



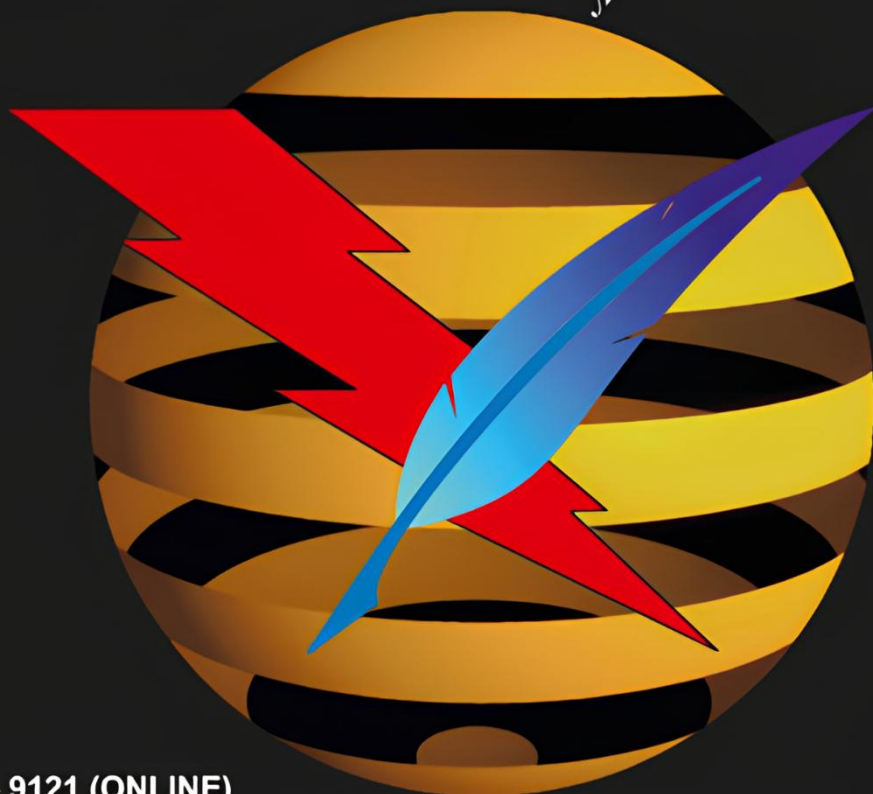
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PERFORMANCE APPRAISAL PRACTICES (PAPs) AND EMPLOYEE ENGAGEMENT (EE) RELATIONSHIP IN NIGERIAN CIVIL SERVICE¹

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Abstract. *Survey in the administration pasture specified that employee engagement (EE) is crucial to effective civil service, because civil service achievement significantly depend on EE. Though, very little thought was given to performance appraisal practices (PAPs) in relations to EE in the civil service context. The key purpose of this study is to analysis the PAPs (i.e. training, performance feedback, job promotion, financial reward and performance recognition) in relation with EE. Consequently, 510 civil servants were included in this review. The research data were gathering via quantitative survey, from civil servants in Kwara State. The hypotheses formulated were checked using PLS-SEM. The outcomes of the findings offered support for three (3) hypotheses out of the five (5). The results of the research signified that job promotion, financial reward as well as performance recognition have significant relationships with EE, while the performance feedback and training have no significant relations with EE. Thus, this investigation gives empirical confirmation to the practitioners on EE. It further offers insight for directors in civil service on how to boost EE via training, performance feedback, job promotion, financial reward and performance recognition.*

Keywords: *Civil Service, Performance Appraisal, Employee Engagement, Performance Appraisal Practices, Nigeria.*

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1. Introduction

Civil service is a government limb directed at achieving certain desired national goals. It takes an important role and task in the governance and advancement of a nation. No state could attain dependable expansion for the development of the living standard of the individuals without a suitably equipped civil service to carry out government plans. Nevertheless, efficient performance of civil service in the amenities sharing has been an extensive concern/issue in African states, most particularly in Nigeria (Adejuwon, 2016). The Nigerian civil service, which is an administrative apparatus that plays a key part in the effective operation of any administration and occupies a vital role in the political organization (Anazodo, Okoye & Chukwuemeka, 2012), is not efficient and effective.

Performance of civil servants be prone to slothful, their coffee breaks lengthy, and their need for direction should be persistent. Frequently, there is carelessness from one workplace to the other, instances of misplaced documents, and an abnormality at the place of work, forgery of receipt, embezzlement and broad non performance of obligation on schedule period (Ameen, 2020). These are modes of impediments that indicate a lack of employee engagement (EE). Addressing these weaknesses is vital to the effective engagement of civil servants (Alao & Alao, 2013).

The recent circumstance of matters in the civil service seems that the variables liable for lack of personnel engagement have not been dealt with and thus the problem nevertheless remains. Deeper look into the present Nigerian civil service challenges (e.g. unproductive occupation operations, dearth of capable leadership among others) (Magbadelo, 2016) and the extant literature in the administration pasture research shows that EE is fundamental to effective civil service, because, organizational performance and success extensively depends on EE (Devi, 2017). The reason in this analysis is that the poorly Nigerian civil service could be kept from the irregularities pointed out above via EE, because engaged personnel carries out a significant function in the realization of governmental objectives, but productivity of administrations are got via the instrumentality of personnel, who are provided with the requisite skills, understanding, and competencies necessary for the accomplishment of governmental policy and development (Ismail *et al.*, 2015; Ismail *et al.*, 2021). All these could be accomplished via performance appraisal (PA) scheme.

Macey *et al.* (2009) affirmed that one of the significant influential aspects of performance appraisal (PA) and management is EE. Mone and London (2018) stressed that the significance



of EE cannot be undervalued once the aspiration of the establishment is to enhance efficiency and performance (Gupta & Upadhyay, 2012). In addition, out of the several predictors of EE, the most significant predictor of EE is the PA practice, because it is an important factor that could make institutes to attain efficiency of employee (Mollel, Mulongo & Razia, 2017). Practices of PA is regularly perceived as the most vital role of HRM (Smither & London, 2009; Selvarajan & Cloninger, 2008), and it has been shown that successful PA is the symbol of important segment of accomplishment of HRM of an establishment (Zapata-Phelan *et al.*, 2009). Therefore, “information gained from performance appraisal is often used for administrative purposes. Such purposes include pay rates, promotions, job requirements, opportunities for training, special awards and other types of formal recognition” (Ilgen & Moore, 1983. p. 149).

Investigation of EE is as significant as the reviews on the extrapolative factors of EE. According to Lee and Ok (2015), EE is a rising discuss among HRM reviewers. The existing reviews on EE have established that EE is fundamental to the existence of institutes against the ambiguity and challenges of organization environment. However, Saks (2006) observed that little is presently acknowledged in both theory and practice on how schemes of PA (i.e. training, performance feedback, job promotion, financial reward and performance recognition) could boost EE in an institute (Adler *et al.*, 2016; Pulakos, 2004). Moreover, the bulk of literature in the area of HRM confirmed the significance of EE being the focus of link between worker personality and their output in institute environment (Alam *et al.* 2024; Stroud, 2009). Meanwhile, academic researchers are still lagging in establishing the effect of employees’ engagement in civil service (Lambert, Qureshi, Klahm, & Smith 2018). Given the above discussion and the fact that there is dearth of research on the relationship between PAPs and EE in the setting of Nigerian civil service, the current study aims to assess the connection between PAPs (measured with training, performance feedback, job promotion, financial reward and performance recognition) and civil servant engagement in Kwara State, Nigeria.

2. Literature and Theoretical Development

2.1. Employee Engagement (EE)

The works on EE has had an expert effect and research is scant in this domain (Bhatnagar, 2007). Owing to the limited works obtainable on engagement, a large amount of misperception is around its notion/conceptualization (Gupta & Kumar, 2012; Shuck & Wollard, 2010). One of the main disputes noticed in the literature is the dearth of a general description of EE (Pandita



& Bedarkar, 2015). EE is a general word both in the industry and in academic circles (Schaufeli & Bakker, 2010). EE own its backgrounds in Kahn's (1990) prominent write-up. However, Kahn (1990) classified EE "the simultaneous employment and expression of a person's 'preferred self' in task behaviours that promote connections to work and to others, personal presence, and active full role performances" (p. 700). It was asserted that a workforce engages in an occupation when the components of mental significance (i.e., "sense of the work's significance relative to personal values"), psychosomatic well-being (i.e., "ability to express oneself in work role matters without negative repercussions"), and emotional accessibility (i.e., "being ready, motivated, and able to do the work") existed.

Schaufeli and Bakker (2010) largely described engagement in relations to administrative commitment, specifically affective loyalty (i.e., the psychological devotion to the institute/establishment), protraction devotion (i.e., the aspiration to remain with the establishment), and additional responsibility conduct (i.e., discretionary conduct that encourages the effective operation of the establishment). As workers grow to be the vital administrative resource, Alfes, Truss, Sone and Gatenby (2013) assert that engagement is persistent on building employee loyalty, desire, and vigour that are allied with administrative aspirations coupled with rising organizational performance. Thomas (2007) suggested a one-dimensional engagement conceptualization. It was maintained that though the result of engagement (i.e. conducts) arise in 3 sets – "physical, cognitive, emotional". As stated earlier, these conducts are fundamentally one-dimensional. Therefore, in this study, physical, cognitive, emotional were used to measure EE.

2.2. Performance Appraisal Practices (PAPs) and Employee Engagement (EE) relationship

PA activities are among the most significant HRM exercises in establishments. PA is a vital aspect of a performance management where the performance standards for employees are gauged, defined and developed (Kinicki *et al.*, 2013). The principal purposes of PA are to support institutes to make assessments on pay, promotions, identifying training needs, giving feedback as well as employee recognition for well accomplished job (Kadiresan *et al.*, 2015; Denkyira, 2014). Built on the purposes of PA practice, five major HRM exercises were recognized in this analysis: training, performance feedback, job promotion, performance recognition and financial reward.



Training according to Armstrong, (2006) signifies the established and organized adjustment of actions by means of studying occurrences, instructions and programmes which enable the individual worker to realize specific amounts of proficiency, understanding and conformity necessary for the successful occupation performance. Considerable figures of researches have affirmed the connection between a reliable training and employee engagement and motivation (Alam *et al.* 2024; Aktar & Pangil 2018; Bhatti & Alnehabi, 2023; Azeem, Rubina & Paracha, 2013). Yap *et al.* (2010) reveal that workforce who viewed training to be useful were extensively more devoted and engaged to their establishments and further contented with their occupations than workforce who viewed training to be fruitless. Equally, Lam, Lee and Mizerski, (2009) and Owens (2006) establish a strong connection between training and employee responsibility. The more devoted a worker is a smaller amount of a yearning he would have to terminate from the establishment. Consequently, highly devoted workforces were established to have an upper intention to stay put with the establishment along with constructive attitude on their employment (Halid, Kee & Rahim 2024). Also, the extant investigation showed that worker training enhances the level of their obligation to the occupation, and it could be utilized as an influence to increase engagement (Albrecht *et al.* 2015; Saks, 2022; Albrecht, 2013; Schaufeli & Salanova, 2010). An investigation carried out by Suan and Nasuridin (2014) discovered that work engagement could be enriched via improving on the occupation training offered. Besides, Azeem, Rubina and Paracha (2013) stressed that the correct kind of training could influence EE in any manner. To keep workforces engaged, establishments must permit them to persist to improve and rise all through their occupations. Hence, training is an applicable technique of supporting workforces with a means to facilitate them to completely engage and attain skills and knowledge for their profession and expert expansion (Gruman & Saks, 2011). Paradise (2008) for instance, in his study, disclosed that the training performed a significant part in enhancing engagement. Engagement scores of these employees were also positively correlated with the quality, frequency and breadth of learning opportunities. Therefore, the literature incessantly supports the impression that engaged workforces are persons who are always learning and evolving (Bakker & Bal, 2010).

Moreover, Assessment of employee's performance in the present work is a method of evaluating the person's suitability or qualification for selection into a higher position (Atakpa, Ocheni & Nwankwo, 2013). One of the highest essential benefits of each establishment is the anticipation for domestic/inner promotion of personnel. Job Promotion may possibly make a constructive contribution to the improvement of every institution. Promotion of personnel



would adjust the occupation position to worker constructive engagement (Saks, 2022). Individuals' personnel who are correctly inspired have upper engagement levels in their employment than individuals who have not (Khan & Iqbal, 2013). Holtom *et al.* (2008) disclose that job promotion prospect serves as an instrument for enhancing commitment and the sense of belonging to the establishment and effects is the long period connection with the establishment (Thilaka, Sivasankaran & Udayabaskaran, 2017). Studies carried out by Ameen and Baharom (2019), Aktar and Pangil (2018) discover the significant relationship between job promotion prospect and worker engagement in the establishment. It was disclosed that on time and easy occupation progression opportunity in the organization engage the worker to be additional loyal and committed to the organization. According to Khan and Iqbal, (2013) job promotion has a direct relationship with EE. Attridge (2009) states that a worker's affirmative engagement has a positive link with the whole fiscal attainment of the institute. Then, it is requiring for institutes to build up strategies and policy that would support worker's job promotion and progression. Moreover, Brown (2011) advocates that, for workforces to be occupied and engaged, their views of prospects to progress are indispensable. Mutunga, (2009) posits that organizations require powerful structures and approaches that backing and promote engagement. For instance, such systems as "hiring, promotion, performance management, recognition, compensation, training, and career development" together offer an organization basis upon which to fast-track engagement. Promotion in the administration should be inspired so as to boost employees' engagement in their relevant tasks. Organizations must offer the chance for the personnel for job promotion. Through the prospect given to personnel, they may possibly build up themselves to be proficient, effective and additional engaged with the institute and employment (Mohda, Shaha & Zailana, 2016). Job promotion did not only inspire personnel to do better but inspires personnel in giving an additional commitment to the profession and own growth. It is maintained that the job promotion becomes one of the indispensable subjects that would intensely influence how personnel would engage in their work (Taufek, Zulkifle & Sharif, 2016; Anitha, 2014; Srivastava & Bansal, 2016). Therefore, it is a necessary factor to EE that inspires a worker to additionally accomplish and thus, concentrate more on occupation and own progression.

Also, one of the vital aspects of the appraisal exercise is the constant communiqué between director and subordinate. Performance feedback is information revealing previous performance and outcomes and offered by the director to the junior worker. The feedback guides the worker to the institute tasks and aims. Bakker and Bal, (2010) assert that performance feedback has



been linked to EE and organizational citizenship behaviour (Shim, Park & Park, 2024). In an investigation carried out by Selvarasu and Sastry (2014), Aktar and Pangil (2017, 2018) found that performance feedback connected to positive EE and could thus be a suitable tool for augmenting engagement. Bakker and Demerouti (2008) affirm that feedback stimulates engagement since it promotes knowledge, which rises occupation proficiency and the possibility of being productive in reaching one's occupation aims. Taylor *et al.* (1984) succumb that feedback is incredibly necessary for administrative accomplishment and that a shortage of feedback may possibly lead to "anxiety, inaccurate self-evaluations, and a diversion of effort" towards feedback collecting procedures. Aguinis, Gottfredson and Joo (2012) assert that valuable performance feedback has a prospective to enhance EE, inspiration, and occupation fulfillment. Performance feedback is a vital factor in entire performance management practices. Ying (2012) says useful performance feedback is appropriate, precise, developmental in nature, and offered by a reliable source. The purposes of performance feedback are to develop the person, group performance and EE, inspiration, and occupation contentment (Aguinis, 2009). Therefore, offering helpful feedback permits workforces to recognize that superiors care about their attainment and performance, which enhances their degrees of engagement (Marciano, 2010). Also, Gruman and Saks (2011) insinuate that in order to enrich engagement, workforces must have to recognize that evaluations and performance feedback are delivered in a reasonable mode. The realization of the feedback relies on the acceptance of the scheme/pattern. The basis of the feedback needs to be seen by the beneficiary as being constant, sincere, consistent, impartial and correctly inspired. The feedback could likewise create bad responses from workforces. If it is seen as one-sided, the feedback could cause "behavioural changes such as absenteeism, lack of cooperation, lack of focus on priorities, unhealthy competition and even can cause staff turnover".

Furthermore, one of the central drives of evaluating worker's performance sometimes is to form a basis for honours or recognition for outstanding involvement to the attainment of organizational objectives (Atakpa, Ocheni & Nwankwo, 2013). Of course, this will enhance the morale of such employee. Even individual's employee that did not have such acknowledgement will be struggling by the aspiration to have them. Praising workforces for an occupation well done or for supporting/impacting to the corporate aims would function as constructive reinforcement and engage workforces (Seijts & Crim, 2006; Rai *et al.* 2018; Aktar & Pangil, 2018). EE levels grow once they are appreciated and recognized for their occupations and efforts (Kaufman, Chapman & Allen, 2013; Bakker *et al.*, 2007). If workforces believe their



efforts and capability would be acknowledged, they are prospective to be further engaged and produced value. Once recognition is deemed effective, employees have lesser turnover levels, accomplish greater corporate outcomes (Gostick & Elton, 2007). An investigation established that the extent of recognition and compensations could be an imperative aspect of “work experience and a strong predictor of engagement” when “performance related pay culture” succeeds at work (Koyuncu *et al.* 2006). However, the shortage of satisfactory compensation package could leash workforces to a circumstance of work burnout (Maslash *et al.*, 2001). With the support of literature, the issue of compensations and recognition remains a substantial engagement predictor. A research done by Saks (2006) showed that recognition and recompenses are very significant antecedents of EE. Kahn (1990) sees that worker’s extent of engagement is a sense of their understandings of the benefits they get. Then, regardless of the amount or kind of recompense, it is the worker’s view of the similar that concludes his/her gratified and thus individual’s engagement in the occupation. Scott *et al.* (2010) in their analysis substantiated that there is great effect of financial recognition on engagement. Thus, to a very great level appreciation and recognition has a great connection with EE (Mutunga, 2009) and intention to stay (Halid, Kee & Rahim 2024).

Financial reward and in particular pay, is a necessary attribute to EE that inspires an employee to attain additional and therefore concentrates further on occupation and own expansion. Payment is another indispensable antecedent to EE. The rate of a workers’ engagement relies on worker's attractiveness of established payment and welfares (Anitha, 2014). Saks (2006) emphasized that pays are important antecedents of EE. They stated further that once personnel obtain good pays from their institution, they would feeling indebted to reciprocate with better rates of engagement. It is noticed by Kahn (1990) that worker’s rate of engagement is a role of their insights of the remunerations they obtain. Worker’s engagement has a direct link with good remunerations and performance (Karikari, Opoku Boadi & Sai 2018). Empirically, Scott *et al.* (2010) in his research shows that respondents consider that salary (“base salary, base salary increases, and benefits and perquisites”) have a great link on employee engagement. Mutunga (2009) also revealed that pay to a very great level has constructive link on employee engagement. Moreover, Obasaolufemi (2015) affirms that the low salary of workforce in the civic sector in Nigeria has psychosomatic, fiscal and social consequences on their approaches towards occupation in a place of work. He further expressed that psychologically low salary can cause tardiness to work, be idle at work, non-attendance, dodge among employees etc. Thus, every establishment must employ correct techniques and plans for the engagement of



their workforces (Mutunga, 2009). Payments serve as one of the predictors of EE. Based on the above discussions, therefore, this study hypothesizes that:

H1: *training has significantly relates with EE.*

H2: *job promotion has significantly relates with EE.*

H3: *performance feedback has significantly relates with EE.*

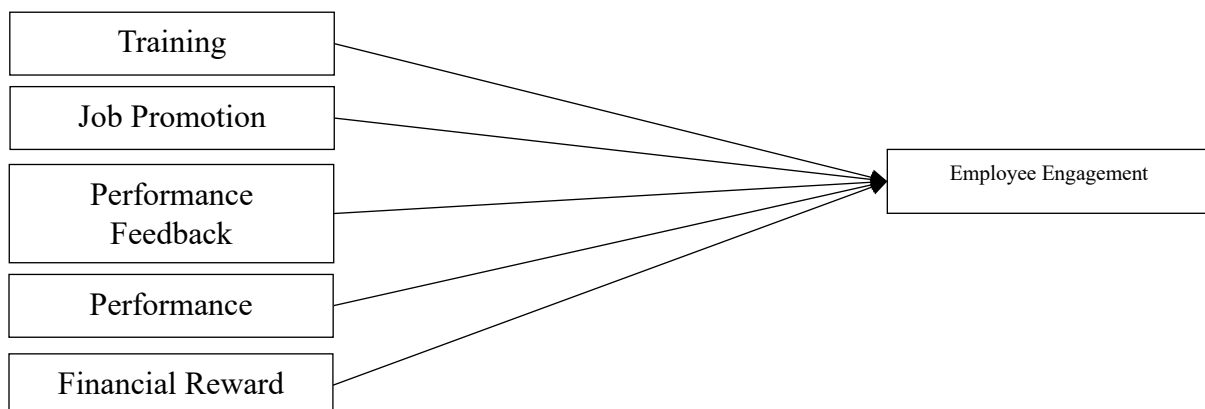
H3: *performance recognition has significantly relates with EE.*

H5: *financial reward has significantly relates with EE.*

2.3 Projected Theoretical Framework

Based on the deliberations in the preceding segments, this current research propels a model signifying that PAPs (training, job promotion, performance feedback, performance recognition and financial reward) have positive connection with EE in the HRM study pasture. The analysis is buttressed by Social Exchange Theory (SET). In accordance with SET, relationship begins when a party offers reimbursement to a person, and he getting exchange in return (Gouldner, 1960). Therefore, social relation according to Aselage and Eisenberger (2009) can be improved when reciprocally parties ready to offer supportive resources/wherewithal to one another. That is, employer/organization search for faithfulness and worker search for beneficial handling (Coyle-Shapiro & Shore, 2007). Employees are proficient of accomplishing high engagement via adequate provision of training need, promotion as and when due, accurate feedback, appreciation and good remuneration offers workforce bigger prospects, thus directly or indirectly augment their contentment and engagement on the occupation. This is shown in Fig. 1.

Figure 1. The study frame





3. Methodology

Data for this research were gathered from civil servants in Kwara State, Nigeria (6,156 civil servants). The sample size of this analysis is 364 according to Krejcie and Morgan's (1970). Besides, in order to minimize and decrease sampling mistake, and to care for non-response rate matters/issues that may take place, Salkind (1997) recommended that the sample size should be forty per cent (40%) increase. Thus, sample size determination in this analysis was supported by Krejcie and Morgan (1970) and Salkind (1997). Therefore, the whole sample size is Five Hundred and Ten (510). The data collected from the sampled 510 were examined via well-groomed PLS 3 software wraps. Stratified sample method was employed to choose respondents. The researcher visited the sampled ministries and agencies with copies for civil servants. The researcher administered the questionnaire via human resource department. The importance of the research and the guidelines were clarified to the respondents. Questionnaires were distributed to the respondents to fill, which was later collected by the researcher from individual respondents; this system guaranteed a high return rate and inspired liberty of voicing from the respondents. In totality, out of Five Hundred and Ten (510) questionnaires which were dispersed to the focus respondents, Four Hundred and Nine (409) were reverted giving in an overall response rate of 73%. But only Three Hundred and Seventy-One (371) were utilisable while twenty-two (38) were unfinished, then they were eliminated.

The analysis technique in the existing research embraced descriptive and inferential assessments. Inferential assessment signifies 2-step method: measurement and structural replicas (Hair *et al.*, 2011, 2012; Chin, 1998), as these ensures suitable and dependable outcomes. To ensure constructs validity and reliability, which embrace internal consistency reliability, convergent validity and reliability and discriminant validity, measurement model evaluation was done. Measurement replica signifies the associations between constructs and their corresponding measurement variables (commonly described as the external models in PLS-SEM). The basis for establishing these associations is measurement assumption. An excellence measurement assumption is a required condition to acquire useful outcomes from PLS-SEM (Hair *et al.*, 2017).

Concerning the measurements of the variables of this research, PAPs measurements variables were adopted from Ameen and Ismail (2021), while EE measures were adopted from Thomas (2007). The constructs scale was made on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to make administration of survey easier and give uniformity in



terms of response arrangement. Conversely, demographical variable was measured as categorical variable. This type of interval scale is considered appropriate for this analysis, as it is going by the proposition of Zikmund *et al.* (2010).

