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E-Governance and Political Modernization: an Empirical Study Based on the East and Southeast Asia from 2003 to 2014

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Abstract

This study aims to make it clear that whether E-governance matters for political modernization in East and Southeast Asia. Specifically, there are two main questions in this study. First, to what extent E-governance matters for political modernization in East and Southeast Asia? Second, what is the aspect or factor that has the greatest impact on political modernization in this region? According to the literature review, E-governance can be operated to three elements, which are "open data", "online service" and "E-participation". Political modernization also can be divided into three elements, which are the government's transparency, the offline political participation and the level of liberty. Using second-hand data from UN database, TI (Transparency International) and V-dem, this study draws such conclusions. 1. The development of E-governance will lead to the improvement of political modernization in East and Southeast Asia. Specifically, open data has a positive impact on the government's transparency. E-participation has a positive impact on the offline political participation and the level of liberty. 2. It is difficult to confirm what is the element that has the most important influence on political modernization, for these three elements have an impact on the different aspects of political modernization. Overall, this paper proves that E-governance has a positive effect on political modernization in East and Southeast Asia and confirms the importance of E-participation. With the continuous improvement of E-participation in this region, ordinary people will aware the importance of political participation and regard this as essential political rights of themselves. So that the improvement of political participation in this region is worth looking forward to.

Keywords: e-governance, political modernization, East and Southeast Asia

1. Introduction

How to build an efficient, reliable, transparent, and democratic government is an enduring topic. With the aim of figuring out this conundrum, some scholars raised methods from old public administration to New Public Management (NPM) (Dunleavy & Hood 1994;

Kaboolian 1998); some others raised another way called New Public Service (NPS), a movement built on democratic citizenship, community and civil society, and organizational humanism and discourse theory (e.g., Denhardt & Denhardt 2000). Both of NPM and NPS are different from the traditional public administration, so they can be seen as the innovative governance or the development of politics. While these two theories or frameworks give us an orientation and thinking method about the innovative governance or the government's reform to some degree, while the rapid development of Internet, information and communication technologies (ICTs) creates a juncture actually to put the spirit of these theories into practice. Specifically, E-government beneficial from internet and ICTs is one of the most important elements that accelerates the government's reform around the world. And it can be seen as the typical case that ICTs have a positive impact on political development. As time goes by, more and more problems and issues are needed to be solved by the E-government system and the functions of E-government are enriched, so many scholars pointed out the name of E-governance is more suitable than E-government (Heeks 2001; Prabhu 2013).

As Martin Heidegger (1978) pointed out the influence of technologies' development is not only limited in the field of technology. E-government was born on the basis of technologies' innovation, and its influence today has already spread to every aspect of social life. In the past one or two decades, E-government had experienced the prosperous and rapid development around the world. United Nations (UN) had conducted 9 surveys totally around the world since 2001 for grasping and presenting E-government's development. Western countries, for example, have gained remarkable results in E-government's construction and relevant fields, because of the advanced Internet technologies and institutional advantages. According to UN E-government survey in 2016, all of the top 10 countries are western countries, excluding South Korea and Singapore. And there are 6 countries lie in Western and Northern Europe among these 10 nations¹. Meanwhile, the E-government's systems in non-Western countries, especially in East and Southeast Asia, have also experienced a rapid development. South Korea and Singapore are typical representatives ranking 3rd and 4th in UN E-government survey in 2016 (UN E-government survey 2016). And other non-Western countries, e.g., Japan, China, Malaysia, also make a good performance about E-government's construction. Considering the relatively backward Internet technologies and the level of political development, E-governance's construction in East and Southeast Asia is more worth of attention.

The impacts of E-governance can be witnessed around the world, no matter in Western countries or in East and Southeast Asia. For example, according to Torres et al. (2006) the relation between citizens and local governments in the European Union (EU) was narrowed, because of the development of E-government was promoting EU local governments' transparency and efficiency. In another piece of research, Parent et al. (2005) found using the Internet to transact with the government had a significant positive impact on citizens' trust in the Canadian government and citizens' external political efficacy. E-government's development in metropolises in U.S. is also arousing concerns. Municipal government Web sites in U.S. reduced the cost of information for citizens and allow interested citizens to review sources of revenue and expenditures for city government (Scott 2006). These in themselves could serve as an important inducement and support for public involvement (Bimber 2000). In spite of Western countries, the political influence of E-governance in East and Southeast Asia can also be witnessed widely. For instance, Iqbal and Seo (2008) pointed out E-governance was a good way for anti-corruption in South Korea. Hiroko Kudo (2010)

¹ These 10 nations are U.K., Australia, South Korea, Singapore, Finland, Sweden, Netherlands, New Zealand, Denmark, and France (UN E-government survey 2016).

held the view that E-governance played a role in the public sector's reform of Japan, especially in relation to public accountability. As some scholars pointed out the advanced E-government system in Singapore showed its function and meaning, which was the obvious increase in public trust in the government (Tan, Pan & Lim 2005). E-governance's development in China is also very eye-catching. The Chinese government, either central level or local level, has done from many aspects to improve governments' efficiency and transparency.² Meanwhile, so as to adapt to social reality, the government started to set up official accounts in Weibo, Wechat and other types of social media (Zheng & Zheng 2014).³ By the end of June 2016, there were more than 170 million net users had ever used official accounts in social media (China Internet Network Information Center 2016a).

As the description above, E-governance's functions around the world can be roughly divided into two aspects. One is so-called "open government", which means the government opens official data and offers online services for citizens; the other is "E-participation", which means the government sets up some approaches for citizens to participate in public discussions and the process of policymaking (e.g., Tolbert & Mossberger 2006). In the past one decade, many scholars concentrated on the aspect of open government, aiming to analyze whether E-government system can improve governments' working efficiency and to what extent this influence exists. According to many pieces of empirical research, E-governance had a positive impact on governments' efficiency actually (Torres et al. 2006; Potnis 2010). While there were relatively fewer studies attempt to analyze the aspect of E-participation and its political influence. Even though some scholars aimed to involve this topic, their vision was limited in local or domestic layer, and many of those studies' result was not significant, which means that E-governance could not improve political modernization or democracy significantly (e.g., Torres et al. 2006; Mazzarella 2006; Noesselt 2014). But we can not draw such a conclusion that E-governance has no or very little impact on political modernization or political development, since just like the introduction above, there were still a considerable number of studies gained the different results that political influence of E-governance is obvious around the world, especially in East and Southeast Asia (e.g., Zheng & Zheng 2014; Hiroko Kudo 2010; Iqbal & Seo 2008; Tan, Pan & Lim 2005; Lewis & Litai 2003). While few of those studies illustrated the E-governance's impact on political development or modernization through analyzing cross-nations' materials or data among East and Southeast Asia. Political development or political modernization today is still an important topic no matter in the level of theory or realist in areas like East and Southeast Asia. So if E-governance has a significant influence on political modernization or even matters for political modernization in East and Southeast Asia is a worth-answer question. Under such background, this paper attempts to figure out the impact of E-governance on political modernization in this area through collecting and analyzing official second-hand data from UN, Transparency International (TI) and Varieties of Democracy (V-Dem).

² For example, Beijing's open government data contains more than 400 datasets, including tourism, education, transportation, land use zoning and medical treatment. People living in Beijing can get into the governments' website and gain that information freely. In spite of the "open data", people today can also use E-government to participate in public affairs. On the Chinese government's Ministry of Environment Protection website, people can provide their opinions on government document drafts, which might be received by government (UN E-government Survey 2016).

³ The development of Internet and social media in China is significant. By the end of June 2016, the total number of Chinese net users had reached 710 million, and the number of social media users reached more than 550 million (China Internet Network Information Center 2016a). So the Chinese government has to emphasize the importance of social media, and sets up official social media accounts to serve people and offer official data and materials for interested citizens.

To be more specific, there are two main questions of this study. (1) To what extent E-governance matters for political modernization in East and Southeast Asia? Whether E-governance, one of the most typical representative of ICTs, could matter for political modernization or political development is an ambiguous question to some degree, because different studies gained the different results. This study aims to figure out this question by analyzing global data from UN and so on. (2) What is the aspect or factor that has the greatest impact on political modernization? As the description above, E-governance can be divided into different aspects or functions. What is the aspect or function that has the most important influence on political modernization, including governments' transparency, the level of political participation and liberty, is yet to be solved. While this question is very valuable when we try to understand the political influence of E-governance. So this paper tries to solve it.

2. Literature review

2.1 Political modernization and its components

Political modernization is a relatively complex concept. After the World War II, or even since the period of Enlightenment, many countries around the world started to search their own approaches to reach political modernization. In short, political modernization can be regarded as the development of politics in many aspects. Meanwhile, Some scholars pointed out political modernization was based on democratic institutions (Gould 1990). Warren (1996) pointed out the deliberative democracy is the good way to handle authority and to make political decisions. Estlund (2009) held the view that how to make political decisions is one of the key indicators to evaluate authority's legitimacy. And he pointed out democracy is a way of giving every (adult) person an equal chance to influence the outcome of the political decision, even though democracy has no particular tendency to produce good decisions (Estlund 2009, p. 8). In general, political modernization or democracy means the structure of authority has changed significantly, which also indicates the development of rationalization and legitimacy of authority. Specifically, political modernization, citing the opinion raised by Max Weber means the source of authority changing from tradition and Charisma to legitimacy⁴. In pre-modern society, the authority had two main sources, the one was traditional way, which means political leaders inherit authority through the ties of blood; the other was Charisma way, which means political leaders gain authority through their glamour, talent, or other characteristics. In general, both of these two types of authority would lead to centralism. However, in western countries, thanks to Enlightenment and a sort of political reforms and revolutions, the source of authority has changed fundamentally. Citizens' votes are the essential resource of political leaders' authority today. In other words, rationalization or legitimacy of authority is widely existing in western countries. While in other places, e.g., East and Southeast Asia, the development of political modernization is relatively slow.

In general, political modernization is behind the process of economic and social modernization in non-western nations. For instance, in some nations of East and Southeast Asia, e.g., South Korea, Singapore, Taiwan, the political development was surely pushed after economic rising rapidly. But the progress of economy and society might also lead to several

⁴ The authority from tradition and Charisma to legitimacy means that government is the product of man, not of nature or of God, and that a modern society must have a determinate human source of final authority, obedience to whose positive law takes precedence over other obligations (Huntington 1966).

problems in developing countries, especially the corruption. Just like Huntington (2002, p. 253-254) said:

“Impressionistic evidence suggests that its (corruption) extent correlates reasonably well with rapid social and economic modernization [...] The differences in the level of corruption which may exist between the modernized and political developed societies of Atlantic world and those of Latin American, Africa, and Asia in larger part reflect their differences in political modernization and political development.”

In order to solve the serious situation of corruption, citizens' participation seems very important and useful (Huntington 2002). Citizen's participation is also important and workable to expose corruption and could intimidate officers to keep away from economic crime. Of course, the movement of anti-corruption, in turn, can foster national political development and modernization (Huntington 2002). Therefore, people's participation and the movement of anti-corruption or so-call the transparency of government are the important element that accelerates the progress of political modernization. Meanwhile, the liberal political environment is also irreplaceable for political modernization. In realist context, if the national political environment is not liberal or very autocratic, both of citizens' participation and the transparent government would not appear. In other words, the high level of freedom in national context is the fundamental element that leads to the development of political modernization. So I point out the view that political modernization involves three aspects or elements, which are the situation of liberty, governments' transparency and political participation or so-called civic engagement.

- **The theory of liberty**

Liberty is a widely discussed concept. But it is still difficult to illustrate this concept clearly and accurately to some degree. Because of the limitation of theme and space of this paper, it can not give comprehensive and enough introduction about the theory of liberty. Briefly, the theory of liberty could be divided into two types, the one is negative liberty; the other is so-called positive liberty (e.g, Bakhtin 2010; MacCallum 1967). First, negative liberty means citizens can avoid doing those things that they don't want to do (MacCallum 1967). In theory, this type of liberty can be held by people easily, because it seems everyone's natural right that avoids doing those things that damage to people's interests or contrary to people's willingness or wishes. But in realist, many people can not gain this natural right, even those persons living in democratic nations. For instance, people today have to be vaccinated almost around the world, but maybe there are some people don't want to be vaccinated. If just according to the theory of negative liberty, these people forced to be vaccinated are not free. There are a considerable number of similar cases. Second, positive liberty means citizens can do whatever they want to do unless those things will hurt others (MacCallum 1967). This type of liberty was strongly respected by Mill. In the book of on liberty, Mill pointed out the only situation that allowed the human being to interfere other person's liberal actions was self-defense. But in realist, people can not do everything that they want to do. Thus, positive liberty only exists in theoretical level to many extents.

People's liberty of different countries is being limited more or less. Just like Berlin pointed out people's liberty in Western countries was being limited even though these nations are so-called political developed countries (Bakhtin 2010). He illustrated this judgment that the individual may receive many benefits as health and education from a paternalistic government without having the opportunity to act in accordance with his own needs and desires. So Berlin encouraged us to feel that men ought to choose and be self-directing, even

though paternalistic governments might bring benefits to citizens to some degree. But these benefits are not worth enough to be exchanged by freedom (McCallum 1971, p. 215-217). According to Berlin's opinion, comparing to whether there is freedom or not, the differences between positive liberty and negative liberty are not significant. In other words, struggling for the different types of freedom, these questions are more meaningful, including how to estimate whether there is freedom or not? To what extent there is freedom? And what is the element or factor that can improve the level of freedom in different countries? Comparing to those political developed countries, liberty's level of many nations in East and South Asia is not very high. And there are many scholars see highly of E-governance, as they think this new governance method might bring changes for liberty's situation in East and Southeast Asia. This paper concentrates on this aspect.

- **The government's transparency**

Governments' transparency is also the key element in political modernization. Building a transparent government is one of the key aims of the theory of public administration. And in some scholars' opinions, the increasing level of governments' transparency will lead to the development of political modernization (Relly & Sabharwal 2009). In the past, because of the low level of governments' transparency, ordinary people had no access to official information, which led to serious corruption, especially in those undemocratic or semi-democratic nations with a rapid development of economy (e.g., Sung 2004). The serious corruption and power abusing, in turn, would lead to the process of political modernization is eroded to a great extent. Thus, building a transparent government effectively is very important. The transparent government means all of the processes from policymaking to policy implementation are opening and can be supervised by ordinary people. Even though improving the level of governments' transparency is widely accepted by almost every country, there are still many corruptions and black-box operations in considerable countries around the world, particularly in some places of East and South Asia. How to strengthen government's transparency is becoming a hot topic among the academia of politics, public administration, economy and so on. Some scholars pointed out the development of technologies might be a useful tool or approach that accelerates the progress of the government's transparency. For instance, Bertot et al. (2010) held the view that using the latest ICTs and Internet technologies can improve the level of "open government", so that the situation of corruption can be ameliorated and the relation between governments and citizens can be narrowed. In another piece of research, the authors pointed out thanks to the rapid development of Internet and ICTs, e.g., E-government's system and social media, ordinary people had access to governments' data so that officers have to notice their behavior because they now are monitored by hundreds and thousands of citizens (Relly & Sabharwal 2009).

