

Solidarity Versus Management in Local Public Administration in the Context of Expenditure of Public Resources for Humanitarian Aid to Refugees in Ukraine

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Abstract

The tense evolution of the conflict in Ukraine could not remain without economic and financial implications for nearby countries, such as Romania. The very large influx of refugees has put pressure on national health, defense and public order systems but also on the central public administration. The reaction of the Romanian authorities was not long in coming and consisted of the immediate mobilization of budgetary resources for accommodation, humanitarian assistance, the provision of basic necessities during the temporary stay such as food, clothing or personal hygiene materials, as well as the right to receive free medical care and appropriate treatment.

This article seeks to capture the reaction of local government managers and the way in which they mobilized and reacted to provide aid to refugees, although the responsibilities for providing aid and assistance rested with the central government.

Key words: humanitarian aid, refugees, public resources, management, risks.

J.E.L. classification: H12, H59, H76, H84

1. Introduction

The research topic arose as a result of the fact that local public administration through town halls or subordinates from different parts of the country, has made significant purchases of goods and services to help refugees and has contributed to humanitarian campaigns, directly, or through various non-profit organizations, in border crossing areas, although the law states that only the central public administration has responsibilities for immigrants through the Romanian Immigration Office or the General Inspectorate for Emergency Situations.

The article also wants to show that in crisis situations such as the one caused by the war in Ukraine, solidarity or the feeling that causes people to help each other can influence management decisions even in the absence of legal provisions that explicitly allow such expenses.

What needs to be clarified is that these humanitarian actions are happening quickly due to the urgent and unpredictable situation, which comes with a certain lack of transparency here as well, and with an increased risk of fraud of public funds.

2. Literature review

To begin with, we will review some theoretical aspects that affect the research topic of the article, namely, risk management. In a synthetic approach, any organization, private or state-owned, approaches risk management in 6 stages: identification, evaluation, management, monitoring, review and reporting.

The literature reveals that decisions on risk management are based on the stages of risk identification and assessment. When management has clear information about a certain risk and the possible consequences are understood, decisions are easy to make, but this does not happen as often as we would like. Such situations are not very common in risk management, especially in terms of risks, such as those generated by major global crises. Moreover, they make it impossible to identify all possible events and potential adverse outcomes.

Any organization should work on the assumption that the information supporting their risk determinations is incomplete and that they may not be aware of all potential sources of risk relevant to the organization (Gantz and Philpott, 2013).

Therefore, any organization has to deal with risks with a very low probability of occurrence but with a huge impact, such as those generated by the Covid-19 crisis or those generated by the war in Ukraine, which may take by surprise even the best internal managerial control systems. It would also be inefficient for an organization to spend significant resources to deal with such risks. It would be counterproductive. But here that although these risks are generally accepted or ignored, they still materialize.

And yet, managers are forced to make decisions sooner or later when these risks are either accepted, ignored or transferred (Patterson and Fay, 2017).

The way to choose to respond to risk is at the discretion of the management, which is responsible for these things while also assuming the consequences. Of course, inaction cannot be a reasonable action. Leadership must do something.

But there are also organizations in which there is no risk management or if there is, it is inefficient, according to the 2019 Report of the Romanian Court of Accounts. Thus, the report concludes that following the evaluation of the internal managerial control system in public institutions in Romania, it resulted that in 2020 a number of 1,213 cases of deviations from the legal provisions was found, an important share having those on risk management (Romanian Court of Accounts, 2020).

The main deficiencies were:

- no risk alert forms have been prepared;
- no risk tracking sheets were prepared;
- the risks have not been updated in the Risk Register, although, according to the legal provisions, the risks are updated at the level of the compartments whenever this is required, obligatorily annually, by completing the changes that occurred in the Risk Register;
 - after identifying the risks, their management strategy was not established;
 - it has not been established which are the risk control measures;
- the risk situation was not periodically reported, whenever necessary or at least once a year, respectively if the risks persist, depending on the occurrence of new risks, the effectiveness of the control measures adopted, the reassessment of existing risks, etc.;
- the managers of the departments at the first management level did not report annually the development of the risk management process, which mainly includes the total number of risks managed at the level of the compartments, the number of risks treated and unresolved by the end of the year and any revisions of the risk assessment, in compliance with the risk tolerance limit approved by the management of the public entity;
 - no information was provided on the development of the risk management process at the level of the entity, to be analyzed and approved by the Monitoring Committee, then presented to the Director General, as required by Standard 8 "Risk Management" of the Order of the General Secretariat of the Government no. 600/2018.