4. Analysis of the study data

a) Demographic information and Descriptive statistics

The respondents' demographic information from table 1 specifies that the substantial number of the respondents in this research are male, representing 194 (52.3%) while 177 (47.7%) are females' respondents. With respects to the respondents' age, substantial number of the respondents are 26-35 years of age, representing one hundred and seventy-eight (178) (48%) of the entire respondents. Concerning respondents' marital status, the larger part of the respondents was wedded representing Two Hundred and Ninety-Two (292) (78.7%). Two Hundred and Twenty-Seven (227) (61.2%) respondents, who happened to be the majority, have Degree as their highest level of educational qualification. As far as the years of working experience of the respondents are concerned, considerable numbers of the respondents are between 1 to 5 years' experience representing One Hundred and Eighty (180) (48.5%).

Table 1. Descriptive Analysis of Demographic Data

| Demography | Indicators | Frequency | Percentage |
|----------------|-----------------|-----------|------------|
| Gender | Male | 194 | 52.3 |
| | Female | 177 | 47.7 |
| Age | 18 - 25yrs | 23 | 6.2 |
| | 26 - 35yrs | 178 | 48.0 |
| | 36 - 45yrs | 124 | 33.4 |
| | 46 - 55yrs | 38 | 10.2 |
| | 56yrs and Above | 8 | 2.2 |
| Marital status | Married | 292 | 78.7 |
| | Single | 72 | 19.4 |
| | Divorced | 4 | 1.1 |
| | Widow | 3 | 0.8 |



| | | | |
|---------------------------|-------------------|-----|------|
| Educational qualification | Diploma and below | 68 | 18.3 |
| | Degree Master | 227 | 61.2 |
| | Ph.D. | 76 | 20.5 |
| | | - | - |
| Year of work experience | 1-5yrs | 180 | 48.5 |
| | 6-10yrs | 104 | 28.0 |
| | 11-15yrs | 45 | 12.1 |
| | 16-20yrs | 12 | 3.2 |
| | 21yrs and Above | 30 | 8.1 |

b) Descriptive Statistics for Latent Variables

Table 2 demonstrates the mean and standard deviation of the all variables of the analysis ranging from 3.5814 to 4.0920, and from 0.59704 to 0.93016 respectively. These total mean and standard deviation principles of the whole variables are fairly adequate. Therefore, it could be demonstrated that the reactions of the respondents evidently specify a tolerable and reasonable level of relevance to the whole measurements concerning training, performance feedback, job promotion, financial reward, performance recognition and employee engagement.

Table 2. Descriptive Statistics for Latent Variables

| Latent Constructs | No. of Items | Mean | St. Deviation |
|--------------------------|---------------------|-------------|----------------------|
| Training — | 5 | 3.5814 | 0.93016 |
| Job promotion | 3 | 3.6928 | 0.90017 |
| Performance feedback | 4 | 4.0920 | 0.59704 |
| Performance recognition | 6 | 3.5919 | 0.87055 |
| Financial reward | 3 | 3.6283 | 0.91933 |
| Employee engagement | 6 | 4.0731 | 0.73237 |

*c) Evaluation of the Measurement Model*

The convergent validity, discriminant validity and the internal consistency reliability were assessed in this section to comply with the criteria needed for the validity and reliability of the constructs (Hair *et al.*, 2011). From Table 3, it is apparent that, each item of the construct has higher value on their respective constructs. Hence, the content validity of the constructs is affirmed. Nevertheless, one (1) indicator (i.e., PF1) from performance feedback dropped under the threshold of 0.5 (Hair *et al.*, 2011). Therefore, this item (PF1) was deleted. Similarly, as the values of the Cronbach alpha and composite reliability are all above the threshold values of 0.7, the constructs of the study are said to possess high level of internal consistency reliability. The values of the average variance extracted (AVE) of the reflective scales also go above the lowest requirement of 0.5 (Hair *et al.*, 2011). Therefore, it could be sum up that satisfactory convergent validity has been confirmed in the present investigation.

Table 3. Internal consistency and convergent validity

| Constructs | Items | Loadings | AVE | CR | CA |
|-------------------------|-------|----------|-------|-------|-------|
| Training | TR1 | 0.783 | 0.651 | 0.903 | 0.867 |
| | TR2 | 0.863 | | | |
| | TR3 | 0.758 | | | |
| | TR4 | 0.776 | | | |
| | TR5 | 0.849 | | | |
| Job Promotion | JP1 | 0.889 | 0.750 | 0.900 | 0.839 |
| | JP2 | 0.923 | | | |
| | JP3 | 0.795 | | | |
| Performance Feedback | PF2 | 0.973 | 0.820 | 0.931 | 0.893 |
| | PF3 | 0.512 | | | |
| | PF4 | 0.972 | | | |
| Performance Recognition | PR1 | 0.691 | 0.627 | 0.909 | 0.883 |
| | PR2 | 0.834 | | | |
| | PR3 | 0.755 | | | |
| | PR4 | 0.870 | | | |
| | PR5 | 0.849 | | | |



| | | | | | |
|------------------------|-----|-------|-------|-------|-------|
| | PR6 | 0.751 | | | |
| Financial Reward | FR1 | 0.840 | 0.703 | 0.877 | 0.789 |
| | FR2 | 0.849 | | | |
| | FR3 | 0.825 | | | |
| Employee Engagement | EE1 | 0.823 | 0.667 | 0.923 | 0.899 |
| | EE2 | 0.893 | | | |
| | EE3 | 0.781 | | | |
| | EE4 | 0.808 | | | |
| | EE5 | 0.697 | | | |
| | EE6 | 0.880 | | | |

Note: CA: Cronbach Alpha; CR: Composite Reliability; AVE: Average Variance Extracted.

As for the evaluation of the discriminant validity, the Heterotrait-Monotrait ratio (HTMT) was adopted. The table 4 below presents the discriminant validity to be confirmed as the highest HTMT ratio was between employee performance and financial reward which falls below 0.85. Additionally, bootstrapping method was used to test for the HTMT ratio and it was found that the values are different significantly from 1, signifying that the constructs have discriminant validity as supported by Henseler, Ringle and Sarstedt (2015).

Table 4. Heterotrait-Monotrait Ratio of Correlations (HTMT)

| construct | EE | FR | JP | PF | PR | TR |
|-----------|-------|-------|-------|-------|-------|----|
| EE | | | | | | |
| FR | 0.569 | | | | | |
| JP | 0.495 | 0.585 | | | | |
| PF | 0.084 | 0.133 | 0.122 | | | |
| PR | 0.508 | 0.637 | 0.534 | 0.141 | | |
| TR | 0.479 | 0.581 | 0.683 | 0.050 | 0.742 | |

Note: EE: Employee Engagement; JP: Job Promotion; FR: Financial Reward; PR: Performance Recognition; TR: Training; PR: Performance Recognition.

*d) Structural Model Evaluation*

The table 5 presented below reveal the respective results for the PAPs-Employee Engagement relationship.

Table 5. Direct relationship

| Hyp | Path | Beta Value | STDEV | TValue | PValue | Decision |
|-----|---------|------------|-------|--------|--------|---------------|
| H1 | TR → EE | 0.081 | 0.079 | 1.025 | 0.306 | Not Supported |
| H2 | JP → EE | 0.197 | 0.068 | 2.893 | 0.004 | Supported |
| H3 | PF → EE | 0.031 | 0.059 | 0.530 | 0.596 | Not supported |
| H4 | PR → EE | 0.192 | 0.069 | 2.771 | 0.006 | Supported |
| H5 | FR → EE | 0.238 | 0.060 | 3.969 | 0.000 | Supported |

Concerning the testing of hypotheses regarding the link between PAPs and EE, from Table 5, three (3) out of five (5) hypotheses were supported. Based on these outcomes, hypothesis two (H2) ($\beta=0.197$, $t=2.983$, $p<0.05$), hypothesis four (H4: $\beta=0.192$, $t=2.771$, $p<0.05$) and hypothesis five (H5: $\beta=0.238$, $t=3.969$, $p<0.01$) were supported, signifying significant relation among job promotion, performance recognition, financial reward and employee engagement. However, the hypothesis one (H1: $\beta=0.081$, $t=1.025$, $p>0.05$) and hypothesis three (H3: $\beta=0.031$, $t=0.530$, $p>0.05$) were not supported.

Moreover, examination of the structural model demonstrates that financial reward, job promotion, performance recognition, training, and performance feedback collectively explained collectively explain 33% (0.327) of the variance in EE. It indicates that the R^2 values of this research model were beyond Falk and Miller's (1992) satisfactory level. Therefore, it could be drawn that the R^2 values obtained in this model were adequate. The examination of predictive relevance (Q^2) of the model was equally performed. The cross-validated redundancy outcomes



indicate 0.203 for Employee Engagement. These figures are satisfactory because they are greater than zero.

5. Discussion

The testing of hypotheses in this analysis was done via PLS-SEM. Hypothesis one (H1) was not supported. This outcome is in line with few previous studies including Rashid, Asad and Ashraf, (2011), Ahmad and Bakar (2003) and Shore and Barksdale (1998) which stated that training has no significant relationship with EE. This shows that training is not a predictor of EE in civil service. This result does not support the suggestions in the existing theory and empirical findings that indicates that training played a key role in shaping engagement (Aktar & Pangil, 2018; Paradise, 2008). This could be possibly attributed to the contextual factors such as political interference (politicisation of service). Specifically, selection of civil servants for training is extremely political. It is observed that the majority of the civil servants have a political attachment and relative to political office holders that are so influential and can influence personnel that are to be sent on training because of peculiar benefit they will take there. So, instead of sending civil servant that is discipline/job relating to the training they would rather prefer their relation whether he is fit or not and this is because of monetary benefits that will accompany the training. It is on this message that Oyedeki (2016) asserted that strong foundations cannot come out from modern day Nigerian civil service where selections of civil servants to be trained are based on clannish circumstances, link with the superior, religious conviction, obvious political affiliation and class.

Hypothesis two (H2) which stated that job promotion has significantly relates with employee engagement in Kwara State was supported. The outcome implies that job promotion is a strong and influential predictor of civil servant engagement. This outcome corroborates with a considerable number of existing studies, among the studies that this finding consistent and supports include Taufek *et al.* (2016), Aktar and Pangil (2017, 2018), Khan and Iqbal (2013), Jung and Yoon (2015), Gathungu, Iravo and Namusonge (2015), Kehoe and Wright (2013), Mohda, Shaha and Zailana (2016), Srivastava and Bansal (2016), and Anitha (2014). The outcome of the present study offers support to numerous HRM-based researches as revealed above. Furthermore, in the tactical HRM literature, it is supposed that the benefit of any establishment is the opportunity for internal promotion of workforce. Owing to the opportunity offered to workforce, they could develop themselves to be more resourceful and successful and properly engaged with the establishment and job (Mohda, Shaha & Zailana, 2016; Thilaka,



Sivasankaran & Udayabaskaran, 2017). It does not merely inspire workforce to do properly but encourages workforce into offering more interest to occupation and individual growth. The discovery is further validated by the Social Exchange Theory (SET) which affirms that the job promotion has turn out to be one of the significant factors that will heavily affect how civil servants will engage in their work.

Hypothesis three (H3) which specified significant relation connecting performance feedback with EE was not supported as the result obtained from data analysis indicate non-significant. This implies that performance feedback not significantly related with EE in Kwara State civil service. This result is not corroborating with the studies such as Aktar and Pangil (2018), Bakker and Bal (2010), Aktar and Pangil (2017), Selvarasu and Sastry (2014), Aguinis, Gottfredson and Joo (2011), Saks (2006), and Gomez-Mejia (1990). Probable reason for this could be that civil servants' engagement at work is not efficiently monitored by civil service and the matter of feedback is poorly handled by supervisors. Furthermore, it was observed that the feedback mechanism has not been used properly. This was due to the overbearing political pressure on the service and this is impacting negatively on the service as a result the feedback mechanism does not always yield good result. Lack of reward and punishment is another major issue that diminishes feedback in the civil service. Without reward and punishment performance feedback would not be effective and this is what is lacked in the Civil Service. Several establishment arrangements propose that rewards and punishment play distinct role in offering inducement (Andreoni, Harbaugh & Vesterl, 2003) and these would make feedback to be significant to employee engagement if it is applied appropriately.

Hypothesis four (H4) was supported as the outcome specify significant relationship of performance recognition with employee engagement. This denotes that organization that recognises job well done of its employee influences the employee to be more engaged and committed. The results also provided empirical support to the SET which articulates that exchange rule generally centred on reciprocity or reimbursement principle, where the activity of a party leading to the activity of another party (Saks, 2006; Gouldner, 1960). Furthermore, this outcome corroborated with the findings of Aktar and Pangil (2018), Kaufman, Chapman and Allen (2013), Saks (2006), Kahn (1990), Mutunga (2009), Macleod and Clarke (2009), Scott, McMullen, Royal and Stark, (2010), Markos and Sridevi (2010), and Zaitouni (2013). Based on empirical and theoretical evidence, it could be summed up that performance recognition is an important inspiration and reward approach to enhance employee engagement.



Hypothesis five (H5) which says that financial reward has significantly relates with civil servant engagement in Kwara State was significant. This implies that organization that implements acceptable standards of salary for their employees can achieve a high level of employee engagement. Therefore, satisfactory salaries will engage workforce to make productive efforts to their occupation and view themselves competent of handle work demands. Furthermore, this outcome was consistence with the earlier studies such as Karikari, Opoku Boadi and Sai (2018), Aktar and Pangil (2018), Saks (2006), Anitha (2014), Scott *et al.* (2010) Mutunga (2009), Rashid, Asad and Ashraf, (2011). Financial reward as entails that payment is one of key issues considered by workforces. Several organization assumptions (i.e. social exchange & AMO) have specified that when employees obtain exceptional pay, recognition and praise, they seem to exercise additional strength into their occupation. Organization with good financial reward enhances employee engagement at work. It is suggested that organization should maintain good wages for employees (Khan & Iqbal, 2013). If civil service does not consider good wages as an important factor for civil servants, it would adversely affect the job engagement of civil servant. Wage rate that is below than market rate leads to workers dissatisfaction. The low salary of workers has psychological, economic and social implications on their attitudes towards work in a workplace, and psychologically, low salary can cause lateness to work, loafing at work absenteeism, and buck-passing among workers etc.

6. Conclusion

Based on important issues relating to theoretical, contextual and methodological parts of PAPs-EE study, this analysis was considered to assess the relationship of PAPs on EE. Particularly, highlighting the relationship between job promotion, training, performance feedback, financial reward and performance recognition and EE. Based on social exchange theory and broad literature survey, a theoretical framework was established to explicate influential role of strategic PAPs in enhancing optimal EE in civil service. Five (5) hypotheses were framed and tested using structural model of PLS-SEM. The research demonstrated that PAPs variables are important aspect of HR that has greater influence on employee engagement. The outcomes of the tested hypotheses specify that out of five (5) suggested hypotheses, three hypotheses supported while two hypotheses not supported. The findings denote positive influence of PAPs such as performance recognition, job promotion and financial reward (pay) on the engagement of the civil servants.



However, civil servants' PA is confronting a numeral of challenges which includes lack/ineptness of appraisal information for performance enhancement, shortage of instant/regular and constructive feedback. Since the crucial aspiration of appraisal practices is to inspire workforce for enhanced service delivery and performance advancement, these practices should be reviewed and revised. Therefore, Civil service institutions should institute standard feedback devices that are productive and appropriate. This will aid workforce realize their performance strength and areas for development, which can improve engagement and efficiency. Uninterrupted training prospects should be ready accessible to civil servants. Up-skilling workforce not only enhances their capability but as well demonstrates that the establishment is invested in their individual and expert development, in so doing growing/enhancing engagement. Also, the assessment scheme should be allied with the overall aspirations of the civil service. Once civil servants realize how their concerts contribute to the institution's accomplishment, they are further likely to keep on engaged and dedicated. Finally, directors in civil service should put more effort on how to boost EE via PAPs (i.e. training, performance feedback, job promotion, financial reward and performance recognition). By embracing these practices, civil service institutions can promote additional engaged and inspired employees, which is significant to the effectual operation of civic institutions.

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INSIDE THE MIXED-USE SECTIONAL TITLE SCHEMES PROPERTY: THE APPLICATION OF RULES TO PROMOTE GOOD GOVERNANCE¹

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Abstract. *The role of sectional title scheme properties in assisting the South African government in addressing housing challenges is beyond contest. Nonetheless, the Act that governs these schemes has some problems, particularly in managing mixed-use sectional title schemes. One of the failures of this Act is that it grants developers broad authority to define rules for schemes without the input of local governments or corporate corporations. The aim of this article was to provide a complete understanding of rule application within mixed-use or two-tier schemes designed to foster good governance. Additionally, a global comparative analysis of similar schemes will be conducted to evaluate the rule execution and management of these mixed-use plans. Rules violations by both trustees and managing agents were cited as the common causes of poor management of the sectional title schemes; however, what still needs to be answered is the application of rules under the current mixed-use schemes. The current study built on this gap and examined how rules are implemented under mixed-use or two-tier schemes. However, little attention was given to the mixed-use scheme of sectional title scheme properties and the practical application of the rules under this new framework. This study aimed to examine the application of regulations in mixed-use schemes and their impact on the governance of the schemes. A practical recommendation was made on the possibilities of closing the expectation gap encountered with the current mixed-use governance framework.*

Keywords: *Mixed-Used Sectional Title Scheme, Application of Rules, Conflict of Interest, Participation Quota, Good Governance.*

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1. Introduction

According to recent property data estimates, South Africa now has 66,000 commercial and residential registered sectional title systems since its adoption in 1971 (Grobber, 2022). Based on this statistical report, one can be quite certain that the sectional title scheme plays a substantial role in addressing the housing challenges in the country. However, despite these benefits that came with the introduction of the sectional title scheme in the country, there was an outcry from property owners regarding the scheme's governance. According to Randles Attorney (2019a), one of the main problems in sectional title scheme governance is that the original format of the sectional title scheme was designed to provide for vertical property ownership within the high-rise building, and the statutory rules for the scheme's governance and regulations were written with this high-rise building model in mind, not a mixed-use scheme. But, due to land scarcity, market property prices, and a lack of regulation, the developers saw an opportunity to design a mixed-use scheme. According to Van der Merwe (2018), developers and business people have reaped considerable benefits from building a well-designed and methodically implemented mixed-use sectional title system in the country and transitioning from its initial vertical structure to a horizontal format. The developers designed mixed-use schemes because their concern was about profit without considering the people who would buy into those properties. Therefore, these benefits for developers come at a cost to many property owners because the establishment of mixed-use structures occurred without amending the Act governing the schemes. This omission makes it challenging for residential property owners to enforce the single-use structure rule within a two-tiered system. The fact that all forms of sectional title schemes in South Africa are required by law to form one body corporate exacerbated the problems of the implementation of rules to ensure that there's good governance within mixed use schemes.

2. The Research Methodology

In this study, secondary data and content analysis were used to analyse qualitative data. In this study, secondary data and content analysis were used to analyse qualitative data. The researcher used content analysis since it is a flexible method for examining text data (Smith and Marx, 2021). The search for secondary data in this study started from academic libraries at Tshwane University of Technology. The research specialist from the Tshwane University of Technology was used to assist in searching for relevant academic sources and archives from the university libraries. The secondary data for this paper were obtained from sources around



the world such as scholarly journal articles, dissertations, thesis, and Google Scholar. Other institutional publications, such as Community Schemes Ombud Services and the National Management Agent Association, were also used to obtain relevant data about the regulations and application of sectional title scheme rules and the current governance framework of these schemes. However, in this study, the secondary data used was for the period between 2015 and 2024.

Furthermore, the data collected from various sources was consolidated to ensure similarities in formats. Then, all secondary data collected findings were compared with other sources regarding governance issues across different studies of the sectional title schemes. The researcher analyses the trend in rule implementation by both trustees and managing agents under a mixed-used scheme and its impact on the governance practices of the schemes.

3. Literature review

3.1. Definition of mixed-used sectional title schemes.

A mixed-use sectional title scheme is defined by Van der Merwe (2018) as a design that consists of a combination of residential and commercial units, while the word can also refer to a mix of residential units and office units or a mix of residential, commercial, and office units. According to Van der Merwe and Paddock (2017), a mixed-use development is one that includes residential and commercial space in the same building or consists of numerous buildings under the same concept. Techakumphu (2015:3) describes a mixed-use condominium as a layout that incorporates many sorts of units, such as retail, office, and residential units, all of which are housed in the same structure. Based on the assumption, regardless of how they approach the topic, all authors agree on the same definition.

Furthermore, a mixed-use scheme is governed by regulations that specify how much each co-owner will contribute to the upkeep of the common property. Çağdaş et al. (2018) they asserted that each condominium unit owner's voting power in the condominium's management, as well as their proportionate share of the condominium's common expenses and earnings, is determined by their co-ownership share. According to Van der Merwe (2018), when the building is designed to minimize shared areas, services, and interaction between commercial and residential users, potential disruptions and disputes regarding common expense allocation, maintenance, and management are avoided or at least mitigated in a mixed-use scheme.



3.2. The establishment of the sectional title scheme property

According to the Sectional Title Schemes Management Act of 2011, a developer who forms a sectional title scheme prior to the establishment of a body corporate is obligated to establish rules that attribute a separate value to any section owner's vote or responsibility. Given the above premise, it is presumed that a developer has a model for what the plan should consist of. According to Van der Merwe (2020) there is no legal framework plan in a mixed-use scheme, so the developer has complete discretion to allocate quotas to each residential section of the scheme and a portion of the total participation quotas to the non-residential component. The origin of mixed-use sectional title schemes in South Africa were primarily framed with residential apartments in mind and that's why the scheme regulation is unsuitable in the governance of the scheme (Van der Merwe, 2016). As a result, this, the lack of a legal regulatory framework model for forming a mixed-use sectional title section in South Africa, as well as the Act for a provision of a mixed-use scheme, unit owners may find it difficult to apply the scheme rules properly. According to Van der Merwe (2018) the ability of the developer and unit owners' corporations to meet their conflicting needs of the various components of the mixed-use strata title scheme is critical to the success of a mixed-use scheme. Since there are no governance guidelines for mixed-use schemes, the success of implementing sectional title scheme rules is jeopardized, because the model used by developers is unknown to all stakeholders. According to Izanda, Samsudin and Zainuddin (2020), the lack of uniform rules and regulations led to some developers abusing the situation and delaying strata title registration to impose any rules and additional fees on the building management system, which in turn caused dissatisfaction among unit owners with the scheme's governing rules.

In additionally, the absence of a formal framework for two-tier or mixed-use sectional title scheme management structures gives developers the opportunity to select any type of management structure, perhaps leading to the variety of models that are currently in use (Van der Merwe and Paddock, 2017). Because the developers of this scheme did not adhere to any regulatory framework in place, unlike the single structure mode, the current Sectional Title Scheme Act's lack of mixed system regulation results in instability with the governance of the scheme. Van der Merwe (2018) asserts that in a correctly planned mixed-use scheme that adheres to the Act's statutory structure, each component will be essentially self-sufficient, and conflicts will be avoided because the scheme can offer a separate service to each of the user components.



According to Van der Merwe and Paddock (2017), one of the most common methods used by developers in South Africa to achieve a mixed-use or two-tier scheme governance structure is to use attorneys and land surveyors to assist them in manipulating the management and conduct rules of mixed-use and larger schemes when submitting their applications for sectional plan registration for monetary reward and opening a sectional title register. Because there was no legal procedure followed in developing the mixed-use scheme, and since the commercial and residential components are not distinct, the scheme's management and conduct rules are against the current Sectional Title Scheme Act. Van der Merwe (2018) argues that to prevent issues of conflict rules and interest among owners, it is better for commercial and residential units in a mixed-use development to be separated and each be given autonomy to govern its affairs in order to improve its governance. This claim was backed up by Techakumphu (2015), who argues that since the scheme consists of various people with different needs, a lack of clear provisions for governance structures more specific to the common property in the Act may result in conflict between owners of the various types of units. Considering this, all sectional title property owners as well as other parties with an interest in the scheme, such as financial institutions, place a high priority on the good management of the mixed-use scheme. So, one of the obstacles to effective governance and the proper implementation of regulations within the scheme is the absence of a legislative framework for the development of this scheme in South Africa.