Truth to told, the government's transparency in East and Southeast Asia is at a low level. From the early 1990s, the viability of authoritarian regimes and the effectiveness of curbs on expression and information flowed in East and Southeast Asia were increasingly questioned. Many theorists believed that the earlier collapse of authoritarian regimes would eventually be replicated across the region (Rodan 2004, p. 2). The raising powerful social groups would lead to the government in East and Southeast Asia releasing power, and then the power structure and its operational mode in this region will be changed significantly. In other words, a more transparent government can be expected. However, as time went by, these theorists' forecast failed. In East and Southeast Asia, the collapse of authoritarian regimes or so-called the third wave of democratization had not appeared widely. As a result,

the situation of governments' transparency in the region is still at a relatively low level. But just like Heidegger (1978) pointed out technology's function and influence is obvious, E-governance's development in East and Southeast Asia is remarkable, and many scholars have pointed out its political influence, including accelerating the development of governments' transparent, could be witnessed in many nations among the region (e.g., Zheng & Zheng 2014; Kudo 2010; Iqbal & Seo 2008; Tan, Pan & Lim 2005). These pieces of research give us a part of picture about the influence of E-governance on governments' transparency among East and Southeast Asia, but no one of them tried to figure out the whole situation in the region through collecting and analyzing cross-nation data. This paper aims to do so.

- **Political participation**

Political participation of ordinary people is a key factor in political modernization. In the past, because of lacking suitable approaches and the drawbacks of authority's structure, ordinary people could participate in nothing but voting when it comes to the political participation. But with the innovation of technology and the change of authority's structure, the contents and depths of political participation are enriched. In other words, people today can participate in other public affairs and public discussions, excluding voting. And that is also so-called democratic process or citizen politics.

One aspect of the new citizen politics is political engagement. Expanding political skills and resources should increase the cognitive sophistication of the citizenry. In addition, many people are placing greater emphasis on participating in political and economic decision making [...] direct forms of action are increasing. People are less likely to be passive subjects and more likely to demand a say in the decisions affecting their lives (Dalton 2013, p. 10).

While many scholars pointed out civic participation or political participation was affected by several factors, e.g., social structure, national history, tradition, and whatsoever (Nie, Powell & Prewitt 1969; Verba, Nie & Kim 1978; Pye & Pye 2009). So in some political developing countries and regions, including East and Southeast Asia, political engagement is increasing slowly. While some scholars pointed out civic society was strengthening during the past two or three decades. They cited many cases to proof their opinion, including the 1986 mass protest for president Marco's ouster in the Philippines and highly mobilized civil society in South Korea compelled president Chun Doo Hwan to accept the demand of opposition in 1987 (Alagappa 2004). But in spite of these countries that became democratic nations after civic movement and political reform, the civic engagement in many other nations among the region is still at a low level. In the recent decade, the rapid development and diffusion of Internet and other information tools, however, seemed accelerating political development or civic engagement in those political developing countries in East and Southeast Asia (Dalton 2013). For example, in mainland of China, the influence of E-governance could also be witnessed widely. In the past, people had no suitable and useful approaches to take part in political and public affairs, but with the diffusion of social media and the development of E-government, people today have their own way to participate in public affairs publicly and liberally (Zhang 2006; Zhang & Chan 2013; Zheng et al. 2014). There are many other similar cases in East and Southeast Asia but there seems none of research attempts to figure out the E-governance's influence on political participation by collecting and analyzing cross-nations data among East and Southeast Asia. This paper aims to fulfil the blanket.

Overall, it's obvious that political modernization is discussed by scholars diffusely, and summing up their opinions, political modernization includes three main aspects or factors, which are the situation of liberty, the government's transparency, and political participation.

So these three factors constitute the operational definition of political modernization, and this paper will choose suitable data from V-Dem and TI to measure all of these three aspects. There will be more in-depth description below.

2.2 E-governance and its functions

As mentioned in the beginning of this paper, how to build an efficient, transparent, and democratic government is an enduring and difficult question. While as the time goes by, the level of people's trust in the government is falling, no matter in democratic or undemocratic countries. So many of governments around the world have to find a right way to improve the efficiency and transparency of public sectors. E-government's system that is beneficial from the diffusion of internet and ICTs is appearing at such background. According to the definition of UN and American Society for Public Administration (ASPA) E-government was utilizing the Internet for delivering government information and services to citizens (Torres et al. 2006). Organization for Economic Cooperation and Development (OECD) gave another same illustration about E-government, that was, using ICTs and particularly the Internet as a tool to achieve better government (Torres et al. 2006). From these descriptions and realistic cases, we can find that the essential purpose of building E-government system in the very beginning was improving the efficiency of governments through opening and offering official information and data to ordinary people, which was also the main aim of the movement of NPM (Janssen & Estevez 2013; Torres et al. 2005; Chadwick & May 2003). According to some empirical studies, the function and influence of E-government seemed very significant. For example, Shim and Eom (2008) found E-government had a positive impact on anti-corruption. In the past, people had no enough access to official data and information, including financial budget and the process of policymaking. This situation mean government officers escaping from being monitored to some extent. While the development of E-government created a new way to connect with citizens who could receive the relative information and materials about budget and policymaking. Thus, corruption behaviors of government employees are falling.

As time goes by, the concept of governance that took place traditional concepts like government and administration had spread to every field of political, public administration and even international political theory, E-government was also not exception. Many scholars and institution had pointed out different definition and illustration of governance. For example, United Nations Educational, Scientific, and Cultural Organization (UNESCO) defined governance as structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation (UNESCO website 2016). Rhodes (1996) held the view that governance mean self-organizing, inter-organizational networks that complement markets and hierarchies as governing structures for authoritatively allocating resources and exercising control and coordination. There are still many different definitions of governance raised by different scholars or institutions. Summing up these ideas, we can find the common ground of them which is the government is no longer the only decision-maker, and corporations, citizens, non-government organizations (NGO) play an irreplaceable role in the political and public affairs. Under such background, the concept of E-governance had been put forward by many scholars. Traditional E-government's system could not fulfill the requirement of governance, even though citizens could get official data and receive online services through online systems. Specifically, the traditional online system lacked participatory function so that ordinary people could not take part in political affairs online, including raising their opinion about public policy and discussing the public affairs. While the functions of E-government

were enriched and the meaning of E-government was also deeper and deeper today. So many scholars pointed out E-governance was much more correct and accurate than E-government. Just like Torres et al. pointed out E-governance includes E-government plus key issues of governance such as online engagement of stakeholders in the process of shaping, debating and implementing public policies (Torres et al. 2006, p. 278).

The function of E-governance had experienced new development on the basis of E-government. At the beginning, the main function of E-government was offering online data and government materials, so that ordinary people could become more knowledgeable about the government and public affairs. In the past, many people had no access to the official data and officers' information, which mean the government and those officers could escape from being monitored. As the saying goes, "absolute power results in absolute corruption", power without monitoring will also result in serious corruption. While the development of E-government system let citizens had access to official data and improved the level of transparency of the government. Many online services today had been supplied by the government, which was aiming to facilitate people's live. With the help of E-government system, people can accomplish many things, such as applying documents and whatsoever, which had to be done offline in the past. These two functions have many common grounds to some extent, and both of them can improve the efficiency and transparency of the government, so according to some scholars' opinion, these two functions can be regards as open government (e.g., Tolbert & Mossberger 2006). While people's participation was the new functional development of E-governance. Online participation or E-participation means citizens can express their own opinion and take part in the discussions about public issues and supervise governments' working through E-government platform. In the past, these political rights of people were difficult to realize, since there was lacking suitable approach. E-governance, without a doubt, offers citizens a suitable and relatively workable approach to achieve own rights. Thus, this function is also called E-democracy (e.g., Tolbert & Mossberger 2006). Overall, the functions of E-governance can be divided into two main aspects, which are open government and E-participation.

2.3 The political influence of E-governance in East and Southeast Asia

There are many pieces of research focused on the E-governance's influence on the political development and modernization. And many of these studies gained the positive results, in other words, the development and innovation of E-governance had a distinct impact on the political development (Ciborra 2005; Madon 2008). For instance, Chadwick et al. (2003) pointed out E-governance enshrined some important norms and practices of E-democracy, even though the potential for linking E-democracy in civil society with E-government at the level of the local and national state was far from straightforward. Many scholars also pointed out E-governance's influence could be witnessed in East and Southeast Asia. For example, the Chinese government paid more attention to the transparency of the government and gained the significant results in recent years. To some degree, the rapid development of E-governance, especially the aspect of open government, is one of the most important elements that accelerate the process of the Chinese government's transparency (e.g., Jun, Wang & Wang 2014). Specifically, E-governance's influence on political modernization, according to the past studies, could be divided into three main aspects, which are governments' transparency, political participation and the field of liberty.

- **The E-governance's influence on governments' transparency**

As mentioned above, the government will offer important official data and materials through E-government system, and as time went by, citizens who recognize the function of E-government system will also require the government to send data through the online platform. This situation will help ordinary people grasp important information of the government and monitor the government and officers to some extent. As a result, the level of the government's transparency will improve significantly. According to many empirical studies, this hypothesis has come true. Some scholars pointed out the government's transparency occurred through one of four primary channels, which were proactive dissemination by the government; releasing of requested materials by the government; public meetings; and leaking from whistle-blowers (Piotrowski & Van Ryzin 2007). While the E-government system built by governments can fulfil these four points. First, people can give relative data and materials that they need from the online system. And if there is lacking relative data citizens can request it through the online platform. Second, with the development of Internet and ICTs, online meetings between citizens and the government is appearing around the world, even though this situation is a rare occurrence to some degree. Thus, Bertot et al. (2010) pointed out E-government, in particular, had been used in many prominent, comprehensive transparency efforts in a number of nations, after an empirical study. EU is a typical region that enjoys the advantages brought by advanced E-government system and the idea of E-governance. As Torres, Pina and Acerete (2006) pointed out that The Internet aids good governance by increasing transparency and customer-oriented service delivery in this region. They indicated there were opportunities for ICTs to enhance governance in local government, especially in the areas of management and delivery of services, though the Internet is not yet running as an effective medium facilitating democratic inputs into the policymaking process (Torres 2006).

Apart from EU, the E-governance's influence on the government's transparency in East and Southeast Asia seems also obvious. For example, E-governance in South Korea plays an important role in anti-corruption and improving the government's transparency. Corruption can be widely found in both democratic or undemocratic, developed or developing countries, the only difference lies in the degree. South Korea, a relatively developed state in Asia, had experienced a rapid economic growth but had been encountering serious corruption. How to solve this situation is one of the main tasks faced by the government and every citizen in South Korea. Some scholars claimed anti-corruption movement can make big difference through E-governance. Some online systems in South Korea have a impact on anti-corruption such as the Online Procedure ENhancement (OPEN) system for civil applications of Seoul Metropolitan Government (SMG) and the Government e-Procurement System (GePS) will be analyzed and generate policy implications for reducing corruption (Iqbal & Seo 2008, p. 53). In short, E-governance's development offers a right way to enhance transparency in the process of administrative services. Singapore is another typical representative. As some scholars pointed out the advanced E-government system in Singapore showed its function and meaning, which was the obvious increase of public trust in the government (Tan, Pan & Lim 2005). The reason why citizens in Singapore would show a higher level of trust in the government is that they could get more information from the government through E-government system. In other words, the level of the Singapore government's transparency has improved significantly with the help of E-governance, so that citizens are prone to take the positive attitude toward the government. So if this phenomenon exists widely in East and Southeast Asia? Or the development of E-governance will improve the level of transparency in this region? This paper aims to solve it with the help of statistical data.

- **The E-governance's influence on political participation**

The situation of people's political participation is one of the most important indicators to evaluate the level of democracy of countries to some degree. In the past, people's participation was not very easy, since there was lacking suitable approach. Thus so-called democratic regime or institution almost just mean one-time voting. While E-government system offered a new approach for citizens to take part in public and political issues. In the online platform, citizens can express their opinion about public affairs and monitor the process of policymaking. In the realist, there are many scholars also concentrated on the E-governance's effect on political participation, even though Some scholars found the E-governance's influence on civic engagement or political participation was complex. For instance, taking 100 largest cities of America for example, Scott (2006) observed its official websites and analyzed if cities' official website could improve civic engagement and political participation. Scott found some cities' websites were useful and could improve citizens' involvement, while in other cities, it was hard to find the same effect, in other words, official websites in these cities had no or very little effect on civic engagement and political participation. As time went by, especially with the development of Internet (e.g., Web 2.0), the political effect of E-governance seemed more and more significant. For example, some scholars focused on biodiversity governance, they analyzed 2,000 networks in Finland, Greece, Poland, and the UK, finding citizens in those countries widely engaged in policymaking processes that relate to the environment (Paloniemi et al. 2015).

In the recent decade, governments in East and Southeast Asia had emphasized the importance of building an outstanding E-government's system. The Chinese government, for example, aims to improve the efficiency and transparency through E-government's system. While with the development of the E-government's system, other aspects of political affairs are also affected, including civic engagement and political participation. For example, "citizens' political participation, under the development of E-governance, may generate unintended consequences of incremental reform of China's local governance and political institutions." Jiang and Xu (2009) pointed out, "even though E-governance in China only lead to limited improvement in administrative efficiency and transparency." He et al. (2016), taking environmental policymaking process, for example, found today more and more Chinese ordinary people take part in this process, and express their own opinions within the E-government's system. Meanwhile, according to UN E-government survey, Chinese people can provide their opinions on government document drafts, which might be received by the government, on the Chinese government's Ministry of Environment Protection website (UN E-government survey 2016). So we can find the development of E-governance, especially the development of E-participation, offers ordinary people a chance to take part in political affairs and the process of policymaking.

- **The E-governance's influence on liberty**

There were no many pieces of research focused on the E-governance's influence on the level of liberty. But the impact of E-governance on citizens' liberty seemed obvious. First, citizens had more liberal to gain official data and materials when the E-government's system had been built completely. In the past, this type of liberty was not held by citizens. Second, citizens had more liberal to choice and enjoy government services, since they could choose online services supplied by E-government's system or choose offline services. Before the development of E-governance, this situation was not existing in realist. In other words, citizens had to choose offline service, they had no liberty in this aspect. Third, citizens today

have liberty to participate in the online political discussion or express their opinion through the online platform, which could not be imaged in two or three decades ago. Overall, the development of E-governance exactly brings a higher level of liberty to citizens. As Relly and Sabharwal (2009) emphasized one of the key element that E-governance brought to our societies is more a liberal lifestyle. And they thought this lifestyle also can promote so-called “good governance”. So this paper also aims to test if the development of E-governance will lead to higher level of liberal in East and Southeast Asia, by analyzing collected data.

3. Methodology

3.1 Hypotheses and research framework

- **Hypotheses of this paper**

According to the literature review and the main research questions of this paper, the hypotheses of this paper can be put forward as bellow.

