Concept of service-oriented public policymaking in Ukrainian legislation

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Abstract

Considering concept formation of service-oriented public policy, the main stages of its development are discussed and some of the modern trends of service-oriented policymaking in Ukrainian legislation are analyzed. Some features and tendencies are identified in order to improve the quality of interaction between citizens and public administration system in Ukraine. This paper aims to analyze the concept formation of service-oriented public policymaking in Ukrainian legislation and the implementation process of e-services delivery in Ukraine. In spite of significant studies of “service state”, “welfare state”, “service-oriented public policy” and other concepts, current unique political and legislative factors of Ukrainian development determine the relevance of this paper. The primary focus of the paper is efficiency analysis of legislative ensuring of administration services in the Ukrainian context in comparison with the experience of other countries. That was implemented via such methods as comparative analysis, interpretation of statistical indexes of e-services delivery and documentary research method. The paper has been organized as follows. The next section provides a literature review on the concepts of public-state interaction. Then word experience and peculiarities of Ukrainian background of e-services delivery efficiency are considered.

Keywords: Administration Services; E-services Delivery; Service-oriented Public Policy; Good Governance; Public Administration in Ukraine.

JEL Classification: K23; K24; D73; H83

1. Introduction

Until recently, perception of the notion of service delivery and its research in Ukrainian legal science was related only to the tertiary sector of economy, service sector. Herewith, many adherents of the traditional concept of public administration (“administrative management”) ignored even the possibility of building a service state in Ukraine, while the role of service activities on behalf of the state was reduced only to the ancillary (secondary) function of providing “administrative services” by public authorities. However, growing world economy globalization trends in developed countries caused a different vision of the place and role of citizen and his relationship with the state, and therefore, the system of

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public administration was reformed on the basis of a new “model of administration as a guaranteed service system”\(^3\) or the “service-state theory”. Thus, according to the statistics portal of the U.S. Department of Labor\(^4\), only 18% of able-bodied population of the United States were employed in the primary and secondary sectors of economy (agriculture, manufacturing industry and construction), while the rest were working in service sector, which includes services provided by not only businesses but also public authorities and nongovernmental organizations (1 March 2017). So, in this context, one should differentiate between service sector as a component of economy and “high American mission” of serving people, and therefore, functions of the state in the United States, from lawmaking to national security, are considered as service activity of public authorities. This confirms the relevance of this topic.

The purpose of this paper is to analyze the concept formation of the service-oriented public policymaking in Ukrainian legislation as well implementation process of service-oriented administrative tools in Ukraine and the trends that can be recognized in this direction.

2. Literature overview

Service model of economy does not prognosticate domination of state in creation of conditions for vital activity in a country based on the principle of “top-to-bottom”, but facilitates formation of another vertical, “bottom-to-top”, when an initiative comes from nongovernmental and civic organizations and business associations and when ordinary citizens are engaged to initiate positive systemic changes in the functioning of society. The service-based principle of interaction should be regarded as a form of organizing activity, and the changing role of citizens (civil society) in public administration lies at the core of perception of nature of the “service state”. The origins of cognition of the service-based nature of relationship between citizens and state are rooted in Aristotle’s idea concerning participation of all citizens in public administration as an unquestionable benefit. The vector of increasing role and significance of the citizens in public administration, from an object of influence by state to a real participant of management processes, can be systematically traced in evolution of various concepts of public administration: public administration → new public management & policy network → good governance. According to Karlovskaya, the “servicing” paradigm in the field of public administration as an innovative strategy related to the “movement of activity from area of administrative proceedings to area of socioeconomic activity for the purpose of maximizing


consumer provision (service as a process) and increasing, on this basis, the effectiveness of institutional units of the public administration sector (service as a result)\(^5\). At the same time, organizational and procedural nature of “public services” category is reflected by the term of “service activity”, which, if applied in economy, is defined by Avanesova as “a specific activity of professionally trained people who enter into social relationships to deliver social, group and individual services within the framework of market relationship” \(^6\).