Ultimately, however, the decision to accept, reject or transfer the risk is the responsibility of management. In general, the law considers that management is closest to its own problems and is able to respond to risk in the best way it deems appropriate. If the decision is considered reasonable

and proves to be within the limits of legal tolerances, then it would be difficult to question otherwise. However, if the case were challenged, prosecutors or petitioners would present experts in the matter to suggest that, in fact, the management's expertise is questionable and their decision wrong, contributing to the results that led to the risk. Any manager would reasonably prudently consider their decision to accept, ignore or transfer the risk, and this raises some difficulties in practice.

3. Issues identified regarding the involvement of local public administration managers in helping refugees in Ukraine

Since the beginning of the refugee crisis in Ukraine, the Romanian Government, through the National Immigration Office and IGSU, have launched extensive measures to help refugees and provide accommodation, humanitarian assistance, providing basic necessities during temporary stay such as food, clothing or personal hygiene materials, as well as the right to receive free medical care and appropriate treatment. As a first reaction, the Romanian State issued the Emergency Ordinance no. 15 of February 27, 2022 on the provision of humanitarian support and assistance by the Romanian state to foreign citizens or stateless persons in special situations, from the area of armed conflict in Ukraine, which established that the acquisition of aid mentioned above will be done through the emergency public procurement procedure by the General Inspectorate for Emergency Situations and, as the case may be, by the county inspectorates for emergency situations or Bucharest - Ilfov Inspectorate for Emergency Situations (*Emergency Ordinance no. 15 / 27.02.2022 on the provision of humanitarian support and assistance by the Romanian state to foreign citizens or stateless persons in special situations, coming from the area of the armed conflict in Ukraine*, no date).

As the national press mentioned, the local authorities, town halls, cities, municipalities or county councils took part in these actions, contributing with various goods or food, either directly through their representatives in the border crossing areas or through non-governmental organizations.

In order to see how the local authorities purchased these aids, the web page of the Romanian public procurement system (<https://www.e-licitatie.ro/pub>), the direct procurement section, was consulted. To filter the search results, two keywords were used, namely "refugees" and "Ukraine", the system returning a number of 107 unique purchase codes. The total value of the acquisitions amounted to 1,109,084 lei, with an average value per acquisition of 10,365 lei. The purchases mainly related to various textiles, food, hygiene items, country beds, linens, blankets, etc.

A brief analysis by geographical areas of the mayoralties involved revealed that 40% of the acquisitions were made by institutions from Moldova, followed by Muntenia with 33%, Ardeal with 22%, Dobrogea with 4% and Banat with 1%.