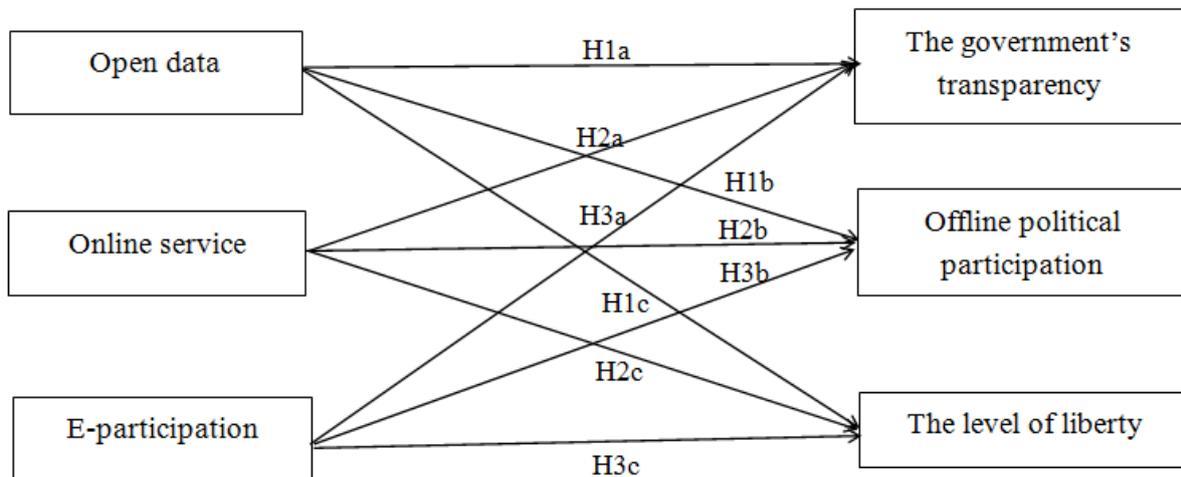
H1a: the development of open data will lead to a higher level of the government’s transparency. H1b: the development of online service will lead to a higher level of government’s transparency. H1c: the development of E-participation will lead to a higher level of government’s transparency.

H2a: the development of open data will lead to a higher level of offline political participation. H2b: the development of online service will lead to a higher level of offline political participation. H2c: the development of E-participation will lead to a higher level of offline political participation.

H3a: the development of open data will lead to a higher level of liberty. H3b: the development of online service will lead to higher level of liberty. H3c: the development of E-participation will lead to a higher level of liberty.

- **Research framework of this paper**

Figure 1: The research framework of this paper



Source: own elaboration

First, the independent variables contain three variables, which are open data, online service and E-participation. Second, the dependent variables contain three variables, that are, the government's transparency, political participation, and national liberty. And the relations of these different variables or so-called framework of this paper can be seen as bellow (figure 1).

3.2 Data source

There are three main databases used by this study, which are UN database, TI and V-Dem. First, the relative data of independent variables are from UN database. Specifically, open data, online service and E-participation are sourcing from UN E-government survey. Second, data of governments' transparency are source from TI where studies for Corruption Perceptions Index (CPI) have been taken since 1995. So the score of CPI can be regarded as the level of different governments' transparency. Third, relative data of political participation and level of liberty can be found from V-Dem database. There are three things should be illustrated. First, UN E-governance survey began from 2001 and there are totally 9 times surveys had been held so far. While there was lacking relative data about E-participation in the first survey and there was no useful data in V-dem database about 2016, as a result, there are totally 7 times surveys can be used in this study, and the specific years are 2003, 2004, 2005, 2008, 2010, 2012 and 2014. So this study is collecting the relative data from three databases about these years. Second, in order to confirm all of the relative data mentioned above is existing, which is the essential condition for former research this study removes those countries that lack the whole or part relative data in East and Southeast Asia. So there are totally 13 countries in this study, which are Cambodia, China, Indonesia, Japan, Lao, Malaysia, Mongolia, Myanmar, Philippines, South Korea, Thailand, Timor-leste and Vet Nam. This study is based on the relative data resourced from these countries in East and Southeast Asia from 2003 to 2014. Third, both of independent variables and dependent variables are standardized by this study, for statistical and operational convenience. Specifically, the range of the data is from 0 (the worse) to 1 (the best).

3.3 Variables' operation

- **Open data**

Based on UN E-government survey, there is an index that can represent this element. To be more specific, this index called Telecommunication Infrastructure Index (TII), which evaluates the status of the development of telecommunication infrastructure that is the essential basis of the improvement of open data. In other words, if the telecommunication infrastructure is not developed very good, people can not get those information or data from the online platform. As a results the level of open data in this country is not very high. On the contrary, if the TII index of a country is very high which means the telecommunication basis in this nation is good and open data will also be developed remarkable.

- **Online service**

Based on UN E-government survey, there is an index that can be regarded as the situation of online service in different countries, which is called Online Service Index (OSI). This index can evaluate the level of online service around the world. If a nation can gain a high score of OSI means the level of online service in this country is relatively high. On

contrast, if the score of a nation is low means there is lacking high level online service in this nation. So the score of OSI can represent the element of online service.

- **E-participation**

The factor of E-participation aims to evaluate the situation of citizens take part in online political issues, which is also one of the key parts in UN E-government survey. In this survey report, E-Participation Index (EPI) is raised to represent the situation of people's online political participation in different countries, so the data of EPI can be used in this research.

- **The government's transparency**

The government's transparency represents the level of transparency in different countries. TI database had started to evaluate this situation by setting up Corruption Index (CPI) since 1995. And there is annual report about CPI in TI database. Thus this paper regards the score of CPI as the situation of the government's transparency.

- **The offline political participation**

The factor of offline political participation aims to test what is the situation of ordinary people's public and political engagement in realist. There are a suitable data that can be regarded as the situation of offline political modernization in East and Southeast Asia. To be more specific, the data is called civil society participation index (CSPI) from V-dem database. This index aims to provide a measure of a robust civil society, understood as one that enjoys autonomy from the state and in which citizens freely and actively pursue their political and civic goals. And these questions used to measure CSPI are not concluding something about internet or E-participation, so these two indexes, I mean EPI and CSPI, are independent of each other. To summing up, the score of CSPI can represent the offline political participation in this study.

- **The level of liberty**

According to literature review, liberty is a complex concept and it is difficult to illustrate and measure this concept. But the level of liberty can be roughly divided into two aspects, which are civil liberty and political liberty. And there are two indexes that can represent these two aspects in V-dem database. The first one is called Civil Liberty Index (CLI). This index is measured by some questions that are related to the level of absence of physical violence committed by government agents and the level of absence of constraints of private liberties and political liberties by the government. The second one is called Political Liberty Index (PLI). Among the set of civil liberties, these liberal rights are the most relevant for political competition and accountability. The index is based on indicators that reflect government repression and that are not directly referring to elections. So the level of liberty can be regarded as CLI plus PLI.

4. Results and discussion

From Table 1. we can find the whole situation of E-governance and its political influence in East and Southeast Asia. According to the score of Std. we can find these countries have the least difference on the aspect of online service, in other words, the developing gap of online business-solving and other relative services is relatively small in East and Southeast Asia. While the biggest gap among these countries is laying on the E-participation. To be more specific, the level and quality of citizens' online political participation is very different from country to country in this region. When considering the situation of political modernization, we can find countries have the least gap on the score of CPI. In other words, the degree or level of governments' transparency in East and Southeast is relatively small. And according to the specific score, it is easy to draw such conclusion that the whole level of governments' transparency in this region is not very high. While there is a big gap between the minimum score of liberty and the maximum score of liberty in East and Southeast Asia, as well as, the difference among these countries on liberty's level is most significant. So it is obvious, citizens living in different countries in this region are enjoying the unequal liberty. Apart from data description, the more important and meaningful aim of this paper is figuring out the determinants model of political modernization, which is combined by three aspects.

First, when considering the government's transparency, the relative situation can be found in Table 2. The Model I is significant and the score of Adj. R square is up to 0.868, but considering the score of VIF, this Model is not suitable. If excluding the element of E-participation, open data and online service can explain the change of governments' transparency reach 80.7% together, but the Model II is not significant neither the whole model nor these two component elements. So the Model III is most suitable one among these three models. The score of Adj. R square is 0.810, which means the element of open data can illustrate the change of governments' transparency more than 80% in statistical context. And the Bate's score of open data in Model III is 0.909 ($P < .001$), which means if the level of open data grows 1 unit, the development's level of governments' transparency in East and Southeast Asia will grow 0.909 unit in theory. There is no doubt that open data plays an important role in improving the government's transparency in East and Southeast Asia. So H1a set by this study can be accepted, while H1b and H1c are invalid.

There are many possible reasons that the development of open data can lead to a higher level of governments' transparency in East and Southeast Asia. While the most important and explainable one is that ordinary people can get more information and materials from the government and they can also supervise the department of government and its officers to some degree when the function of open data in E-government's system have experienced rapid growth. For example, Beijing's open government data contains more than 400 datasets, including tourism, education, transportation, land use zoning and medical treatment. People living in Beijing can get into the governments' website and gain that information freely (UN E-government survey 2016). This is a microcosm of China as the development of E-governance, especially the growth of open data in China is very remarkable. Many scholars also gained the same conclusion that open data has a significant positive role in the Chinese government's transparency (e.g., Lollar 2006). Apart from China, the level of transparency in South Korea also experienced an obvious growth. There are many online systems in South Korea have impact on anti-corruption such as the Online Procedure ENhancement (OPEN), the Government e-Procurement System (GePS) and so on. All of these online systems are aiming to offer official information for ordinary people and let them supervise government and its officers (Iqbal & Seo 2008). To some degree, these online

platforms can be regarded as the components of open data. At such background, people have more access to official data and force the government to be more transparent.

Second, Table 3. shows the influence elements of the offline political participation. Model I concludes three independent variables and the Adj. R square reaches 0.452, while all of these independent variables are not statistically significant. In other words, Model I can not be accepted. Considering the score of VIF, Model II is also not suitable one, even though the element of "E-participation" in this model is significant and the whole model can illustrate the change of offline political participation reaches 0.432. Model III is significant and the Bate's score of E-participation in this model is 0.632 ($P < .05$), which means if the level of E-participation grows 1 unit, the level of offline political participation will grow 0.632 unit in East and Southeast Asia theoretically. To be more specific, E-participation has a significantly positive impact on the improvement of the offline political participation in East and Southeast Asia. At such background, we can accept the H2c, while can not accept H2a and H2b.

There are two main influential aspects or reasons that can be used to illustrate the impact of E-participation on the offline political participation. The first one is that the growth of E-participation means the government liberalizes the restrictions on citizens political participation so that ordinary people have more opportunities to take part in political affairs. In Sweden, people are calling for participating in political affairs, such as online voting, online discussions, through online platforms (Phang & Kankanhalli 2008). The percentage of people's political participation has been improved obviously since the time and money cost of online political participation is laying at a low level. Besides Sweden and other Western countries, many countries in East and Southeast also try to build a completed online platform so that citizens living in these countries can take part in online discussions and other political issues freely and conveniently. At such background, countries in East and Southeast Asia gained a good performance in E-participation which can be seen from UN E-government surveys. The government encourages ordinary people to take part in political affairs through online platforms and other internet tools is a representative that the government in East and Southeast Asia hopes ordinary people can play a more important role in public affairs and political issues. As time goes by, citizens will show more interest and be willing to take part in many types of offline political affairs. The second one is that ordinary people show more interest in political participation result from the development of E-participation. Because of the convenient process and cost saving, citizens are more willing to take part in public affairs online than doing it offline. While citizens participate in public affairs frequently and regularly, they will cultivate the habit of political participation and their sense of political efficiency will also be improved. All of these create the necessary conditions that encourage and push people to take part in political issues offline.

Third, according to Table 4. we can understand the liberty determinant model. Model I concludes three independent variables but its Adj. R square only reaches 0.267. Besides that, all of these three variables are not significant, in other words, these three independent variables can not illustrate the change of liberty in East and Southeast Asia together. The Adj. R2 of Model II is rising at 0.339 but both of open data and E-participation in this model are not significant which means this two element also can not illustrate the change of liberty together. While Model III is significant while means this model can be used to illustrate the change of liberty in East and Southeast Asia. Although, the explanatory level of Model III is not very high, according to the score of Adj. R2, this model can illustrate the change of liberty in 33.4% in theoretically. Specifically, the Beta's score of E-participation is 0.624 ($P < .05$) which means if the level of E-participation grows 1 unit, then the level of liberty will increase 0.624 unit in statistical context. Based on the illustration, we can accept H3c set by this study and abandon H3a and H3b.

It is not difficult to understand the influence of E-participation on the level of liberty. On the whole view, the level of liberty in these countries lie in East and Southeast Asia is not very high, especially comparing with Europe and North America. The most two important reasons that limit the level of liberty in this region are that citizens can not or just enjoy the political rights partly such as freedom of speech and ordinary people have no or little access to political issues, they can not play an irreplaceable role in countries' political life. While with the help of E-governance people can extend their political rights in many aspects. For example, people can enjoy a higher level of speech's freedom through the online platform, and China is a typical case. Although citizens still can not express all of the opinions especially these negative discourses about the central government and political highest-level persons, ordinary people today can express their feeling and advises about the departments and specific officers through online platforms set by the government, and a considerable opinions and advises will be feedback (Yang 2009). In addition, the improvement of E-participation means people have more useful and workable approaches to take part in political issues, which is a big change for many countries in East and Southeast Asia, for people living in these countries had on or very little chance to participate in public discussions, let alone made their opinions and advises to be national formal policies in the past (Chen et al. 2006). Nowadays, changes are existing obviously in this region since the improvement of E-governance, especially the growth of E-participation. At such background, the level of liberty in East and Southeast Asia is also increasing.

Table 1: Data description

Variable	N	Min	Max	Mean	Std.
Open data (TII)	13	0.004	0.730	0.213	0.228
Online service (OSI)	13	0.030	0.425	0.192	0.119
E-participation (EPI)	13	0.023	0.872	0.296	0.239
The government's transparency (CPI)	13	0.150	0.733	0.322	0.172
Offline political participation (CSPI)	13	0.170	0.899	0.620	0.229
The level of liberty (CLI + PLI)	13	0.171	1.876	1.179	0.586

Table 2: The government's transparency determinants model

	Model I			Model II			Model III		
	Bate	t	VIF	Bate	t	VIF	Bate	t	VIF
Dependent Variable: the government's transparency									
Open data	.839*	2.95	7.34	.630	1.93	6.66	.909***	7.22	1.00
Online service	.931*	2.46	13.04	.302	.924	6.66			
E-participation	-.862*	-2.34	11.99						
Adj. R ²		.868			.807			.810	

* means P < .05, ** means P < .01, *** means P < .001

Table 3: Offline political participation determinants model

	Model I			Model II			Model III		
	Bate	t	VIF	Bate	t	VIF	Bate	t	VIF
Dependent Variable: offline political participation									
Open data	-1.16	-2.00	7.37	-.881	-1.64	6.13			
Online service	.903	1.71	13.04						
E-participation	.833	1.13	11.99	1.439*	2.67	6.13	.632*	2.71	1.00
Adj. R ²		.452			.432			.345	

* means $P < .05$, ** means $P < .01$, *** means $P < .001$

Table 4: Liberty determinants model

	Model I			Model II			Model III		
	Bate	t	VIF	Bate	t	VIF	Bate	t	VIF
Dependent Variable: the level of liberty									
Open data	-.632	-.94	7.37	-.609	-1.05	6.13			
Online service	.075	.08	13.04						
E-participation	1.130	1.32	11.99	1.181	2.03	6.13	.624*	2.65	1.00
Adj. R ²		.267			.339			.334	

* means $P < .05$, ** means $P < .01$, *** means $P < .001$

5. Conclusion

First, according to the statistical results, we can draw a conclusion that E-governance has a positive impact on political modernization in East and Southeast Asia. Specifically, the improvement of open data can promote the growth of governments' transparency, while another two elements, online service and E-participation have no significant effect on the government's transparency. This finding is same with many other empirical studies. For example, Relly et al. (2009) had pointed out telecommunication infrastructure (TI), which is described as open data in this study, influenced the perceptions of government transparency in a positive and significant way. In addition, E-participation can be regarded as an explaining variable for the improvement of offline political participation and the level of liberty. In contrast, online service and open data can not affect these two dependent variables in statistical context. This finding is very different with some former empirical studies' results. Based on statistical results, many scholars evaluated E-participation not very high, regarding this function of E-governance as something dispensable and useless (Saglie & Vabo 2009; Goldfinch, Gauld & Herbison 2009). While according to regression result made by this study, E-participation has a positive impact on offline political participation and the level of liberty in East and Southeast Asia.

