data from Table 2 tell us that there were no individual constructs and no other violations of nomological validity. The Average Variance Extracted value for the Routine Dynamics variable was 0.734; for trust-based governance 0.776; and for collaborative innovation 0.756. All data were significant at $\alpha=0.05$, or at the 95% level of significance. Furthermore, the Composite Reliability of Routine Dynamics was 0.838; of trust-based governance was 0.794; and of collaborative innovation was 0.727. The goodness-of-fit values of the results are presented in Table 3.

Table 3. Goodness of fit

Measurements	Absolute fit measure				Incremental fit measure		Parsimonious fit measure
	χ^2	CMIN/DF	GFI	RMSEA	NFI	CFI	AGFI
Criteria	>0.05	<5	≥ 0.90	<0.05	≥ 0.90	≥ 0.95	≥ 0.90
Obtained	106.277	74	0.908	0.054	0.950	0.984	0.900

Based on the results of the analysis presented in Table 3, it can be concluded that the hypotheses of the research are accepted. This was confirmed by the chi-square test, which found $\chi^2 = 106.277$, $DF = 74$, $p = 0.000$.

Table 4. Hypotheses testing results

			Estimate	S.E.	C.R.	p	Label
CI	<---	TBG	0.529	0.083	6.366	***	Accepted
RD	<---	TBG	0.302	0.070	4.341	***	Accepted
RD	<---	CI	0.353	0.072	4.878	***	Accepted

Note: β – standardized regression weight, * p – significance level (one-tailed)

The results were significant and the GFI and RMSEA values were 0.908 and 0.054, respectively, thus indicating appropriate goodness of fit. Furthermore, the results showed NFI and CFI values of 0.950 and 0.984, respectively. This means that the results correspond

to the minimum requirements. The parsimonious fit measure revealed an AGFI of 0.900, meaning that the data were relevant to the cut-off point of >0.90 . According to theory, the smallest degree of freedom in the sample discrepancy function must be ≤ 2 (Hair et al. 2016). Based on the analysis presented above, we contend that the model utilized in this study obtained goodness of fit, allowing the SEM model to be used to evaluate the research hypotheses.

Results and discussion

According to the results, this analysis confirmed that the first hypothesis was accepted. Thus, trust-based governance has a positive and significant influence on Routine Dynamics. There has been much scholarly disagreement about whether Routine Dynamics and trust-based governance in strategic partnerships substitute or complement each other (Puranam and Vanneste 2009).

Other researchers have debated whether contractual and trust-based governance substitute or complement each other; nevertheless, the notion that contractual and trust-based governance may have distinct impacts in the face of behavioral and environmental uncertainty has received little attention (Krishnan et al. 2016). The literature is advanced by integrating the psychological and sociological micro-foundations of trust with the macro-foundations of an organization. Trust-based governance works best when there is a willingness to be vulnerable with trustworthy individuals and a reluctance to be vulnerable with untrustworthy others. Vanneste and Yoo (2020) confirmed that trust-based governance performs better when (a) trustworthy and untrustworthy partners behave significantly differently in high-behavior risk, and (b) the organization is willing to be susceptible despite doubts about the partner's trustworthiness in a low-trust threshold.

Furthermore, in cases where trust-based interorganizational connection governance is more likely to succeed or fail, trust represents the readiness to be vulnerable in the absence of the ability to monitor or control the other person, which is only justified if the other is trustworthy (Mayer et al. 1995). According to the theory of trust, trust-based governance performs well if it leads to "optimal" trust. In this context, there will be a willingness to be vulnerable with trustworthy others and an unwillingness to be vulnerable with untrustworthy others. Thus, trust goes beyond the statement that trust-based governance succeeds when the other party is trustworthy (Stevens et al. 2015). The major result of this is that trust-based governance performs better in scenarios with high behavioral risk and worse in conditions with little trust. The degree to which conduct differs between a trustworthy or untrustworthy partner is represented by behavioral jeopardy (Krishnan et al. 2006). There is a good grasp of when formal governance will succeed or fail, but not regarding trust-based governance, which we want to address here. The second strand is concerned with the factors that influence interorganizational trust (Zhong et al. 2017).