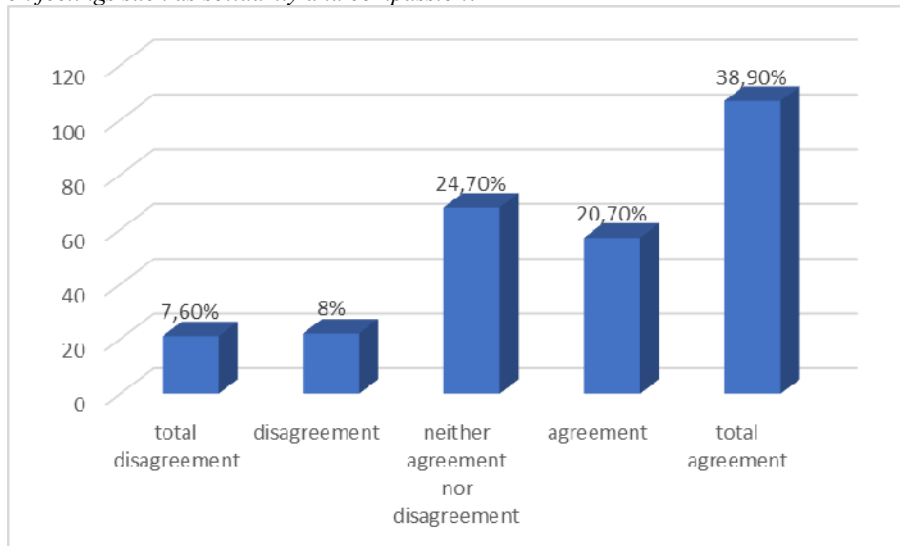
This short analysis is obviously a relative one and has its limitations, in fact there may be other purchases for this purpose that did not contain the filtering elements used by the authors, the amounts spent by the local government may be much higher in reality. The purchase of various goods and services for the endowment of their own buildings, accommodation spaces or dormitories belonging to the town halls that have been made available to the county inspectorates of emergency situations for the accommodation of refugees must also be considered.

The role of local public administration is one aimed at its own organization, as well as the organization and functioning of the specialized apparatus of the mayor, public institutions of local interest and autonomous companies and utilities of local interest, economic and social and environmental development of the commune, city or municipality, management of services of local interest, etc.

At the same time, according to the legal provisions, the Local Council has initiative and decides, under the law, in all matters of local interest, except those given by law in the competence of other local or central public administration authorities, as in this case, is given to the two central institutions mentioned above.

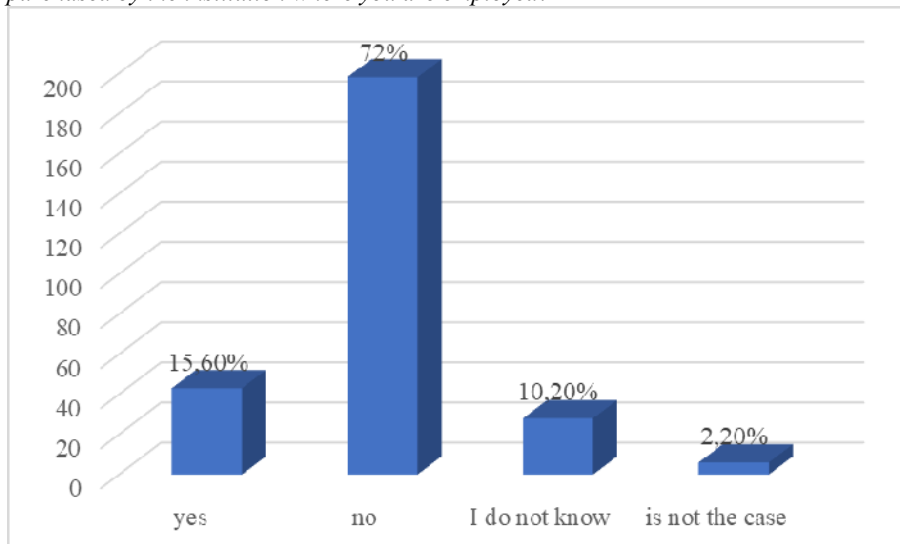
According to the answers to the questionnaire addressed to all town halls and county councils in the country, in connection with the aid granted, several aspects were highlighted that should be mentioned here.

Figure no.1. Distribution of answers to question “Do you think that the decision of the local authorities (town halls) to get involved in the process of helping refugees with goods, products or services was based on feelings such as solidarity and compassion?”



Source: authors' processing

Figure no.2. Distribution of answers to question “Were products or goods intended to help refugees purchased by the institution where you are employed?”



Source: authors' processing

4. Research methodology

In order to identify the research hypothesis, respectively the way in which the decisions of local public authorities to get involved in the process of helping refugees with goods, products or services were influenced by feelings such as solidarity and compassion, we prepared and distributed a questionnaire at all territorial administrative units in the country. The questionnaire, based on Lickert's scale (5 levels of answer, ranging from total disagreement to total agreement). The questionnaire was answered by 275 employees from all levels of the institutions (employees with management or executive positions).