Second, it is difficult to confirm what is the element that has the most important influence on political modernization, for these three elements have a impact on the different aspects of political modernization. As a result, comparing to confirm the element that can affect political modernization in East and Southeast Asia at the largest degree, it is better to discuss this agent separately. Specifically, if we consider the aspect of governments' transparency, there is no doubt that open data are needed to be emphasized firstly. While the offline political participation and the level of liberty are considered, the importance of E-participation is higher than another two elements obviously.

Third, we can illustrate the influence of E-governance on political modernization in three aspects. The first one is that ordinary people can get more information and materials from the government and they can also supervise the department of government and its officers to some degree when the function of open data in E-government's system have experienced rapid growth, which can help increase the level of governments' transparency. Just like Bertot et al. (2010) pointed out the combination of E-government, Web-enabled technologies, transparency policy initiatives and citizen desire for open and transparent government are fomenting a new age of opportunity that has the potential to build a more transparent and reliable government. The second one is that the growth of E-participation means the government liberalizes the restrictions on citizens political participation and ordinary people will show more interest in political participation, which are the useful conditions that promote the development of the offline political participation. The third one is that the improvement of "E-participation" will create an approach for the public to enjoy a higher level of political rights and take part in political issues. Both of them are favorable factors to promote the level of liberty. The influence of E-governance on political modernization in East and Southeast Asia seems having been proofed. While what should be pointed out here is that the overall situation about E-governance is still needed to be enhanced and improved, according to the collected data. If the level of E-governance in East and Southeast Asia is always laying in relatively low level, the political modernization in this region will also stagnant.

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Indicators of Strategic Planning in Schools (School Education Programmes – Czech Republic)

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Abstract

The goal of this paper was twofold. The first goal was to provide a methodological framework for classification of indicators in education, specifically focusing on school education programmes (SEPs) of Czech primary and secondary schools. The second goal of this paper was to analyze the use of these indicators in SEPs. The first goal of this paper was met by providing comprehensive list of thematic areas and related indicators. These may be used in strategic planning in education more generally. Concerning the second goal of his paper, indicators related to learning outcomes are the most common in SEPs. Moreover, a variety of indicators is used in SEPs, suggesting the presence of several 'core', more frequently used, indicators and several 'peripheral', less frequently used, indicators.

Keywords: indicators, evaluation, strategic planning, school education programmes

1. Introduction

Strategic planning is an important theoretical concept implemented in public sector organizations, including schools, nowadays (see, e.g., Bryson 2010; Bryson, Berry & Yang 2010). Bell & Chan (2005), Davies & Ellison (2003), Fidler (2002) mention the following characteristics of strategic planning in schools:

- School is understood in a holistic nature. Hence, all school activities are considered.
- The planning is future-oriented. Hence, a long-term time horizon is considered.
- The planning has a proactive character. Hence, the school is able to identify its strengths, weaknesses, opportunities and threads and reflects these in its development goals and measures.
- The planning creates a framework for all school activities.

- The planning emphasizes school key topics, mission, vision and priorities.
- The planning accentuates links to external forces and internal school resources.

It is expected that strategic planning improves decision-making processes in schools, supports their choice of priorities, improves coordination of all school activities and prevents the omission of crucial opportunities for school development (see, e.g., Caputo & Rastelli 2014; Dunaway, Kim & Szad 2012; Fidler 2002; Bush 2007). Moreover, strategic planning enables systematic evaluation and monitoring of school progress, including the influence of determining factors. And just the last point is the research subject of this paper, focusing on the evaluation part of strategic planning generally and on indicators of strategic planning in schools in particular.

The first goal of this paper is to provide a methodological framework for classification of indicators in education. Specifically, the paper deals with indicators that are used in school education programmes (hereafter referred to as SEPs) of primary and secondary schools in the Czech Republic. Hence, the second goal of this paper is to analyze the use of these indicators in SEPs. The paper is structured as follows. The second section provides theoretical framework of this paper. The third section presents its methodology and the fourth section empirical results. The last chapter concludes.

2. Indicators in education – theoretical framework

In strategic planning, goals are always connected with indicators. Mitchell (1996), Scerri & James (2009) understand indicators as an instrument which supports strategic analyses of the state-of-art and development trends, which supports the choice of development goals and paths, and which supports monitoring and evaluation of development goals. Hence, indicators stand in the hearth of strategic planning. Additionally, several authors also mention the information role of indicators resulting into a better understanding of complex problems (see, e.g., Salvati & Zitti 2009).

The choice of indicators is one of the crucial questions when dealing with indicators (see, e.g., Salvati & Zitti 2009). Generally, indicators are expected to be related to the goals of strategic plans and may be defined at different evaluation levels, including the level of students, the level of teachers, and the level of schools (see, e.g., GOI 1999). Table 1 gives an overview of indicators extracted from various information sources related to strategic planning in education and classified into five thematic areas. Three additional remarks are noteworthy (see, e.g., Ewy 2009; Fidler 2002; Cheminais 2010; Klein et al. 2005):

- Generally, indicators may be related to various learning outcomes of cognitive, affective, psychomotor and meta-cognitive nature. Hence, indicators may be decomposed with respect to a number of partial criteria – e.g. achieved points and marks, but also mastery in processes and others (see, e.g., Hattie 2009). The same may be applied regarding learning subjects and students' characteristics (e.g., students with special educational needs, boys and girls and others).
- Generally, indicators are expected to achieve better central values and reduce the level of data variability. This is in accordance with the goals of quality and equity in education.
- The following attributes of indicators are desirable: (a) replication; (b) comparability; (c) practical use; (d) the opportunity to be influenced through interventions.

Table 1: Thematic focus and related indicators (examples)

Thematic focus	Indicators – examples
Learning results	<p>Indicators related to education standards, e.g. classification (marks, oral evaluation); certified courses (e.g., ECDL, language certificates)</p> <p>Indicators related to students' results in external tests; added value of education</p> <p>Indicators related to students' or external evaluators' evaluation (e.g., self-evaluation instruments; standardized evaluation instruments)</p> <p>Indicators related to students' results in competitions</p> <p>Indicators related to students' education and employment carriers (e.g., success in school enrolment; unemployment)</p> <p>Indicators related to students' early exit from education</p>
Stakeholders' satisfaction	<p>Students' satisfaction with particular elements of school activities</p> <p>Teachers' and directors' satisfaction with particular elements of school activities</p> <p>Parents' satisfaction with particular elements of school activities</p> <p>Graduates' satisfaction with particular elements of school activities</p> <p>School occupation rate</p> <p>The rate of the number of applications to the number of enrolled students</p> <p>The share of students outside the natural catchment area</p> <p>The number of complaints related to school activities</p> <p>Media image</p> <p>The number of participants in school activities (e.g., school events)</p>
Personal management, human resources	<p>The number of teachers and other school employees</p> <p>The rate of the number of students to the number of teachers</p> <p>Teachers' qualification</p> <p>Teachers' and other employees' fluctuation</p> <p>The number of applicants per a vacant job</p> <p>Evaluation of teachers regarding various elements of school activities</p> <p>Teachers' participation in further education</p>
Support system	<p>The quality of material equipment; physical state of buildings</p> <p>The number of problems identified with respect to school internal processes</p> <p>The number of innovative ideas implemented in school activities</p> <p>Time management – the level of absenteeism; the share of not explained absenteeism; the rate of cancelled lessons</p> <p>The offer of extracurricular activities; students' participation in these activities</p> <p>The offer of special measures for students with special educational needs</p> <p>The frequency of students' misbehaviour; students' misbehaviour – classification</p> <p>The number of cooperating community partners</p> <p>The number of events organized in cooperation with parents and community partners</p>

Table 1: Thematic focus and related indicators (examples)

Thematic focus	Indicators – examples
Financial resources	Total school financial resources; structure of income and expenditures
	The expenditure level per students
	Financial efficiency – the expenditure level per students and school learning outcomes

Source: own elaboration based on Cabrera, Colbeck & Terenzini (2001), Creemers et al. (2013), Ewy (2009), Fidler (2002), Cheminais (2010), Klein et al. (2005), Rossin et al. (2009), Rovai et al. (2009)

The overview of indicators given in table 1 provides the main theoretical input for the empirical part of this paper. The next section presents its methodology.

3. Methodology

The methodology of this paper is based on content analysis of a sample of SEPs of primary and secondary schools in the Czech Republic. In this regard, the methodology consists of the following steps.

The output of the first step of the methodology was a sample of primary and secondary schools in the Czech Republic and their SEPs as the information source for content analysis. The sample was created as follows. Firstly, the population of all primary and secondary schools in the Czech Republic was compiled from the official public register of primary and secondary schools in the Czech Republic. Subsequently, these schools were distributed in 42 strata according to two variables:

- school type – primary schools, classical grammar schools, and secondary schools,
- region of school location with 14 possible values.

Additionally, three variables were used for implicit stratification inside the strata: (a) school size; (b) school type regarding its founder; and (c) some specific characteristics of education programmes. Finally, a sample of 343 schools was randomly selected from the population. The number of schools from particular strata was determined proportionally according to the total number of schools in these strata (see, e.g., Hájek et al. 2013 for this approach).

In the second step of the methodology, a database of SEPs for the selected sample of schools was compiled. These SEPs were analyzed subsequently. Hence, a data matrix, which consisted of SEPs in rows and analyzed variables in columns, was created in the third step of the methodology. The variables were related to indicators of SEPs, considering two research areas: (a) thematic focus of indicators; and (b) particular indicators. In this regard, thirteen thematic areas of evaluation were defined, supplemented by a list of related indicators. Subsequently, the presence of each item (thematic areas, indicators) in particular SEPs was analyzed, indicating two possible values – ‘present’ or ‘not present’. The frequency related to the presence of thematic areas and indicators in SEPs was evaluated and discussed as the last step of the methodology. Table 2 gives the list of both, thematic focus of indicators and related indicators. Note that table 2 is a crucial element of the first goal of the paper because it provides general methodological framework for dealing with indicators in SEPs of Czech primary and secondary schools.

Table 2: Thematic focus and related indicators (methodology)

Thematic focus	Indicators
1. Learning outcomes	1.1 Achievement of expected learning outcomes (classification)
	1.2 Added value of learning outcomes
	1.3 The number of failing students
	1.4 Results of external comparative testing
	1.5 The number of passing students in certified examination
	1.6 Students' achievement in education or employment carriers
	1.7 Support to students with special educational needs
	1.8 Participation and results of students in competitions
	1.9 The share of students studying a part of the studies abroad
2. Learning processes	2.1 Quality of learning processes
3. Professional consulting and prevention of misbehaviour	3.1 Students' absenteeism
	3.2 The number of punished students due to misbehaviour
	3.3 The quality of professional consulting
4. School climate	4.1 Students' satisfaction
	4.2 Teachers'/employees' satisfaction
	4.3 Parents' satisfaction
5. Extracurricular activities	5.1 The offer of extracurricular courses
	5.2 Students' participation in extracurricular courses
6. Personal conditions and human resource development	6.1 Number, structure and fluctuation rate of teachers
	6.2 The share of fully qualified teachers
	6.3 The system of further education reflecting teachers' needs
7. School management	7.1 The quality of school management
8. Cooperation with parents	8.1 The quality of cooperation with parents
9. Cooperation with community partners	9.1 The quality of cooperation with community partners
	8/9.2 The number of complaints regarding the school
10. Material and physical conditions	10.1 The quality of physical and material conditions
	10.2 The use of classrooms and material equipment
	10.3 Compliance with legal requirements concerning safety and hygiene
11. Financial resources and economic efficiency	11.1 The total budget allocation
	11.2 The total budget from external resources, sponsoring
	11.3 Financial efficiency
	11.4 The number of projects realized by the school

Table 2: Thematic focus and related indicators (methodology)

Thematic focus	Indicators
12. School presentation	12.1 The number of applications, the enrolment rate
	12.2 The number of school events and the number of their participants
	12.3 The number of media articles about the school
	12.4 Accessibility and update of information
13. SEPs	13.1 Compliance of SEPs and Framework Education Programmes
	13.2 The level of SEPs implementation

Source: own elaboration based on Cabrera, Colbeck & Terenzini (2001), Creemers et al. (2013), Ewy (2009), Fidler (2002), Cheminais (2010), Klein et al. (2005), Rossin et al. (2009), Rovai et al. (2009); and based on the sample of analyzed SEPs

4. Empirical results

In this section, empirical results regarding the analysis of a sample of SEPs are presented. Firstly, the results concerning the thematic focus of indicators are illustrated (see table 3). The following findings are noteworthy:

Table 3: Thematic focus of indicators – the share of SEPs with the thematic focus

Thematic focus	Share of SEPs
1. Learning outcomes	100,0 %
2. Learning processes	53,4 %
3. Professional consulting and prevention of misbehaviour	19,5 %
4. School climate	48,4 %
5. Extracurricular activities	14,9 %
6. Personal conditions and human resource development	50,7 %
7. School management	46,6 %
8. Cooperation with parents	51,3 %
9. Cooperation with community partners	34,7 %
10. Material and physical conditions	50,1 %
11. Financial resources and economic efficiency	41,1 %
12. School presentation	22,2 %
13. SEPs	41,1 %

Source: own elaboration based on the sample of analyzed SEPs

- Firstly, the indicators related to learning outcomes are included in all SEPs. It is hardly surprising when considering learning outcomes as an ultimate goal of education.
- Secondly, (a) extracurricular activities; (b) professional consulting and prevention of misbehaviour, and (c) school presentation are the thematic areas that are less frequently included in the SEPs.

Hence, some ‘core thematic areas’ and some ‘peripheral thematic areas’ may be identified.