According to Van der Merwe and Paddock (2017), developers and advisers who intended to create a sound governance framework for mixed-use scheme systems frequently failed to do so, resulting in a system that does not function properly or has inadequate governance. Based on the aforementioned statement, the separation of mixed-use schemes and establishment of regulatory frameworks is critical for good governance of this type of scheme. One of the common problems with the mixed-use sectional title scheme is the maintenance of common property and participation quotas, which are linked to the voting power of each member within the scheme. In South Africa, the participation quota formula for residential units is an area based on the size of the unit, but for non-residential sections, the developers are solely responsible for determining their co-ownership share or quota of that section without being questioned, or the formula is known by themselves only (Çağdaş *et al*, 2018). In accordance with the sectional title scheme Act 8 of 2011, the developer has sole discretion of effect of quotas guided by section 3(1)a, which determines the liability of payment of the debt to body corporate and the value of their vote in the scheme. In a mixed--use scheme which consists of



different interest groups, a potential dispute concerning common expense allocation and management can be avoided or diminished if the total designer of the scheme is isolated with minimum shared management and area, services and interaction between commercial and residential users (Van der Merwe, 2018). Providing a separation of services within this kind of scheme has always been challenging in South Africa due to the lack of a legislative framework for mixed-use schemes and a provision in the Sectional Title Scheme Act that would permit them.

3.3. A brief overview of mixed-use sectional title schemes around the world

In South Africa, sectional title scheme property is managed through a single management structure comprised of four fundamental documents: the sectional title scheme plan, which depicts how the building is divided into the common property and exclusive use rights; the management and conduct by-laws (rules), and the general function and responsibilities of all scheme arms. According to Van der Merwe (2018), a single management structure is common in South African sectional title schemes, which comprise a mix of residential and commercial components with unequal voting rights. Van der Merwe and Paddock (2017) affirm this allegation regarding the single management structure utilized in South Africa, noting that the existing statutory governance structure for sectional title schemes only allows the formation of one body corporate for each sectional title scheme. As a result, in South Africa, the governance of mixed-use sectional title schemes has been a recurring issue. One major issue is that the existing Act only allows for a single structure management scheme; thus, all owners, collectively known as body corporate, are responsible for the management, administration, and control of their scheme (Dlamini and Boshoff, 2017). Therefore, the scheme's current rules do not support good governance in mixed-used schemes because they were implemented in the wrong structure.

According to Van der Merwe and Paddock (2017), the mixed-used sectional title scheme in South Africa was modelled from Singapore because the legal situation of South Africa and Singapore is identical. However, the implementation of the governance structure between Singapore and South Africa is not the same. The previous statutes in both countries were based on the complex New South Wales Strata Titles Act of 1961. However, because the laws governing sectional title schemes in Singapore and South Africa are derived from the same tree, both countries should treat mixed-use schemes similarly. Van der Merwe (2018) agreed with this argument but added that when management is not isolated inside a mixed-use association



structure, it can lead to several challenges due to a conflict of interest between the owners of residential and commercial components. In addition, one of Singapore's primary reasons for developing a two-tier structure was to improve scheme governance through the proper application of rules and the segregation of duties, as well as to allow flexible management of scheme developments within the scheme's clearly distinct interest groups and the clearly visible physical delineation of common properties. As a result, the South African sectional title scheme model should be designed similarly to that of Singapore, as they are similar and adopted from the same country in Australia, New South Wales.

Furthermore, because the South African Sectional Title Scheme Act only allows for a single management structure, regardless of the size or shape of the scheme, it is not possible to establish a mixed-use governance system like that of Singapore unless you change the regulations. This is one of the main causes of poor governance because the current scheme rules are not applicable under the current Act. According to Van der Merwe and Paddock (2018), there was a suggestion that it would be necessary to modify the regulations issued under the Act to give developers in South Africa the chance to implement a two-tier governance structure. These regulations could be modified by the addition of a sub regulation under regulation 30. However, the South African policymakers who drafted the Sectional Title Scheme Act, have turned a deaf ear to these ideas because nothing happened even today.

A country like Thailand has promulgated the Condominium Act B.E. 2522 and had the latest amendment in B.E. 2551 with the view that to manage the living of co-owners in the condominium, the aforementioned Act is somewhat outdated because it was promulgated mainly to serve single purpose condominium and further it creates a loophole in relation to the management of common property in the mixed-use condominium where there are different types of units located in the same building (Techakumphu, 2015). The lack of provision in the Sectional Title Scheme Management Act is the main hindering factor that prevents the creation of a two-tier scheme, even though this scheme is currently operational in the country. This concurred by Van der Merwe (2016) Unlike various condominium or strata title laws worldwide, the Sectional Titles Act in South Africa does not explicitly provide for the establishment of subsidiary management committees within mixed-use schemes. In Malaysia strata management Act 2013, (Act 757) was introduced the establishment of subsidiary management committees in the mixed-used scheme in order to help to resolve the issues of managing the different types of users in the mixed used schemes (Vern, Choon, Ujang, Liang,



Azri, Seng and Chin, 2023). The establishment of subsidiary committees makes sense because it is impractical to apply the same conduct rules to both commercial and residential properties equally within a mixed scheme in South Africa. However, the current Act requires that the rules be applied equally to both residential and commercial sectional title scheme properties. The establishment of a subsidiary management corporation is crucial for the independent management of the subsidiary corporation, enabling it to maintain and manage its limited common property (Choon, Vern, Seng, Chin and Kathitasapathy, 2022). This approach helps address unfair management practices, ensuring that property owners are not required to pay maintenance fees for limited common property from which they do not derive exclusive benefit or enjoyment.

According to Van der Merwe (2018), a mixed-use scheme in Singapore is managed or governed by subsidiary management corporations or bodies corporate and are indicated on the strata or condominium plans as limited common property allocated to the owners of the component of the building governed by subsidiary condominium association concerned. This was supported by Van der Merwe and Paddock (2017) when they revealed that the Singapore Act further provides for the subsidiary management corporations to elect an executive committee and to hold general meetings and pass resolutions in the same way as the main management corporations. The Singapore Act is advanced compared to the current sectional title scheme Act in South Africa because it has a provision in their Act to allow the creation of subsidiary management to improve the governance of their mixed-use scheme, unlike in South Africa.

According to Technakumphu (2015), in terms of Section 46 of the Condominium Act of Singapore stipulates that in a situation where the rules of the scheme require that some co-owners have to pay for costs for a particular purpose, only those co-owners responsible shall have the right to vote for resolution pertaining to the costs for that purpose, and each person has a number of votes pursuant to the ratio as stipulated in the provision of Section 18 paragraph one. However, this is different in the South African Sectional Title Act because all owners are subjected to voting even if the matter pertaining to exclusive areas doesn't concern them. As a result, the participation quota gives the majority owners the power to oppress the minority, even if they don't have any interest in the project at hand. The participation quota has a huge impact on the governance of mixed-use schemes.



Furthermore, the South African mixed-use management structure is governed by the Sectional Title Management Act, which prescribes the body corporate to govern the affairs of common property areas within their scheme by contributing towards management and repair (Kambarani, Gambo and Musakwa, 2021). This statement is supported by the Sectional Title Scheme Management Act n0.8 of 2011, which corporate indicates that the owners of the corporate body have a duty to repair and maintain their common property or exclusive use, as it is now common knowledge to keep it clean and neat. Techakumhu (2015) revealed that under the old Condominium Act Section 48, the resolution of the common property or exclusive area required the votes of not less than half of the total votes of all joint owners of the condominium. This is like a sectional title scheme where a special resolution requires 75% of members present to vote in number or value for a special levy used for the maintenance of their common property in their respective scheme.

However, Singapore has opted to repeal this Section 48 regulation due to its flaws by enacting Section 46, which mandates that, unlike before, only the responsible owners of common property must vote on the costs of maintaining their common property. Because mixed-use scheme properties include a variety of interest groups and it can be difficult to allocate costs to members, the inclusion of Section 46 has thus been successful in resolving disagreement. The decision of developers to initially submit their plan before they register the scheme itself at the deeds office still has an impact on the South African sectional title scheme, notwithstanding this significant improvement in the Singapore mixed scheme. They omitted to make clear who should be responsible for maintaining which common property area and the common property area itself was never explicitly outlined in their scheme plan. In support of this assertion, Randles Attorney (2019b) asserted that the sectional title scheme's first legislative requirements were developed to oversee and control high-rise structures. The developers decided to broaden this rule into a hybrid two-tier system, even though the Act that governs the scheme is not meant for this new development. As a result, many property owners have long struggled with the governance of this scheme.

3.4. The rules of the sectional title scheme in South Africa

All sectional title scheme property in South Africa is mandated by the Sectional Title Schemes Act from the date of establishment of their body corporate that it must be regulated and managed by the rules. The sectional title scheme rules must be differentiated from the registration conditions of the scheme, which include servitudes and other real rights that are burdens



imposed on sectional property and serve to restrict owners when they deal with their units. Hence, the rules of the scheme bind all body corporate owners, including the tenants of that scheme. In other words, rules are the laws that the body corporate uses to manage its own affairs within its schemes. In terms of Section 10(2) of the Act, the body corporate has the power to amend or alter both the management and conduct rules of the scheme with a special resolution. Section 10(2) of STSMA indicates that the rules of the scheme provide for the regulation, management, use, and enjoyment of sections and common property.

The sectional title scheme comprises two types of rules, such as management and conduct rules. In terms of Sectional Title Scheme Act No. 8 of 2011, the management or conduct rules contemplated in subsection (2) prescribe that these rules must be applied equally to all owners of the units or scheme. The STSMA sections 12.1 and 13.1 explain the difference between these two rules: the prescribed management rule regulates the operations of the body corporate and its members, while the prescribed conduct rule of the scheme regulates the behavior of the owners and occupiers in their use of the common property, an exclusive use area, and their sections in relation to the scheme size and type.

One of the main challenges with the governance of the sectional title schemes is the participation quota rules of the mixed-use sectional title. Van der Merwe (2020) claims that the developers have complete discretion over how much of the total participation quotas to allocate to the non-residential component of the scheme as well as how much to allocate to the scheme's residential portion. One issue with this provision is that the developer is not required by the Act to reveal the formula used to allocate participation quota to the non-residential portion of the scheme. Therefore, a developer is not permitted to reveal the formulas used for non-residential property poses a challenge to the governance of the scheme (Van der Merwe and Habdas, 2016). However, government intervention is required since they will be able to draft statutory rules that will result in an equal and fair participation quota for all owners from both residential and commercial properties. According to Van Schalkwyk and Van der Merwe (2018), the diminished role of local authorities as guardians of the public interest presents a chance for developers to take advantage of owners by abusing this process. In addition, the fact that developers are permitted to amend their management rule while submitting the application for the opening of the scheme at the deeds office under section 35(2) (a) of the STA caused a lot of problems. Additionally, the developers are free to add special rules that allow them to use a different formula to calculate the relative contribution to common expenses and the value of



votes (van Schalkwyk and Van der Merwe, 2018). As a result, these special rules give developers the chance to reduce the participation quota because they design the regulations to meet their own requirements without considering the interests of the unit owner. Again, the requirement that a scheme be completed first before a plan can be submitted to the register causes a problem with quota distribution because developers have already manipulated the entire process with special rules. Therefore, the viability of a mixed-use strata title scheme depends on the ability of the developers and the unit owner's body corporate to accommodate the frequently competing interests of the unit owners in the various components (Van der Merwe, 2018).

Furthermore, one of the main sources of conflict within the sectional title scheme is common property maintenance, and when the participation quota is not well established within the scheme. According to Van der Merwe (2020), one of the problems with the maintenance of common property is that the STA has adopted a unique method for the allocation of participation quotas for mixed-use schemes that have both residential and non-residential sections. For example, under STA, the participation quota for residential sections is based on the floor area of a section proportionate to the total floor area of all the sections in the residential components of the scheme, while for non-residential sections, the developers have unfettered discretion to determine the quotas for each non-residential section in the scheme as well as the percentage that must be allocated to the residential component of the scheme. The difficulty with the Act, according to Van Schalkwyk and Van der Merwe (2018), is that it leaves the determination of participation quotas for non-residential units to the developer's sole discretion.

The participation quota in the mixed-use for non-residential units of the scheme poses a huge challenge to the governance of the scheme. According to Techakumphu (2015), a section that is allocated more rights can exercise their rights to make the minority units pay a higher fee for maintenance which they do not have to contribute anything. Van der Merwe (2020) backed up this claim by stating that, in South Africa, the developers should be required to provide additional information in a mixed-use scheme on how he or she determined the percentage allocated to non-residential units because, in the absence of restrictions on the developer's discretion to disclose the formula used, we would be unable to determine what percentage was allocated to particular units should the participation quota need to be adjusted. According to Van der Merwe (2020) under the United States Uniform Common Ownership Interest Act (UCIOA Section 2-107(a) developer are compelled to disclose their formula used for allocating



quotas to non-residential units, and this means that individual units within the scheme could challenge unfair allocation of quota on the ground of unfairness or inequity. However, in South Africa, this is not the case because the participation quota of non-residential units within the mixed-use scheme remains a secret of the developers forever.

3.5. Voting rights within the sectional title scheme property in South Africa

In accordance with Section 32(1) read with section 11(c) of the STSMA, two additional aspects of the participation quota are the weight of a sectional title owner's vote and the levy contributions for the scheme's operating costs, including the sectional owner's proportionate liability for the body corporate's debts (Van der Merwe, 2018). In the South African Sectional Title Schemes Act, any corporate resolution is decided by one of two types of voting processes, such as unanimous or special resolution. However, as required by STSMA, the difference between these two types of resolutions is that a unanimous resolution is used to amend or repeal management rules, which calls for 85% of votes cast by body corporate members in favour of the resolution, which must be calculated in both value and numbers of members present. But, about special resolutions, the votes that are used to amend or repeal the conduct rules call for 75% of the members present, with the votes' calculated in both value and numbers. However, a crucial aspect of this voting system is that it is also used when trustees propose a special leave and when decisions regarding the upkeep of common property are made because these kinds of schemes call for joint ownership shares. According to section 4(e) of the Act, bodies corporate has the authority to borrow money for schemes, although such a decision requires special resolution. Since South Africa has a single management structure despite that the schemes can have a variety of structures, this provision of the Act may be problematic in terms of voting system which based on value of vote. For example, in mixed use schemes the members those who have more voting power will always out vote the minority. Since the Act requires all members to vote for any decision taken by body corporates. Therefore, under this Act, the governance of the scheme is under threat.

As indicated before that the voting rights are determined by the participation quota section 32(1) and 11(a) of the Act, which was enacted by the developers when they established the scheme. According to Van Schalkwk and Van der Merwe (2018), it is unfortunate that the determination of the quota is left to the sole discretion of the developer without an independent authority considering whether his allotment is equitable, and this has a negative impact on the voting process within the scheme. Although, the Section 10(a) of STSMA, gives the body corporate



the power to amend or repeal rules made by the developer after the establishment of the body corporate through unanimous or special resolution. But the fact that, all body corporate decisions are pass by resolutions, which are adopted through voting. Therefore, participation quota has negative impact on the governance of the mixed-use schemes because owners with higher quota will always try to advance their interest at the expenses of minority. The participation quota has impact on conflict resolution because members with higher participation quota will always try to protect each other based on their voting rights. Van der Merwe and Paddock (2017) supported this claim by indicating that, when a sectional owner in the mixed-use scheme votes for any resolution, various interest groups will normally vote by class, and the class with the majority of votes will try to advance its own interests as far as possible.

According to Techakumphu (2015), Singapore had a similar challenge with Section 48 of the Condominium Act, which required that a resolution on matters of common property contribution need the votes of not less than half of the total votes of the joint owners in the condominium. In addition, this rule in Singapore for mixed use schemes has been substituted by Section 46 of the condominium law, which bars the owners of common property not allocated to them from voting on things that are not in their own interests. In South Africa sectional title scheme Act, the process of amending the management rules is quite challenging, because owners need to obtain 85% to pass unanimous resolutions. According to Van der Merwe and Habdas (2016), this would prove extremely difficult in practice since one or more owners would always be disadvantaged by such a resolution or amendment in share value and would not consent to such proposal because it will disadvantage them.

Furthermore, it is quite challenging for residential owners of mixed-use scheme to change the regulations because of participation quota. According to Van der Merwe and Paddock (2018), the only way to achieve a fair and equitable distribution of expenses among the owners of units within a mixed-use scheme is to make rules that allow only the representative of owners of units affected by maintenance to vote while excluding the other owners who are not affected by such expenses. However, with the current sectional title scheme Act in South Africa, there is no provision in the Act to bar other owners from voting on the expense of exclusive areas. One of the main obstacles to applying this approach is that the current South African Act is based on the single management structure not the mixed-use scheme. In contrast, Singapore has adopted Section 46 of the Condominium Act, which makes it easier for their mixed-use scheme to introduce subsidiary sections within the scheme to improve its governance and bar other



members of the scheme who are not of interest from voting on matters that do not concern them in common property. Hofmeryr (2023) revealed that the voting rights issue is important, but in South Africa there are assumptions that, when owners buy property in a mixed-use scheme, they ought to know what they are buying into, and no one compelled them to buy property in that scheme but chose to do so. As a result, the decision-makers ignore this crucial component of the scheme since they assumed everyone would be aware of the problems with voting rights, which also influence the way their scheme is governed.

Furthermore, in terms of section 7(1) of STSMA, the functions and powers of the body corporate have been delegated to be performed and exercised by the trustees of the body corporate holding the offices in terms of the rules. In mixed use schemes, the owners of the mixed-use scheme with higher participation quota will always have more trustees elected in the body corporates which can affect the governance of the schemes. According to Rule 14(1) (b), trustee resolutions are adopted by a majority of the trustees present and voting. In this instance, when the trustees vote on the proposed budget to be presented at the AGM, the trustees with more voting power will always outvote minority and their decision whether is bad or not will always be adopted. However, these voting systems deprive scheme consensus agreement in any decision made for scheme operation.

In terms of prescribed conduct rule 30(b) of the STSMA, the owners or occupiers of a section must not create noise that is likely to interfere with the peaceful enjoyment of another section or another person's peaceful enjoyment of the common property. The rule enforcement under a mixed-use scheme can be quite challenging considering the various needs between the commercial and residential owners regarding conduct rules. According to Van der Merwe (2018), the needs of owners in the commercial component must be balanced with the reasonable expectations of the owners in the residential component of the scheme. Based on the aforementioned statement, balancing the need for both the commercial and residential sides in the mixed-use scheme is impossible because of their various interest. It doesn't make sense for a shopping center to be classified as an owner's apartment since it is not intended for residential use. The introduction of sectional title schemes worldwide was aimed at addressing housing challenges, not commercial purposes. According to Techakumphu (2015), the Singapore government has rectified this situation in their mixed-use scheme by introducing Section 17/1 under the Reform Condominium Act (No. 4) B.E. 2551 that promote the formation of subsidiary committee within one body corporate, which protects the owners residing in other units in the



same building and prevents other owners from conducting business which can disturb the peacefulness of the joint owners. The current Act's lack of protection for other members of mixed-use sectional title schemes in South Africa, in comparison to other nations, and this poses serious governance challenges of the scheme in application of rules.

4. Governance of sectional title scheme property

The Sectional Titles Schemes Management Act No. 8 of 2011 (STSMA) and the Community Schemes Ombud Services Act No. 9 of 2011 (CSOSA), were established by government in 2016 to provide dispute resolution mechanisms for sectional titles and to improve the governance of the schemes (Steenkamp and Lubbe, 2017). Despite this intervention by government to mitigate the governance challenges within section, but the crisis persists. According to Alabdullah and Kanaan (2022), the only way the mixed used sectional title scheme body corporate can improve is through proper governance structure which can enable for proper application of rules and procedures that can enable this scheme to achieve its objectives. As a result, internal control mechanisms are critical in removing or mitigating difficulties related to principal-agent relationships or conflicts of interest among stakeholders that affect scheme governance.

According to De Villiers and Dimes (2021), corporate governance mechanisms within a firm are the set of rules, processes, and procedures that enable the board of directors to govern by creating a monitoring strategy that encourages proper reporting, accountability, and transparency. Nevertheless, poor corporate governance can lead to fraud, fines, and reputation damage. As a result, robust internal control mechanisms for the sectional title scheme's body corporate are critical for strengthening the scheme's governance by increasing its performance, sustainability, and management. This argument is supported by FoEh, Permatasari and Singa (2022), who explain that the corporate governance framework is important for any organization because it protects the investment, stability, and growth of the organization by promoting transparency, accountability, and trust.

Furthermore, according to Van der Merwe (2018), the rising popularity of mixed-use residential and commercial schemes strata title residences in South Africa has resulted in a surge in governance difficulties. However, the lack of internal control mechanisms within the mixed-used sectional title schemes has exacerbated poor corporate governance. One of the major issues with the governance of mixed-use sectional title schemes in South Africa are the fact this



development has it been applied without regulation changes which accommodate this specific structure. According to Madsen, Paasch and Sorensen (2022), with the current framework, the success of the mixed-use scheme in South Africa will be determined by the ability of developers and unit owners within the body corporate to accommodate other unit owners' often clashing interests in the various components of the scheme. This issue between several unit owners from different components of the scheme was caused by the fact that the scheme's Act is insufficient to encompass the extent of the mixed-use scheme.

Even though the current sectional title scheme Act has some shortcomings. The South African government has opted to follow the lead of other developed countries by incorporating the mixed-use program into a single structure management framework unlike Singapore and Denmark. Despite the fact that this mixed-use concept needs regulations changes, the government did not alter its regulations to accommodate this initiative, as other countries such as Denmark and Singapore did. A researcher is of view that, a successful mixed-use scheme in South Africa will also necessitate rule adjustments to accommodate a new governance structure, because this new structure has a detrimental impact on the scheme's governance. According to Madsen et al. (2022), Denmark has implemented a mixed-use scheme because one of the main characteristics of this type of scheme is that members of this scheme do not benefit equally from common property as opposed to single structure developments, which is the main cause of poor governance and conflicting interests. However, the same applies to the mixed schemes in South Africa between the residential and commercial properties owners has a different benefit towards the schemes and that's why rules enforcement can be quite challenging's under one body corporates. In contrast, Van der Merwe (2018) revealed that, to improve its governance, a governing document for a mixed-use scheme, where the facilities or amenities will be shared by different users, it must specify how costs will be allocated and responsibility for managing and maintaining the shared-use areas. In South Africa, for example, the mixed-use sectional title system was integrated under the prior Act, which mandates a single management structure scheme, and this could be the main reason for inadequate governance inside the scheme.

Furthermore, the South African government's failure to provide a regulatory framework for developers to follow when establishing a mixed-use scheme jeopardizes the scheme's governance. Based on the above-mentioned statement, the government of South Africa is still applying the old method of vertical and single management structure within mixed use scheme



which is the main problems that causes poor governance of the scheme. However, the introduction of mixed-use schemes in the country necessitates structural and regulatory changes to accommodate this new initiative and for proper governance of the scheme. This was supported by Spencer (2022) when he explained that the Act is one-sided because the needs of different sections of mixed-use schemes are unequal, so there is a need to have governance rules that will balance all the needs of various stakeholders within the scheme. As a result, a regulation amendment to South Africa's Sectional Title Scheme Act is required, as the current Act is insufficient to meet the scope of a mixed-use scheme because it was not meant for it in the first place. That is why, under the current Act, proper implementation of regulations that promote good governance will never be realized.

According to FoEh, Permatasari and Sinaga (2022) the corporate governance framework encourages shareholder activism by exercising voting rights and influencing company decisions by exercising their rights because it empowers them to act as catalysts by creating value for corporate growth by influencing management on the governance mechanism. According to Section 7(1), the trustees of the corporates holding office must perform and exercise all functions of the body corporate in accordance with the rules. Spencer (2022) stated that property owners are dissatisfied with the STSMA because it does not promote good governance, as there is nothing in the Act that prevents trustees who default on their levies or have previously been convicted of fraud from not being re-elected again. The scheme's governance has been jeopardized because a fraudster stands to be elected to be a trustee of a body. FoEh, Permatasari and Sinaga (2022) backed up this claim by stating that, in recent years, the level and frequency of fraud have increased quickly due to governance policy failures. Therefore, to protect and govern any organization properly, good corporate governance, which is based on rules of law, is highly necessary. This assertion was supported by Steenkamp and Lubbe (2017) when they explained that with the current sectional act, there are still numerous shortcomings in the legislation and that many new amendments are ambiguous. As a result, the South African government's failure to follow the lead of Singapore, Denmark, and any other country around the world that decided to change their policies to allow for a mixed-use governance structure is the primary cause of poor application of the scheme's rules and poor governance.