We used in this research the SPSS software (*IBM SPSS Statistics (Statistical Package for the Social Sciences)*, 2001) as a method for analyzing quantitative data. This statistical software allows the rapid extraction of information from the analyzed data. Advanced statistical procedures help ensure high accuracy and quality decisions.

5. Findings

This quantitative research aims to highlight how feelings such as solidarity and compassion have influenced the decisions of local public authorities to get involved in the process of helping refugees with goods, products or services and how they have achieved their purpose and whether they are the most appropriate method of helping refugees in Ukraine. Furthermore, it is desired to find out the respondents' opinion on the risk of fraud associated with this action, as well as on issues related to the necessity, timeliness and effectiveness of these measures.

This study is based on a conceptual model that aims to test several hypotheses:

1. Decisions of local public authorities to engage in the process of assisting refugees with goods, products or services have a positive impact on the expenditure of public resources for the acquisition of goods / services for refugees in Ukraine;

2. The decisions of local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on the provision of aid to refugees by all those who have this possibility (public institutions / individuals / economic agents);

3. The decisions of local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on the involvement of the Romanian state through central institutions (General Inspectorate for Emergency Situations or the Romanian Immigration Office) to ensure decent or reasonable living conditions refugees from Ukraine;

4. Decisions of local public authorities to engage in the process of assisting refugees with goods, products or services have a positive impact on the realization of such expenditures for the provision of assistance in goods / services to refugees in Ukraine by managers of public institutions;

5. The decisions of local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on increasing the risk of fraud of public funds, given the urgency and speed with which public procurement for goods or services for humanitarian actions has been carried out;

6. Decisions by local public authorities to engage in the process of assisting refugees with goods, products or services have a positive impact on the effectiveness and efficiency of this measure, given that the speed with which events have unfolded since the beginning of the conflict in Ukraine there have been cases where humanitarian aid has not fully reached refugees or has not been of real use;

7. The decisions of local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on spending by local public authorities only in relation to their field of activity, in this case only for the territory and own inhabitants;

8. Decisions by local public authorities to engage in the process of assisting refugees with goods, products or services have a positive impact on the legality of mayors' spending on the provision of humanitarian aid to refugees from countries involved in armed conflict (including Ukraine);

9. Decisions by local public authorities to become involved in the process of assisting refugees with goods, products or services have a positive impact on the purpose for which this action was taken;

10. Decisions by local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on identifying the most appropriate way to help refugees in Ukraine;

11. The decisions of local public authorities to get involved in the process of helping refugees with goods, products or services have a positive impact on giving up of various services for the population or infrastructure works at the locality level in order to give priority to spending on goods and products for refugees.

The questionnaire was distributed to a number of 1220 Territorial Administrative Units (communes, cities, municipalities and county councils) in Romania, the form returning a number of 275 answers, which shows a response rate of about 23%.

Regarding the age distribution of respondents, the most significant share is between 41 and 50 years with 38% followed by 51 and 60 years with 34.5% and 31 and 40 years with 16.7%.

The positions of the respondents were in proportion of 53.8% staff with executive attributions and 46.2% persons with management positions (mayor, deputy mayor, public manager, director, etc.).

Hypothesis testing and statistical analysis

Before testing the hypotheses, the analysis of the internal consistency of the analyzed data (how closely these data sets are related as a group) was made using the Cronbach's Alpha indicator. Given that the value obtained (0.694) is close to the coefficient of 0.7 considered acceptable in most research, this shows an acceptable internal consistency (correlation) of the research tool.

Table no. 1. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
,694	,706	12

Source: authors' processing, adapted from SPSS

To verify the sampling, the following were performed:

- Kaiser-Meyer-Olkin (KMO) test of adequacy of sampling, where a value of 0.890 (close to 1) was obtained, which indicates that factor analysis may be useful;
- Bartlett sphericity test - for factor analysis to work, there must be some kind of relationship between variables. This test shows whether factor analysis is appropriate for a particular data set. Factor analysis can only be considered suitable for a series of data if the value of significance is less than 0.05. As the significance value for the data presented is 0.001, factor analysis is appropriate for these data.