Table 4: Indicators – the share of SEPs with the indicator

Indicator	Share of SEPs
1.1 Achievement of expected learning outcomes (classification)	99,7 %
1.2 Added value of learning outcomes	2,3 %
1.3 The number of failing students	5,5 %
1.4 Results of external comparative testing	31,2 %
1.5 The number of passing students in certified examination	1,5 %
1.6 Students’ achievement in education or employment carriers	27,4 %
1.7 Support to students with special educational needs	28,6 %
1.8 Participation and results of students in competitions	25,4 %
1.9 The share of students studying a part of the studies abroad	0,3 %
2.1 Quality of learning processes	52,5 %
3.1 Students’ absenteeism	2,9 %
3.2 The number of punished students due to misbehaviour	12,5 %
3.3 The quality of professional consulting	18,1 %
4.1 Students’ satisfaction	41,1 %
4.2 Teachers’/employees’ satisfaction	34,7 %
4.3 Parents’ satisfaction	43,4 %
5.1 The offer of extracurricular courses	13,1 %
5.2 Students’ participation in extracurricular courses	6,1 %
6.1 Number, structure and fluctuation rate of teachers	9,3 %
6.2 The share of fully qualified teachers	17,2 %
6.3 The system of further education reflecting teachers’ needs	47,5 %
7.1 The quality of school management	45,5 %

Table 4: Indicators – the share of SEPs with the indicator

Indicator	Share of SEPs
8.1 The quality of cooperation with parents	44,6 %
9.1 The quality of cooperation with community partners	33,2 %
8/9.2 The number of complaints regarding the school	1,7 %
10.1 The quality of physical and material conditions	48,4 %
10.2 The use of classrooms and material equipment	6,7 %
10.3 Compliance with legal requirements concerning safety and hygiene	28,0 %
11.1 The total budget allocation	32,7 %
11.2 The total budget from external resources, sponsoring	14,0 %
11.3 Financial efficiency	15,5 %
11.4 The number of projects realized by the school	12,0 %
12.1 The number of applications, the enrolment rate	13,1 %
12.2 The number of school events and the number of their participants	21,6 %
12.3 The number of media articles about the school	7,6 %
12.4 Accessibility and update of information	13,4 %
12.5 The quality and update of web sites	6,1 %
13.1 Compliance of SEPs and Framework Education Programmes	23,6 %
13.2 The level of SEPs implementation	29,7 %

Source: own elaboration based on the sample of analyzed SEPs

Table 4 adds information on the frequency of including indicators in the sample of SEPs. Hence, it is obvious that the achievement of expected results is the most common indicator in SEPs. It could have various forms, including classification with mark or points and oral evaluation. Additionally, the other four indicators in top 5 include: (a) the quality of learning processes; (b) the quality of physical and material conditions; (c) the system of further education reflecting teachers' needs; and (d) the quality of school management.

5. Conclusion

The goal of this paper was twofold. The first goal was to provide a methodological framework for classification of indicators in education, specifically focusing on SEPs. The second goal of this paper was to analyze the use of these indicators in SEPs. The first goal of this paper was met in table 2 which provides a comprehensive list of thematic areas and related indicators and that may be used in strategic planning in education more generally.

Concerning the second goal of his paper, indicators related to learning outcomes are the most common in SEPs. Moreover, a variety of indicators is used in SEPs, suggesting the presence of several ‘core’, more frequently used, indicators and several ‘peripheral’, less frequently used, indicators.

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Fiscal Federalism

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Abstract

Decentralization of the power in federalized system means a transfer of part of the executive and also legislative power to the lower administrative and political levels. That is how is created and system which is counterweight to the centralization of the power on the highest level, which is more democratic way of governance. Aim of our paper is to zoom in fiscal federalism from few views.

Keywords: fiscal federalism, decentralization, political level

1. Fiscal federalism

The use of the term federalism can be various in available literature. In its basic sense it is used for the case, where there is more than level of decision making existing and these levels are arranged in hierarchical order. Each of the level of this structure is partly autonomous in the decision making process and also takes responsibility for each decision. The transfer of executive and legislative power to the various levels of governance allows more flexible, preferable and faster reaction to the suggestions and also it allows the functioning and transparent system of control, where people can control the activity of their elected representatives much easier. The federalism represents in this pathway the aspect of the political system of the states, which raises the effectiveness of the political decision making (Fossati & Panella 1999). The existence of the multi-level public governance provides with the possibility of choice- to centralize the decision in the whole-state agenda or move the decision process to the lower governance levels if it is more effective and beneficial.

The theory of fiscal federalism is the part of the theory of the public finances and is based on existence of the multi-level governance from the economical point of view. The fiscal federalism is focusing on the research of the fiscal relations in the public sector, which has more levels of decision making (governance levels), regardless of whether it is unitary, federative or confederative state. The reasons for the creation of the theory of fiscal federalism were the urgent need to make the democratic decision about financial issues in budgetary system more effective. However, there was also need for decentralization of the public sector. The theory of fiscal federalism directly reacts to these needs and it creates the discussion in many directions about securing the public goods necessary for the people in

current raise of the efficiency of the raised financial funds and intensity of their control by citizens.

We can often meet with the exchanging or not dividing between the terms of fiscal federalism or fiscal decentralization. We presume, that these are two different terms, which content is very similar, however these terms are not identical. In this way we agree to the difference between the fiscal decentralization and fiscal federalism, which was summarized by Křížová. “The main difference is based on the normative character of fiscal federalism, while the fiscal decentralization shows the direction of the transfer of the powers towards the lower levels of governance” (Křížová 2016 p. 534). Fiscal federalism is then the theoretical framework, description of innovative procedures and package of the key principles of which direction should the fiscal decentralization take. The fiscal decentralization also represents the process of meeting the objectives, which come from the concept of fiscal federalism.

Fiscal federalism has despite the political also economical meaning. The connection of both of them creates a more complex understanding of the fiscal federalism. The main part of the fiscal federalism are the financial systems of the public administration, although the wider space is also offered to the relations between the financial connections and to ongoing processes of decentralization and deconcentration. The theory of fiscal federalism is dealing with an optimal allocation of the powers and responsibilities for securing the public services in various levels of the single government (Peková 2011).

Lajtpeková (2009) came with the idea, that the theory of fiscal federalism is based on the research of the configuration of the multilevel system of the public budgets. The multilevel budgetary system is corresponding to the division of the government levels. According to that we can divide both of the systems to locals (local, communal), which is the lowest level and are consist from the smaller political and administrative units- villages, towns or municipalities. The second level is regional level, which is usually the mesolevel between the lowest and highest level. In the case of unitary countries are on the regional level the district, self-governing districts, provinces, departments, self-governing regions and so on. In the federal states are in this level the single states, which are countries of the federation. The central level is in the highest levels of the government. In unitary states it is central government and in the case of federation is on this level the federative government. Last couple of years are connected with the spread of globalization which influences also the creation of the next level of governance. Its influence and role is constantly raising and it is created on higher level, than the central level and represents the multinational level.

Another area of the fiscal federalism interest is the optimal use of the functions of the public finances on specific governance levels. The aim of the fiscal federalism is to propose the optimal solution to assign the public revenues and public expenditures into the levels of the public administration, while the efficiency and usefulness of the financial funds should increase. The theory of fiscal federalism seeks to find the optimal model of dividing the power and responsibilities for the production of the public goods and it is further financing in between the central government level and lower levels of the public government. In addition to decentralize the expenditures to secure the selected public goods is the content of the fiscal federalism also the optimal decentralization of the income components of the budgets on the decentralized levels.

In principle we can identify a number of areas, with which are authors focusing on the fiscal federalism, dealing with (Peková 2004):

- vertical and horizontal structure of the public sector and seeking the optimal relations between the specific levels and units;
- with assignment of the single functions to the specific government levels;

- redistribution of the powers and responsibilities for individual spending areas;
- by setting taxation powers and by reform of the income component of the budgets of the lower governance levels.

The theory of fiscal federalism justifies providing of the specific public services on central or hierarchically lower government level. It distinct if the specific public good should be secured by the state or the specific level of the self-governing district taking into account the effective allocation of the sources in the whole budgetary system. It also seeks the answer for the question of the optimal allocation of the revenues and expenditures competence to the single levels of government and optimization of the fiscal relations in the fiscal system.

As the father of the fiscal federalism we can designate Musgrave. He used this term for the first time in his work from 1959, where he described his view on assigning of the various fiscal functions to the different level governments. Thanks to the distribution of the public sector to the three areas, Musgrave assumed that the centre of the fiscal federalism is that the allocation function of the public sector could have in the different parts of the country the different form, depending from the specific demand of the people for the public services in this area. The application of the principles of the fiscal federalism supposed to bring to the single groups of people in each state the possibility to express its own preferences in the relations to offered and provided public goods. The result is then specific way of taxation and quality and quantity of provided public goods. Musgrave considered the decentralization of the allocation function of the public goods as the basis for fiscal federalism. The stabilization and redistribution function should, however stay in the hands of the central government. These recommendations were later objects of the passionate academic debates. Basically, we have to confirm the general recommendations, which were defined by Musgrave for the division of the fiscal competencies. The macroeconomic stabilization has to be strongly centralized. Handling the financial reserves and loans is almost everywhere in competence of the central monetary authority. In the area of state budget there is only limited space for the decentralized regulation of aggregated demand, because of the openness of single local economies and their connections. Musgrave also doesn't see the space for the decentralization of redistribution function, which was demonstrated on the example, when lower than central government level started realization of the policy with the aim to divide the pensions of the wealthier people to the less wealthy ones. In this case, there is always a risk of the incoming wave of the less wealthy citizens and also there is a risk that the wealthier people will leave.

This prediction was verified in the work of Brown and Oates (1987). In their study they focused on the US and the single states of the federation, where they researches the redistribution of pensions and following migration of the citizens. In the state, where were designated the tools of high redistribution (for example progressive taxes, higher taxes for luxury goods, higher minimal benefits), they noticed the decline of the wealthier citizens and inflow of the poorer citizens. The decentralization of redistribution function itself resulted in unsatisfying level of the public goods in the social area. This opinion is also shared by King (1984), according to who should have redistribution policy always central character and the lower government levels should influence them only in minimum scope within a specified range.

The basis of the fiscal federalism is allocation function. While searching for the optimal model of offering the public goods in different conditions from various preferences we can think about positive impact of decentralisation. This can be most visible in the work of Tiebout (1956) and his models of local financing. In his article he deals with the topic of the public goods and the possibility how to bring allocation of the national pension closer to the efficiency of the private sector.

The basis of the fiscal federalism lies in allocation of the applicable functions and finances to decentralized governance level as efficiently, as its possible (Bird 1999). The theory of fiscal federalism is searching for optimal relocation of the competencies, responsibilities and finances, so the public welfare could be maximized. In this theory, authors tried to identify the general principles, which could firstly lead to the maximization of the public welfare in the case of self-governing districts.

With this specification is also corresponding the definition of the fiscal federalism from Jílek (2008). Jílek as the base of the fiscal federalism considers the optimal allocation of the public revenues, dividing the responsibility and optimization of the relations inside the budgetary system. In fact, it is different use of the allocation, redistribution and stabilization function of the public finances on the different levels of the public government.

Very similarly sees the theory of the fiscal federalism also Provazníková (2009). She focuses on the selection of the optimal assigning of the responsibilities and ensuring and financing the specific public services and goods between single parts or the levels of the fiscal system.

Just slightly different meaning gives to fiscal federalism Oates in his work from 1972. The theory of fiscal federalism offers the general normative framework to determinate the functions, public services or tolls, which are better to centralize or on the other hand which are better to move to the lower level of government, specifically to the self-governing districts.

In the theoretical frame is the fiscal federalism dealing with the various approaches to determinate the appropriate degree of the fiscal decentralization of the public revenues to the self-governing district. If we would narrow our view, we can assume, that the fiscal federalism is dealing with the multilevel arrangement of the budgetary system. In addition, is the theory of fiscal federalism also dealing with the local finances, dividing and using the financial sources in the case of the public budgets and off-budget funds. The object of the authors interests is also the research of the different kinds of the public goods, their amount and credit, which should be preferably secured by the central or lower level, for the effective allocation of the sources.

The reason for existence of the fiscal federalism is seen by Musgrave and Musgrave (1994) in the spatial limitation of the benefit of the public goods, which results from the spatial limitations of some public goods or services. Therefore it is unnecessary to create a fiscal system which will be created from more governance level and each of them will be responsible for providing the specific public goods. Fiscal decentralism represents an objective status, reflecting the reality of multilevel governance system in each country. Most often are examined the relations in between the central and regional level.

The aim of the fiscal federalism is “recognition of the tasks of the single governance level and their roles in securing the public goods. Simultaneously is the role of the fiscal federalism also financing the public goods and relations creating in between the various levels of the public government” (Oates 2011, p. 39).

Hamerníková and Kubátová (1999) focused on specific part of the theory of fiscal federalism and they tried to find the reason, why there are created a specific structures and hierarchy among the singly fiscal systems. According to their work from 1999 lies the answer in the basic activities and functions of the public sector. Specific activities and functions are then carried out by the corresponding fiscal units, which have their own hierarchy and strictly defined budgetary limits.

The theory of fiscal federalism was created in USA in 50s. Its beginnings are usually connected with the names as Musgrave, Tiebout, Olson or Oates. From its beginning the

theory overcame many changes and development, which could be divided into three basic development periods according to the dominant approach (Oates 2005):

- 1. period - the traditional theory of fiscal federalism (also called as the first generation of the theory of fiscal federalism);
- 2. period - the theory of the public vote;
- 3. period - second generation of the fiscal federalism theory.

The authors of the traditional theory of fiscal federalism, or sometimes recalled also as the authors of the first generation of fiscal federalism, conceive their definitions on that, the district will try to gain the maximum level of welfare for its citizens. The main role of the public sector is with the help of the applicable public policies solve the problems resulting from the failure of economic market. Generally we could consider the three basic presumptions, from which the authors of the first generation of the fiscal federalism utilizing from. First is the existence of the local public goods. Second presumptions, from which is the traditional theory of the fiscal federalism utilizing from, is the fact that the local public goods and services are paid from the sources from local taxes. The last presumption is based on the mobility of the tax payers and final users of the public services.

For traditional and also for first generation of the theory of fiscal federalism is the key argument for the decentralization the existence of the local public goods. The subregion range of benefits from the local public goods is similar to the self-governing district or it is precisely defined by its territory. The self-governing district secures the quality and quantity of the public good, which will directly respond to the preferences of the local citizens. The authors of the first generation based their research on this normative persuasion, which means that providing of the public goods from the view of allocation effectiveness is more optimal, as the providing through central governance level. With this issue was dealing especially Oates (2011), which created so called decentralization theorem. The core of the theorem is to point out the fact, that provision of the local public goods through self governing district is more optimal as to secure them centrally. While in decentralized provision of the public goods is in each self-governing district decide about the quality and quantity of the public services, which would be optimal according to the finances. The benefits from the decentralized provision of the public goods are bigger, when the preferences of the citizens are more various and when the demand for the local goods is less elastic. The normative structure of the decentralization theorem is based on denying, or not taking into account the real conditions and factors. To fulfill the theorem there must be absent the profits from the range and externality and also there must exist the heterogeneity of the demanding preferences and donations contribute to the highlighting of the positives of the fiscal decentralization.