While trust describes the trusting party, trustworthiness is a characteristic that defines the trusted party. Considered reliability involves both parties: the trusting party's perception of the trusted party, and vice-versa. When the parties are organizations, this is referred to as interorganizational trust (Vanneste 2016).

Other researches confirm that trust is vital for effective continuity of care and therapy organizations, as well as to promote new and novel lines of organizational study that take into account both the benefits and drawbacks of trust (Chen et al. 2015; McEvily et al. 2003; McEvily and Tortoriello 2011). Trust-based governance is not predicated on naive trust, in which partners completely accept their counterpart's honesty and generosity (Dirks and Ferrin 2001; McEvily et al. 2003; Perrone et al. 2003). The performance of trust-based governance is contingent on the ability of trading partners to "read" each other and learn about counterpart behavior (McEvily et al. 2003). The use of trust to facilitate ex-post amendments to an unfinished contract between independent parties is known as trust-based governance. When one has faith in one's trade partner, less monitoring and auditing is required (Zaheer et al. 1998).

There are four overarching factors that are posited to impact the effectiveness of collaborative innovation in public administration, of which governance – which is concentrated on the number of collaborators and the hierarchical relationships among them – is one. Next is compactness, which represents is the degree of relationship formality that binds collaborators together. Then comes reliability, which is focused on the quality of the relationships. Finally, institutionalization is the extent to which relationships have been pre-established by practice (Vivona et al. 2023). To effectively build or evolve a system, the relationships between the system's elements must be clearly understood (Li et al. 2023).

Collaborative innovation can help all types of organizations or firms overcome their respective challenges based on a variety of theories such as network, learning, resource-based, and real options. The seeking of innovations across organizations and beyond firm boundaries through the sharing of ideas, knowledge, expertise, and opportunities is known as collaborative innovation (Ketchen et al. 2007).

We can conclude that collaboration is a process that brings together people with various passions, skills, and knowledge. Collaboration entails people interacting and working together toward a common goal, especially in public organizations. Further, collaboration may be viewed as something new – a new solution, a new way of doing things, or a new product, service, or method that is useful. The nexus of innovation ultimately concerns solving a problem for someone, somewhere. Meanwhile, collaborative innovation is defined as people coming together and sharing their diverse wisdom, skills, experience, and resources in order to innovate and solve a common problem or pursue a common opportunity.

For the creation of new goods and services, collaborative innovation with consumers or users is becoming increasingly vital (Greer and Lei 2012). Multiple actors are brought together in innovation spaces for collaborative activities to produce new goods and processes (Caccamo 2020). Collaborative innovation tries to integrate product innovation and

supply chain process of innovation effort to manage innovation activities (Swink 2006).

The implication of this research confirms that trust-based governance and collaborative innovation provide a new perspective on Routine Dynamics. In this paper, we confirmed that there are many advantages of conceptualizing patterns of action as Routine Dynamics by comparing practices, processes, activities, and institutions. Additionally, trust-based governance will complement collaborative innovation, and will thus improve the Routine Dynamics of organizational theory and performance.

Conclusions

1. Based on the analysis in this paper, it can be concluded that there is a positive and significant effect exerted by trust-based governance on Routine Dynamics. The analysis found that: estimate value = 0.302; S.E. = 0.070; C.R. = 4.341; and $p = 0.000$. As a result, the first hypothesis is accepted. Subsequent analysis confirmed that collaborative innovation has a positive and significant effect on Routine Dynamics. According to the analysis: estimate value = 0.353; S.E. = 0.072; C.R. = 4.878; and $p = 0.000$. As a result, the second hypothesis is accepted.
2. There is a relationship between trust-based governance and the collaborative innovation. According to the analysis: estimate value = 0.529; S.E. = 0.083; C.R. = 6.366; and $p = 0.000$. The third hypothesis is therefore accepted. The implications of this article suggest that in future, the better Routine Dynamics in organizational management, the greater the level of trust-based governance and collaborative innovation that can be achieved.
3. Trust-based governance relates to collaborative innovation, making Routine Dynamics more effective. A trusting person, group or institution will be free of concern and the need to monitor the other party's actions, in part or totally. In this context, trust-based governance is an effective method for minimizing the transaction costs of collaborative innovation, as well as enhancing any social, economic, or political interaction. Trust-based governance and collaborative innovation, however, are much more than simply factors of Routine Dynamics. Both are the foundation of all human connection and institutional interaction. When a new policy is revealed, Routine Dynamics is tested for future.