We should agree with Kozhenko, that “service-based approach to public administration is an integral legal phenomenon that contains universal and specific patterns in functioning and self-organization of administrative relations characterized by relevant typological, axiological, ontological and morphological features” \(^7\). So, according to author, the service-based idea of development of governmental system is based on the traditional interaction: “service provider – consumer”, where the strength and legitimacy of public institutes is related to the effectiveness of identification, modeling and implementation of individual and group interests and needs. In case of “service-based” organization of management, “consumer satisfaction” becomes the dominant indicator of effectiveness.

Lately, discussion concerning correlation of the terms “service state” – “welfare state” and “service-oriented public policy” – “welfare state policy” has become the especially contemporary and significant subject in Ukrainian studies. It is worth noting that some scholars have even managed to unify different, and sometimes even mutually exclusive (in terms of content), meanings of “service” and “welfare” components of public policy in the artificially-created term “socially-oriented service state policy”, interpreting this as a “coordinated system of actions involving development, implementation and control of the public policy priority areas, aimed at satisfying the needs of the public in access to public goods, aligned with long-term goals of social development” \(^8\).

Considering the contradiction concerning understanding by public authorities of the significance of governance services area in concepts of traditional

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administrative management and new public management, determination of primacy of “service” or “welfare” state becomes a subject of discussion. It is expediently to find out which one of these notions has a wider meaning in the aforementioned terminological field of study.

According to the authors’ opinion, “service state” in which service-oriented policy is formed and implemented is always a “welfare state”, because it is service area by which society assesses quality of public administration, i.e. services are provided on social terms. At the same time, it is worth noting that services that have solely social orientation represent one of the varieties of services provided by public authorities, which are classified according to area where these services are provided. However, welfare state policy may not be a part of service provision policy, if we look at support of social field as a duty of state (on the basis of traditional paternalism). Therefore, within the context of traditional concept of administrative management, sociality of the state is ensured, first of all, by legislative acts and by laws and activity of public authorities and authorities of local governments, while services provided by public authorities become just one of the auxiliary functions of public administration; among them, the following remain base services: organizing, planning, coordination, controlling, etc. Innovations in e-Governance play only the role of technologies of providing these services in electronic form.

Summing up the role of services provided by public authorities in a welfare state in accordance to the classical theory of administrative management, we would like to cite the opinion of another scholar Bachylo, who believes that “welfare state may be regarded as service state only to a certain extent, if it does not exhaust the functions of public authorities that provides conditions for citizens and organizations to exercise their social and other rights”9.

Concept of new public management gives services a totally different role, according to which, provision of these services by public authorities is a base function of state, i.e. any activity of state is service-based. In other words, all traditional functions of public administration are engaged to implement a service-oriented public policy, or functions of public administration are identified with functions of governance services provided by public authorities.

3. Ukrainian legislation of the issue

Transformational changes in European society, which were caused by digital development, take place in the context of implementation of new service mechanisms of interaction between Government and every citizen regardless of their age, sex, nationality, religion, social or political orientation. The main strategy

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in EU digitalization development is Digital agenda for Europe\textsuperscript{10}. That is one in seven directions of “flagships initiatives” of strategy “Europe 2020”, which was adopted by European Council in March 2010.

Digital strategy (initiative) is aimed to provide economic and social benefits from The Digital Single Market of interoperable complex information solutions based on digital technologies (devices, software products, applications, etc.). Successful implementation of Digital agenda stimulates innovation development, economic growth and improves standard of living in EU. The majority of European counties regard it as frame document and adopt short-term and medium-term National digitalization programs based on it. They define strategic priorities and indicators (indexes) of achieving goals such as Digital Economy and Society Index, Networked Readiness Index, Global Innovation Index.