The reality and practice of providing the public services and goods is only in specific occasion directly covers with the area of the concrete self-governing unit. Very often we could come to the situation, where the provision from the local public goods in the selected self-governing district is also useful for the citizens of other districts. The positive impact spills over the borders of the district, which is securing the selected public goods, which creates positive externalities. The traditional theory of fiscal federalism solves this problem in the area of benefits from the local public goods adressess through funds and transfers from the higher governance levels. The common sign for the authors of the first generation of the theory of fiscal federalism is strict limitation only to the decentralization of the allocation function of the public finances. According to them is the central governance responsible for the stabilization and redistribution policy and not for ensuring the optimal level of the public goods in the whole state.

To the first generation of the authors of the theory of fiscal federalism belongs also Tiebout (1956), which in normative direction created a mode in which the citizens make the decision in the place of their living same way as they are buying commodities in the market and where they can compare the offer of the public services and the level of taxation. He elaborated his research to the final model, where with a sufficient number of municipalities, the high mobility of the citizens, excellent awareness of the public about public expenses and revenues of the single municipalities governments, will citizens choose the municipality, which answer to their demands about provided public goods in the more effective way. Thanks to that will be the public sector functioning more effectively and the local governments will be able to gather the taxes, which will match the benefits from the offered public goods. The citizens then can vote „by their feet“, because they can move to the municipality (society), which will offer them the optimal scale and structure of the public goods. The consumers of the public goods (citizens) are split in between the district areas according to their own preferences in the area of public goods. Tiebout's model is based on couple predictions, which are determining and, how is this model applicable. The selected model is applicable if there is existence of:

- large number of self-governing units;
- maximal awareness of the citizens about provisions of the public goods and the level of taxation in single self-governing units;
- optimal number of the citizens for specific self-governing districts;
- optimal size of the self-governing district for providing specific public service and the level of taxation.

However, this model cannot be applicable in the practice, since there are possible obstacles for unlimited mobility of the citizens (created by social networks, fees for the moving, problems seeking the appropriate accommodation). Oates (2011) also reminds us that, Tiebout's model is applicable for the population in the cities. If the citizens work in the centre of the city and they live in the suburb, they choose their accommodation on the basis of the offered public goods (education, security, infrastructure). By this they fulfill the prediction, that the consumers are choosing their final self-governing unit, because of their preferences in the relation to the services offered in this area.

To traditional theory of fiscal federalism also belongs with its theory Buchanan (1965). Buchanan continued in the tradition of last two predictions from Tiebout's model and tries to specify the optimal size of the district for specific public good. He focuses on the mixed public goods, since in the case of pure public goods is the size of district irrelevant, because other consumers in any other direction don't reduce the benefits of the other consumers. However, in mixed public holdings, with arrival of the new users is the benefit of the original costumers declining, because of the overload effect. According to the theory of clubs is the optimal size of the district for the selected quantities of the provided public goods then, if its the clear profit of the single person maximal-pareto optimal. If there is a change in the amount of the public good or in the number of consumers it has influence also on the optimal size of the district.

After raising the question about normative basis of the theory of fiscal federalism are authors focusing on the application of the theory of the public choice (2nd stage) on the relations in the fiscal systems in the countries. The primary difference compare to the first generation of the traditional authors of the theory of fiscal federalism was the move to the perception of the public government as one of the subjects maximizing the social welfare, to its understanding as the system of the various actors trying to achieve the subjective goals.

The basis of the second stage of the fiscal federalism theory, by which get inspired authors as a Brennan and Buchan in 1980 with their study *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. Both authors are transferring the theory of the public choice to the area of fiscal federalism. Rather negatively they see the public sector, which is according to them trying to drain from the economy of state as many sources as possible. With the transfer of the decision powers and the reform of the fiscal system should be the raise of the public sector limited, since there is competition leaking in between the separate governance levels. They predict, that this kind of concurrence will limit the power of the state monopoly in similar way as it is happening in economy.

The specific of the second stage of the theory of fiscal federalism is in comparison with traditional authors the positive perception of the tax concurrence. According to Lockwood (2006), the concurrence does not need to lead to the decline of the tax revenues, since the decline of the taxes is limited by withdrawing the rent, which leads to the raise of the welfare of the single citizens.

The strategic interaction in the area of taxes and in between the various units of the self-governing district is also very common and according to Blochinger and Campos (2011) has the tax concurrence two basic forms. The first form is the clear tax concurrence, when the self-governing units are competing with each other for mobile tax base. The second form of the tax concurrence is the situation, when the representatives of the local governments copy the behaviour of the politicians in the different self-governing unit. The reason for copying this behaviour is the effort to increase their own chances for re-election.

Authors, who based their research on the theory of the public choice is dealing in the fiscal federalism with functioning the various political and fiscal institutions and the relations. Which are created by interaction of various actors (Weingast 2009). Similarly as the theories of the public choice predicts, that the politicians and officers are focusing on their own aims, which are not always same as the general aim of maximization of the citizens welfare. To the traditional questions of the fiscal federalism are increasing with the theory of the public choice new topics, as for example the interregional concurrence, fiscal federalism in the context of the political economy or the fiscal decentralization in the transforming and developing countries.

Quian and Weingast (1997) are claiming, that the traditional theory of fiscal federalism solves the correct division of the public sector and taxes for the increase of the citizens welfare. However, this direction does not explain, why should be public governments acting this way. The normative character of these principles is put by both authors into the question, how could be governments forced to provide the right quality and quantity of the public goods and also protects the market stimulus. As the solution they assume the strict horizontal division of the power on the legislative, executive and judicial power in the democratic state system. By horizontal division of the power is created a primary framework, which should be also accompanied by other measures leading to the maximization of the welfare state. The main tool should be the fiscal decentralization, which should protect the market stimuli in the public sector. Beside the fiscal decentralization, they also recommend the decentralization of information and authorities with the aim to create concurrence environment between the single political-administrative units with the governance levels.

The second generation of authors uncovers the normative nature of the theory of fiscal federalism and puts it besides the real conditions. According to Weingast (2006) is the difference in between the first and second generation of authors following. The traditional theories presume, that the government representatives on all the level are seeking to maximize the welfare and if there are some mistakes encountering, they are not intentionally as they are results of the lack of skills or lack of information. The theory of second generation is based on

the assumption, that the state officers have their own goals, which are results of the system of relations in between the institutions and the organs of the public sectors. Authors such as Tanti (2000) or Prud'homme (1995) are taking into concern, that each actor in the public sector has its own priorities and aims, which tries to fulfil by different ways. To the front is therefore pushing the research of the behaviour of the elected representatives and the officers and on the scene of the fiscal federalism is occurring the research of corruption and clientelism.

In addition to that, Azis (2008) studies the role of the institutional factors and its influence in the fiscal federalism and fiscal decentralization. In his work from 2008 is occurring the hypothesis, according to which is leading element of the fact, if the outputs from application of the certain models of the fiscal federalism or the outputs of the fiscal decentralization will be positive or negative, is mainly the participation of the citizens in the local elections, the amount of the local budget and the initial level of welfare. For positive results in the lower governance level is necessary for the local electorate to be sufficiently informed and educated, which also contribute to the political responsibility.

With the second generation of authors there are applying also the other concepts of the fiscal federalism. The new forms and views are based on the real results of the public policies and the structure of the fiscal system. Authors are utilizing mainly the inspiration from the US, since the US is considered as the excellent research subject for multilevel governance in practice. The new kind of fiscal federalism is for example the experimental federalism (Oates 2008). Its basis comes from the study of the fiscal decentralization as the main aspect for establishing the new forms of the public policies. With dividing the powers in between the federal level and single states was created some kind of "laboratory" of the various types of public policies. If the new public policy proved itself in one state, it is usually an inspirational example, which is followed by other states. The experimental federalism works in two basic dimensions. In the first dimension the central government provides the general framework of new policy, into which the single states or the districts incorporate their own programs. The second dimension comes from the situation, when the new public policy is completely initiated by the decentralized level of government.

With another innovative concept of the fiscal federalism were dealing Musgrave and Musgrave in 1994. They were inspired by the processes of decentralization in the US in 80s. The government on the federal level kept in its hands the public programs for the redistribution, so the programs for social care and the pensions. In this time period was also created a donation system with the participation of the each governmental levels. This primarily lead to the increase of the specific unit for the received fund and the secondary result was more economic usage of the federal finances on the level of the single states.

The current theory of fiscal federalism analysis the decentralization of the public sector and searches for the optimal division of the selected non-market activities of the state and dividing them in between the central level of government and single levels of the self-governing districts. The aim is to gain the allocation to ensure the public goods for the citizens.

Peková (2011) specified couple of basic principles of the theory of fiscal federalism, by which it is possible to generalize the principles of fiscal federalism:

- centralization of the stabilization state policy;
- consistency between self-governing district finances and the state finances. Fiscal policy of the municipalities and the regions needs to be in accordance with the stabilization, fiscal, anti-debt and anti-deficit policy of the state;
- the centralization of the redistribution, mainly in the area of social security;

- optimization of the redistribution of powers and responsibilities for providing the public goods and services between the self-governing districts (local and regional) and state;
- minimum standard of the basic local and regional public goods and anti-discrimination approach towards these goods;
- differ and taking into concern the differences in the preferences of the public goods ensured by the self-governing units;
- optimal fiscal decentralization of the public debts and distribution justice;
- use of the local taxes on the local and regional level with at least minimal tax powers of the self-governing districts;
- straightening the fiscal position in the different spatial tax capacity and tax balance;
- increase efficiency of redistribution relations between the state and the self-governing units;
- optimal fiscal decentralization of the public expenses;
- increase of the allocation efficiency.

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The New Business Activity: a Comparative Study across the European Countries

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Abstract

The main idea of this paper follows the phenomenon of new business activity, expressed by new enterprise birth and survival and by their contribution to employment. The situation in new business activity in particular European Union (EU) countries is illustrated, using the data about the new enterprise birth, the survival of new enterprises and the importance of new enterprises for national employment. The empirical findings of this paper indicate that new business activity differs significantly across the EU countries. Hence, the establishment of new enterprises, their survival and also their importance for employment is not the same in the EU countries. In this regard, newly accessed worse performing EU countries indicate higher new enterprise creation and their contribution to employment but a lower survival rate.

Keywords: new business creation, new business survival, employment, socioeconomic development, comparative studies

1. Introduction

The issue of new business formation is a complex topic, including economic, political and social dimensions. Accordingly, this issue attracts also the interest of researchers. Entrepreneurship is usually perceived to be one of the main drivers of socio-economic development and growth. The main idea of this paper follows the phenomenon of new business activity, expressed by new enterprise birth and survival and by their contribution to employment. In the following sections, the situation in new business activity in particular European Union (EU) countries is illustrated, using the data about the new enterprise birth, the survival of new enterprises and the importance of new enterprises for national employment. The paper is structured as follows. The first section introduces the theoretical framework on new business activity and its economical consequences. The second part describes the methodology of this paper. The third part illustrates the empirical results. The final part discusses and concludes the main findings.

2. Theoretical framework

Entrepreneurship and new business activity are perceived to be important drivers of regional and national economy. Although a wide research on the impact of new business activity on regional and national development and growth exists, conclusions of this research are rather ambiguous (see, e.g., Acs 2006; Fritsch 2011). Several studies provide evidence against the positive form of the relationship. The main arguments speak about the danger of the so-called “push” motives for new business creation when these are established because of a lack of other alternatives to be employed. Consequently, these businesses are of a poor quality and they do not contribute to socio-economic development. A number of businesses are likely to be closed soon after their establishment (see, e.g., Acs 2006). Another argument against the positive influence of new business creation on regional and national development mentions the crowding out effects of new businesses in economy (see, e.g., Fritsch & Noseleit 2013; Van Stel & Suddle 2008). Finally, it is important to evaluate the impact of new business formation on socio-economical development, considering the time dimension (see, e.g., Baptista, Escária & Madruga 2008; Van Stel & Suddle 2008; Fritsch & Noseleit 2013). However, despite these negative feedbacks, the research traditionally points out a positive relationship between socio-economic development and new business formation (see, e.g., Fritsch 2011; Acs 2006; Wang 2006; Stam 2010; Lee, Florida & Acs 2004). In this regard, the main arguments are as follows:

- new businesses are the source of innovations and commercialization of new ideas, especially high quality new businesses are connected with the ability to find and grasp market opportunities and use new technologies,
- new businesses push the existing businesses into innovations and technological progress,
- new businesses are the source of new jobs.

Moreover, new business activities contribute to structural change of regional and national economy, influencing the success and growth of economy.

Considering the abovementioned findings, it is substantiated to research the relations between new business activities and socioeconomic development of particular countries. In this regard, most authors concentrate their research on Western countries (see, e.g., Fotopoulos 2013; Bishop 2012; Acs 2006 for the discussion). On the contrary, a similar research, focusing on Eastern post-socialist countries, is limited (see, e.g., Wyrwich 2012 for a notable exception). Hence, a further research is highly desirable in this regard. This idea is justified especially by the fact that the impact of new business activity on socioeconomic development can be significantly different across various types of economies (Fritsch 2011; Acs 2006).

3. Methodology

This chapter presents the logical framework of the paper. The main objective of the paper is to evaluate the new business activity in EU countries, focusing on the quality of newly born enterprises and the importance of newly born enterprises for employment. In this regard, new business activity is understood as the registration of newly born enterprises in particular countries. The quality of newly born enterprises is measured by their survival rate. The importance of newly born enterprises for employment is measured by the employment share of newly born enterprises in employed population of the country. The analysis is based

on the comparison of new business activities across EU countries in the year 2014. The data was taken from the Eurostat database. To summarize, the following four indicators are analyzed in the remainder of this paper:

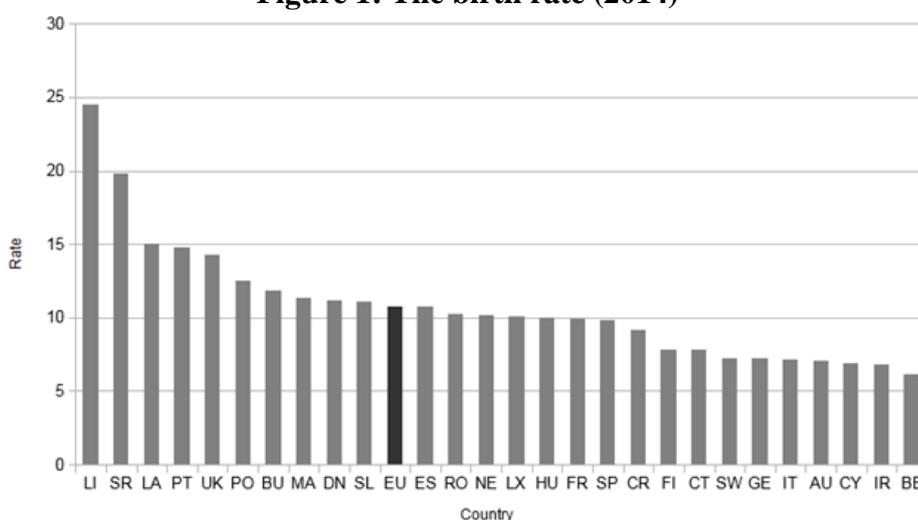
- the birth rate – the number of enterprise births in 2014 divided by the number of enterprises active in 2014,
- the survival rate – the number of enterprises in 2014 newly born in 2012 having survived to 2014 and divided by the number of enterprise births in 2012,
- the employment share of enterprise births – the number of persons employed in the enterprises newly born in 2014 divided by the number of persons employed in 2014 in the stock of all enterprises active in 2014,
- the employment share of 2 year old enterprises – the number of persons employed in enterprises newly born in 2012 having survived to 2014, divided by the number of persons employed in all active enterprises in 2014.