Acknowledgment:

We would like to express our appreciation to the government of Central Sulawesi Province who provided us the opportunity to conduct this research. This paper received no funding.

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PASITIKĖJIMU GRĮSTO VALDYMO IR BENDRADARBIAVIMO INOVACIJŲ TOBULINIMO ĮPRASTINĖ DINAMIKA CENTRINĖJE SULAVESI PROVINCIIJOJE INDONEZIIJOJE

Anotacija. Įprastinė dinamika – galimas veiksmų modelis viešosiose organizacijose. Yra ryšys tarp pasitikėjimu grįsto valdymo ir bendradarbiavimo inovacijų kuriant įprastą viešųjų organizacijų dinamiką. Šiuo tyrimu siekiama išanalizuoti ryšį tarp pasitikėjimu pagrįsto valdymo ir bendradarbiavimo inovacijų dinamiškoje viešųjų organizacijų veikloje Centrinėje Sulavesio provincijoje (Indonezija). Tyrimo metu buvo atlikta kiekybinė analizė taikant struktūrinių lygčių modeliavimą. Tyrimo imtį sudarė 120 žmonių Centrinėje Sulavesio provincijoje. Tyrimas rodo, kad pasitikėjimu grįstas valdymas ir bendradarbiavimo inovacijos turi reikšmingą ryšį su įprasta viešųjų organizacijų dinamika. Tyrimas taip pat

atskleidė, kad yra ryšys tarp pasitikėjimu pagrįsto valdymo ir bendradarbiavimo inovacijų. Teigtina, kad kuo didesnis pasitikėjimu grįsto valdymo ir bendradarbiavimo inovacijų pasiekimas, tuo geriau bus plėtojamas įprastas dinamiškas valdymas viešosiose organizacijose.

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REVIVING THE ECONOMY OF THE KONAWA COMMUNITY THROUGH THE EASE OF VISA POLICY

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DOI: 10.13165/VPA-24-23-2-12

Abstract. *In the administration of President Joko Widodo, downstreaming is a concept that is projected to create jobs and improve the regional economy. In order for downstreaming to succeed, it is necessary to transfer science and technology from foreign investors and workers to the Indonesian people with the support of the ease of visa policy. This research aims to evaluate the role of the current ease of visa policy in facilitating the entry of foreign investment into Indonesia to foster job creation and entrepreneurship. This research was conducted using a qualitative approach; the data collection method used interview techniques and participant observation. The interviews were conducted by selecting respondents from residents living around PT VDNI and local workers and staff representatives from PT VDNI. Participant observations were conducted using the author's experience working as an immigration official, with assignments at home and abroad from 2006 until the present day. Supporting data in the form of official letters related to investor and foreign worker licenses were taken from the local immigration office located in Kendari city. The primary and secondary data obtained were then subjected to reduction, classification, and triangulation processes. The ease of visa policy improves the economies of residents by creating new jobs via foreign investment. The results of this research highlight the effectiveness of implementing ease of visa policies for foreign investors and workers.*

Keywords: *visa policy; immigration visa; community's economy; downstreaming; economic revival.*

Reikšminiai žodžiai: *vizų politika; imigracinė viza; bendruomeninė ekonomika; „pasroviui“ koncepcija, ekonominis atgimimas.*

Introduction

The Government of Indonesia has established a National Strategic Project policy featuring a downstreaming program. National strategic projects are policies issued by the central government to be implemented at every level of government from central to regional, and include measures addressed towards strategic business entities in order to encourage economic growth and equitable development for the welfare of regional communities (Tri-ramdhani et al. 2020; Setiadi, Nurcahyo, and Farizal 2021; Isvara et al. 2023; Aji and Khudi 2021). The downstreaming program is projected to boost both the national and regional economies (Ragimun and Rosjadi 2020). Downstreaming takes place by reducing raw material exports and requiring domestic industries to be able to provide added value from these raw materials by processing them into semi-finished or finished materials so that, at the same time, jobs for local communities are created (Rumadan 2024; Patunru 2023; Neilson et al. 2020; Daranin et al. 2023; Safriyana et al. 2018; Anas et al. 2022).