Furthermore, one of the key principles of corporate governance is transparency, independence, and accountability, which serve as the foundation for the organizations' rules and policies. According to Boshoff and Dlamini (2017), in a sectional title scheme, once trustees are elected,



they do whatever they want with the body corporate's funds because there are no financial control measures in place and no consequences for them if they misuse the corporate funds, which leads to the body corporate's bankruptcy. However, the unequal distribution of power in the mixed-used scheme might promote bad behavior of trustees. According to Pasape, Anderson and Lindi (2015), excellent corporate governance guarantees that corruption is minimized, minorities' perspectives are considered, and vulnerable groups' voices are heard when decisions are made. One of the primary causes of poor corporate governance in this sort of scheme is a lack of transparency and accountability, as well as a weak internal control mechanism and consequences management. However, poor governance of the sectional title scheme occurred despite rule 39(1)(c) of the STSMA regulations requiring trustees to use body corporate funds in accordance with budgets approved by the body corporate at the annual general meeting. One of the primary causes of poor corporate governance in these types of schemes in South Africa is a lack of legislation that can improve internal control mechanisms to criminalize illegal financial spending by trustees' body corporate funds. The fact that South Africa's mixed-use or two-tier system is too large necessitates a separate governance model to ensure that openness and accountability are enforced by the body corporate. Good corporate governance is highly unlikely to prevail with the current single management structure management model, particularly with the various interest groups under one body corporates.

According to STSMA Rule 26(c), there is no formal financial accounting reporting framework that the body corporate must apply when producing their annual financial statements. Based on the aforementioned declaration, there is no transparency with the financial information of the corporate body due to a lack of internal control mechanisms that promote adequate disclosure. As a result, if the governance of the mixed-use plan is to be strengthened, a prescribed financial reporting system is required. According to the research, the provisions in STSMA do not encourage good governance since body corporates lack the capacity to compel openness on how certain items are recorded in the body corporate's annual financial statements. According to Madsen et al. (2022), in a mixed-use scheme in Denmark, proper disclosure of financial information is achieved by designing reciprocal legally transparent binding agreements in the by-law, easements, and by forming various management structures or bodies corporates that will be responsible for their own affairs rather than focusing on the entire scheme with various interest groups that may be problematic.



Furthermore, one of the major challenges with the governance of the current South African mixed-use scheme is the use of a single management structure rather than a management structure that is appropriate for the scheme. The participation quota imposed by the developers in constructing the scheme through special regulations, for example, is one of the key difficulties that produce bad governance of the scheme, because this rule results in unequal power distribution among owners. According to Van der Merwe (2018), to strengthen the governance of mixed-use schemes in South Africa, the government must ensure that the scheme governance document attempts to balance the varying operations of the scheme's different components. This can be accomplished by following the Singapore mixed-use model, which is administered by multiple subsidiaries managing corporations or bodies corporate. As a result, these various corporate bodies fall under a master condominium that contains equal members of all the corporate bodies who are there to balance the needs of various interest groups and avoid conflict among them by catering only to common property that is inclusive of all bodies' corporates. Again, it is critical to understand that all subsidiary structures have common properties that are exclusive to them, and they are also responsible for managing them.

Since the subsidiary body corporate of the mixed-use scheme is made up of owners who all have a vested interest in their investment, good corporate governance can thrive because conflicts of interest are minimised. However, to achieve good governance within this scheme, a governance framework that allows for proper rule application is required, and the governance documents must consider the issue of participation quota and common property, which must be delineated from the start in the sectional plan submitted by developers to the register of deeds. This viewpoint is reinforced by Techakumphu (2015), who adds that without clear regulations governing the management of common property, it might lead to conflict among owners of various types of units. In South Africa, there's no regulations or documents controlling common property, which is one of the main reasons of conflict between owners and the abuse of participation quota rules. Due to the conflicting interests of various groups of owners within the scheme, proper good governance is impossible under the current single management structure scheme, and there is no protection of minority shareholder rights through participation quotas, which leads to corruption and a lack of transparency with body corporate financial information.

With the current Act in South Africa's mixed-use scheme, a corporate governance framework that protects minority rights is required. Because South Africa continues to use a one-size-fits-all single structure model, regulatory changes are required to improve the governance of mixed-



use scheme properties. According to techakumphu (2015), one solution to improve the governance of mixed-use schemes and proper rule application is that the governing documents must be carefully tailored to reflect the building side and which users are responsible for which common property within the scheme, which will aid in resolving conflict among owners of this large scheme. For example, Singapore and other countries across the world have recognized that their prior legislation used to regulate their property were incorrect and have amended their Condominium Act B.E 2522, which was a brave move to strengthen the governance of the mixed-use plan. Again, this aids them in the consistent execution of the scheme's regulations in accordance with the scheme governance framework, as well as in minimizing the influence of participation quota restrictions, which allow a majority the authority to vote to do whatever they want. Therefore, to address participation system issues, many governments throughout the world have decided to divide their mixed-use scheme by introducing a subsidiary committee to strengthen governance. With establishment of subsidiary committee, the management of financial accounts will be more transparent, and the building services and facilities are better managed (Edge-Prop, 2019).

According to Van der Merwe (2018), mixed-use schemes in Singapore are governed by subsidiary management corporations (bodies Corporate) as indicated in the sectional plans, which also indicate the common property and which section is responsible for that section, and the entire building common properties are governed by master condominium association, which consists of equal members from each scheme. By doing so, all mixed use schemes will be governed by their own subsidiary corporations, ensuring that the interests of all members are catered for, as opposed to the current sectional title scheme in South Africa's single management structure. Then, by granting autonomy to subsidiary corporations, the application of rules within the sectional title scheme will improve because the regulatory framework that governs this type of scheme will be established in the country, as opposed to now. As a result, each scheme will have its own set of rules that will be simple to implement in an effort by organizations to strengthen their corporate governance. As previously stated, the problem with the current mixed-use scheme in South Africa is the lack of a legal statutory framework for mixed-use management structures to be created, which can allow developers the freedom to create this model, and this can assist the body corporate to improve the scheme's governance. Instead, the South African government consistently employs a hybrid scheme under a single structure, which is the root cause of all governance issues. The establishment of a subsidiary management corporation and limited common property is crucial for owners of mixed-use



schemes to ensure their exclusive benefits, uphold their rights and obligations, and address the unequal application of rules (Vern, Choon, Jaafar, Liang and Chin, Ujang, 2019).

Table 1. Overview of the management structure of mixed-use sectional title scheme around the world compare to South Africa

| | Single management structure | Two-tier (Subsidiary) management structure |
|----------------------|---|--|
| Management structure | South Africa | Singapore, Thailand, Denmark, Malaysia, Australia, Canada, New Zealand, United Kingdom and United Arab Emirates. |
| Voting structure | All body corporate members vote inclusive | Each subsidiary vote for their respective allocated share expenses |
| Rules amendment | All body corporate members must agree in amending rules | Each subsidiary has right to amend their respective rules which must be aligned to the Act. |

In light of Table 1 above, South Africa, compared to other countries around the world, is still applying a single management structure into mixed-use developments, which might be a cause of poor governance in these properties. In South Africa, there is an unequal distribution of expenses among sectional title owners in mixed-use schemes due to the lack of a system that assigns liability for each component and the absence of separate voting on expenses related to specific parts of the scheme. This issue arises from the use of a single management structure, which differs from practices in other countries. To address this problem, the South African government must adopt Singapore's model for mixed-use schemes, which involves subsidiary components with their own voting rights, as this approach has been successfully implemented in Singapore.

The lack of a statutory framework for a two-tier management structure in South Africa has allowed developers to establish directive frameworks, where rules are added inconsistently in an attempt to address the unique governance needs of the various components within mixed-



use systems. This approach has led to greater difficulties in implementing the rules effectively because the existing rules for sectional title schemes are designed to accommodate residential properties rather than commercial ones. This creates governance challenges, as shopping centers are intended for business activities, making it impractical to apply the same conduct rules to them as to residential properties. Therefore, the South African government should take inspiration from countries like Denmark, Malaysia, and Singapore by establishing subsidiaries to enhance the mixed-use system, since their approach has been able to address the needs and interests of diverse stakeholders in mixed-use schemes.

Table 2. The advantages and disadvantages of establishing subsidiary management corporations in two tier system

| Advantages | Disadvantages |
|--|---|
| Explicitly outline the boundaries and rights to guarantee that each subsidiary management corporation is protected from the liabilities of other subsidiary management committees | There is an increase in administrative tasks due to the need for additional accounts, audits, committee meetings, and general meetings for both the management corporation and the subsidiary management corporation. |
| Well-crafted and enforceable conduct rules should be designed to apply to each subsidiary management corporation and address the specific needs of the scheme. This is especially crucial in mixed schemes that include both residential and commercial properties | Non-compliance to both management and conduct rules |
| Each manager of the subsidiary will ensure fairness in the management of property for the owners | More trustees will be needed due to the management committee and subsidiary management committees |



| | |
|---|--|
| Each subsidiary will manage its own reserve funds without interference and mitigate the impact of inequitable share allocation | There is potential for conflict when multiple management entities are involved in administering the body corporate |
| There will be less potential for conflicts of interest because each subsidiary is responsible for managing its own affairs | Communication breakdown with multiple committees. |
| It will be easy to amend both management and conduct rules because voting rights will be allocated to each subsidiary based on their interests. This will give them the opportunity to make decisions about their investments without interference from those who have no stake in them | |
| Easy to make decision and hold trustees accountable | |

In Table 2 above shows that the advantages of forming a subsidiary management committees outweigh the disadvantages in mixed-use schemes. The results indicate that establishing a subsidiary committee could be an ideal solution for ensuring good governance of mixed-use schemes in South Africa. The establishment of a subsidiary committee can address the issue of unequal voting rights and rule enforcement within the two-tier system, as voting rights will be allocated to the various subsidiary components of the scheme based on their interests. The benefit of establishing subsidiary management committees in South Africa would be to clearly define the interests of division owners who have exclusive rights to certain properties. This would help eliminate the unfair management and use of common property, allowing proper implementation of the rules. It is recommended that a statutory framework specifically for a two-tier system be created in South Africa to avoid the issue of developers attempting to manipulate the rules of the scheme into a single management structure to fit mixed-use system



in order to register their sectional title schemes. The South African government must amend the Sectional Title Schemes regulations and Act to simplify the process of establishing subsidiary management committees for mixed-use systems. Since the Sectional Title Scheme in South Africa was adopted from countries like Singapore, it is important for the government to adopt Singapore's mixed-use system, which introduces subsidiary committees to improve the governance of such schemes.

5. Conclusion

There is no doubt that a proper application of rules within the mixed-use scheme in South Africa remain a challenge in promoting good governance. This literature review has outlined many obstacles faced by property owners in relation to the application of rules within a mixed-use scheme in South Africa compared to other countries around the world. The study has demonstrated that lack of involvement of local authorities in establishment of the scheme has impact on its governance, because it gives a developer a power to insert a special rule which results into unequally share distribution cost in maintenance of the common property. In a mixed-use sectional title scheme which consist of residential and commercial properties there's a need to separate both sections in order to achieve fair allocation of participation quota which determine allocation cost and voting power within the scheme. In this type of scheme there is no reason why both schemes should fall under one corporate, if the developers is serious about its governance and the proper application of rules within it. The literature review has showed that the countries like Singapore and Denmark, for example, have managed to improve the governance of their mixed-use scheme by separating the two units of this scheme to allow subsidiary corporations to be formed within the scheme. In South Africa's mixed-use scheme, the voting system under the single management structure is not fair because of the unequal participation quota allocated by the developers when they establish the scheme.

The literature review has demonstrated that main problem with the poor governance of the mixed-use sectional title scheme in South Africa is that the current rules of the schemes are designed for a single use structure, therefore, it is not applicable to a mixed-use structure. According to the literature review, corruptions and fraud are sources of poor governance framework which is not aligned to the scheme's operations, and it is the main causes of non-compliance and rules violations by both trustees and managing agents. With the current mixed-use structures, the literature reviews showed that there's a lack of internal control mechanisms and that is the main cause of non-adherence to the rules by both trustees and managing agents.



The literature study has revealed that even the previous convicted owners can stand as trustees because there's no venting process at place. The study has showed that there is a need for separating the mixed-use scheme from one body corporates to ensure that good governance is achieved. The separation or division of the mixed-use scheme can assist the policymakers to craft a regulatory framework that can curb the abuse of power by both trustees and managing agents and promote good governance.

Furthermore, the introduction of the legal regulatory framework meant specifically for mixed use schemes can also help with the delineation of the sectional plan when it is established. The delineation of a sectional plan will also help with the allocation of responsibility for each subsidiary section within the scheme. However, one of the issues with the current mixed-used sectional title scheme plan is that it is unclear which section is responsible for what, and most of the times minorities in terms of participation quota are always oppressed. Hence, property owners are upset with the scheme's regulations and governance because the current framework is ineffective for them. So, adopting Singapore mixed –used plan and other countries model can help to ensure that, the needs of different owners are allocated according to their interest and conflict among owners will be minimized.

In addition, if South African government is serious about improving governance within the sectional title scheme mixed use plan, it must abandon the single management structure rules. By shifting away from this management model, the governance of these types of systems can improve, as seen in Singapore. Then, by doing so, all the unfair rules inserted by developers at its inception will be taken away as it has become extremely difficult to amend by resolution. The fact that management rules that promote good governance within the scheme must be abolished or altered by unanimous decision has proven difficult to obtain because of participation quota rules. For example, amending the rules in a mixed-use plan with distinct interest groups will be impossible unless the scheme is divided, as in Singapore. However, with mixed use model adopted by Denmark and Singapore where there is division within the scheme, all subsidiary makes their rules, and it is easy to amend rules because all owners have a similar interest about the management of their schemes. As result, the rules of the scheme will be applied correctly, and good governance can prevail.

In light of the above findings, it is proposed that South African authorities to create legislation that allow the implementation of mixed-use schemes in country, the same way like country such as Singapore and Denmark. According to this literature review, it is essentially difficult to apply



the mixed-use scheme within the present Act because it is designed for single structures. As a result, the trustees and management agents they do whatever they want with the scheme's funds because the current rules do not promote transparency and accountability under the mixed-use schemes.

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WHISTLEBLOWING THROUGH THE GENDER LENS: UNVEILING DISPARITIES IN RESPONSES AND PERCEPTIONS¹

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Abstract. *This paper investigates the relationship between gender differences and whistleblowing within the European Union, with a focus on how gendered dynamics influence individuals' willingness to report unethical behavior. The study analyzes data from the Special Eurobarometer 548, which offers valuable insights into public attitudes toward reporting mechanisms across member states. By examining this data alongside gendered perspectives, the paper aims to uncover the factors that shape whistleblowing decisions, including the impact of social and cultural influences, and how these factors may vary between men and women. Ultimately, the paper aspires to contribute to the broader discourse on enhancing public integrity.*

Keywords: Whistleblowing, Gender, Integrity.

JEL CODE: D73; J16; H83



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1. Introduction

In the intricate and multifaceted realms of the public sector, wherein ethical dilemmas often remain obscured, there persists a subtle yet formidable force - the unwavering determination to expose wrongdoing. Whistleblowing, far beyond a mere act of disclosure, constitutes a resolute commitment to the principles of integrity and accountability. It represents an assertion of moral courage against a backdrop of systemic silence, an explicit challenge to entrenched norms. However, the decision to embark upon such an endeavor is seldom made in isolation, as it is undeniably shaped by a multitude of factors, not least of which are gendered dynamics.

The intersection of gender and the willingness to report misconduct remains a complex field of inquiry, meriting further academic scrutiny. Given this, a pertinent question arises: how do individuals of differing genders, molded by distinct socio-cultural contexts, navigate the ethical and institutional complexities inherent in the act of whistleblowing?

At the individual level, this internal conflict is exacerbated by a tension between the aspiration to advance the collective good and the enticement of self-interest. In this context, integrity, often perceived as an elusive ideal, remains persistently vulnerable to the forces of this duality.

In the broader public sphere, this dynamic fosters a nuanced discourse not only about the interaction of gender differences but also about the willingness to report breaches of integrity. Furthermore, political discourses surrounding these issues frequently exhibit a lack of congruence, rendering them fragmented phenomena. While substantial scholarly efforts have illuminated the scope and implications of corruption, the exploration of the gendered dimensions of whistleblowing within the European Union remains a relatively underexamined area.

In light of these observations, this article seeks to undertake a comprehensive exploration of the research question: To what extent do gender differences influence the willingness to report integrity breaches within the European Union?. By contextualizing this inquiry within the broader frameworks of integrity, gender studies, and anti-corruption initiatives, this article aspires to contribute to a more nuanced and rigorous understanding of the phenomenon. The subsequent sections will provide an extensive review of the relevant literature, supplemented by empirical research data, culminating in a set of findings that will offer a comprehensive perspective on the issue.

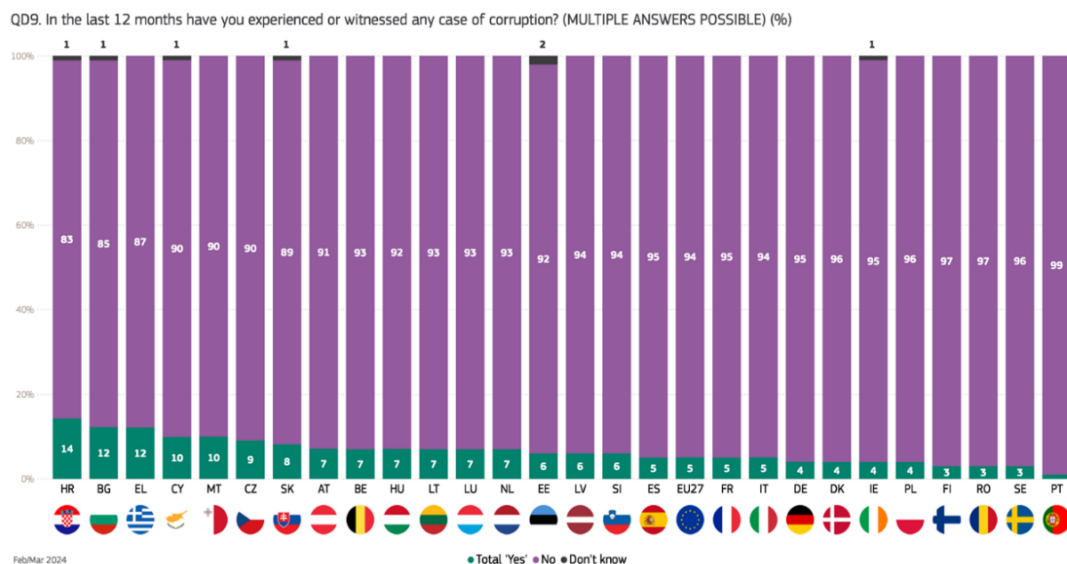


2. Analysis

The Special Eurobarometer 548 (European Commission, 2024) serves as a critical instrument for evaluating the perceived and experienced extent of corruption among European citizens. Administered to a representative sample, the survey seeks to gather comprehensive insights into public opinions, experiences, and perceptions of corruption. A focal point of the survey is the reporting of corruption, examining citizens' awareness of the mechanisms for reporting, their understanding of where to report it, and their trust in the authorities tasked with addressing corruption cases. The findings offer a thorough overview of how corruption is perceived across Europe, encompassing both individual experiences and broader societal attitudes. These results are analyzed at the EU level, with breakdowns by country and socio-demographic group (European Commission, 2024, pp. 5-6).

Moreover, the European Commission's report provides an exhaustive analysis of the aggregated data, augmented by graphical representations that underscore the disparities between the Member States of the European Union. Within this framework, the present study concentrates specifically on the whistleblowing dimension, giving particular emphasis to the average scores reported at the EU level, as detailed in the following sections.

Figure 1. Percentage of individuals who have experienced or witnessed corruption in the last 12 months



Source: European Commission, Special Eurobarometer 548, Citizens' attitudes towards corruption in 2024
(Available at: <https://europa.eu/eurobarometer/surveys/detail/3217>)

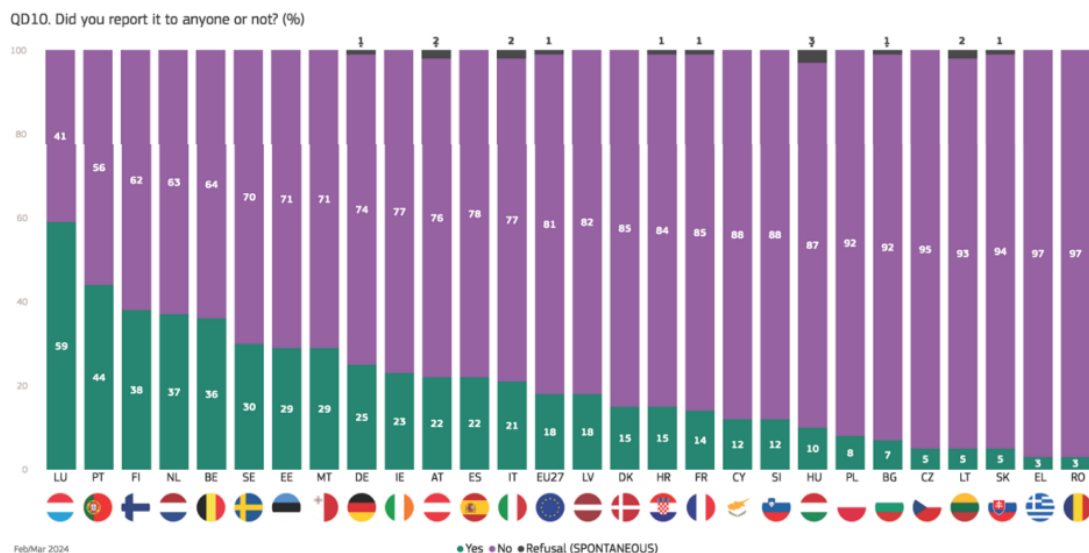


The graph in question offers valuable insights into the perception of corruption across the European Union, specifically examining whether respondents have personally encountered or witnessed instances of corruption in the past 12 months. Overall, the findings indicate that 5% of EU respondents reported having experienced or observed corruption, while a substantial 94% affirmed they had not encountered any such incidents.

A closer examination of the country-specific responses reveals notable disparities. The three countries with the highest reported incidences of corruption are Croatia (14%), Bulgaria (12%), and Greece (12%), reflecting a significantly higher perception of corruption in these nations compared to the broader EU landscape. In contrast, the countries reporting the lowest levels of perceived corruption include Portugal (1%), Sweden (3%), Romania (3%), and Finland (3%).

Furthermore, the socio-demographic analysis uncovers only slight variations between groups, with men demonstrating a marginally higher likelihood than women (6% compared to 4%) of reporting having experienced or witnessed a case of corruption within the past 12 months (European Commission, 2024, p. 69).

Figure 2. Percentage of individuals engaging in whistleblowing incidents across the EU



Source: European Commission, Special Eurobarometer 548, Citizens' attitudes towards corruption in 2024
(Available at: <https://europa.eu/eurobarometer/surveys/detail/3217>)

The graph illustrates the percentage of individuals within the European Union who have reported corruption incidents, revealing a notable disparity across member states. Luxembourg stands out with the highest percentage of individuals who reported such incidents, closely

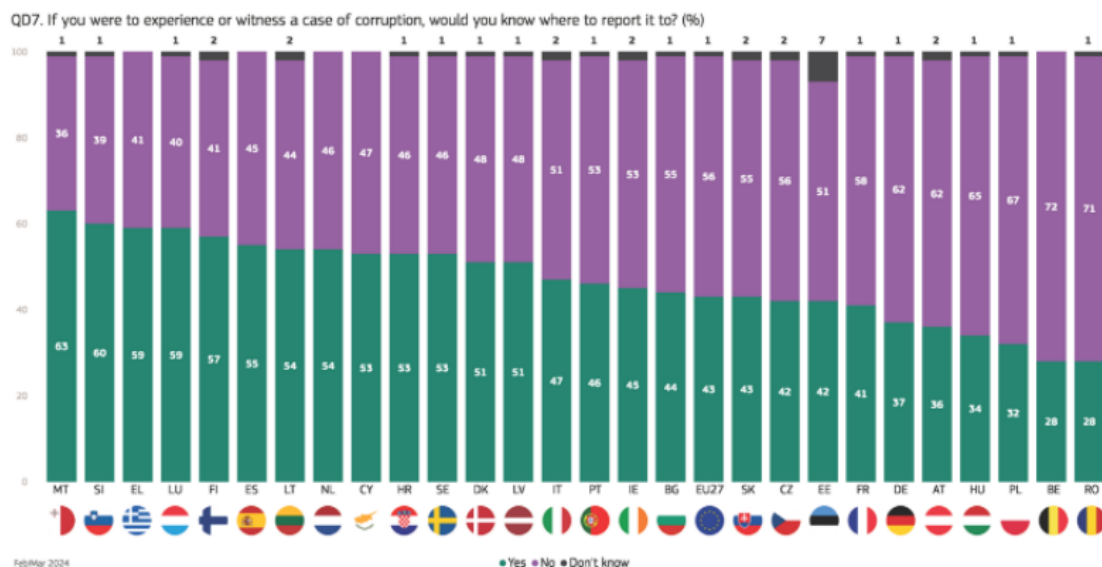


followed by Portugal at 44%, indicating a relatively higher propensity to report corruption in these countries. In stark contrast, nations such as Romania, Greece, the Czech Republic, and Slovakia exhibit significantly lower reporting rates, with Romania and Greece each reporting only 3% of respondents who have reported corruption. This disparity may suggest the presence of substantial barriers to reporting misconduct, which may stem from factors such as a lack of trust in the reporting system, fear of retaliation, or a pervasive sense of helplessness in addressing corruption.