The objective of the paper is fulfilled through the comparative analysis of the four indicators. The evaluation of the indicators is based on the comparison to the EU average value, using traditional methods of descriptive statistics, in particular arithmetic mean, standard deviation, minimum and maximum values and coefficient of variance. Note that Greece was excluded from the analysis due to the lack of data.

4. Empirical results

This chapter summarizes the main empirical findings resulting from the comparison of the indicators of new business activity in EU countries. The first analyzed indicator is the birth rate of enterprises. The comparison points out that especially newly accessed EU countries indicate higher than the EU average value. The United Kingdom, Denmark and Portugal are three notable exceptions. Additionally, the position of the high performing EU countries, such as Austria or Germany, is worth noting because these countries are found at the end of the ranking (see figure 1).

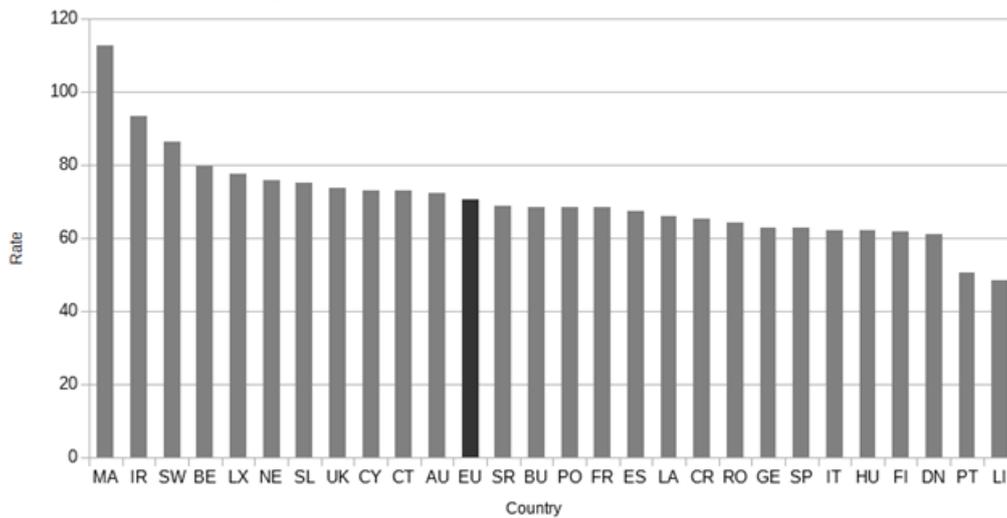
Figure 1: The birth rate (2014)



Source: own elaboration based on the Eurostat database

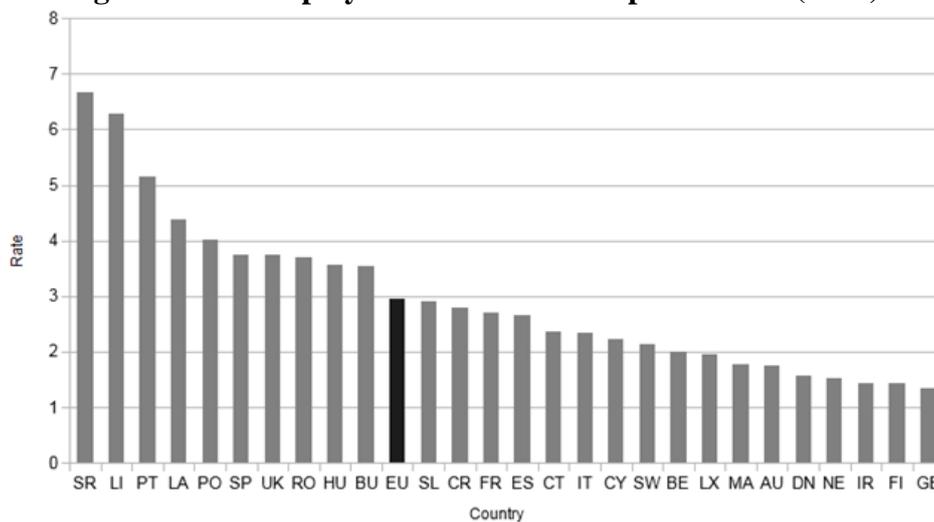
The quality of newly established enterprises in EU countries is the second indicator of our interest. Thus, the survival rate of the enterprises newly born in 2012 is analyzed. Figure 2 shows a completely different situation compared with figure 1. Hence, the survival rate is above-average mainly in high performing EU countries, such as Austria, United Kingdom or the Benelux countries. On the contrary, Lithuania – the leading country in the birth rate ranking (see figure 1) – is at the very end of the survival rate ranking.

Figure 2: The survival rate (2012; 2014)



Source: own elaboration based on the Eurostat database

Figure 3: The employment share of enterprise births (2014)



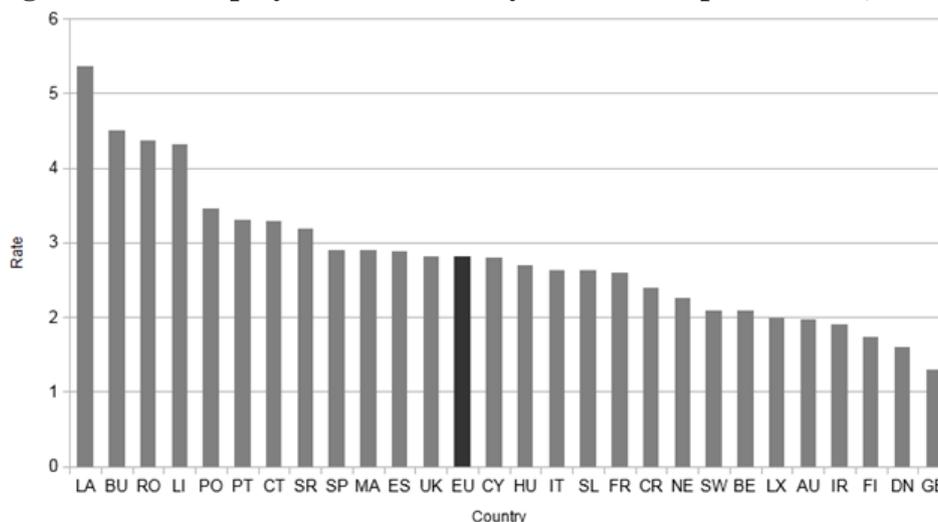
Source: own elaboration based on the Eurostat database

The contribution of newly born enterprises to employment is evaluated as the third indicator of our interest (see Figure 3). This indicator extends the information about the quality of new business activity in particular EU countries through its connection with employment. Figure 3 reveals that newly born enterprises contributes in average to less than 3 % of employment in EU countries. In this regard, newly born enterprises seem to be more important as a source of employment in newly accessed EU countries, with the exception of

the United Kingdom and Portugal. The lowest importance may be observed in highly performing countries, such as Germany, Austria or Benelux countries.

Figure 4 shows the importance of the two-year-old enterprises for employment in EU countries. This indicator is once again related to the quality of new business activity with respect to their contribution to new job creation. In this respect, a relatively better position of newly accessed EU countries may be observed. The United Kingdom is also in this case an exception.

Figure 4: The employment share of 2 year old enterprises (2012; 2014)



Source: own elaboration based on the Eurostat database

Table 1 summarises descriptive statistics of the analyzed indicators. Evaluating the minimum and maximum values of indicators, relatively wide differences between the most and the least successful countries may be observed. The coefficient of variation indicates a relatively higher variation of the two employment indicators, compared to the indicators relating to the birth of new enterprises and relating to their survival rate.

Table 1: Indicators of new business activity – descriptive statistics

Statistics	Birth rate	Survival rate	Employment share 2014	Employment share 2012
Median	10,03	68,40	2,65	2,70
Arithmetic average	10,74	70,35	2,95	2,81
Standard deviation	4,16	12,65	1,43	0,96
Minimum	6,16	48,25	1,33	1,28
Maximum	24,50	112,48	6,67	5,37
Coefficient of variation	0,39	0,18	0,48	0,34

Source: own elaboration based on the Eurostat database

5. Discussion and conclusion

The empirical findings of this paper indicate that new business activity differs significantly across the EU countries. Hence, the establishment of new enterprises, their

survival and also their importance for employment is not the same in the EU countries. In this regard, the main empirical results of the analysis can be summarised as follows:

- The highest new enterprise birth rates were identified in worse performing EU countries. These include especially the newly accessed postsocialist countries.
- Concerning the survival rate of new enterprises in the EU countries, the highly performing EU countries indicate also higher survival rates. Hence, the rate of newly born enterprises is relatively lower in these countries; however, their quality is higher. This conclusion is in accord with the idea of some studies pointing at a high new business activity in worse performing territories but suffering from a low quality of this activity.
- The relationship between new business activity and employment is stronger in worse performing EU countries, especially in the newly accessed postsocialist countries.
- Note that the United Kingdom may be regarded as an exception in the evaluation due to its relatively high values of all the indicators.

The empirical findings justify further research on new business formation and its impact on economy. The results of such research can play a significant role for designing national and regional policies aiming at entrepreneurial support.

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Is There Thematic Concentration of Public Finance in Czech Regions?

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Abstract

The goal of this paper is to analyze the thematic decomposition of public revenues and expenditures, considering the regional dimension. The Czech regions and also their categorization according to their economic performance are the subject of analysis for the year 2015. The findings of this paper point out some relations between the categorization of regions on the basis of their economic performance on one hand and thematic concentration of public finance on the other. However, there is also some evidence against this thesis; therefore the relationship between the amount of public revenues and expenditures and the categorization of regions cannot be regarded as unambiguous.

Keywords: public finance, thematic focus, lagging regions, the Czech Republic

1. Introduction

Public finance is understood as a crucial element of regional economy not only in the Czech Republic. It is desirable to efficiently concentrate public finance on the most important problems of regional economies. The issue of public finance and regional budgeting is of a complex nature. Therefore, this paper is focused on one aspect of the issue, trying to reveal the pattern of public finance management according to its thematic concentration. Following this idea, the goal of this paper is to analyze the thematic decomposition of public revenues and expenditures, considering the regional dimension. The Czech regions and the year 2015 are the subject of the further analysis. Moreover, the paper takes economic performance of Czech regions into account. Finally, the intent of the paper is to contribute to the research on public finance management in Czech regions. The structure of the paper is as follows. The first part introduces the theoretical framework. The second part presents the applied methodology. The third part provides empirical results of our analysis and the last part concludes.

2. Theoretical framework

This section introduces the theoretical framework of public finance and budgeting, relevant for this paper. In this regard, several important theoretical concepts are connected with public sector administration and public finance (see, e.g., Bogason & Toonen 1998 for the discussion). One of these concepts is also new public management (see, e.g., Dan & Pollitt 2015). Essig & Batran (2005) introduce the characteristics of this concept which include constitution of new management structures, the emphasis on key competencies of public workers, new ways of quality measuring and efficiency evaluating, cooperation between particular public and private actors, and wide application of modern ICT technologies. Generally, public sector administration faces several challenges, resulting from the requirements of modern society. Thus, we can speak about the concept of smart administration (see, e.g., Ochrana & Půček 2011), about the shift of public sector administration perception into the position of public service (Denhardt & Denhardt 2000) and about the perception of a citizen as a client of public sector (see, e.g., Svensson, Trommel & Lantink 2008).

The above mentioned challenges are present also on the regional level of public sector administration. Regarding this idea, Czech regions use public finance and the tools of public budgeting to fulfil the requirements of modern society (see, e.g., Provazníková 2009). In this regard, public finance is an important source to satisfy the needs of society when it cannot be achieved by private sector. However, the amount of public finance on the regional level is limited. Keeping this in mind, there is an important issue of efficiency of public finance management, in accord with the performance budgeting concept (see, e.g., Jordan & Hackbart 1999). Wang (2000) introduces the idea of the evaluation of regional government budgeting, emphasizing especially the issues of performance and efficiency. Concerning this paper, the idea about thematic and regional concentration of limited public finance in the Czech Republic is crucial.

In the Czech Republic, regional budgeting and regional public finance management are closely related to national tax policy and are legally treated especially by the Act on the Budgetary Determination of Taxes (see, e.g., Slováková 2013). Thus, a significant part of regional budgets is saturated by taxes (see, e.g., Peková 2008). The expenditure side of regional public budgets consists of the expenditures on public goods and services (see, e.g., Wokoun et al. 2011). These expenditures are designed by regional public governments and should be allocated according to the particular needs of regions (see, e.g., Wokoun et al. 2011; Peková 2008). The most common decomposition of the both sides of regional public budgets – revenues and expenditures – is as follows (see, e.g., Wokoun et al. 2011; Peková et al. 2008; Nekolová 2014). Regional public revenues include:

- tax revenues, connected with tax determination according to legislation,
- non-tax revenues,
- capital revenues, usually connected with public asset sales,
- received transfers, traditionally from national budgets and funds;

Regional public expenditures include:

- current expenditures, usually connected with financing of provision of public goods and services and with common mandatory expenditures,
- capital expenditures, usually connected with investments.

3. Methods

The goal of this paper was designed, following the methodological framework introduced in the previous section. The goal of this paper is to analyze the thematic decomposition of public revenues and expenditures, considering the regional dimension and using Czech regions and the year 2015 for further analysis⁵. Moreover, the thematic decomposition of public finance is also confronted with type of regions according to their socioeconomic performance. This approach clarifies the question on the accord between the thematic concentration of public finance and the needs of specific types of regions. Note that socioeconomic performance of regions may be defined politically or through relevant indicators of socioeconomic performance. The growth poles are then understood as the regions with high economic performance measured by their regional GDP and by their urbanization rate. The proxy indicator of urbanization rate is population density.

Reflecting the above mentioned considerations, the hypotheses about thematic concentration of public finance, the amount of public finance and types of regions are formulated in table 1. The thematic concentration of public finance is supposed to respect the needs of the both types of regions – lagging regions and growth poles. Hence, more public finance is supposed to be earmarked for basic infrastructure, for social services, for management of environmental burdens and for agriculture in lagging regions. On the other hand, public finance in growth poles is expected to be more concentrated on progressive industries, such as education and science, and industry, mainly high-tech industry and ICT technologies. Additionally, the total amount of public revenues is supposed to be relatively low in lagging regions while public expenditures relatively high. On the contrary, high public expenditures or public revenues are assumed to be typical for growth poles.

Table 2 illustrates the inclusion of particular regions either between lagging regions or between growth poles. In this regard, the first group of regions includes the regions with low value of GDP per capita and simultaneously with a negative population change. Moreover some of these regions are mentioned also by the Czech regional policy as lagging regions. On the contrary, the second group is characterized by high GDP per capita values and by positive and high population changes. The breakdown of the regions into two groups is the initial step for further evaluation of public finance management on the regional level.