Downstreaming has seen Indonesia take on many foreign investors and workers (Husin et al. 2023). For instance, nickel mining and smelter construction in Indonesia involves tens of thousands of people each year. In 2019, the number of workers in this industry reached as high as 21,000, of whom 13% were foreign (Rosada, Wibisana, and Paksi 2023). Furthermore, based on data retrieved from the Ministry of Energy and Mineral Resources, PT Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi recorded 11,000 foreign workers in September 2023, while PT Virtue Dragon Nickel Industry (VDNI) and PT Obsidian Stainless Steel (OSS) in Southeast Sulawesi employ more than 2,000 foreign workers annually.

The regulation and supervision of foreign workers are closely related to visa policy in Indonesia, as visa policies specifically regulate the movement of foreigners within a country's borders (Czaika, Erdal, and Talleraas 2023; Ostrand and Statham 2022). The supervision of foreign workers is carried out under the government's authority to regulate the mobility of foreigners and benefit from their activities (Burnett and Chebe 2020). At the micro level, the more foreign investment, the more benefits obtained by the community due to their work, with the emergence of various business fields (Hafiluddin, Patunru, and Patunru 2022).

In response to the benefits of foreign investment, the Directorate General of Immigration issued an ease of visa policy, including an electronic visa with a faster and more accurate application process. Ease of visa policies can also raise the pace of innovation

and economic performance in the private sector (Capoani, Chabert, and Izzo 2024). The Directorate General of Immigration has thus made a breakthrough in the effort to ease the issuance of electronic visas for foreigners. This visa effectively cuts the bureaucracy of visa processing from several stages to just one stage through an online service directly connected to the visa department at the Directorate General of Immigration. This shows the strategic role of Indonesian immigration in supporting national economic policy (Grundy-Warr, Peachey, and Perry 1999).

However, the impact of the ease of visa policy for foreigners on local communities is not yet clear. Thus far, visa facilities have been synonymous with various facilities providing ease of entry permits for those seeking to enter Indonesia, intended for foreign investors and business partners in the country (Sumadinata, Achmad, and Riyadi 2022). President Joko Widodo has often emphasized in various state meetings the importance of attracting foreign investment with ease of business licensing, including regarding immigration. Especially in the field of visa policy, the President wants the visa approval process for foreign investors and workers to be accelerated so as not to hinder other business processes. In addition to electronic visas, Indonesia has issued a new policy on visa convenience in the form of the Golden Visa, which provides many incentives for large investors ranging from long-stay permits lasting from 5 to 10 years to the right to own property and other assets in Indonesia (Bahri 2023).

On the other hand, the reduced role and lack of involvement of local communities in forming immigration policy is the main reason why the impact of immigration policy on residents is often overlooked. Today, it can be observed that immigration policy has always favored the upper classes closer to the center of power. Previous research conducted by Napatipulu et al. (2020) shows negative sentiment regarding the presence of foreign workers in Southeast Sulawesi. While the aforementioned research only focused on exploring local people's perceptions of foreign workers in the region, this paper focuses more on the economic impact of ease of visa policies on the local community. This serves to illustrate the context of this study.

The downstreaming program is a clear example of how the central government's target of boosting the national economy requires a reformulation of immigration policy that is more accommodative and responsive to the needs of foreign investors and workers (Anas et al. 2022; Patunru 2023). Local communities, such as those in Konawe, Southeast Sulawesi, do not fully understand the role and function of immigration institutions; they only know that the function of immigration is limited to making passports for them to use to work as informal workers abroad. When PT VDNI was established as a government-appointed partner to execute the nickel downstreaming program, some local communities only saw the welcoming of many foreigners as a threat to their welfare. Others enjoy regional economic growth through the emergence of various new business units and jobs, such as house rentals, restaurants, health clinics, transportation services, and the provision of goods and services needed by PT VDNI.

As described above, this phenomenon cannot be separated from the role of immigration institutions that have failed to focus on educating and reaching the communities of the regions. Education is essential in order to open the mindsets of residents regarding the potential of the ease of visa policy as a welfare-enhancing system that can positively impact the emergence of new economic activities that previously did not exist (Czaika and Neumayer 2017; Neumayer 2010; 2006; 2004).

This research is therefore fundamental, considering that ease of visa policies positively impact the growth of local communities' economic activities. In addition, this research helps understand the public perspective that arises from the impact of implementing an ease of visa policy.