Table no. 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,890
Bartlett's Test of Sphericity	Approx. Chi-Square	1299,007
	df	66
	Sig.	<,001

Source: authors' processing, adapted from SPSS

Due to the fact that the current data set satisfies both the KMO test and the Bartlett test, the factor analysis is suitable for this data set.

Table no. 3. Statistical analysis of the data set

Hypothesis	Correlation analysis			Correlation analysis results	Regression analysis			Regression analysis results (Y= a+bxX)
	Chi-Square test		Symmetric Measures (Spearman correlation coefficient)		Pearson R coefficient	Sig ANOVA	Coefficients	
	Pearson Chi-Square	Asymptotic significance						
Hypothesis 1	169,099 ^a	<,001	,521	Validated hypothesis	,553 ^a	<,001 ^b	Y = ,712 + ,552 x X	(X) is expected to increase by an average of 0.552 units
Hypothesis 2	168,634 ^a	<,001	,507	Validated hypothesis	,536 ^a	<,001 ^b	Y = 1,325 + ,562 x X	(X) is expected to increase by an average of 0.562 units
Hypothesis 3	65,428 ^a	<,001	,283	Validated hypothesis	,257 ^a	<,001 ^b	Y = 3,265 + ,211 x X	(X) is expected to increase by an average of 0.211 units
Hypothesis 4	121,095 ^a	<,001	,439	Validated hypothesis	,447 ^a	<,001 ^b	Y = 1,137 + ,474 x X	(X) is expected to increase by an average of 0.474 units
Hypothesis 5	51,810 ^a	<,001	-,118	Validated hypothesis	,138 ^a	,022 ^b	Y = 3,614 + (-,163) x X	(X) is expected to decrease by an average of 0.163 units
Hypothesis 6	30,246 ^a	,017	-,108	Validated hypothesis	,122 ^a	,043 ^b	Y = 3,363 + (-,124) x X	(X) is expected to decrease by an average of 0.124 units
Hypothesis 7	43,955 ^a	<,001	-,255	Validated hypothesis	,268 ^a	<,001 ^b	Y = 4,564 + (-,287) x X	(X) is expected to decrease by an average of 0.287 units
Hypothesis 8	106,443 ^a	<,001	,397	Validated hypothesis	,419 ^a	<,001 ^b	Y = 1,325 + ,456 x X	(X) is expected to increase by an average of 0.456 units
Hypothesis 9	122,259 ^a	<,001	,439	Validated hypothesis	,452 ^a	<,001 ^b	Y = 1,564 + ,457 x X	(X) is expected to increase by an average of 0.457 units
Hypothesis 10	100,289 ^a	<,001	,423	Validated hypothesis	,452 ^a	<,001 ^b	Y = 1,049 + ,452 x X	(X) is expected to increase by an average of 0.452 units
Hypothesis 11	45,251 ^a	<,001	,266	Validated hypothesis	,286 ^a	<,001 ^b	Y = ,971 + ,278 x X	(X) is expected to increase by an average of 0.278 units