Table 1: Hypotheses regarding regional public finance – thematic concentration and types of regions

Type of regions	Thematic concentration	Public finance
Lagging regions	Basic infrastructure Social service Environment Agriculture	Low public revenues and high public expenditures
Growth poles	Education and science Industry	High public revenues and high public expenditures

Source: own elaboration

⁵ The time period was chosen to smooth the influence of public finance received from EU Structural Funds when closing the programming period 2007-2013.

Table 2: Hypotheses regarding regional public finance – thematic concentration and types of regions

Type of regions	Regions
Lagging regions	Moravia-Silesia region (MSK) Ústecký region (ÚSK) Karlovarský region (KVK) Highland region (VYS)
Growth poles	Prague (PHA) Central Bohemia (SCK) South Moravia (JMK) Plzeňský region (PLK)

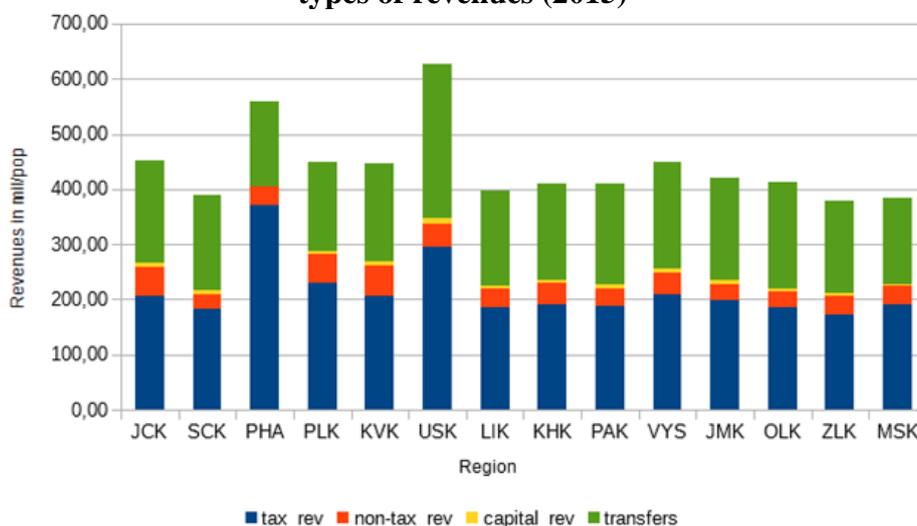
Source: own elaboration

Note that the source of information was Czech Statistical Office and that the data about public revenues and public expenditures of the Czech regions were standardized either by total population of the region and either by regional GDP. This approach was chosen to ensure a comparability of particular regions.

4. Results and discussion

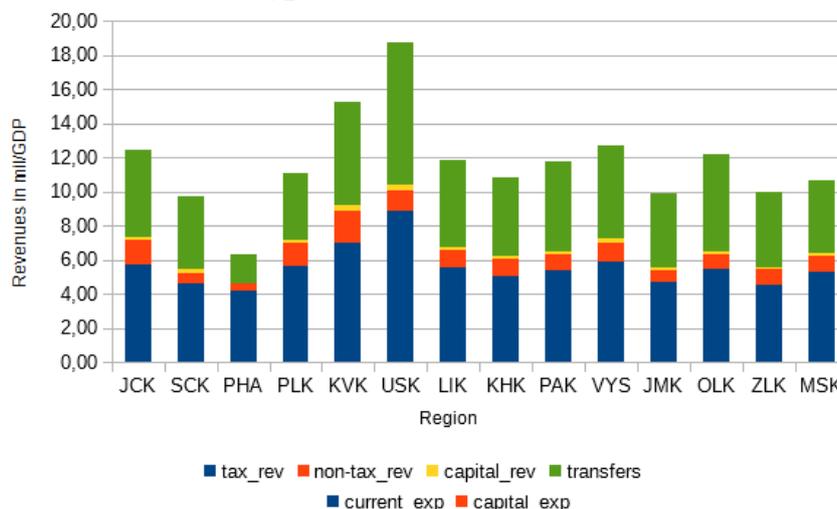
This part of the paper introduces the main empirical research results. Figures 1 and 2 provide information about revenues of regional public budgets. In this regard, revenues were standardized either by the total population of particular regions (Figure 1) or by regional GDP (Figure 2). The results are decomposed on the basis of four categories of revenues – tax revenues, non-tax revenues, capital revenues, and received transfers.

Figure 1: Revenues of Czech regions – standardized per population of regions; types of revenues (2015)



Source: own elaboration based on the data from the Czech Statistical Office

Figure 2: Revenues of Czech regions – standardized per regional GDP; types of revenues (2015)



Source: own elaboration based on the data from the Czech Statistical Office

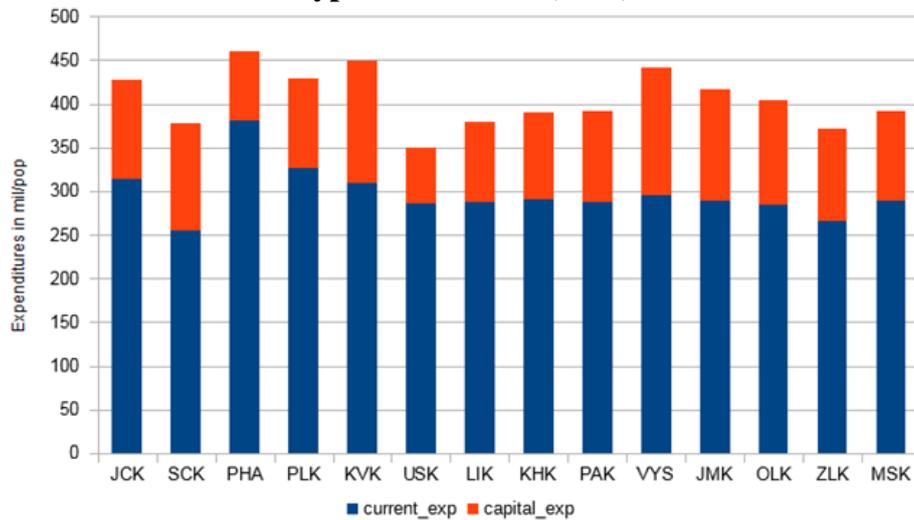
Figure 1 shows that the Ústecký region, the capital city of Prague, the South Bohemia region and the Highland region have the highest values of public revenues in total, standardized by their total population. On the contrary, the Zlínský region, the Moravia-Silesia region and the Central Bohemia region are at the end of ranking. Concerning the decomposition of regional revenues into the defined categories, the highest tax revenues can be observed for the capital city of Prague and for the Ústecký region. The amount of received transfers is also of interest when the Ústecký region, the South-Bohemia region, the Central-Bohemia region and the Highland region are at the top of ranking. The lowest values of this part of public revenues can be observed for the Plzeňský region and for the Zlínský region.

The situation significantly differs, regarding the standardization on the basis of regional GDP. The Ústecký region again indicates the highest total public revenues and there are relatively high but also in the Karlovarský region, in the South Bohemia region and in the Highland region. On the contrary, the lowest public revenues are observed in the capital city of Prague, in the Central Bohemia region and in the South Moravia region. The evaluation of regional public revenues according to the defined revenue types provides similar findings.

Figures 3 and 4 show public expenditures of Czech regions, standardized again either by total regional population or by regional GDP. Figure 3 depicts the first situation. In this respect, the highest public expenditures are spent in the capital city of Prague, in the Karlovarský region and in the Highland region. On the contrary, the lowest public expenditures are distributed in the Ústecký region, in the Zlínský region, in the Liberecký region and in the Central Bohemia region. The situation is similar, when considering the different expenditure types, i.e. current expenditures and capital expenditures.

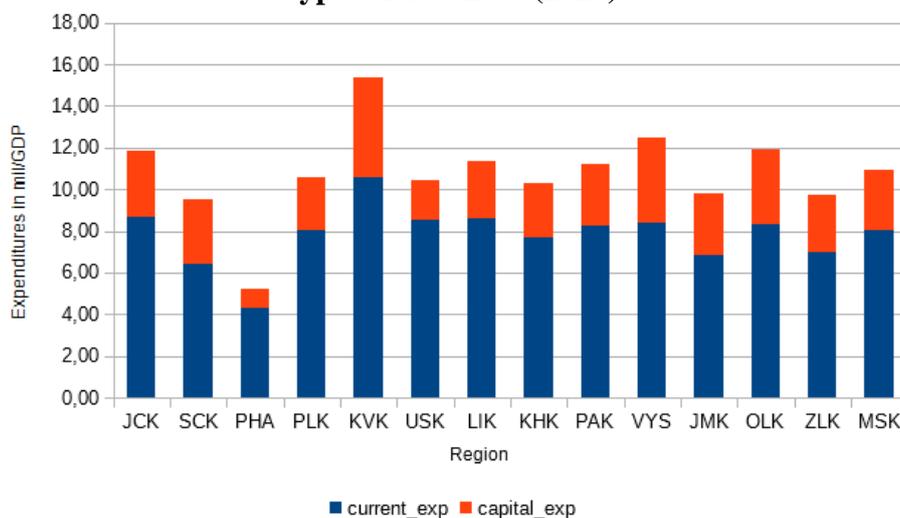
Figure 4 provides the comparison of regions based on their public expenditures standardized by GDP. In this case, the highest expenditures are typical for the Karlovarský region, for the Highland region and for the Olomoucký region. The opposite is true for the capital city of Prague, for the Zlínský region and for the South Moravia region. Concerning the values of current expenditures and the values of capital expenditures, the ranking of Czech regions is similar in the both evaluations, based on regional population and based on regional GDP.

Figure 3: Public expenditures of Czech regions - standardized per population of regions; types of revenues (2015)



Source: own elaboration based on the data from the Czech Statistical Office

Figure 4: Public expenditures of Czech regions - standardized per regional GDP; types of revenues (2015)



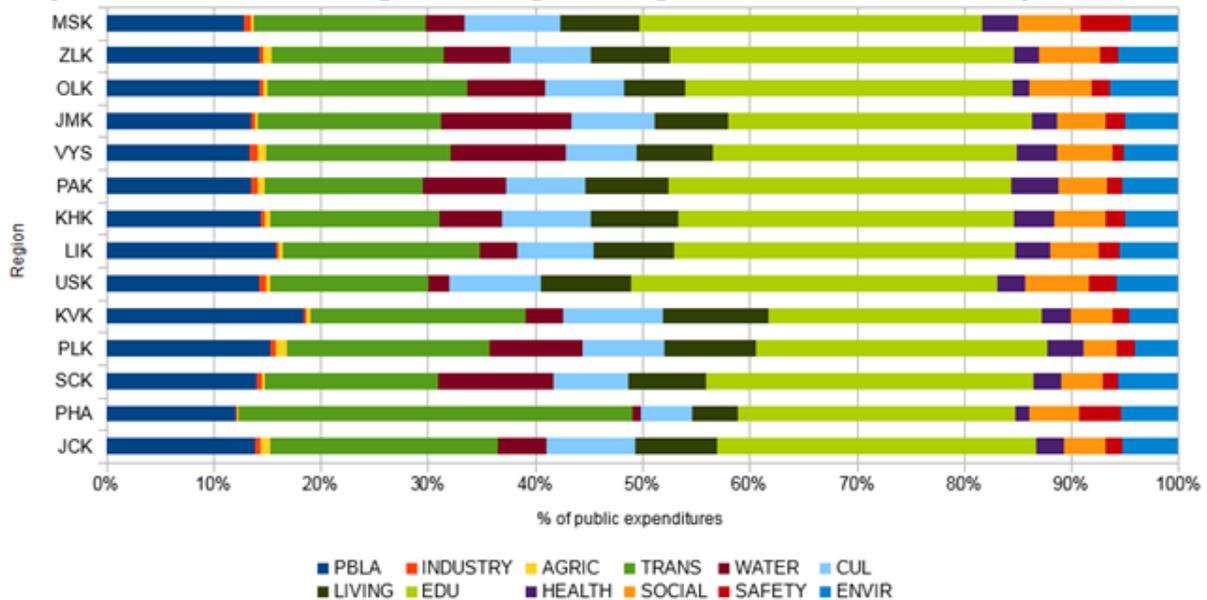
Source: own elaboration based on the data from the Czech Statistical Office

Finally, figure 5 introduces thematic decomposition of public expenditures in Czech regions, providing findings as follows:

- The Karlovarský region indicates a rather high share of expenditures spent for public administration, comparing the shares of all the regions.
- The Ústecký region and the Moravia-Silesia region have the highest share of expenditures spent in industry, comparing the shares of all the regions.
- The Highland region, the South Bohemia region, the Plzeňský region and the Zlínský regions have the highest share of expenditures spent in agriculture, comparing the shares of all the regions.
- The capital city of Prague has highest share of expenditures spent in transportation, comparing the shares of all the regions. The opposite is true for the Ústecký region.

- The capital city of Prague and the Ústecký region indicate a rather low share of public expenditures spent in water management, comparing the shares of all the regions.
- The Ústecký region, Moravia-Silesia region and the capital city of Prague have the highest share of public expenditures spent in safety, comparing the shares of all the regions.
- The Ústecký region, the Olomoucký region and the Central Bohemia region have the highest share of public expenditures spent in environmental management, comparing the shares of all the regions.

Figure 5: Thematic decomposition of public expenditures in the Czech regions (2015)



Source: own elaboration based on the data from the Czech Statistical Office

5. Conclusion

The main conclusions of the paper are summarized here. However, remind firstly that the goal of this paper was to analyze the thematic decomposition of public revenues and expenditures, considering the regional dimension and that Czech regions and the year 2015 were the subject of analysis.

The hypothesis concerning the amount of public revenues seems to be confirmed in the case of the Moravia-Silesia region (low), and the capital city of Prague and the Plzeňský region (high) when this amount was standardized by total regional population. Nevertheless, the hypothesis was not confirmed for the regional GDP standardization.

The hypothesis concerning the amount of public expenditures seems to be confirmed in the case of the growth pole regions (high), and also in the case of the Karlovarský region and of the Highlands region (high). This thesis holds when public expenditures are standardized by total regional population but the situation differs in the case of the regional GDP standardization when the capital city of Prague and also the Plzeňský region have relatively low public expenditures. On the contrary, lagging regions indicate relatively high public expenditures.

The thematic decomposition of public expenditures confirms the hypothesis about the thematic concentration of public finance in particular types of regions with some exceptions. The following findings are especially noteworthy:

- The regions dealing with the structural change in their economy (e.g., the Moravia-Silesia region and the Ústecký region) have relatively high expenditures spent in environmental management and in industry which is important part of regional economy.
- The Moravia-Silesia region, the Ústecký region and the capital city of Prague have relatively high shares of public expenditures spent in safety. This is closely related to crime characteristics of these regions.
- The public expenditure spent in education, social sector and healthcare are comparable across all the regions. No thematic concentration of public finance is, therefore, observed in these cases.
- The prominent role and importance of public sector is revealed in lagging regions. Hence, lagging regions have relatively high public expenditures spent in public administration.

The above mentioned findings point out some relations between the categorization of regions on the basis of their economic performance on one hand and thematic concentration of public finance on the other. However, there is also some evidence against this thesis; therefore the relationship between the amount of public revenues and expenditures and the categorization of regions cannot be regarded as unambiguous.

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