Research Method

This research was conducted using a qualitative approach; the data collection method used interview techniques and participant observation. The interviews were conducted by selecting respondents from residents living around PT VDNI and local workers and staff representatives from PT VDNI. Participant observations were conducted using the author's experience working as an immigration official from 2006 until the present day, with assignments at home and abroad.

Supporting data in the form of official letters related to investor and foreign worker licenses were taken from the local immigration office located in Kendari City. Furthermore, the primary and secondary data were subjected to the reduction, classification, and triangulation stages. The data collection period was 2021 to 2023.

Results and Discussion

In-depth interviews were conducted with six respondents, including a local who works to supply sand to a foreign company as a community representative with lower income. Two respondents, one of whom owns a restaurant and the other owns a rental property, served as representatives of the community with middle income. Two employees of PT VDNI and an immigration official at the Kendari Class I Immigration Office were also consulted.

An interview guide was created, which is beneficial in describing the experiences and understanding of informants regarding the effectiveness of the ease of immigration policy in supporting downstream programs in Konawe. The results of the in-depth interviews were then analyzed to identify similar patterns in statements and thoughts on the policy. Data reduction and grouping was based on what informants had experienced and understood.

Data were grouped into four critical aspects, namely: the process of rational public policy formulation; public participation in the implementation of public policies; public acceptance of policies and their contribution to welfare; and the socialization of immigration visa facilities for investors and foreign workers involved in the downstreaming program. From the results of this grouping, three major themes emerged: understanding the economic conditions of residents before and after the downstreaming program in Konawe; the value of community experience and expectations of the downstreaming program in Konawe; and the excellent impact of government interaction with the community in implementing the ease of immigration policy in the downstreaming program in Konawe.

The first theme – understanding the economic conditions of residents before and after the downstreaming program in Konawe – illustrates the awareness of the Konawe community regarding the improvement of the condition of residents' economic activities after the implementation of the downstreaming program with the entry of foreign investment and workers through PT VDNI. According to the statements of respondents, key to this theme were the construction of asphalt and concrete roads for access to company sites from villages, planning for the construction of schools and scholarships as well as health and clean water facilities for local workers, and other economic benefits such as the proliferation of boarding houses and restaurants along the road to the mining site.

A sand supplier observed that the condition of the community after the nickel mining project is very different from how it was before. With the entry of foreign companies here, the supplier has experienced increased demand for sand shipments, reaching 30 trucks daily. Before, although there was a company here, demand was sometimes as low as just one truck per day. Many people now work with the supplier, even though they also work in the mining company, and there are even some members of the Indonesian Army and Police, as well as village officials, who have started sand shipping businesses.

Similarly, a restaurant owner near the mine observed the same phenomenon: in the past, this area of the village was a forest, and very few residents wanted to live there. After the nickel company arrived, this place became lively, and the respondent's restaurant was the first to exist near the mine. The monthly turnover of the restaurant can be as high as hundreds of millions of IDR (1 USD = ~16,000 IDR) from the employees in this company who work from morning to night.

One PT VDNI employee confirmed this, stating that they were not from the local village. They first came here because of a call to work on clearing land to build this mine, before becoming an employee. The conditions after the existence of this mine are very different from before. According to the respondent, residents derive significant economic benefits because of land acquisition, and many have opened businesses and provide services to meet the needs of the workers here.

A statement that strengthens this fact was also conveyed by an immigration official from the Kendari Class I Immigration Office, who explicitly stated that before the existence of this nickel mine, many residents worked as sand miners, earning an average of 50,000

IDR per day and often looking for work outside the Konawe area. After the mine was established, residents were guaranteed jobs and increased their income. As a result, residents built small stalls selling household appliances, making this a small-scale economic area. In addition, the construction of housing/boarding houses for mine workers is increasingly rife, and many other regional residents come to the area to earn an income.

The second theme – the value of community experience and expectations of the downstream program in Konawe – includes the importance of the experience felt by the Konawe community regarding the existence of the downstream program and what interactions occur within it. The experiences of citizens interacting with companies and the government were uncovered through interviews and the observations of companies and local settlements. Residents' knowledge of the company's future development plans has brought new hope and enthusiasm to the people of Konawe. The respondents appreciate these plans because they benefit from them, improving their family's economic standing and making them proud of their region both nationally and internationally.