In Ukraine innovation challenges in public administration were reflected in Decree of the President of Ukraine of January 12, 2015 № 5/2015 “On The Strategy for Sustainable Development “Ukraine – 2020”, Orders of the Cabinet of Ministers of Ukraine of June 24, 2016 № 474-r “The Public Administration Reform Strategy for 2016-2020” of November 16, 2016 №918-r, “On Approval of the Concept of Development of System of Electronic Services in Ukraine”\textsuperscript{11}. However, only Order of the Cabinet of Ministers of Ukraine “On Action Plan for Digital Development of Ukraine until 2020”\textsuperscript{12} considers creating conditions for rapid development of public administration digitalization, implementation of digital competencies and special skills for citizens (digital professions). The majority of Ukrainian governmental and local officials do not have necessary competencies to work with digital technologies (digital skills). That causes relevance of need to prepare highly skilled IT specialists for public administration in Ukraine. Not only digital technologies are enough for rapid transformations, but also creation of corresponding knowledge about implementation strategy and development of necessary skills for implementation of digital government mechanisms. Zeal previous analysis of available conditions in any area or system for new technologies implementation would help to use budgetary funds on digitalization projects effectively.


\textsuperscript{11} Розпорядження КМУ від 16 листопада 2016 р. №918-р. “Про схвалення Концепції розвитку системи електронних послуг в Україні”. (Resolution of the Cabinet of Ministers of Ukraine dated November 16, 2016 No. 918-p. "On Approval of the Concept of the Development of the Electronic Services System in Ukraine").

Informatization problems of public administration in Ukraine were researched by authors and many other Ukrainian scholars such as Dreshpak, Klimushyn, Kuibida, Kuspliak, Stepanov and others. They analyzed aspects of ICT implementation in system of public administration and local government or e-Governance, however, subjects of public administration digitalization are not studied enough in Ukrainian researches in comparison with academic articles in USA and EU.

“Digital Agenda 2020” is the document which defines key policy, top priorities, initiatives and projects of digital development in Ukraine. Digital technologies would stimulate the development of information society in Ukraine. The main principles of digitalization are equal access for every citizen to services, information and knowledge via ICT; creation of advantages in sundry spheres of life; digital transformation of economy via converting system properties to new value due to increase in efficiency; guaranteeing the principles of information freedom to search, obtain, transmit and use it in order to create, accumulate and spread knowledge; integration with global and European E-Systems of world e-Market, banking and stock exchange; use of open interoperable digital standards; creation of digital trust due to informational security, strengthening, providing confidentiality of personal information, protection of ICT-users’ privacy and rights; use of appropriate public administration tools for implementation of national digital strategy, programs and projects. Fundamental condition of digitalization in Ukraine is creation of domestic demand in digital technologies and consumption of them by sectors of the economy, citizens, business and state. Key digitalization strategy in Ukraine must be work with domestic market of digital technologies consumption.


The main state’s objectives are creation the conditions, which are able to stimulate every citizen to use digital tools in different life spheres as well as to provide relevant implementation of national digital projects. It is expediently to change concept of “ICT management” in Ukrainian public administration on concept of “digital government”, thus, top managerial staff would become managers of digitalization influenced by digital technologies. Hence, there is essential need in review of the subject of public administration and creating new modern management formats on the way from “informatization” to “digitalization”.

Global digitalization of society is a response on the 4th industrial revolution implementation (“Industry 4.0”). The main driver of the first industrial revolution was mechanization of manual labor, whereas the main driver of the second industrial revolution was the use of electricity and mass production, the third one – electronics and automation of management processes via IT (definitions of “informatization” and then “e-governance” appeared). At the same time, the main driver of the last industrial revolution (digitalization) is connected with implementation of cyber physics systems, that link via network technologies real (material and biological objects) and virtual objects.

Swiss economist Klaus Schwab in his research “The Fourth Industrial Revolution” found out that “by enabling “smart factories” the forth industrial revolution creates a world in which virtual and physical systems of manufacturing globally cooperate with each other in a flexible way. This enables the absolute customization of products and the creation of new operating models. The forth industrial revolution, however, is not only about smart and connected machines and systems. Its scope is much wider. Occurring simultaneously are waves of further breakthroughs in areas ranging from gene sequencing to nanotechnology, from renewables to quantum computing”.