Across the European Union, only 18% of individuals reported corruption incidents, while a significant 81% stated that they did not engage with the reporting mechanisms. This disparity may highlight a broader reluctance or inability to interact with institutional structures designed to combat corruption.

In terms of gender differences, the analysis indicates that men are slightly more likely to report corruption incidents (17%) compared to women (14%). However, the majority of both genders - 82% of men and 80% of women - opt not to report such incidents when they occur. This pattern may indicate that both men and women exhibit a relatively low tendency to report corruption, despite some minor variation (European Commission, 2024, p. 71).

Figure 3. Percentage of individuals aware of where to report corruption across the EU



Source: European Commission, Special Eurobarometer 548, Citizens' attitudes towards corruption in 2024
(Available at: <https://europa.eu/eurobarometer/surveys/detail/3217>)

The graph examines the extent to which citizens of the European Union are informed about the mechanisms available for reporting corruption incidents, should they encounter or witness such



misconduct. The data reveals significant variations across member states in terms of public awareness regarding the reporting channels.

At the EU level, 43% of respondents are aware of where to report corruption, while 56% remain uninformed. The lowest levels of awareness are observed in Poland (32%), Belgium (28%), and Romania (28%), indicating a considerable gap in knowledge. In contrast, Malta (63%) and Slovenia (60%) exhibit the highest levels of awareness.

The socio-demographic analysis further uncovers a notable gender disparity in awareness of reporting channels. Specifically, 47% of men are informed about where to report corruption, compared to 39% of women (European Commission, 2024, p. 74). This suggests that men are more likely to know where to report a case of corruption should they experience or witness one.

On the other hand the article titled “Finding a Voice, Seeking Justice: The Barriers Women Face to Reporting Corruption in the European Union” provides a critical complement to the statistical data presented. The article provides an analysis of the challenges that women encounter when reporting integrity violations, shedding light on the specific obstacles that hinder their involvement in addressing corruption. Acknowledging the paucity of statistical data that accurately reflects the correlation between gender and corruption within the European Union, Transparency International offers a unique perspective on the struggles women face in confronting this pervasive issue.

In the context of the European Union, the present study underscores the differing levels of tolerance towards corruption exhibited by both women and men, as well as their perceptions of its manifestations. This assertion is further substantiated by statistical data from the Global Corruption Barometer (GCB), which reveals that women tend to perceive higher levels of corruption compared to men, with a 5% difference (Chêne, 2021, p. 5).

Building on the impact of corruption on access to public services, it is noteworthy that women appear to possess a heightened awareness of the effects of corruption on their lives. This awareness is rooted in women’s support for a functional, corruption-free state that is capable of delivering essential services such as healthcare and education - services that are critical for the care and natural development of children (Chêne, 2021, pp. 5-6).

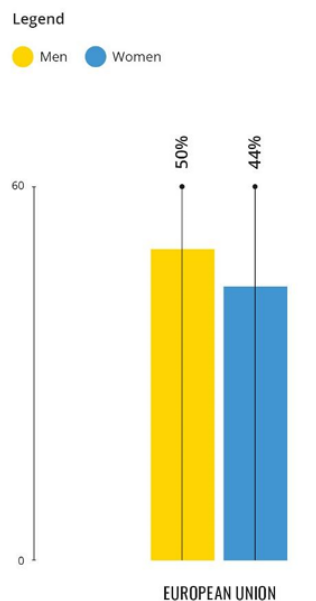
In contrast to the data provided by the the Special Eurobarometer 548, a hypothesis emerges suggesting that women are more reluctant than men to report corruption. This tendency can be attributed to the presence of gender-discriminatory barriers that hinder their ability to report



corrupt practices. According to the statistics from the Global Corruption Barometer in the European Union, women are less likely than men to believe they can safely disclose corruption (44% versus 50%). Fear of retaliation is a concern shared by women across various age groups, education levels, and socio-economic backgrounds (Chêne, 2021, p. 6).

This predisposition is further corroborated by data from Transparency International's Advocacy and Legal Advice Centres (ALACs). At the EU level, 29% of corruption cases reported through ALAC in 2019 were submitted by women, with minimal variation over time. Between 2011 and 2021, women accounted for 30% of the total reported cases in the EU - though seemingly lower, this figure aligns closely with the global average of 34% for complaints registered worldwide (Chêne, 2021, p. 7).

Figure 4. Percentage of respondents who believe that individuals can report acts of corruption without fear of retaliation



Source: Transparency International, *Finding a Voice, Seeking Justice: The Barriers Women Face to Reporting Corruption in the European Union, 2021* (Available at: <https://www.transparency.org/en/publications/finding-voice-seeking-justice-barriers-women-face-reporting-corruption-european-union>)

Ultimately, women exhibit a 6% higher propensity to believe that they cannot report integrity incidents without the fear of facing repercussions.

3. Gender and whistleblowing

The persistent prevalence of corruption over an extended historical period has driven ongoing efforts to mitigate its occurrence, primarily through the promotion of the concept of integrity.



This notion emerges as a corrective measure to address foundational historical errors and to pave the way for a socio-political landscape rooted in virtue - one that prioritizes ethics and responsible governance.

In this context, whistleblowing serves as a critical instrument for safeguarding integrity within the public sector. The practice has been the subject of extensive scholarly examination, with analyses varying based on the subjective perspectives of individual authors. However, the most widely accepted definition of whistleblowing is the act of disclosing, either confidentially or publicly, potential unethical, illegal, or corrupt practices within an organization - practices that pose a threat to public integrity (Nisar *et al.*, 2019, pp. 44-45).

Moreover, the present research explores the theme of whistleblowing through the lens of gender differences. The distinction between gender and sex has been a significant topic in the specialized literature, with scholars offering both succinct explanations and comprehensive analyses on this subject. Torgrimson (2005, p. 787) asserts that “it is appropriate to use the term sex when referring to the biology of human and animal subjects, and the term gender is reserved for reference to the self-identity and/or social representation of an individual”.

In a similar vein, individuals across a wide range of professional categories frequently encounter colleagues exhibiting unethical behavior in the workplace. Previous studies affirm that these occurrences are not isolated but rather represent a recurring aspect of the professional cycle. Furthermore, scholars emphasize that the motivational factor plays a crucial role in the decision-making process of individuals when it comes to reporting corrupt behavior, as this decision is ultimately a personal one. In light of these insights, governments across various nations have made substantial efforts to encourage citizens to report suspicious activities (Nisar *et al.*, 2019, pp. 44-45).

On the other hand, gender differences represent a significant variable in the context of whistleblowing. Both men and women exhibit clear disparities within society, which are grounded in distinct physical traits. These gender differences are present from childhood and persist into adulthood, influencing various aspects of social life, including play dynamics and subsequent professional choices (Storms, 2019, p. 1).

Research has demonstrated that, within the workplace, women are often perceived as more sensitive than men. This perception is rooted in the stereotypes of a patriarchal society, which associates women with emotionality and a lack of logical reasoning, while men are often



regarded as the “breadwinners”. Historically, women have been predominantly linked to caregiving roles, with their primary responsibilities being marriage, child-rearing, and submission to men. Additionally, societal changes over time have significantly shaped the way women are perceived, both in their professional environments and personal lives (Nisar *et al.*, 2019, pp. 44-45).

Furthermore, women may choose to pursue certain positions in the public sector as a strategy to mitigate gender-based discrimination (Benditt, 2015, p. 82). This decision may reflect a desire to work in environments where they feel more empowered to report unethical behavior without facing gender-related barriers. However, in the context of whistleblowing, women often face the continuous undermining of their reports by managers, which contributes to reducing their credibility and portrays them as less reliable sources of truth. This perception works to counter women’s status as credible truth-tellers, making their claims less likely to be taken seriously in professional settings (Kenny *et al.*, 2024, p. 291).

Similarly, studies have emphasized the differences between men and women in the professional sphere, often attributing characteristics such as logic and emotional restraint to men, while impulsivity and emotionality are associated with women (Nisar *et al.*, 2019, pp. 45). Hofstede (1984, p. 390), starting from the premise that men should demonstrate confidence, physical and intellectual strength, and focus on achieving valuable objectives, has provided a series of arguments to support this hypothesis. According to research, women tend to rely more on intuition, whereas men are often characterized by an analytical and logical approach. While these personality differences are frequently emphasized, the potential for such disparities to complement one another in the workplace is also acknowledged (Nisar *et al.*, 2019, pp. 45).

Over time, scholars have shown an interest in correlating individual behavior with gender. When examining this issue through the lens of “gender socialization”, a reduced tendency for men to adopt ethical behavior in decision-making is noted, whereas women are generally associated with a higher degree of morality (Nisar *et al.*, 2019, pp. 45).

Moreover, women’s propensity to respond actively to instances of unethical behavior is often attributed to their close connection with the family sphere, as opposed to the professional environment. It has been observed that women, due to their exclusion from the dominant social networks of men, may find themselves in a less vulnerable position. Consequently, by not participating in the networks established among men, women avoid the risks associated with



compromising personal relationships, which are often of significant importance to them (Hunt, 2010, p. 4).

In a similar vein, it has been observed that gender disparities exert a profound influence on both decision-making processes and the propensity to report illicit behaviors. This hypothesis is based on the lack of integration of women into the male-dominated networks, commonly referred to as the "boys' club". Furthermore, gender differences can be observed even in cognitive development from childhood. Boys are often encouraged to persevere until success is achieved, while girls are typically taught to follow the rules and exhibit politeness. Through primary socialization, men and women develop distinct value systems (Hunt, 2010, p. 4).

Reiterating this idea, when women perceive the rules as unreasonable or unfair, they may refrain from participating in the activity. This attitude can be traced back to the rules learned during childhood, suggesting that women may have a greater predisposition to report inappropriate behaviors, strongly influenced by the lessons absorbed during childhood games (Glazer, 1989, p. 1).

On the other hand, fear and anxiety are prevalent among women when providing information regarding unethical behavior. These emotions can be attributed to entrenched gender stereotypes and the sense of exclusion from the informal "boys' club" (Krambia-Kapardis, 2020, p. 759).

However, the tendency for gender differences in whistleblowing may diminish as societal conditions and gender norms evolve over time (Prysmakova *et al.*, 2020, p. 183). As these conditions shift, women may face fewer barriers in reporting unethical behaviors, and the gendered dynamics of whistleblowing may become less pronounced.

Ultimately, the process of reporting corruption requires considerable effort and significant allocation of time from the whistleblower. Individuals must identify reporting procedures, devote time to preparing their complaint, and, in many cases, travel long distances to the relevant court, all while remaining committed throughout prolonged judicial proceedings. Therefore, the temporal limitations are more pronounced for women, given their predominant social responsibilities as primary caregivers. Domestic duties and child-rearing may serve as significant deterrents in their pursuit of reporting (Chêne, 2021, p. 8).



4. Conclusion

In light of the information presented above, the central research question of this analysis is reiterated: To what extent do gender differences influence the willingness to report integrity incidents within the European Union?

Recognizing the destabilizing force of corruption, the European Union has acknowledged the need to translate the intangible concept of integrity into practical terms. In this context, the instrument known as whistleblowing has been developed, allowing individuals to report acts of corruption either confidentially or publicly. As such, in a society constantly undergoing change, whistleblowing serves as a driving force in shaping a fair and ethically grounded society.

The previous research uncovers two broad yet contradictory perspectives regarding women's propensity for whistleblowing. On one hand, women are more inclined to engage in whistleblowing due to the education they receive. They are socialized to adhere to the rules of the game, which, in the current context, evokes the natural progression of life. Moreover, given their inclination to defend vulnerable individuals, such as children, women are driven by a significant sense of determination to report integrity breaches, fully understanding the beneficial impact of a corruption-free society.

On the other hand, women are often perceived as more risk-averse and less willing to expose corrupt practices. This perception is, in part, rooted in traditional roles assigned to women, which prompt them to act with caution in conflict-laden situations, including the denouncement of corrupt behaviors.

In light of these two competing perspectives, it becomes evident that the dynamics surrounding women's involvement in whistleblowing are strongly influenced by both societal pressures and deeply ingrained gender norms. These forces interact in complex ways, shaping women's willingness to report unethical behavior within their professional environments.

The dual nature of this phenomenon, where women are both empowered and restrained, underscores the need for a more nuanced understanding of gender dynamics in the context of public integrity. While the importance of women's role in upholding ethical standards, particularly in defending the vulnerable, is clear, the barriers they face in overcoming the structural limitations imposed by traditional gender roles should not be underestimated. Whistleblowing, as an act of courage, often conflicts with these deeply entrenched cultural frameworks, which can significantly influence women's decisions on whether or not to report unethical behavior.



Ultimately, this tension highlights the necessity for measures that not only empower women to act as agents of change but also dismantle the cultural and institutional barriers that hinder their active engagement in corruption reporting. To foster a truly ethical and corruption-free environment, we must acknowledge these gendered dynamics and create spaces where both men and women can equally participate in the pursuit of integrity, free from fear or constraint.

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BIG DATA AND ARTIFICIAL INTELLIGENCE IN EUROPEAN POLITICAL COMMUNICATION: ETHICAL IMPLICATIONS, TECHNOLOGICAL SHIFTS AND REGULATORY CHALLENGES¹

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Abstract. *The digitalization of public communication, particularly within political campaigns, has undergone a significant transformation driven by Big Data and Artificial Intelligence (AI). In the European context, this shift brings forth both unprecedented opportunities and complex ethical and regulatory dilemmas. This article explores the evolving role of Big Data and AI in political communication, analyzing its impact on democratic processes, citizens' trust, and regulatory frameworks. Drawing on recent literature, it offers a critical reflection on the capabilities and limits of data-driven campaigning, cross-national differences in technological adoption, and public perceptions of microtargeting. Furthermore, the article discusses the emerging governance models, ethical paradoxes, and the necessity of transparency in the face of generative AI and algorithmic persuasion. The aim is to contribute to a deeper understanding of how European democracies can align digital innovation with democratic resilience and ethical responsibility.*

Keywords: *Big Data, Artificial Intelligence, Political Communication, Ethical Implications, Regulation, Public Trust, Europe.*

JEL CODE: D72; O33; K23

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1. Introduction

In the past decade, the convergence of Big Data and artificial intelligence (AI) has fundamentally reconfigured the landscape of political communication, disrupting long-standing models of voter engagement, message dissemination, and public discourse. These technologies have ushered in an era of algorithmically mediated communication, characterized by hyper-personalized messaging, sentiment analysis, real-time behavioral predictions, and increasingly automated decision-making processes. Political actors, from parties and candidates to interest groups and foreign entities, now wield unprecedented tools for micro-targeting, content amplification, and influence operations - often beyond the scrutiny of traditional media oversight or public transparency mechanisms.

While this digital transformation has introduced new efficiencies and innovations in civic engagement, it also raises significant normative and regulatory challenges. Concerns regarding the ethical use of personal data, algorithmic opacity, surveillance capitalism, and the weaponization of misinformation have intensified. These developments risk amplifying political polarization, undermining trust in democratic institutions, and marginalizing vulnerable groups who may be disproportionately targeted or excluded by AI-driven campaign strategies.

Moreover, as recent electoral cycles across various European democracies illustrate, the integration of Big Data and AI into political strategy is not monolithic. Instead, it is deeply embedded in distinct national political cultures, institutional arrangements, data protection regimes, and levels of digital infrastructure development (Barclay et al., 2024). This variability underscores the need for a nuanced, context-sensitive analysis of how these technologies interact with existing democratic norms and practices.

Against this backdrop, the present article aims to advance an evidence-based exploration of the multifaceted ways in which Big Data and AI are reshaping democratic life in Europe. It interrogates the implications of these technological shifts for ethical political communication, democratic accountability, and the evolving relationship between citizens and the state. By synthesizing empirical case studies and interdisciplinary scholarship, this analysis seeks to inform a more principled and proactive regulatory discourse on digital campaigning in the age of intelligent machines.



2. Big Data and AI in Political Campaigning

The foundational characteristics of Big Data, volume, velocity, variety, veracity, and value, remain central to understanding its strategic utility and its associated challenges in the political domain (Laney, 2001). These dimensions articulate not only the vast scope and heterogeneity of data generated by citizens and systems alike, but also the increasingly urgent need for robust frameworks to assess data quality and ethical provenance. Akter et al. (2016) extend this model by introducing additional dimensions such as variability and visualization, underscoring the importance of adaptability and real-time analytical representation in dynamic political environments. These expanded features are especially relevant in electoral contexts, where rapid opinion shifts, emergent narratives, and platform-specific content types create constant volatility in the data ecosystem.

Artificial Intelligence (AI) amplifies these complexities by enabling automation, predictive modeling, and generative output at an unprecedented scale. Through techniques such as machine learning, neural networks, natural language processing (NLP), and generative adversarial networks (GANs), AI systems not only analyze data but increasingly shape it, producing content, detecting patterns, and making real-time recommendations. In political campaigning, these capabilities have been deployed for microtargeting (Vliegthart et al., 2024), voter segmentation (Dutceac Segesten & Sandberg, 2024), personalized content delivery (Bon et al., 2024), and engagement optimization through platform-specific analytics (Figeac et al., 2024). Notably, Dommett, Barclay, and Gibson (2024) observe that the field lacks a universally accepted taxonomy for “data-driven campaigning”. This absence of definitional clarity poses difficulties for comparative research and regulatory design, especially in multi-party European democracies.

The core elements identified by Dommett and colleagues, database integration, algorithmic predictions, behavioral modeling, and operational efficiency - are widely recognized across recent empirical studies as constituting the backbone of contemporary campaign infrastructure. Yet, the application of these elements varies significantly across national contexts. In Sweden, for example, data-driven practices are shaped more by resource disparities among parties than by ideology or organizational structure (Dutceac Segesten & Sandberg, 2024). In Germany, the use of Google Ads and targeted search advertising has been normalized among well-resourced parties, further entrenching digital inequalities (Fitzpatrick & von Nostitz, 2024).



Moreover, AI has facilitated the rise of generative content production in campaigns, enabling the creation of tailored political messages at scale. While this can enhance message resonance with target demographics, it also introduces risks related to manipulation, deepfake dissemination, and erosion of trust in authentic communication (Dan et al., 2025; Appel & Prietzel, 2022). These developments demand a reevaluation of the role of AI not merely as a campaign enhancement tool but as a transformative force in agenda-setting and voter perception.

Consequently, the integration of Big Data and AI into political campaigning must be understood not as a monolithic or uniformly adopted strategy but as a contested and evolving field, deeply shaped by institutional, legal, and cultural variables. Scholars such as Brkan (2023) and Farrand (2024) highlight the emerging regulatory landscape in Europe, particularly the shift from general-purpose data protection frameworks (e.g., GDPR) to targeted instruments addressing political advertising transparency and algorithmic accountability. These developments point to the growing recognition that data-driven political communication requires distinct ethical and legal considerations beyond traditional marketing or commercial applications.

In sum, the intersection of Big Data and AI with political campaigning in Europe is not only about technological sophistication but also about normative choices, institutional capacity, and democratic resilience. While the promise of enhanced efficiency and personalization remains attractive to campaign strategists, the growing body of research signals that the deployment of these tools must be critically examined through the lenses of fairness, transparency, and accountability - particularly in a continent where electoral integrity and public trust remain foundational to political legitimacy.

3. Ethical Implications of Data-Driven Political Communication

The integration of Big Data and Artificial Intelligence (AI) into electoral strategy presents a constellation of ethical dilemmas that transcend conventional concerns about campaign misconduct. While earlier critiques focused on manipulation through messaging or opaque funding sources, the emergence of computational politics has shifted attention toward deeper structural issues, particularly the automated collection, algorithmic processing, and deployment of personal data without informed consent. As Christodoulou and Iordanou (2021) argue, algorithmic systems increasingly mediate civic interactions, creating feedback loops that not only predict but also shape behavior, thereby eroding the foundational principles of individual



autonomy and democratic deliberation. These systems, often developed within opaque corporate infrastructures, introduce a form of “algorithmic governance” in which political communication is no longer merely persuasive, but performatively constitutive of voter identity and engagement.

Smith and Cordes (2019) outline a set of methodological pitfalls in data science, such as truncated datasets, cherry-picking, p-hacking, and inappropriate regression modeling, that are especially dangerous in a political context. These practices can distort the strategic landscape by amplifying marginal voter groups or falsely projecting message resonance. When used to optimize campaign targeting, they risk turning strategic miscalculations into systemic democratic distortions. For example, misidentifying a community as politically “swingable” based on false correlations could redirect resources away from more inclusive democratic engagement and toward divisive or polarizing tactics.

Empirical evidence from recent European studies further underscores these risks. For instance, Bon et al. (2024) demonstrate that public tolerance for microtargeting sharply declines when campaigns utilize sensitive data such as ethnicity or sexual orientation, yet such traits are often inferred algorithmically from seemingly innocuous inputs, raising serious consent and discrimination concerns. Similarly, Minihold and Votta (2024) reveal how exclusionary targeting, wherein political ads are selectively hidden from specific groups, risks reinforcing voter silos and undermining the norm of universal political addressability. This selective exposure challenges not only fairness in political competition but also voters’ rights to receive comprehensive electoral information.

The ethical implications extend beyond the mechanics of targeting to encompass the psychological and epistemic effects of data-driven messaging. Noetzel, Binder, and Matthes (2024) find that citizens respond to microtargeted ads through varying “cognitive coping strategies,” but those with lower political sophistication are particularly vulnerable to manipulation. Meanwhile, Appel and Prietzel (2022) show that susceptibility to deepfake content, a growing application of generative AI in political contexts is inversely correlated with analytical thinking and political awareness. These findings suggest that the deployment of advanced AI tools may disproportionately disadvantage already marginalized or less digitally literate voters, exacerbating inequalities in political influence and informational access.



Furthermore, the regulatory vacuum around these ethical dilemmas remains partially unresolved. While the General Data Protection Regulation (GDPR) offers some constraints, such as prohibiting the processing of political opinions without explicit consent, its enforcement in campaign contexts remains inconsistent (Brkan, 2023). The emerging Digital Services Act and the proposed EU Regulation on political advertising attempt to fill this gap by introducing transparency mandates and accountability mechanisms. Yet as Farrand (2024) cautions, the fragmented jurisdictional structure across EU member states often leads to regulatory arbitrage, wherein campaigns exploit weaker legal regimes to bypass stricter controls.

Ultimately, the ethical challenges posed by Big Data and AI in political communication demand a paradigm shift from reactive regulation toward anticipatory governance. This includes the development of normative frameworks that foreground transparency, informed consent, data minimization, and fairness in algorithmic profiling. It also requires the institutionalization of multidisciplinary audit mechanisms capable of scrutinizing both the technological infrastructures and the human decision-making processes that underlie political AI systems.

4. Public Acceptance and Microtargeting

A pivotal concern in the ethics of data-driven campaigning is whether citizens perceive these practices as legitimate, transparent, and respectful of their autonomy. Recent empirical studies have shown that public attitudes toward political microtargeting are not monolithic but contingent upon several key variables, including the nature of the targeting criteria, the framing of the message, the identity of the sender, and the national political and regulatory context.