However, the jealousy of some parties who are not positively affected often provokes several actions against the sustainability of the downstream program by involving masses from outside the Konawe area. The community around the project stated that the existence of nickel companies and foreign workers should not be politicized for particular interests because the Konawe community did not reject or demonstrate against these phenomena. One local community leader said that several demonstrations had been carried out by residents from outside the Konawe district pitting local workers against foreign workers at the mining company.

The final theme – the excellent impact of government interaction with the community in implementing ease of immigration policies in the downstream program in Konawe – highlights the positive impact on the surrounding community that has been created by establishing communication with the government regarding the implementation of policy in the region. The Konawe community highly appreciates the efforts of the local government; in this case, districts, sub-districts, villages, and immigration institutions have provided explanations on all matters related to this downstream program, including immigration facilities and services for foreign workers. The essence of this theme is the benefits that stem from the development of a participatory culture that emphasizes the involvement of policy-affected communities in implementing policies that concern many people's lives.

People will remember how the government consulted them in order to determine important matters concerning their welfare. They will be motivated to be more involved in the economic development of their area and will eventually feel connected to the company and the local government. This is evidenced by the willingness of a rental property entrepreneur to give up four hectares of land to be used for an access road from the village to the mine, provided that all of his children were accepted as employees at the company.

In addition, the owner of a restaurant close to the mine also highlighted positive interactions, reporting that their relationship with the village and sub-district government was

no problem. Many village and sub-district employees have opened businesses due to the existence of this project, and those who do not approve of the company are generally from outside the territory. This form of interaction will significantly impact the region's economic progress in the future. Therefore, this phenomenon is expected to form a good public perception of similar government programs and policies.

The impact of the ease of visa policy, which the local community has not felt, is likely more caused by the lack of knowledge and understanding regarding the strategic role of immigration institutions in supporting every effort from the central and regional governments to stimulate local economies. According to the statements made by the spokesperson from the Directorate General of Immigration, its office's representative in each region must be more active and educative in explaining the role and function of immigration. This is important because national news often shows the negative aspects of foreigners working in downstreaming projects, including in Konawe. Issues regarding the wage gap and local sentiment are often used as a subject of protest and debate by certain groups that oppose the downstreaming program.

On the one hand, the concept of a policy being evidence-based can be used as an instrument to ensure its usefulness. This concept involves analyzing a policy through three lenses: political judgment, professional practice, and scientific research (Head 2008, 2013). From the political perspective, it is clear that the downstreaming program of the Joko Widodo regime is its main policy direction. The reality of professional practice on the ground proves that the existence of this program, with the support of the ease of visa policy, drives the economic activity of residents. Finally, from the academic perspective, this paper demonstrates how the ease of visa policies contributes to the growth of employment and entrepreneurship in local communities.

On the other hand, local communities' reduced role and lack of involvement in formulating immigration policies is also one of the causes of limited community insight in the regions. The central government, through its supporting agencies such as the Directorate General of Immigration and its representative offices, can liaise with residents before ratifying an immigration policy. In the future, feedback from people affected by the policy will then be a valuable consideration when facing the rejection of a new immigration policy and increasing its usefulness so that the community understands it and feels its benefit. In a democratic society, everyone must see public policies as representing a consensus between public service providers and the people, as service receivers (J. V. Denhardt and Denhardt 2007, 2015; R. B. Denhardt and Denhardt 2000).

It is time for Indonesia's immigration institution to abandon old patterns in carrying out its duties as a public servant. These old patterns include excessive emphasis on the hierarchical system of power, authority that is too narrow and compartmentalized, and rigid managerial practices. Of course, foreign investors will not be suitable sources of such immigration service mechanisms. In the modern era, society is more in need of public sector managerial patterns with flexible, adaptive, consensual policies (Hsieh and Liou 2018;

Entwistle and Martin 2005; Kekez, Howlett, and Ramesh 2018; Eriksson et al. 2020).

Away from the policy-making area, the lack of public awareness regarding the impact of an immigration policy is also caused by the limitations of the regional community itself. Most people in Konawe only attend elementary school, experiencing all of the limitations surrounding road and building infrastructure and supporting facilities such as water, electricity, and access to technology. The multiplier effect of the ease of visa policy has brought significant outcomes to the lives of these residents. Hence, immigration policies play a decisive role in rural economic development.