Source: authors' processing, adapted from SPSS

- for hypotheses 1 - 11: the asymptotic significance coefficient has values between 0.001 (hypotheses 1 - 5 and 7 - 11) and 0.017 (hypothesis 6), lower than the allowed significance threshold of 0.05 and the value of the Pearson Chi Square indicator is higher than the tabular value in the context of 16 degrees of freedom (26.30), resulting that all hypotheses are validated;
- the value of the Spearman correlation coefficient having values between 0.266 and 0.521 shows a positive correlation between the variables analyzed by hypotheses 1 - 4 and 8 - 11;
- for hypotheses 5, 6 and 7, the value of the Spearman correlation coefficient is negative (between -0,108 and -0,255), which shows a negative (inverse) correlation between the analyzed variables.
- for hypotheses 1 and 2, the Pearson R correlation coefficient with values between 0.536 and 0.553 shows that there is a positive correlation (reasonable for values below 0.6) between the predictor and the dependent variable;
- for hypotheses 4, 8, 9 and 10 the Pearson R correlation coefficient with values between 0.419 and 0.452 shows that there is an average positive correlation between the predictor and the dependent variable;
- for hypotheses 3, 5, 6, 7 and 11 the Pearson R correlation coefficient with values between 0.122 and 0.286 shows that there is a weak positive correlation between the predictor and the dependent variable;
- the coefficient of determination with values between 0.015 and 0.306 indicates that 1.5% - 30.6% of the variation of the dependent variable is explained by the independent variable;
- the ANOVA test shows that the regression model predicts the dependent variable since the generated value of p is lower than the threshold of 0.05, which shows correlation between the predictor and the dependent variables.
- thus, hypotheses 1 - 11 are validated.
- the results of the regression coefficients show that the predictor variable X contributes statistically to the regression model and can be used to predict the dependent variables Y. For each additional unit of X, Y is expected to increase by an average between -0,287 and 0.712 units.

6. Conclusions

The limitations of the study are given by the fact that the sample could not be considered sufficiently representative the study being performed on a number of 1220 of public entities out of a total of 3,228 public entities across the country, according to information published on the Ministry of Development, Public Works and Administration's website.

Although local authorities have not been given legislation to assist refugees with various goods or services, they have nevertheless made such expenditures out of public funds out of solidarity and compassion. The answers to the questionnaire revealed that over 15% of the respondents stated that the institution they belong to was involved in purchasing various aids that were made available to refugees either in person or through the associations or foundations involved.

It can be concluded that the decisions of local public authorities to get involved in the process of helping refugees with goods, products or services based on feelings such as compassion and solidarity do not imply, in the view of the respondents to the questionnaire, an increase in the risks of fraud even if the public procurement of goods / services for humanitarian actions was carried out under extreme urgency. Paradoxically, in times of crisis such as that generated by the new coronavirus, the risk of fraud increases due to the emergence of the 3 recognized factors (Cressey, 1953), respectively, feel a strong pressure in their lives, identify an opportunity and find a method of justifying fraud so as not to violate its own moral values. These conclusions are also supported by the articles published by Ernst & Young (Steenkamp, 2021) and KPMG (Bell, Lowe and Preece, 2020) which highlights the emergence of the opportunity phenomenon. Even though the refugee crisis is smaller, people prone to fraud see this opportunity in making fraudulent purchases under the pretext of helping refugees, amid urgent humanitarian action and a lack of transparency regarding the actual delivery of aid. However, from a statistical point of view, our research hypothesis is invalidated in this case, the feelings such as solidarity and compassion that were the basis of these decisions negatively influencing or discouraging possible attempts at fraud.

The negative correlation with hypothesis no. 6 suggests that the goods purchased were absolutely necessary and useful to the refugees, the purchases being well-founded in terms of their choice of nature and the fact that the people involved made sure that they reached all the people in need and were of a real use.

Regarding hypothesis no. 7, the negative correlation reveals the fact that public managers should focus more on making expenses related to their field of activity, in this case only for their own administrative area and on ensuring quality public services for its own inhabitants.

What needs to be mentioned here is that 43.6% of the respondents in the sample stated that they participated in the refugee relief process in several forms, both with aid purchased from public funds and through voluntary collection activities or sorting them from individual or legal donors, transporting and distributing them in border crossing areas or even by providing food and goods of immediate necessity to refugee families accommodated in authorized centers.

According to the answers received, 92.7% of the respondents stated that the institution where they come from is not located in one of the border crossing areas and about 68% consider that they are not found on any of the natural transit routes of refugees. This aspect is all the more interesting to follow as the communal mayors from isolated areas of Transylvania, Banat or Muntenia, decided to get involved in these humanitarian campaigns by allocating public resources to this destination, although there were no explicit legal responsibilities in this regard.

Although the present research has its limits, the subject remains open to the analysis of specialists, in the analyzed situation the management decisions can be influenced by aspects related to feelings of an emotional nature, in this case, solidarity and compassion for peers.

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