Vliegenthart et al. (2024) provide one of the most comprehensive examinations to date through a large-scale, cross-national vignette experiment involving over 14,000 participants from 25 countries. Their findings reveal a nuanced hierarchy of acceptability. Citizens are generally more receptive to campaign messages targeting them via broad demographic categories, such as age, geographic location, or voting history, than those derived from inferred psychological traits, browsing histories, or social media behavior. Acceptance increases markedly when the message content is issue-based rather than overtly partisan, and when the call to action is framed around civic participation (e.g., “go vote”) rather than specific candidate support. These patterns are echoed in Bon et al. (2024), who compared responses to microtargeting in Germany, the Netherlands, and the United States. The study found that European citizens were more skeptical than their American counterparts, particularly when sensitive data categories (such as religion



or sexual orientation) were used. This suggests that not only the type of data, but also prevailing cultural norms around privacy and political communication, significantly influence public judgment. Moreover, Bon et al. report that ideology moderates acceptability: right-leaning individuals tended to view microtargeting as more legitimate than left-leaning ones, particularly in contexts involving immigration or national identity. Noetzel, Binder, and Matthes (2024) further enrich this understanding through a gaze-cued think-aloud study conducted in Austria, which examined not just what people say they find acceptable, but how they cognitively process targeted political ads. The research identified five distinct cognitive response styles, ranging from “avoidant skepticism” to “neutral observation” and “partisan confirmation.” Importantly, those who engaged with messages neutrally, neither embracing nor rejecting them based on prior bias, were the most susceptible to persuasion. This suggests that the ethical concern is not merely whether citizens find microtargeting acceptable, but whether certain subgroups - especially politically disengaged or undecided voters are more vulnerable to influence. Additionally, Minihold and Votta (2024) introduce the concept of exclusionary targeting, wherein specific voter groups are intentionally omitted from receiving political messages. Their study of Dutch Facebook ad practices indicates that while such practices are still relatively limited, public backlash is significant. Survey respondents viewed all forms of exclusion as ethically problematic, particularly when based on immutable characteristics like ethnicity or age. This finding supports the idea that the absence of exposure to political content can be just as ethically fraught as overexposure to manipulative messaging. Taken together, these studies indicate that public perceptions of microtargeting are highly conditional, shaped by the transparency of the practice, the sensitivity of the data used, the tone and intent of the message, and contextual political trust. They suggest that for campaigns to remain both effective and ethically defensible, political strategists must prioritize transparency and relevance while avoiding invasive or exclusionary practices. Moreover, differences in legal culture and civic expectations across European countries point to the need for context-sensitive regulations that reflect the ethical priorities of distinct democratic publics. Finally, these findings underscore the importance of media literacy as a moderating factor. Individuals with higher levels of digital competence are more likely to identify manipulative messaging and question the provenance of targeted ads (Appel & Prietzel, 2022). Hence, ethical political campaigning must not only regulate content and targeting mechanisms but also invest in the empowerment of the electorate to critically assess the information they receive.



5. Regulatory Ecosystems and Digital Sovereignty

The regulatory landscape governing data-driven political communication in Europe is undergoing significant transformation, driven by the twin imperatives of safeguarding democratic integrity and asserting digital sovereignty in the face of transnational platform power. Farrand (2024) conceptualizes this shift as a form of regulatory mercantilism, whereby the European Union (EU) reclaims jurisdictional authority over online political communication by constructing a normative and legal perimeter distinct from the laissez-faire digital governance model of Silicon Valley. This strategy reflects growing concerns about foreign influence operations, the amplification of misinformation through opaque algorithms, and the erosion of electoral fairness via personalized persuasion.

The cornerstone of this evolving framework is the Digital Services Act (DSA), adopted in 2022, which imposes new obligations on very large online platforms (VLOPs) to mitigate systemic risks, including those related to disinformation and political advertising. Complementing this, the proposed Regulation on Transparency and Targeting of Political Advertising (2021/0381) introduces robust provisions mandating explicit disclosures for sponsored political content, restricting microtargeting based on sensitive personal data, and imposing documentation requirements for algorithmic targeting techniques. These measures signal a shift toward anticipatory governance - an effort not merely to penalize infractions but to embed democratic safeguards within the design and deployment of digital political infrastructures.

Nevertheless, this ambition faces formidable implementation challenges. Brkan (2023) notes that while the General Data Protection Regulation (GDPR) remains a foundational legal instrument, its relevance to political campaigning has reached structural limits. GDPR was not designed to address the emergent use cases of political deepfakes, generative AI, and real-time voter profiling. For instance, while the GDPR prohibits processing of sensitive data, political campaigns often circumvent this through inferred data or opaque third-party profiling, which remains difficult to audit in practice. The fragmented enforcement landscape, where national data protection authorities vary in resources, priorities, and technical capacity, further undermines uniform application.

Post-Brexit, the UK's regulatory trajectory illustrates the risks of disarticulated governance. Barclay, Gibson, and Dommett (2023) highlight that while the UK retains GDPR-inspired legislation, its electoral and data regulation systems operate with limited coordination, resulting in gaps in oversight. The Electoral Commission, Information Commissioner's Office (ICO),



and other relevant bodies often work in silos, lacking the unified mandate or technical tools to assess algorithmic harms in real time. This is especially problematic in an environment where political actors can rapidly deploy targeted ads, exploit viral trends, or test dark patterns across multiple jurisdictions with limited traceability.

Moreover, the digital campaigning space continues to evolve faster than legislation can adapt. Studies by Fitzpatrick and von Nostitz (2024) reveal that political parties increasingly use Google Ads and search optimization tools, areas that are not comprehensively covered by existing platform transparency reports or ad archives. Similarly, Minihold and Votta (2024) document the underregulated practice of exclusionary targeting, where certain groups are intentionally excluded from seeing political ads, raising concerns about unequal access to political discourse and violations of voters' right to information.

One particularly difficult regulatory frontier is AI-generated content in campaigning, including deepfakes and synthetic personas. While proposals within the AI Act include rules for transparency and risk mitigation in "high-risk AI systems," it remains uncertain whether political campaigns, often considered expressions of free speech, will fall under these rules. This ambiguity opens the door for campaigns to deploy persuasive AI tools without robust scrutiny, especially in countries lacking independent regulatory audits or civil society watchdog mechanisms (Dan et al., 2025; Appel & Prietzel, 2022).

Consequently, scholars such as Brkan (2023) and Farrand (2024) advocate for a new integrated regulatory architecture that bridges data protection, electoral integrity, AI ethics, and media law. This would entail not only harmonization across EU member states but also the creation of cross-sectoral regulatory bodies capable of monitoring, auditing, and sanctioning actors operating in the hybrid space of data, technology, and democracy. Proposals for independent algorithmic auditing boards and real-time ad monitoring platforms are currently under discussion in several policy circles, reflecting an emerging consensus that reactive, siloed regulation is insufficient in the age of computational politics.

In sum, the regulatory ecosystems of European democracies are at a critical juncture. While progress has been made in designing forward-looking legislation, the capacity to enforce these norms, especially across digital borders and fast-moving campaign cycles, remains underdeveloped. As the interplay between Big Data, AI, and political communication intensifies, digital sovereignty will increasingly depend not only on legislative foresight but on



institutional agility, cross-border cooperation, and a recalibrated understanding of electoral fairness in the algorithmic age.

6. Generative AI and Communication Strategy

The advent of generative artificial intelligence (AI) has inaugurated a paradigm shift in political communication, offering both transformative potential and profound normative risks. Generative AI, encompassing technologies such as large language models, synthetic speech systems, and generative adversarial networks (GANs), enables the automation of content creation at a scale and sophistication previously unattainable. In the political realm, these technologies are being increasingly adopted by public institutions and campaign teams across Europe to streamline communication workflows, personalize outreach, and simulate interactive engagement (Lovari & De Rosa, 2025). For example, AI-generated messaging can dynamically adjust language, tone, and content to match specific voter profiles or demographic segments, enabling campaigns to maintain a high degree of message discipline while tailoring delivery to individual preferences.

However, this efficiency comes at a cost. As Lovari and De Rosa (2025) caution, the widespread adoption of generative AI tools raises urgent concerns about authenticity, transparency, and the erosion of editorial and journalistic standards. Particularly in contexts where public trust in institutions is fragile, the perception that communications may be “machine-authored” rather than human-crafted risks deepening cynicism and disengagement. Furthermore, the use of AI chatbots and voice assistants by government agencies for citizen interaction, though often framed as innovation, poses long-term questions about the depersonalization of public service and the accountability of algorithmic interfaces.

More alarmingly, generative AI can be weaponized to subvert democratic norms, particularly through the production and dissemination of deepfakes, synthetic audiovisual content that mimics real individuals with striking realism. Dan et al. (2025) provide experimental evidence that exposure to deepfakes portraying political figures can significantly distort public perception and erode trust in democratic institutions. Their study finds that even brief encounters with manipulated content can alter perceptions of candidate integrity, competence, or ideological stance. This risk is amplified by the speed at which deepfakes can be produced and disseminated via social media, often eluding traditional gatekeepers and reaching audiences before fact-checking mechanisms can intervene.



Despite these threats, the research also points to mitigating pathways. Dan et al. (2025) emphasize that timely media interventions, especially when accompanied by journalistic fact-checking and visual cues, can reduce the persuasive impact of deep fakes. These findings align with Apple and Prietzel (2022), who demonstrate that individuals with high analytical thinking skills and political awareness are better equipped to detect synthetic content and resist its influence. This suggests a dual mitigation strategy: institutional investment in real-time content verification systems, and societal investment in digital literacy and critical thinking education.

At the regulatory level, however, responses remain uneven. While the European Commission's draft AI Act proposes labeling requirements for synthetic content and mandates risk classification for certain AI applications, it is unclear whether political campaign tools - often protected under freedom of expression - will be subject to the same level of scrutiny. This regulatory ambiguity creates a governance gap, allowing actors to exploit generative technologies with minimal oversight during critical electoral periods (Brkan, 2023; Farrand, 2024).

Additionally, the ability of campaigns to use generative AI to create "hyper-real" but emotionally resonant narratives, such as fabricated testimonies, AI-voiced candidate endorsements, or digitally reconstructed historical events, challenges traditional notions of political authenticity. Unlike older forms of propaganda, these techniques are not only scalable but also adaptive, capable of responding in real-time to voter feedback and engagement metrics. In this context, the line between strategic storytelling and manipulation becomes increasingly blurred, necessitating new ethical frameworks that go beyond conventional concerns with misinformation.

In summary, while generative AI provides powerful tools for innovation in political communication, it simultaneously introduces risks to electoral integrity, voter autonomy, and democratic discourse. The deployment of such tools must therefore be accompanied by robust transparency obligations, ethical standards for political messaging, and civic resilience strategies aimed at inoculating publics against computational persuasion. As European democracies increasingly grapple with the implications of AI-driven politics, the challenge will not be merely to regulate the technology, but to ensure that its integration enhances rather than corrodes the foundations of democratic communication.



7. Reassessing the Impact: Data Hype vs. Reality

While much of the public and scholarly discourse has fixated on the disruptive potential of Big Data and AI in electoral politics, a growing body of empirical research offers a more tempered perspective. Kefford et al. (2022), in a comparative study across six advanced democracies, reveal that although data-driven campaigning is increasingly embedded within electoral strategy, its actual sophistication and systemic influence are often overstated. Many political parties continue to operate with fragmented datasets, legacy infrastructure, and inconsistent data integration protocols, limiting the efficacy of advanced analytics. In such contexts, the deployment of predictive models or algorithmic targeting tends to be rudimentary, shaped more by symbolic adoption than by strategic optimization.

This theme of overestimated impact is reinforced by Dobber et al. (2023), who conducted one of the few real-world field experiments on microtargeting within a European multi-party context. Their findings show that issue-based microtargeting, while capable of modestly increasing alignment between voters and campaign messages, had no significant influence on final voting behavior. The study's significance lies not only in its outcome, but in its methodological robustness: it empirically distinguishes between attitudinal alignment and behavioral conversion, a gap often overlooked in discussions on political persuasion via data.

Additional evidence from the European landscape corroborates this restrained view. For instance, Dutceac Segesten and Sandberg (2024) found that in Sweden, a digitally advanced democracy, many parties lacked the institutional or financial capacity to fully harness the promise of Big Data. In practice, the adoption of advanced targeting and analytics was concentrated among a small subset of well-resourced parties, while smaller or ideologically niche parties continued to rely on intuition-driven strategy, traditional segmentation, or grassroots networks. Similarly, Fitzpatrick and von Nostitz (2024) highlight that while German parties have invested in paid Google Ads, the sophistication of targeting remains uneven, and ad messaging often follows broad demographic heuristics rather than individualized data modeling.

These findings collectively suggest that the perceived omnipotence of Big Data in politics is largely contextual, contingent upon organizational capacity, electoral system complexity, and platform-specific constraints. Political parties are not homogenous adopters of digital tools. Instead, their ability to extract strategic value from Big Data is shaped by financial resources, internal expertise, access to proprietary datasets, and legal environments that either enable or



inhibit experimental targeting. Furthermore, several studies caution against the risk of “data determinism”, the belief that electoral outcomes can be engineered through algorithmic precision. Minihold and Votta (2024) note that even where exclusionary targeting tactics are used, public backlash and ethical pushback may diminish their effectiveness, creating reputational costs that outweigh tactical gains. Noetzel, Binder, and Matthes (2024) also underscore the variability in voter responses, showing that cognitive resistance, partisan filtering, and political literacy mediate how individuals engage with targeted content. In essence, the actual power of Big Data in influencing political behavior appears to be mediated by human agency, institutional constraints, and socio-political context. While data analytics can improve message relevance, segmentation precision, and campaign resource allocation, it does not inherently guarantee voter persuasion or behavioral change. The predictive validity of data-driven campaigning is thus conditional, not deterministic, and must be interpreted through a lens that appreciates both its technical promise and its strategic limitations.

8. Ethical Paradoxes and Democratic Resilience

The integration of Big Data and Artificial Intelligence (AI) into political communication not only disrupts campaign mechanics but also challenges foundational democratic values. Richards and King (2013), and subsequently King (2013), articulate three enduring ethical paradoxes that frame this disruption: transparency, identity, and power. These paradoxes remain highly relevant as data-intensive technologies become further entrenched in European political campaigning. The paradox of transparency refers to the incongruity between the scale of data collection and the invisibility of its mechanisms to the average user. Political parties and digital platforms increasingly rely on vast troves of behavioral, psychographic, and contextual data to optimize targeting, yet the average voter remains unaware of how their information is harvested, inferred, and operationalized (Bon et al., 2024). This opacity not only undermines informed consent but also erodes trust in political institutions, especially when synthetic personas, deep fakes, or algorithmically curated content blur the boundaries between authentic and manipulated communication (Dan et al., 2025). The identity paradox is equally concerning. Algorithmic profiling tools—used to infer political leaning, issue salience, or emotional disposition, construct datafied versions of voters that may diverge significantly from their self-perceptions. These computational identities, often developed without consent and through opaque inferences, are then used to tailor content that reinforces stereotypes, nudges behavior, or isolates users into epistemic silos (Minihold & Votta, 2024). As Noetzel, Binder, and Matthes



(2024) suggest, such targeting can subtly redefine how individuals see themselves politically, particularly when content is consumed passively and in echo chambers. This feedback loop diminishes opportunities for genuine opinion formation and deliberative citizenship, leading to what some scholars term a “post-consensual public sphere.”

The power paradox concerns the structural asymmetry between those who control data infrastructures (i.e., political parties, digital platforms, and data brokers) and those who are profiled, influenced, or excluded. As Kefford et al. (2022) and Dutceac Segesten & Sandberg (2024) illustrate, resource-rich actors, typically large, mainstream parties, are disproportionately able to benefit from sophisticated data analytics, while underfunded or ideologically peripheral parties lag behind. This not only raises questions about fairness in electoral competition but also exacerbates political inequality, as some voter segments may be hyper-targeted while others are excluded altogether from key campaign messages (Minihold & Votta, 2024). Moreover, the use of AI-enhanced persuasion techniques (such as sentiment-adaptive video ads or GAN-generated testimonials) raises the specter of “informational domination,” wherein voters are not merely influenced, but structurally manipulated without recourse or awareness (Lovari & De Rosa, 2025).

In response to these tensions, scholars and policymakers increasingly advocate for responsible innovation frameworks rooted in ethical foresight and civic participation. These frameworks emphasize principles such as *privacy-by-design*, *algorithmic transparency*, and *human-centric design*, which aim to ensure that technological progress aligns with democratic norms. The European Union has taken preliminary steps in this direction: the proposed AI Act includes transparency requirements for high-risk systems and mandates disclosure for synthetic media, while the Digital Services Act imposes due diligence obligations on platforms to mitigate systemic risks.

However, critics such as Brkan (2023) and Farrand (2024) warn that regulation alone is insufficient if not matched with institutional capacity and cross-sectoral coordination. Enforcement mechanisms must be supported by independent auditing bodies capable of real-time algorithmic oversight, alongside civil society watchdogs equipped to hold political actors accountable. Additionally, digital literacy initiatives, aimed at strengthening citizens’ ability to recognize manipulation, assess the provenance of content, and demand transparency, are essential components of democratic resilience in the age of data-driven politics (Appel & Prietzel, 2022).



Ultimately, navigating the ethical paradoxes of Big Data and AI in political communication requires not only regulatory innovation but a recalibration of political ethics. Democratic resilience will depend on societies' collective ability to embed normative reflection into the design, deployment, and governance of digital campaign technologies. This means recognizing that the democratic project is no longer solely about fair competition and free speech, but also about algorithmic fairness, data justice, and the preservation of the civic imagination in a computational era.

Conclusions and Future Directions Big Data and AI represent a transformative force in European political communication. While they offer avenues for innovation, personalization, and efficiency, they also pose profound risks to democratic norms, ethical conduct, and public trust. Bridging the gap between innovation and accountability requires coordinated action among policymakers, technologists, political actors, and civil society.

Future research should explore the longitudinal effects of AI-enhanced campaigns on voter behavior, the impact of digital literacy initiatives on resisting disinformation, and the potential for interoperable regulatory frameworks across the EU. Furthermore, the inclusion of ethical design principles in campaign technology development can ensure that digital transformation strengthens rather than undermines democratic engagement.

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CONCEPTUAL DISTINCTIONS AND PUBLIC UNDERSTANDING OF LOBBYING, ADVOCACY AND INFLUENCE PEDDLING IN ROMANIA¹

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Abstract. *Interest representation, championing causes of public interest and active participation of citizens serve to strengthen a well-functioning democracy as well as participatory governance centered on the needs and desires of citizens. Although in Romania there are mechanisms through which individuals can express their interests to public authorities, lobbying remains unregulated and advocacy is not so popular. The two concepts are often confused. Moreover, in the absence of clear national regulations, some actions undertaken by the private and non-governmental sector to advance their interests are viewed with suspicion, under the shadow of influence peddling. In order to provide concrete solutions aimed at addressing this issue, it is first necessary to assess the level of understanding of the distinction between the three concepts. In this context, this paper aims firstly to identify how clearly understood is the difference between lobbying, advocacy and influence peddling among the Romanian society, and secondly to highlight the theoretical and practical differences between them. The research involved the development of three hypothetical scenarios depicting a case of lobbying, one of advocacy and one of influence peddling, and presenting them to a group of participants, who were tasked with correlating each scenario with the activity it represented.*

Keywords: Lobby, Advocacy, Influence peddling.

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1. Introduction

In Romania, the activity of lobbying remains unregulated by specific national legislation, despite recurring debates and numerous, ultimately unsuccessful, attempts to establish a legal framework over the past two decades. The absence of such regulation has contributed not only to public confusion about what lobbying entails, but also to its frequent conflation with advocacy and influence peddling. This conceptual ambiguity has been signaled by both scholars and policy experts, who have noted that Romanian public discourse often associates lobbying with unethical or even illicit behavior. As a result, lobbying tends to carry a predominantly negative connotation in the national context, unlike in other democratic systems where it is recognized as a legitimate and often institutionalized form of interest representation.

This lack of clarity and legal distinction between lobbying, advocacy, and influence peddling can have several adverse effects on governance. Most notably, it risks enabling practices that may be viewed as acceptable elsewhere but are perceived as illegitimate in Romania, thereby weakening institutional trust. Furthermore, in the absence of transparency mechanisms typically linked to regulated lobbying, policy-making processes become more opaque, which may reduce their democratic legitimacy. Such risks are compounded by the limited understanding of these terms among the general public and even among institutional actors, which further complicates efforts to ensure inclusive and accountable decision-making.

Given these challenges, this article aims to clarify the distinctions between lobbying, advocacy, and influence peddling by synthesizing existing theoretical and institutional definitions and interpreting their relevance in the Romanian context. The article seeks to provide a conceptual map that can assist society in navigating these practices, while also contributing to the broader goal of strengthening collaborative governance. By offering analytical explanations for separating these often-confused terms, the study addresses a critical knowledge gap and lays the groundwork for future discussions on potential regulation.

In addition to conceptual clarification, the article also examines the extent to which Romanian citizens can distinguish between these three practices in applied scenarios. To this end, the study employed a mixed-methods approach, combining qualitative and quantitative elements. In the first stage, three hypothetical case studies were designed to illustrate a situation of lobbying, one of advocacy, and one of influence peddling. These fictional scenarios were constructed to reflect plausible contexts, while isolating key features that distinguish the three concepts.



Subsequently, the scenarios were presented to a group of respondents, who were asked to classify each case according to the concept it represented. The sample was composed of four sub-groups: (1) employees in public institutions, representing the typical targets of such activities; (2) individuals from the private and NGO sectors, who are often the initiators of lobbying or advocacy; (3) university students aged 19–23, and (4) young people aged 22–26 who are not currently enrolled in higher education. This selection aimed to capture a variety of perspectives and lay understandings of these practices. By comparing respondents' classifications with the intended conceptual boundaries, the article assesses the clarity with which each term is understood in Romanian society.

2. Terminological demarcations. Lobby vs. advocacy vs. influence peddling

Analyzing lobbying in the 21st century, the Organization for Economic Co-operation and Development (OECD, 2021) has defined lobbying as: “an attempt within the legal limits to influence the design, implementation and evaluation of laws and public policies, under the responsibility of public officials in the legislative, executive or judicial branches, at the local, regional or national level”. This definition implies that lobbying covers the whole sphere of public sector activity.

At the European Union level, a baseline definition of lobbying was developed by the European Commission in its 2006 Green Paper on the European Transparency Initiative. According to this initiative, lobbying encompasses “all activities undertaken with the aim of influencing the formulation of policy and decision-making processes in the European institutions” (European Commission, 2006).

According to Transparency International (2018), lobbying is any form of communication, direct or indirect, by any organized group (or a third party on behalf of an organized group) with public and political officials (civil servants, dignitaries, legislators, members of the government, etc.) with the aim of influencing public decision-making. According to the same source, lobbying also encompasses attempts, direct or indirect, to influence public opinion through measures that go beyond simple publicity and marketing activities, thus generating one-way public pressure on decision-makers (Transparency International, 2018). The central concept of direct lobbying is gaining “access” to officials whose possible support may tip the balance in favor of interest groups (Weiler & Brändli, 2015).



In a report produced in close collaboration between global consulting firm AccountAbility and UN Global Compact experts, the concept of “responsible lobbying” is discussed. It implies on the one hand the alignment of lobbying with the stated policies, strategies and actions of an organization, and on the other hand the endorsement and implementation of universal principles and values (such as those set out in the UN Global Compact) in lobbying (MacGillivray, 2005). In other words, lobbying should not lead to decisions that are contrary to the public interest.

In a study carried out by the European Institute of Romania, Elena Simina Tănăsescu (2015) defined lobbying as “the action of individuals or groups of individuals, with varied and specific interests, aimed at influencing decisions taken at the political level”. The provided definition is rather general, but it outlines the overall picture of lobbying, emphasizing the complexity of the interests of individuals or groups of individuals involved in such a process.

Similarly, other scholars view lobbying as a structured form of political engagement through which individuals, interest groups, or professional intermediaries seek to influence public decision-making in alignment with their goals or values, while also serving a vital democratic function by articulating societal demands and supplying institutions with contextual knowledge essential for informed and responsive governance (Koch & Schulz-Knappe, 2021; von Malmborg, 2022; Cabanillas, Esparcia & Ostio, 2024).

Often, in the public arena, lobbying is confused with advocacy, although the two concepts are distinguished by specific features. Advocacy is an umbrella term for a range of activities designed to change society by appealing to individuals, employers, or government, and usually involves informing and influencing decision-makers on behalf of a vulnerable group (Cohen & Lee, 2012).

Advocacy refers to campaigns to sensitize public opinion, and indirectly decision-makers, on social issues affecting groups in general and individuals in particular (Vass, 2008). Other scholars, such as Jessani et al. (2022), in their effort to explore how faculty members and government decision-makers perceive the roles, responsibilities, and constraints of academics proactively engaging in policymaking through advocacy, activism, and lobbying, conceptualize advocacy as a form of public action that involves expressing support for a cause, person, or policy (often through targeted arguments addressed to specific audiences) which articulate the nature of a problem, propose viable solutions, and emphasize the need for political action. In practice, advocacy efforts led by non-profit organizations can take many forms, from educating



the public and sharing information on key issues to organizing civic actions and community events. These activities may also involve encouraging electoral participation, conducting problem-oriented research, proposing policy responses, or contributing to the development, monitoring, and adjustment of public policies (Reid, 2000; Silverman & Patterson, 2011).