The welfare approach used as the basis for the implementation of the ease of visa policy has not been fully understood by the Konawe community. The missing link stems not only from the two internal and external factors mentioned above, but also from the communication pattern of the local immigration office, which does not touch on the sustainable benefit of implementing the immigration policy. While the ease of visa scheme is beneficial for foreign investors and workers, local people also indirectly enjoy it in the form of job creation and various new business possibilities.

Conclusions

- The findings of this study suggest a favorable correlation between the implementation of the ease of visa policy and its resultant positive impact on the local community's economy.
- The influx of foreign workers under the ease of visa policy serves as a catalyst for economic growth within the region, primarily through the creation of employment opportunities and the transfer of technological knowledge.
- Consequently, the infusion of foreign labor not only addresses local labor demands, but also enhances the productivity and innovation capacity of the indigenous workforce.
- These observations underscore the significance of informed policy decisions in fostering regional development. As such, this research holds implications for the formulation and refinement of future visa policies aimed at promoting economic prosperity at the local level.
- Nonetheless, it is necessary to highlight a limitation of this study, wherein the examination of the per capita income of the Konawe community before and after the implementation of the downstreaming program remains unexplored. This aspect warrants further investigation to provide a comprehensive understanding of the socioeconomic implications of such initiatives on the local populace.

Acknowledgement

The researchers would like to express their gratitude for all of the budgetary support provided by the Directorate General of Immigration and Immigration Polytechnic so that this research could be carried out correctly.

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KONAVĖS BENDRUOMENĖS (INDONEZIJA) EKONOMIKOS GAIVINIMAS TAIKANT PAPRASTĄ VIZŲ POLITIKĄ

Anotacija. Indonezijos prezidento Joko Widodo administracijoje vystoma ir įgyvendinama koncepcija „pasroviui“, kuri, tikimasi, sukurs darbo vietas ir pagerins žmonių ekonominį gyvenimą regionuose. Norint sėkmingai dirbti būtina, kad mokslas ir technologijų pasiekimai bei patirtys būtų perimami iš užsienio investuotojų ir suteikiami naudotis Indonezijos žmonėms, todėl turi būti remiama vizų režimo supaprastinimo politika. Šiuo tyrimu siekiama įvertinti dabartinę vizų režimo supaprastinimo politiką, palengvinančią užsienio investicijų patekimą, naujų darbo vietų kūrimą ir verslumą. Šis tyrimas buvo atliktas taikant kokybinį metodą, duomenų rinkimo metodą, interviu metodą ir dalyvių stebėjimą. Pokalbis buvo atliktas atrinkus gyventojus, gyvenančius aplink PT VDNI, ir vietinius darbuotojus bei personalo atstovus iš PT VDNI. Dalyvių stebėjimai buvo atlikti atsižvelgiant į autorius kaip imigracijos pareigūno, dirbusio Indonezijoje ir užsienyje, patirtį nuo 2006 m. iki dabar. Patvirtinantys duomenys iš oficialių laiškų, susijusių su investuotojų ir užsienio darbuotojų licencijomis, yra paimti iš vietinės imigracijos tarnybos, esančios Kendari mieste. Be to, gauti pirminiai ir antriniai duomenys praėjo redukavimo, klasifikavimo ir trianguliacijos etapus. Supaprastinta vizų politika užsienio investicijų atžvilgiu gerina gyventojų ekonominį gyvenimą, nes sukuria naujų darbo vietų. Šio tyrimo rezultatai palaido teiginį, kad vizų supaprastinimo politikos įgyvendinimo efektyvumas padeda užsienio investuotojams ir darbuotojams.

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VIEŠOJI POLITIKA IR ADMINISTRAVIMAS T. 23, Nr. 2
PUBLIC POLICY AND ADMINISTRATION Vol. 23, No 2
Mokslo darbai

ISSN 1648-2603 (print)
ISSN 2029-2872 (online)

Redagavo MB „Kopis“
Maketavo Martynas Švarcas

Išleido Mykolo Romerio universitetas
Ateities g. 20, Vilnius
www.mruni.eu

Spausdino UAB „Šiaulių spaustuė“
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