It seems that during development of “public administration” as an institution, paradigm of ICT implementation in Ukrainian legislation was also being changed from different conceptual approaches of “informatization of public administration” and “e-governance” to “digitalization of public administration” according to the main priority of EU e-Government Action Plan 2016-2020, which goal is to speed up the digital transformation of governance. Considering this, we suppose that unlike informatization and e-governance digitalization transforms and improves managerial processes, creating new digital services and innovation forms of public administration service activities and local self-government via implementation of network, cloud and smart technologies.

With the intention of transformation and effective reforming of the public administration system in Ukraine via “digitalization”, project developers of “Digital agenda for Ukraine 2020” offer 10 strategic technologies such as “Digital 19


Workplace”, “Multichannel Informing and Citizen Engagement”, “Public Data”, “Electronic Identification”, “Internet of Things”, “Digital Platforms”, “Software Architectures”, “Blockchain”21. However, in our opinion, such key technology of digitalization as “Internet of Services” (IoS) was not taken into account by authors of concept. At the same time, Hermann, Pentek and Otto, the German scholars, supposed in “Design Principles for Industrie 4.0” that “Internet of Services” (IoS) is the part of 4th Industrial Revolution as well as Cyber-Physical System and Smart Factory. Internet of Services allows “service providers” (the participants, service infrastructure, business model of their providing and services themselves) to integrate their services via network services chain system22. Apart from that, the problem of modernization of vocational and higher education system, institutes of re-education towards training of specialists for providing digital governance, digital economy and “Industry 4.0”. With the view to developing necessary competence (literacy) in the area of managerial innovations and improving the level of professional growth within current education system it is necessary to modernize the system of re-education of civil servants in Ukraine.

4. Development prospects in Ukraine

This trend is observed in every direction of public administration system in Ukraine. We can easily notice it in customs regulation as well. Considering the order of information exchange between State Fiscal Service of Ukraine and the enterprises according to single-window system23, any enterprise makes a decision about electronic declaration of goods via just sending a message with requisites of preliminary declaration, arrival date and time of checking goods by a customs controller.

After receiving message and scanned copies of documents from an enterprise information system checks requisites of preliminary declaration and electronic digital signature of enterprise’s executive and transmit this information to corresponding customs controller. Whereupon information system reports the enterprise the results of electronic digital signature verification or mistakes in requisites of preliminary declaration. Such system allows enterprises to avoid queues on borders and save significant time24. We are able to observe efficiency of

24 Постанова Кабінету Міністрів України від 25 травня 2016р. №364 “Деякі питання реалізації принципу “єдиного вікна” під час здійснення митного, санітарно-епідеміологічного, ветеринарно-санітарного, фітосанітарного, екологічного, радіологічного та інших видів
this electronic service-oriented administrative tool from dynamics of use of the single-window system by Ukrainian enterprises (table 1).

**Table 1:** Use of the single-window service-oriented system by enterprises at customs in Ukraine

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державного контролю” 2016 (Resolution of the Cabinet of Ministers of Ukraine dated May 25, 2016. №364 "Some issues of realization of the principle of a" one-stop shop "during the implementation of customs, sanitary-epidemiological, veterinary-sanitary, phytosanitary, ecological, radiological and other types of state control" 2016).
5. Conclusion

The main conclusion to be drawn from this discussion is that all traditional functions of public administration are engaged to implement a service-oriented public policy. This trend is observed in every direction of public administration system in Ukraine. Unlike informatization and e-governance concepts of public administration development in Ukraine, modern concept of digitalization transforms and improves managerial processes, creating new digital services and innovation forms of public administration service activities and local self-government via implementation of network, cloud and smart technologies. However, it is necessary to modernize the system of re-education of civil servants in Ukraine in order to develop necessary competence and to improve the level of professional growth within current education system. That is why authors regard concept of governance services in Ukraine as the result of formation and implementation of a service-oriented public policy to pursue interests, guarantee rights and meet the needs of both Ukrainian society and its citizens.

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