Advocacy can be seen both as a strategic effort to shape the external environment in which an organization operates and as the result of sustained engagement with relevant audiences, leading to increased support for the organization's mission, interests, or representatives (Bochenek, 2019).

Although they share some common features, the two concepts should not be confused. As can be seen from the definitions and interpretations presented above, lobbying aims at directly influencing decision-makers, while advocacy aims at influencing and sensitizing the general public. Lobbying also involves direct interaction with decision-makers, which is not found in advocacy (Romanian Association for Transparency, 2012). From the perspective of the interest served, lobbying aims at satisfying private interests, while advocacy aims at satisfying public, but not necessarily general, interests (Tănăsescu, 2015). Last but not least, the literature has noted an ordering relationship between lobbying and advocacy, because elements of advocacy will always be found in lobbying, but elements of lobbying will generally not be found in advocacy.

Another confusion arises between lobbying, advocacy and influence peddling. There is a preconception that lobbying involves a politician receiving a suitcase of money from a lobbyist to vote a certain way. However, this scenario goes beyond lobbying and falls into the sphere of influence peddling. According to the Romanian legislation in force, influence peddling is the crime according to which a person with influence or apparent influence over a public official (as the latter is interpreted in the Criminal Code) *“demands, receives or accepts the promise of money or other benefits, directly or indirectly, for himself or for another person, in exchange for the promise that he will induce the official in question to perform, not perform, to expedite or delay the performance of an act falling within his official duties or to perform an act contrary to these duties”* (Law no. 286/2009 on the Criminal Code). The key difference between these activities is that lobbying involves influencing a decision-maker to behave in a certain way, whereas influence peddling is a barter or buy-sell relationship where the decision-maker receives money or other benefits for behaving in a certain way. Another difference between the two concepts concerns the modus operandi of the lobbyist and the influence peddler



respectively, in the sense that the former acts transparently (his/her objectives and actions are public and can be verified by the general population), while the latter acts secretly and discreetly (Tănăsescu, 2015).

In addition, the general confusion of lobbying and influence peddling is also fueled by some practices in an ethical gray area, such as the “revolving door” phenomenon. This practice encompasses situations in which a former public official 'switches sides' to become a lobbyist (Chambers, 2016). Once a lobbyist, he or she will use his or her privileged position (due to accumulated knowledge and contacts formed) in favor of the new client. In order to avoid such situations, the states where lobbying is regulated provide for different time periods that a former public official has to respect before engaging in lobbying. For example, in the case of former members of the European Commission, two years must elapse between the end of the term of office and the start of lobbying (European Commission, 2018).

Romania has made significant efforts to curb corruption, and while measurable progress can be observed, there remains considerable room for improvement. It is worth noting that current legislation requires the full implementation of the EU Whistleblowing Directive no. 2019/1937 and the adoption of more nuanced legal distinctions between unregulated lobbying, influence peddling, and abuse of office, in order to further strengthen institutional transparency and reduce ambiguity in public ethics, as shown by Teichmann, Boticiu, & Sergi (2023).

Drawing on the definitions and interpretations provided, the following table outlines key features that can be attributed exclusively to lobbying, advocacy, and influence peddling, distinguishing the three concepts:

Figure 1. Key differences between lobby, advocacy and influence peddling

| Lobby | Advocacy | Influence peddling |
|---|---|---|
| <ul style="list-style-type: none">• Involves direct and organized communication with public officials or institutions (Transparency International, 2018). | <ul style="list-style-type: none">• Encompasses public support or campaigning for a cause, policy, or vulnerable group (Cohen & Lee, 2012; Jessani et al., 2022). | <ul style="list-style-type: none">• Involves a criminal exchange, where someone claims or uses real/apparent influence over a public official in return for money or other benefits (Romanian |



| | | |
|---|--|---|
| <ul style="list-style-type: none"> • Aims to influence the design, implementation, or evaluation of public policy or legislation (OECD, 2021; European Commission, 2006). • Serves primarily private or sectoral interests, including corporate, industrial, or professional interests (Tănăsescu, 2015). • Conducted within the legal and regulatory frameworks of democratic governance. • May include elements of public pressure or strategic communication targeting opinion formation (Transparency International, 2018). • Can be performed transparently, through formal channels and registries (e.g., EU Transparency Register). | <ul style="list-style-type: none"> • Primarily targets the general public or indirectly aims to influence decision-makers through awareness and mobilization (Vass, 2008). • Pursues public or community-centered interests, often rooted in social justice or equity (Tănăsescu, 2015). • Can involve research dissemination, petitions, protests, education campaigns, etc. • Does not rely on privileged or insider access to policymakers. • Considered a broader concept, under which lobbying may fall as a subcomponent (Tănăsescu, 2015). | <p>Criminal Code, Law no. 286/2009).</p> <ul style="list-style-type: none"> • Operates in secretive, non-transparent ways, often hidden from public scrutiny (Tănăsescu, 2015). • Constitutes a form of corruption, punishable under criminal law. • Implies a transactional relationship, not just influence but quid pro quo (promise or exchange). • Bypasses democratic or participatory processes entirely. • Often associated with ethical gray zones, such as the "revolving door" phenomenon (Chambers, 2016). |
|---|--|---|

Source: *The author, based on the review of specialized literature*

3. Assessing Romanian Citizens' Ability to Distinguish Between Lobbying, Advocacy, and Influence Peddling

To operationalize these conceptual distinctions and explore how they are perceived in practice, the following section presents three hypothetical scenarios, each illustrating one of the concepts



(lobbying, advocacy, and influence peddling) within a realistic national context. The scenarios were administered to a selected group of individuals, including public sector employees, private sector and NGO representatives, university students, and young adults outside formal education, in order to capture a diverse range of perspectives and levels of familiarity with these practices. The scenarios are presented below, followed by the interpretation of the results. The first scenario depicts a case of advocacy, the second one show a case of influence peddling, while the last scenario depicts an example of lobbying.

Scenario a.

In recent years, Romanian environmental NGOs have increasingly voiced concerns about the ecological impact of the fast-fashion industry, particularly regarding textile waste and chemical runoff from outsourced production chains. In early 2024, a coalition of NGOs and grassroots environmental groups launches a nationwide campaign titled “Wear the Change”, aiming to raise public awareness about the industry's environmental footprint and to promote sustainable consumer behaviors.

The campaign includes a multimedia strategy with documentary screenings, social media challenges, school-based workshops, and op-eds placed in mainstream media outlets. It also circulates an open letter addressed to the Ministry of Environment, requesting the adoption of extended producer responsibility (EPR) measures and the implementation of national standards for textile waste collection. As part of the campaign’s broader strategy, the coalition also organized a roundtable event that brought together representatives from key environmental NGOs and officials from the Ministry of Environment.

Notably, the campaign does not involve any other private meetings with lawmakers or ministerial officials. Instead, it operates in the public arena, mobilizing citizen support and encouraging people to sign petitions, participate in rallies, and share campaign materials. The coalition uses these publicly documented activities to demonstrate social demand and to generate moral pressure on policymakers.

Although the Ministry does not immediately respond, media coverage and public discourse shift significantly in the following months. A parliamentary inquiry into the environmental cost of consumer goods is opened, citing public demand for sustainable regulation as a contributing factor. While it is unclear whether this inquiry will result in concrete legislation, the campaign has clearly influenced the national conversation.



Scenario b.

In early 2024, a domestic distributor of electronic cigarettes sought to expand its presence on the Romanian market by influencing forthcoming regulations that would affect the advertising and taxation of such products. At that time, the Ministry of Health was in the process of finalizing a legislative proposal aimed at tightening controls on nicotine-based products, including restrictions on promotional content and increased excise duties. The distributor, lacking direct institutional access, engaged a politically connected intermediary - a former advisor to a senior official in the Ministry - to act on its behalf.

While the intermediary had no official position or contractual mandate, he presented himself as someone with ongoing informal ties to current decision-makers. Discussions between the distributor's representatives and the intermediary were held in non-official settings, and communication was kept off record. The intermediary suggested that he could soften the stance of key actors involved in the policy drafting process, hinting at delays or alterations in specific regulatory clauses that would affect product labeling and public advertising. In exchange, he requested that certain consulting fees be disbursed in advance to a private entity he was affiliated with. Shortly after a series of private discussions, the intermediary was discreetly promised a consultancy contract with a third-party supplier, contingent upon their ability to facilitate access to key figures within the Ministry of Health.

The entire strategy relied on personal influence and non-transparent leverage over public officials. While no official decisions had yet been made, the legislative timeline was suddenly extended without public explanation.

Scenario c.

In early 2023, several members of the Romanian Chamber of Deputies submit a legislative proposal aimed at increasing the transparency and accountability of algorithmic content delivery systems on major digital platforms. Although the initiative is framed as a response to concerns about user manipulation, misinformation, and lack of platform accountability, it quickly draws the attention of major global and regional tech companies operating in Romania.

A consortium of these companies, through their in-country public affairs representatives and a professional consultancy firm, initiates a formal dialogue with parliamentary committees responsible for digital policy. This includes submitting position papers, policy memos, organizing private technical briefings, and offering impact assessments highlighting how the



proposed legal framework could restrict innovation, disrupt market competition, and create compliance burdens disproportionate to its intended effects.

These interactions are framed as “technical consultations”. As part of their outreach efforts, the representatives also hosted a formal reception attended by several lawmakers, providing an informal setting to discuss the proposed amendments and broader issues surrounding tech regulation. The consortium’s representatives do not hide their identity or affiliation and make their position known through official channels. Notably, their feedback is not made publicly available in real time but is later cited in justification reports submitted by the legislative drafters.

After several rounds of discussion, some deputies introduce amendments that reflect, in both language and scope, recommendations made by the consortium. These include changes in reporting obligations and the introduction of risk-based thresholds that exempt smaller companies from compliance duties. While some civil society actors voice concerns about the closed nature of the consultations, the process remains formally within legal and procedural norms.

4. Findings

Over the course of four days, each group was individually presented with the hypothetical scenarios. The exercise was administered in physical format, in a controlled setting. Importantly, no definitions or theoretical guidance were provided prior to the exercise; this was intended to capture the participants’ intuitive understanding and existing knowledge of the terms.

Across the full sample, the scenario depicting influence peddling was correctly identified by approximately 81.80% of participants, indicating a relatively strong general awareness of this criminal offense. In contrast, only around 40.90% of respondents accurately distinguished between lobbying and advocacy scenarios, a result that highlights ongoing conceptual confusion between these two distinct, yet often conflated practices.

When disaggregated by demographic categories, distinct patterns emerge. For the influence peddling scenario, 100% of respondents employed in the public and private sectors identified the case correctly, compared to 80% of university students and only 50% of non-student young adults. This suggests that professional experience (and possibly previous exposure to



institutional or legal frameworks) may contribute to greater clarity in recognizing corrupt or illicit influence mechanisms.

In contrast, for the lobbying and advocacy scenarios, performance dropped notably across all groups. The combined correct classification rate was approximately 40.90%. More specifically, 66.67% of public sector employees and 60% of private sector workers succeeded in this task, compared to 40% of university students and 0% of non-student young adults. This gradient offers some insight into how factors like professional responsibility, civic exposure, and formal education might shape conceptual literacy in the domain of influence and policy-making.

The clearest trend visible in the results is the performance gap between individuals with employment experience and those without. All employed respondents, both from public administration and the private economy, correctly recognized the case of influence peddling, suggesting that familiarity with institutional rules, legal compliance frameworks, or workplace ethics training may play a key role in anchoring this understanding. While the concept of influence peddling is also more prominently featured in Romanian media and public discourse (often associated with corruption scandals), professional exposure likely reinforces individuals' capacity to map abstract legal definitions onto plausible real-world cases.

University students performed moderately well, especially when compared to their peers not enrolled in higher education. The fact that 80% of students identified the influence peddling case correctly, and 40% also succeeded in the lobbying/advocacy distinction, suggests a meaningful correlation between access to higher education and nuanced understanding of policy-related terminology. This may be due to exposure to civics, law, or political science courses, or simply the academic habit of distinguishing between categories and definitions.

On the other end of the spectrum, non-student young adults displayed the most limited ability to distinguish between the three scenarios. Only half correctly identified the influence peddling case, and none correctly classified the lobbying and advocacy cases. While the small sample size of this sub-group limits the extent of generalization, the results do point to the need for broader public education campaigns aimed at demystifying these practices, especially among segments of the population with lower formal education or reduced contact with institutional structures.

The relatively better performance of public sector employees (66.7%) compared to private sector employees (60%) may be due to greater familiarity with legal distinctions and



administrative procedures that delineate legitimate participation in public decision-making. Moreover, public servants may be more exposed to discussions about ethics, conflicts of interest, and transparency due to institutional guidelines or compliance training. The difference, while modest (approximately 6.70 percentage points), may indicate that understanding of these distinctions is still evolving and may benefit from targeted internal clarification within the administration. The advocacy scenario, which involved environmental organizations working against pollution in the fast fashion industry, seemed especially prone to misinterpretation, with many respondents incorrectly classifying it as lobbying.

5. Conclusions

Clarifying the distinctions between lobbying, advocacy, and influence peddling is not only a matter of theoretical precision, but also one of public ethics, legal certainty, and institutional transparency. Throughout this article, we have synthesized definitions from international and national literature to produce a framework capable of distinguishing the three concepts with contextual relevance to Romania.

Lobbying was defined as a structured and legally permissible attempt to influence public decision-making by engaging directly with policymakers in alignment with sectorial interests. Advocacy was understood as an umbrella term that encompasses a range of activities aimed at promoting social change and informing public opinion, primarily in support of vulnerable or marginalized groups. In contrast, influence peddling was identified as a criminal act involving non-transparent exchanges of favors or benefits in return for access to or manipulation of official.

The empirical exercise conducted with a diverse sample of respondents sheds light on how clearly these distinctions are understood in practice. Approximately 81.8% of participants correctly identified the influence peddling scenario, suggesting that this term is more familiar, likely due to its frequent appearance in public discourse and media coverage. However, only 40.90% were able to distinguish correctly between the lobbying and advocacy scenarios, with particularly low recognition rates among non-student young adults. This gap signals a broader problem: while egregious corruption is broadly recognizable, the more nuanced and legally permissible activities of interest representation remain poorly understood.

Differences in performance across the four demographic sub-groups support this diagnosis. All respondents employed in either the public or private sectors correctly identified influence



peddling, while university students demonstrated moderate success, and non-student youth showed significant confusion. These patterns may reflect the impact of education, civic exposure, and institutional experience on conceptual clarity. Interestingly, public sector employees slightly outperformed their private sector counterparts in distinguishing lobbying from advocacy, possibly due to greater familiarity with the legal-administrative environment.

Although the sample size was limited and geographically restricted to Bucharest, the data reveal meaningful insights into how Romanian citizens understand - or misunderstand - key instruments of democratic participation and influence. These findings point to the need for further research, particularly at the national level, using broader and more representative samples. Expanding the analysis to other urban and rural regions would help test the generalizability of these initial findings and refine the policy recommendations that follow.

With a clearer understanding of public perception now established, the next logical step involves designing and proposing targeted measures aimed at increasing public literacy around these terms. Civic education initiatives, institutional training, and media literacy campaigns could all serve to close the knowledge gap and reduce confusion between legal advocacy, legitimate lobbying, and criminal misconduct. Ultimately, greater clarity in this domain can help promote transparent governance, informed participation, and a more robust democratic culture in Romania.

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KEY PERFORMANCE INDICATORS AS INSTRUMENTS OF STRATEGIC CHANGE: EVIDENCE FROM THE ROMANIAN PUBLIC SECTOR¹

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Abstract. *This article explores the use of Key Performance Indicators (KPIs) as tools of strategic change in the Romanian public sector. Situated within the broader literature on public management reform, it examines how performance measurement instruments can be mobilized to enhance accountability and support organizational transformation. The study employs a mixed-methods design, combining semi-structured interviews, documentary analysis, and observational research, to investigate the introduction of a KPI-based appraisal system in the cadastral and urbanism departments of Piatra Neamț City Hall (2021-2023). By linking theoretical insights on change management with empirical evidence from a local government case, the article seeks to illuminate the conditions under which KPIs may contribute to institutional learning, performance improvement, and sustainable reform. In doing so, it advances both academic understanding and practical debates on the design and application of performance indicators in transitional administrative contexts.*

Keywords: *Key Performance Indicators, Change Management, Local Government.*

JEL CODE: H83; J45; M12



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1. Introduction

Contemporary public sector organizations operate in environments increasingly defined by volatility, complexity, and heightened demands for transparency, efficiency, and responsiveness. In such conditions, organizational change ceases to be a circumstantial response and instead becomes a structural imperative. This shift reflects a broader reality in which change has emerged as the defining feature of contemporary organizational life. As Kotter (2007, p. 35) observes, public institutions are under mounting pressure to evolve in order to remain capable of fulfilling their core mission: serving the public interest. In response to this pressure, change management has come to represent not merely a managerial tool, but a foundational pillar of administrative sustainability and long-term strategic adaptation (Burke, 2023, p. 20).

This imperative for transformation is further intensified by the acceleration of global dynamics such as technological advancement, demographic shifts, and the growing interdependence of policy systems (Oreg *et al.*, 2011, pp. 461-499). These converging forces have reshaped the operational environment of public institutions, compelling them to adopt more agile and evidence-informed approaches to ensure organizational resilience and responsiveness in the face of mounting complexity. The COVID-19 pandemic vividly illustrated this need: public institutions were compelled to reconfigure processes at unprecedented speed, deploy innovative solutions under pressure, and safeguard the continuity of essential public services amid far-reaching systemic disruption (Routledge, 2020, p. 120).

Against this backdrop of accelerated change and increasing performance expectations, one of the principal mechanisms that governments should adopt to navigate transformation is performance measurement, most notably, through the use of Key Performance Indicators (KPIs). As quantifiable metrics aligned with strategic objectives, KPIs provide a structured means to track institutional progress, benchmark performance, and guide results-oriented decision-making (Peters, 2018, p. 140).

Within the public sector, their utility extends beyond internal monitoring: KPIs serve as essential instruments for evaluating the effectiveness and quality of services, assessing the impact of public programs, and strengthening transparency and accountability toward citizens (Hood & Dixon, 2015, p. 55).



The practical utility of KPIs lies in their capacity to generate actionable insights across multiple dimensions of public administration. At a foundational level, they enable real-time monitoring of institutional performance, allowing for the timely identification of operational inefficiencies and opportunities for continuous improvement (Pollitt & Bouckaert, 2009, p. 200). In parallel, KPIs enhance transparency and accountability by offering a structured framework through which public organizations can report on performance outcomes and communicate relevant data to citizens and stakeholders in a clear and accessible manner (Bass & Riggio, 2006, p. 110). Crucially, they also contribute to more effective resource allocation by exposing areas of inefficiency, streamlining administrative processes, and concentrating efforts on activities that yield the greatest public value (Denzin & Lincoln, 2005, p. 325).

However, the realization of these benefits is far from automatic. The successful implementation of KPIs in the public sector depends on a thorough understanding of the organizational context and its distinctive characteristics. Achieving this requires coordinated and sustained collaboration among departments and agencies to define indicators that are not only relevant and realistic, but also strategically aligned with institutional objectives (Fernandez & Rainey, 2006, p. 168). Equally important is the development of an organizational culture that actively promotes and maintains the continuous, systematic use of KPIs as instruments for performance enhancement and adaptive learning (Poister *et al.*, 2014, p. 89).

It is within this broader framework that the present article investigates the role of Key Performance Indicators (KPIs) in facilitating change management at the local government level, focusing on empirical research conducted within the cadastral and urban planning departments of the Piatra Neamț City Hall, Romania. The central hypothesis posits that implementing a KPI system can enhance operational efficiency by reducing response times by up to 30% within one year. To evaluate this, the study employs a mixed-methods research design, integrating document analysis, semi-structured interviews with both employees and service users, and direct observation of institutional processes.

To guide this inquiry, the article is structured into three main sections. The first offers a review of the relevant literature, outlining the theoretical foundations and empirical insights that inform the study. The second section presents the case study, detailing the research methodology, key findings, and their interpretation. Finally, the conclusion synthesizes the study's findings and discusses their implications for public sector performance and future reform initiatives.



2. Literature review

2.1. Theoretical Foundations of Change Management in the Public Sector

2.1.1. Theory of Organizational Change

Organizational change management refers to the systematic application of knowledge, tools, and resources aimed at guiding and sustaining transformation within institutions. In the context of public sector organizations, such processes typically entail significant transitions in how activities are carried out, how structures are configured, and how organizational culture is shaped. These transformations are not only designed to improve performance and ensure long-term adaptability, but are also driven by the imperative to respond effectively to evolving political, economic, technological, and social conditions. Given the dynamic environment in which public institutions operate, their capacity for adaptation becomes essential in maintaining both relevance and operational efficiency. Well-managed organizational change can enhance the quality and effectiveness of public services, thereby increasing citizen satisfaction. Moreover, it has the potential to strengthen transparency and accountability, reinforcing public trust. As Cameron & Green (2019, p. 45) emphasize, the ability to manage change effectively is vital for the long-term success of any organization, particularly in the public sector, where reform is not only frequent but also indispensable for meeting the changing expectations of citizens.

To ensure that such transformations yield sustainable outcomes, organizational change management must be grounded in several core principles that guide the process from inception to consolidation. The first of these is planning, which forms the strategic foundation of any change initiative. It entails the clear formulation of objectives, identification of necessary resources, anticipation of risks, and design of a structured action plan. As Cameron & Green (2019, p. 102) highlight, rigorous planning is essential to navigate the inherent complexity and uncertainty of organizational transformation.

Closely intertwined with planning is the principle of effective communication. Change cannot be successfully implemented without the clear and continuous transmission of information to all stakeholders. This includes articulating the rationale for change, clarifying expected outcomes, delineating procedural steps, and defining the responsibilities of individuals and teams. Transparent communication not only reduces ambiguity but also cultivates collective understanding and commitment. As the authors observe, “communication is key to ensuring



that all members of the organization are aligned and motivated to actively participate” (Cameron and Green, 2019, p. 150).

Equally indispensable is employee involvement. Beyond passive compliance, meaningful change requires the active engagement of staff in shaping and executing reform efforts. Mechanisms such as consultations, working groups, and capacity-building activities contribute not only to improved implementation but also to a sense of ownership among those affected. As Cameron & Green (2019, p. 175) argue, “employee involvement is essential for building broad commitment and ensuring sustainability.”

Finally, no change process can be complete without a robust evaluation framework. Assessing outcomes through systematic monitoring, stakeholder feedback, and reflective analysis enables organizations to measure the effectiveness of change initiatives, identify lessons learned, and recalibrate strategies where necessary. This iterative process ensures continuous improvement and strengthens institutional learning. As the authors affirm, “constant evaluation and strategic adjustment are critical to ensuring that the change produces the desired benefits” (Cameron and Green, 2019, p. 200).

To elucidate and effectively govern the multifaceted processes of organizational transformation, the literature has produced several theoretical models that articulate structured approaches to managing institutional change. Among the most enduring is Kurt Lewin’s three-phase model, which views change as a linear progression through unfreezing, changing, and refreezing. The initial phase involves destabilizing the status quo and fostering awareness of the need for transformation. This is followed by the implementation of new behaviors, structures, or processes, and concludes with the institutionalization of these changes to ensure long-term stability and prevent regression (Hiatt & Creasey, 2012, pp. 45-55).

Expanding on this foundation, John Kotter’s eight-step model provides a more detailed roadmap tailored to the realities of organizational complexity. It begins by establishing a sense of urgency and mobilizing a strong guiding coalition, then moves to the articulation and communication of a clear vision for change. The model emphasizes empowering employees, removing barriers, securing short-term wins, and gradually embedding new practices into the organizational culture. Kotter’s approach highlights the importance of leadership, participation, and strategic communication in sustaining momentum and achieving lasting impact (Hiatt & Creasey, 2012, pp. 75-85).



Complementing these organization-level models, the ADKAR framework focuses on individual change as the building block of broader transformation. It outlines five key elements - Awareness, Desire, Knowledge, Ability, and Reinforcement - that must be present for change to take root at the personal level. By addressing both the cognitive and emotional dimensions of change, the ADKAR model underscores the importance of employee engagement and behavioral alignment in realizing institutional reform (Hiatt & Creasey, 2012, pp. 95-100).

Taken together, these models yield complementary perspectives: while Lewin and Kotter offer strategic frameworks for navigating organizational and cultural transformation, the ADKAR model shifts focus to the individual level, highlighting the personal processes that underpin the adoption and consolidation of change. This layered understanding is particularly valuable in public administration, where successful reform depends not only on coherent planning at the institutional level but also on active engagement from individuals operating within complex bureaucratic systems.

2.1.2. Distinctive Characteristics of Change Management in the Public Sector

The process of managing change in the public sector is shaped by a set of distinctive constraints and institutional logics that fundamentally differentiate it from the practices observed in private organizations. These particularities, rooted in the political environment, bureaucratic structures, organizational culture, resource availability, and stakeholder complexity, necessitate a context-sensitive and strategically adaptive approach. Understanding these elements is critical not only for ensuring the success of public sector reforms but also for anticipating the factors that commonly hinder their implementation and sustainability.

One of the most significant variables influencing change in public administration is the political context in which institutions operate. Unlike private organizations, whose strategic direction is typically determined by market conditions or corporate governance, public institutions are directly affected by electoral cycles and shifting political agendas. These fluctuations frequently generate discontinuities in leadership and policy orientation, complicating the long-term planning and execution of reform initiatives. As Cristache and Vrabie (2022, p. 68) observe, “political influences can cause rapid changes of direction in public institutions, requiring increased adaptability in change management”. The volatile nature of political support, often contingent on partisan considerations, poses a structural vulnerability for reforms that require sustained commitment and institutional continuity.



Compounding these challenges is the bureaucratic configuration characteristic of many public organizations. These entities are typically structured around multilayered hierarchies, formalized procedures, and highly regulated decision-making processes. While such mechanisms are designed to ensure legal compliance and accountability, they can also impede flexibility and innovation. The implementation of change frequently becomes entangled in procedural inertia, requiring extensive coordination and negotiation across administrative units. In this regard, Cristache and Vrabie (2022, p. 72) rightly argue that “bureaucracy and procedural rigidity are major challenges in implementing change in the public sector”. Reform efforts must therefore reconcile the tension between procedural standardization and the need for strategic responsiveness.

Equally consequential is the organizational culture prevalent in many public institutions - a culture often marked by conservatism, stability-seeking behavior, and adherence to precedent. In such environments, change is frequently perceived as a disruption rather than an opportunity, particularly when it entails modifications to long-standing routines or the introduction of performance-based evaluation systems. Employees may exhibit varying degrees of resistance, motivated by concerns over job security, the loss of professional autonomy, or fear of the unknown. As noted by Cristache and Vrabie (2022, p. 75), “resistance to change in the public sector is often fueled by a traditionalist organizational culture, which is difficult to change without significant employee involvement”. Consequently, successful change management requires not only institutional redesign but also deliberate strategies for engaging, informing, and motivating personnel across all levels of the organization.

Moreover, resource constraints, both financial and human, constitute a pervasive limitation in the public sector’s capacity to undertake complex reforms. Budgetary restrictions, limited access to advanced technologies, and the shortage of skilled personnel often curtail the scope and ambition of change initiatives. These limitations are particularly acute in contexts where administrative systems are underfunded or where reform competes with other pressing governance priorities. As Cristache and Vrabie (2022, p. 80) emphasize, “financial constraints and a lack of adequate human resources are common obstacles to change in the public sector”. Addressing such constraints necessitates careful resource planning, capacity-building programs, and often, external support.

Finally, the diversity of stakeholders in the public sector introduces a layer of complexity rarely encountered in private organizations. Public institutions must respond to a heterogeneous



constellation of interests, including those of citizens, civil society, regulatory agencies, and political actors. The multiplicity of expectations and the imperative of public accountability demand a high degree of transparency, deliberation, and consensus-building. As such, change initiatives must be accompanied by robust communication strategies and participatory mechanisms. In this vein, Cristache and Vrabie (2022, p. 85) underscore that “managing stakeholder diversity is essential for successful change in the public sector, requiring an inclusive and communicative approach”.

In sum, the management of change in the public sector is conditioned by a distinctive set of structural, cultural, political, and operational constraints. Unlike in the private sector, where efficiency and profitability often serve as guiding imperatives, public sector change is embedded in a more complex ecosystem of institutional mandates and democratic expectations. Effective reform, therefore, requires a holistic and strategically aligned approach, one that acknowledges these particularities, engages stakeholders meaningfully, and cultivates the internal capacities necessary for sustained organizational adaptation.

2.2. The Role of KPIs in Change Management

Key Performance Indicators (KPIs) occupy a pivotal position within the architecture of change management, providing organizations with systematic tools for both measurement and evaluation. At their core, KPIs establish an objective framework through which progress in reform initiatives can be tracked with precision and consistency. For instance, in the case of a public institution introducing a new information system to enhance operational efficiency, relevant indicators may include document processing times, error frequency, and user satisfaction rates - metrics that offer concrete evidence of the system’s effectiveness.

Beyond their evaluative capacity, KPIs function as early diagnostic instruments, enabling managers to detect procedural bottlenecks, operational shortcomings, and latent opportunities for improvement. An increase in citizen response times, for example, may reveal deficiencies in the implementation of new administrative procedures, thus signaling the need for corrective action (Lynn, 2000). In this sense, KPIs not only measure performance but also guide adaptive learning within organizations undergoing change.

The informational value generated by KPIs extends further, providing decision-makers with robust evidence to support both strategic and operational choices. By supplying reliable data, KPIs enhance resource allocation, facilitate plan adjustments, and aid in the prioritization of



interventions, thereby reinforcing the likelihood of successful change implementation (Fung, 2006, p. 120). Their role is not limited to managerial decision-making, however, as regular KPI-based reporting fosters transparency by communicating the pace and direction of change to a wide range of stakeholders, including employees, citizens, and supervisory authorities. This continuous flow of information contributes to trust-building and helps secure sustained support for reform initiatives (Bovaird & Löffler, 2023, p. 150). Equally significant is their motivational function: by offering employees objective and unambiguous feedback on their contributions, KPIs strengthen the perceived link between individual performance and organizational goals, cultivating professional accountability and a results-oriented ethos (Osborne & Gaebler, 1992, p. 132).

Building on these conceptual roles, the literature also emphasizes the methodological and practical dimensions of KPI deployment, particularly in the monitoring and evaluation of change. Their effective use requires careful alignment with the strategic objectives of the reform process. The initial stage involves defining KPIs according to the specific aims of change, ensuring compliance with the S.M.A.R.T. criteria - specific, measurable, attainable, relevant, and time-bound - and directly linking them to the organization's strategic priorities (Bryson, 2018, p. 210). Accuracy and consistency in data collection and analysis are equally critical, often necessitating the use of performance management technologies capable of real-time tracking. The systematic reporting of KPI results through periodic reports, structured presentations, or visualization platforms sustains transparency and reinforces accountability among stakeholders (Fung, 2006, p. 145).

As change initiatives evolve, KPIs must be revised and recalibrated to reflect shifting priorities and emerging realities, ensuring their continued relevance as evaluative and decision-making tools (Osborne & Gaebler, 1992, p. 150). Their practical utility is well illustrated by public sector digitalization projects, where indicators such as average online processing time, system error rates, and user satisfaction levels provide a multidimensional assessment of efficiency, technological reliability, and citizen trust. By integrating efficiency, quality, and user experience within a coherent monitoring framework, KPIs demonstrate their pivotal role in steering complex reforms toward measurable improvements in service delivery.

A particularly illustrative example of KPI-driven digital transformation in Romania is the development of the *Ghișeul.ro* platform, a central instrument in the modernization of public service delivery. Conceived as an e-government initiative, the platform enables citizens to



access a wide range of administrative services online, including the submission of applications and the payment of taxes and fees, without the need for in-person visits to public offices. Services such as passport or driver's license renewals have been integrated into the system, accompanied by user-friendly features such as real-time status updates, institutional schedules, and detailed guidance on administrative procedures.

The introduction of *Ghișeul.ro* has had a measurable impact on administrative efficiency and citizen engagement. By reducing bureaucratic procedures and eliminating the necessity of physical presence, the platform has streamlined workflows and allowed public employees to redirect their efforts toward more complex tasks. At the same time, it has enhanced accessibility and convenience for citizens, who can now access services anytime and from any location. In this respect, *Ghișeul.ro* exemplifies the role of digital platforms in reinforcing accountability, improving service quality, and aligning public administration with contemporary expectations of efficiency and transparency (Hood & Heald, 2006, p. 110).

The creation of the *Ghișeul.ro* mobile application represents an additional step in extending the platform's functionality and accessibility. Through the app, citizens can make payments for both local and national obligations, such as property taxes or traffic fines, directly from their smartphones. The application further facilitates requests related to identity documents, including passports and driver's licenses, while providing notifications and reminders regarding upcoming deadlines. These features not only reduce the risk of penalties for late payments but also improve citizens' capacity to plan and manage their administrative obligations (Dwivedi *et al.*, 2013, p. 89).

The adoption of the mobile application has been particularly impactful for individuals in rural or remote areas, where physical access to administrative offices may be difficult. By enabling ubiquitous access to services, the app has reduced waiting times, enhanced convenience, and contributed to the efficiency of institutional processes. Overall, the case of *Ghișeul.ro* illustrates the broader potential of digital platforms to operationalize performance indicators such as efficiency, accessibility, and transparency, thereby demonstrating the transformative role of digitalization in public sector change management (Janssen & Helbig, 2018, p. 101).

3. Case Study: Implementing Key Performance Indicators (KPIs) in the Piatra Neamț City Hall

3.1. Context and Objectives



Between 2021 and 2023, the Municipality of Piatra Neamț initiated a targeted administrative reform aimed at improving the efficiency and quality of public service delivery through the introduction of a performance evaluation system based on Key Performance Indicators (KPIs). The reform concentrated on the cadastral and urban planning departments, which were affected by longstanding operational inefficiencies, namely extended processing times, procedural rigidity, and limited transparency, that collectively undermined service quality and public trust.

The strategic rationale underpinning the intervention stemmed from the need to develop an objective, measurable, and adaptive framework for performance evaluation. This framework was intended to identify institutional bottlenecks, support evidence-based managerial decision-making, and promote a results-oriented organizational culture. The KPI system was thus envisioned as a multidimensional instrument for monitoring employee performance, generating diagnostic insights for managerial action, and fostering a climate of professional accountability and continuous improvement.

The central hypothesis guiding the project posited that the implementation of a KPI-based performance management system would result in a 30% reduction in citizen request processing times within one year. This projected outcome was conceived not only as a quantitative benchmark but also as a symbolic articulation of the broader ambition to reposition the institution as a responsive and citizen-oriented administration.

Operationally, the reform was structured around four interdependent objectives:

- 1) to reduce request processing times and mitigate procedural delays;
- 2) to improve the accuracy, reliability, and overall quality of administrative outputs;
- 3) to strengthen institutional transparency and public accountability; and
- 4) to enhance employee motivation through performance-based recognition and incentive mechanisms.

Collectively, these objectives reflected a comprehensive and integrative vision of public sector modernization - one grounded in the principles of strategic performance management, organizational adaptability, and citizen-centric governance.

3.2. Research Design

To investigate the implementation and effects of the KPI-based performance management system, the study adopted a mixed-methods research design combining qualitative and



documentary techniques. This triangulated approach integrated semi-structured interviews, documentary analysis, and structured observation to capture complementary perspectives on institutional performance, employee attitudes, and administrative workflows. The methodological design aimed to ensure empirical robustness and contextual depth while facilitating cross-validation of findings.

3.2.1. Semi-Structured Interviews

To investigate the institutional context, operational practices, and employee attitudes toward performance management reform, a series of semi-structured interviews were conducted with staff from the cadastral and urban planning departments of the Piatra Neamț City Hall. This qualitative method was selected for its ability to capture detailed, context-sensitive insights while allowing for both consistency across respondents and flexibility in probing individual perspectives.

The interview process spanned a one-year period, from February 2022 to March 2023, and was organized in quarterly rounds to allow for longitudinal observation of attitudes throughout the different phases of KPI system implementation. A total of 45 employees participated in the study, selected based on their direct involvement in administrative workflows and interactions with citizens.

The interviews were guided by a structured thematic framework designed to elicit information on several key dimensions: perceptions of workflow efficiency, views on the transparency and fairness of performance evaluation practices, familiarity with the concept of Key Performance Indicators (KPIs), anticipated challenges in implementation, and preferences regarding motivation and reward mechanisms. Open-ended questions were used to encourage elaboration, while consistent prompts ensured comparability across sessions.

All interviews were conducted in person, with prior informed consent obtained from participants. Notes were systematically recorded during and after each session. Where permitted, anonymized quotes were transcribed for subsequent thematic analysis. The data collected through this method served as an empirical basis for understanding internal perceptions and informing the design and calibration of the KPI framework.

3.2.2. Documentary Analysis

To complement the qualitative data collected through interviews and to establish a factual baseline for assessing departmental operations, a systematic documentary analysis was



conducted. The aim of this method was to quantify the administrative workload and procedural structure within the cadastral and urban planning departments and to identify performance patterns prior to and following the implementation of the KPI system.

The analysis covered a two-year period, from March 2021 to March 2023, and involved the examination of internal institutional documents, including departmental activity reports, registries of incoming and outgoing correspondence, citizen request logs, and internal performance evaluations. These documents were selected for their relevance to service delivery processes and their capacity to provide longitudinal data on operational volume and procedural consistency.

Data extraction focused on key variables such as the number and typology of citizen requests processed, average turnaround times, frequency of delays or resubmissions, and internal notations regarding workflow constraints. Special attention was paid to variations in monthly or quarterly performance trends and to any recorded discrepancies between planned and actual service delivery metrics.

A comparative review of pre- and post-implementation records was conducted to identify quantifiable shifts in operational output and administrative responsiveness attributable to the KPI reform.

3.2.3. Observational Research

To complement the insights gained from interviews and document analysis, a structured observational study was conducted with the aim of capturing the actual functioning of internal workflows, staff–citizen interactions, and operational bottlenecks within the cadastral and urban planning departments of Piatra Neamț City Hall. The observation was intended to provide context-sensitive, empirical grounding for the performance management reform, enabling the identification of latent inefficiencies that might not be readily apparent through self-reported or documentary data.

The observational research spanned twelve months (March 2022–March 2023) and employed a non-participant, overt observation strategy designed to preserve procedural integrity while ensuring ethical transparency. Observations were conducted at key procedural nodes, encompassing both front-office and back-office settings.

A structured observation protocol guided data collection, focusing on workflow sequencing and duration, document handling practices, staff allocation, communication modalities, and



responsiveness to citizen inquiries. Informal interactions with staff were recorded when they provided relevant contextual clarification. This method offered empirical grounding for the identification of latent inefficiencies that were not readily captured through interviews or documentary review.

3.3. Findings

3.3.1. Improvements in Administrative Efficiency

One of the central aims of the KPI system was to reduce processing times and increase operational throughput. Documentary evidence indicates that, following implementation, the total number of citizen requests processed by the cadastral and urban planning departments increased by approximately 20%, rising from 4,500 in the period March 2021 - March 2022 to 5,400 in the subsequent year. This quantitative growth was interpreted as an indicator of enhanced administrative capacity and a sign of increasing citizen confidence in institutional responsiveness.

In parallel, the average turnaround time for processing requests was reduced by an estimated 20%. Although this figure fell short of the projected 30% reduction stipulated in the initial hypothesis, it nonetheless represented a measurable improvement and suggested partial success in addressing the procedural inefficiencies that had previously characterized both departments.

Interview data confirmed these developments. Staff members reported a perceived acceleration in workflows and attributed this to the clearer expectations introduced by the KPI framework. However, several respondents also pointed to the persistence of rigid approval chains and complex administrative routines that continued to delay service delivery.

These perceptions were echoed in the observational data, which documented modest improvements in task coordination and time management. At the same time, persistent bottlenecks were noted, particularly in relation to manual handling of requests and the absence of integrated digital systems to support streamlined document flow.

3.3.2. Advancements in Transparency and Performance Monitoring

Beyond efficiency, the reform initiative sought to promote greater institutional transparency through systematic performance monitoring. Prior to implementation, interviews revealed widespread dissatisfaction with existing performance evaluation mechanisms, which were characterized as opaque, inconsistent, and lacking objective criteria. This perceived



arbitrariness undermined staff motivation and contributed to a broader climate of organizational distrust.

Following the introduction of the KPI framework, staff expressed cautious optimism about the shift toward more standardized evaluation procedures. Interview participants identified processing times, document accuracy, and citizen satisfaction as the most relevant performance indicators and emphasized the need for consistent application of these metrics.

Documentary analysis confirmed that, in the post-implementation period, initial efforts were made to institutionalize monitoring practices. Periodic performance reports were generated, marking a shift from previous informal or undocumented practices. However, the scale and frequency of reporting remained limited, suggesting that the transition toward a fully transparent evaluation culture was still in progress.

Observational data complemented these findings by highlighting ongoing challenges in citizen-facing services. In particular, the lack of real-time tracking systems continued to hamper communication between staff and citizens regarding request status. Nonetheless, incremental improvements were noted in internal messaging and expectation-setting, particularly in units where managerial alignment with performance targets was explicit.

3.3.3. Staff Motivation and Attitudes toward the KPI System

The implementation of performance indicators also had implications for employee motivation and workplace dynamics. Interview data revealed a nuanced set of attitudes: while many employees welcomed the conceptual rationale of linking performance to recognition, concerns were raised about increased work pressure, the fairness of indicator selection, and the risk of disproportionate focus on quantifiable outputs.

Preferences regarding motivational mechanisms varied. Several respondents emphasized the importance of recognition systems that combined public acknowledgment with financial incentives. At the same time, the absence of a formal rewards scheme during the initial stages of implementation appeared to limit the reform's impact on morale and engagement.

These findings were supported by observational research, which documented heterogeneous behavioural responses among staff. In some instances, increased attentiveness and task ownership were observed. In others, particularly in front-office roles, disengagement and indifference persisted. These attitudes were often linked to perceived deficits in institutional support and uncertainty regarding the long-term benefits of the new system.



3.3.4. Organizational Resistance and Cultural Constraints

Finally, the reform encountered various forms of resistance, both cultural and political, which shaped its implementation and reception. Interviews revealed that some employees viewed the KPI system with suspicion, fearing that it could be used for punitive or politicized purposes. Concerns about job security and performance surveillance contributed to defensive attitudes and, in some cases, passive resistance.

These dynamics were also visible during the observational phase of the research. While overt opposition was rare, minimal compliance behaviours and a reluctance to internalize reform objectives were frequently observed. Informal conversations with staff further confirmed a climate of uncertainty and hesitation, particularly in departments with limited prior exposure to performance-based evaluation.

Although documentary records did not explicitly reference resistance, indirect evidence, such as delays in tool deployment and inconsistent adoption of reporting procedures, suggested that full institutional alignment with the reform was not achieved.

Political considerations further complicated the reform context. According to interview accounts, apprehensions were expressed by political actors within the municipality, who feared that an objective evaluation system could undermine internal cohesion or expose inefficiencies that might carry reputational risks. These concerns acted as a barrier to broader institutional support and limited the scope of reform during the initial implementation phase.

3.4. Hypothesis Validation

The central hypothesis guiding the implementation of the KPI-based performance management system posited that:

“The introduction of a KPI system in the cadastral and urban planning departments of Piatra Neamț City Hall would reduce citizen request processing times by 30% within one year.”

This hypothesis reflected both an operational objective and a symbolic commitment to administrative modernization. Its validation required the alignment of observed performance outcomes with the predefined target benchmark.

Empirical findings derived from documentary analysis indicated that, over the course of the implementation period (March 2022 - March 2023), average processing times were reduced by



approximately 20% compared to the preceding year. Although this figure signifies a meaningful improvement in administrative efficiency, it fell short of the projected 30% reduction.

Consequently, the hypothesis was partially validated. While the target threshold was not fully achieved, the measurable reduction in processing duration confirmed the reform's capacity to improve institutional responsiveness within a relatively short timeframe.

Moreover, the observed performance gains were accompanied by a documented increase in overall request volume (from 4,500 to 5,400), suggesting that the institution was able to process a higher number of cases more efficiently, even under increased demand. This contextual factor lends further empirical support to the hypothesis, albeit within moderated limits.

Importantly, interview data corroborated the existence of perceived improvements in operational speed and task prioritization, though respondents consistently noted the persistence of procedural rigidity and hierarchical approval chains. Observational findings confirmed these constraints, revealing that structural and cultural bottlenecks continued to limit the full realization of performance potential.

Taken together, the data support a qualified affirmation of the hypothesis: the KPI system demonstrably enhanced processing efficiency but did not fully meet the quantitative benchmark established at the outset. These findings underscore the need for further system refinement and sustained managerial investment in order to consolidate and extend initial performance gains.

3.5. Challenges Encountered

The implementation of the KPI-based performance management system in the cadastral and urban planning departments of Piatra Neamț City Hall faced a series of structural, political, and organizational challenges that significantly affected both the pace and the depth of the reform process. These constraints emerged throughout the various stages of design, deployment, and operationalization, limiting the institutional capacity to fully achieve the projected outcomes.

A primary obstacle was the presence of political resistance to change, particularly among actors concerned about the potential implications of increased administrative transparency and accountability. As reported in the interviews, apprehensions were expressed that a performance-based system might disrupt existing power dynamics or expose institutional inefficiencies, thereby undermining the authority of local leadership. This latent opposition, although not always explicit, contributed to a climate of caution and constrained the level of political backing required for full institutionalization of the reform.



In parallel, internal resistance among employees emerged as a significant impediment. Several staff members expressed skepticism toward the reform, driven by concerns over job security, workload intensification, and a perceived lack of clarity regarding the practical implications of performance evaluation. These attitudes translated into passive resistance and minimal compliance, particularly in the absence of a formal incentive structure or a clear communication strategy aimed at fostering engagement and trust. Interviews revealed that staff often interpreted the reform as a top-down imposition rather than a participatory process, which undermined the legitimacy of the initiative in its early stages.

Technical and infrastructural constraints also hindered the implementation process. The existing digital infrastructure lacked the robustness necessary to support efficient data collection, real-time tracking, and automated performance reporting. In several cases, manual processes had to be maintained due to system limitations, resulting in delays, inconsistencies, and added administrative burden. These technical deficiencies required additional support measures and prolonged the timeline for achieving full operational functionality.

Furthermore, resource constraints, both financial and human, posed difficulties for implementation. The departments involved were required to reallocate limited personnel and budgetary resources to support the design and execution of the KPI framework, without supplementary funding or external technical assistance. This placed strain on already overextended teams and limited the scope of support activities such as training, communication, and monitoring.

Despite these challenges, the project generated partial improvements in administrative responsiveness and transparency. Nevertheless, the combined effect of political caution, institutional inertia, and technical limitations prevented the reform from reaching its full transformative potential. The experience underscores the critical importance of securing strong political commitment, fostering a supportive organizational culture, and ensuring adequate technical and financial resources when pursuing performance-oriented reforms in the public sector.

4. Conclusions

This study contributes to a deeper understanding of the role and applicability of Key Performance Indicators (KPIs) in public administration, offering empirical insights into both



the benefits and challenges of performance-based management within the specific institutional context of Piatra Neamț City Hall.

The findings demonstrate that the implementation of KPIs can significantly enhance the efficiency and quality of public service delivery, as evidenced by measurable improvements in processing times and document accuracy within the cadastral and urban planning departments. By enabling real-time monitoring and data-informed decision-making, the KPI framework supported a shift toward more responsive and accountable administrative practices.

Equally important, the project highlighted the role of KPIs in promoting institutional transparency and public accountability. The regular publication of performance data fostered a more open organizational climate and helped to restore citizens' trust in local governance structures. These results underscore the potential of performance indicators to function not merely as managerial tools, but as mechanisms for democratic accountability.

However, the study also brings to light several political and organizational constraints that limited the full institutionalization of the reform. Political hesitation, motivated by concerns over reputational risks and institutional exposure, posed significant obstacles, as did resistance among employees concerned about job security and procedural change. These dynamics reaffirm the importance of securing sustained political support and fostering internal engagement when undertaking structural reforms in the public sector.

Based on the lessons drawn from this case, the study formulates a set of practical recommendations for effective KPI implementation. These include the need for an initial diagnostic analysis, the formulation of SMART indicators, clear and continuous communication, structured employee training, and ongoing system calibration through regular data review. Such measures are essential to ensuring both the technical soundness and institutional acceptability of performance systems.

Beyond its empirical findings, the study offers a dual contribution. Theoretically, it enriches existing literature on strategic performance management in the public sector by providing a context-specific case analysis. Practically, it serves as a blueprint for local administrations aiming to modernize their service delivery through evidence-based tools.

In sum, the experience of Piatra Neamț illustrates both the transformative potential and the institutional fragility of KPI-based reforms. By anchoring these reforms in organizational



realities and coupling them with strong political will, other municipalities may draw inspiration from this initiative to foster more effective, transparent, and citizen-oriented public services.

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