

## CHALLENGES AND BENEFITS OF DIGITALISATION FOR PUBLIC INSTITUTIONS IN ROMANIA

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### *Abstract*

*In today's rapidly evolving digital landscape, the need for public institutions to embrace digitalization has become increasingly evident. In Romania, as in many other countries, the digital transformation of public institutions holds great potential for improving the efficiency, transparency, and cost-effectiveness of their operations. Digitalization refers to the integration of digital technologies into various aspects of organizational processes, with the aim of streamlining operations, improving service delivery, and enhancing citizen engagement. By adopting digital tools and platforms, public institutions can overcome traditional bureaucratic barriers and provide more responsive and accessible services to their constituents. This article will explore the benefits and challenges of digitalization in public institutions in Romania, as well as highlight the benefits for embracing digital technologies. Nowadays, it is crucial for the government to prioritize funding and invest in the necessary technological infrastructure to support digitalisation efforts.*

**Keywords:** Digitalisation, public institutions, Romania

**JEL Classification:** H83, D73, L86

### 1. Introduction

Over time, public institutions in Romania have undergone a whole series of reforms to achieve with priority the European standards harmonization (Voinea, 2009). In recent years, digitalisation has become an integral part of our daily lives, transforming the way we work, communicate, and access information. Public institutions in Romania are no exception to this trend, as they strive to keep up with the demands of the digital age. However, the process of digitalisation for these institutions comes with its own set of challenges and benefits.

As the digital performance of public institutions in Romania is evaluated to a very limited extent (Voican, 2023), the purpose of this article is to explore the cost of digitalisation for public institutions in Romania, shedding light on the obstacles they face and the benefits they can reap from embracing digital technologies. By understanding the unique challenges and potential rewards of digitalisation, we can gain valuable insights into the state of public institutions in Romania and the steps needed to ensure their successful transformation.

### 2. Challenges of Digitalisation for Public Institutions

As public institutions in Romania embark on the journey of digitalisation, they face several significant challenges that must be overcome to ensure a successful transition. These challenges can broadly be categorized into three key areas: lack of funding, technological infrastructure, and resistance to change.

## **2.1. Lack of Funding**

One of the primary challenges faced by public institutions in Romania when it comes to digitalisation is the lack of adequate funding. Implementing digital solutions and upgrading existing systems require significant financial resources, which may not always be readily available. Budget constraints often hinder the ability of these institutions to invest in the necessary technology, training, and infrastructure required for a successful digital transformation.

To address this challenge, public institutions need to collaborate with the government and explore alternative funding options. This could include seeking partnerships with private entities or applying for grants specifically designed to support digitalisation initiatives. Additionally, public institutions should prioritize budget allocation for digitalisation projects and make a strong case for the long-term benefits and cost savings that can be achieved through digital transformation.

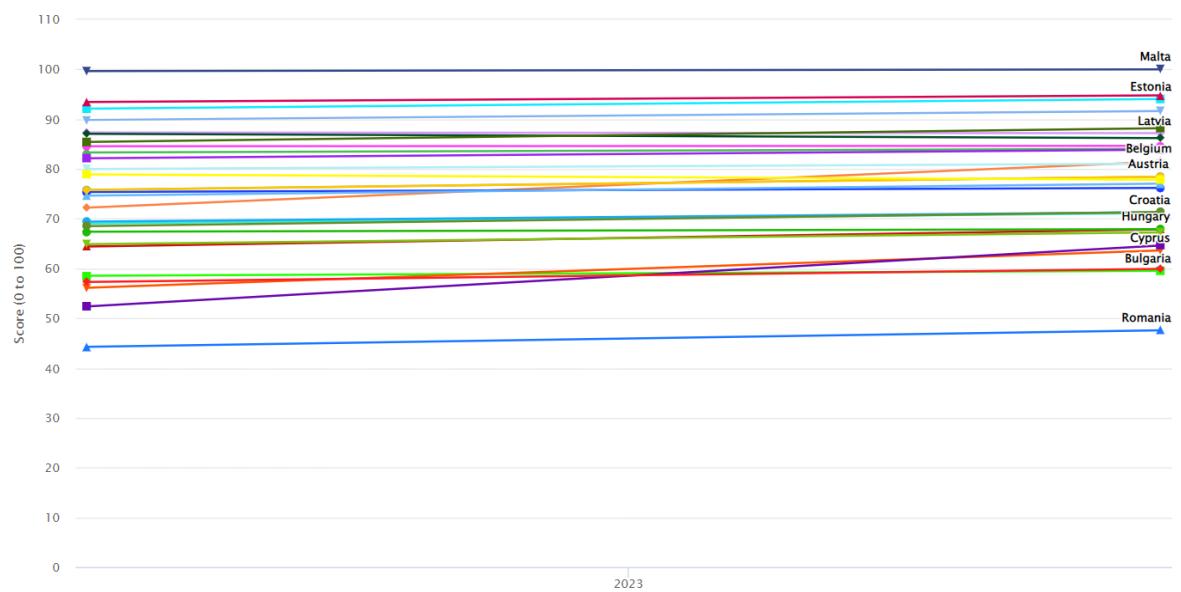
## **2.2. Technological Infrastructure**

Another critical challenge faced by public institutions in Romania is the inadequate technological infrastructure. Outdated systems, lack of interoperability, and limited internet connectivity can hinder the effective implementation of digital solutions. Without a robust technological foundation, public institutions may struggle to fully leverage the benefits of digitalisation.

To overcome this challenge, investments in upgrading technological infrastructure are crucial. This includes improving network connectivity, enhancing data security measures, and ensuring compatibility and integration across different systems. Collaborating with IT service providers and exploring partnerships with private sector companies can help public institutions access the necessary expertise and resources to strengthen their technological infrastructure.

## **2.3. Resistance to Change**

Resistance to change is a common challenge faced by public institutions worldwide, and Romania is no exception. The introduction of digitalisation often disrupts established processes and workflows, leading to resistance from employees who may fear job losses or be reluctant to adapt to new technologies. Additionally, bureaucratic structures and a hierarchical organizational culture can impede the implementation of digitalisation initiatives. In this regard, digital public services for citizens are a good example (figure no. 1).



Source: European Commission, <https://digital-decade-desi.digital-strategy.ec.europa.eu/datasets/desi/charts>

**Figure no. 1. Digital public services for citizens**

To address resistance to change, public institutions must focus on effective change management strategies. This involves clear communication about the benefits of digitalisation and how it will improve efficiency and service delivery. Providing training and upskilling opportunities for employees to enhance their digital literacy is also crucial. Moreover, involving employees in the decision-making process and creating a culture that embraces innovation and continuous improvement can help overcome resistance to change.

### 3. Benefits of Digitalisation for Public Institutions

Digitalisation has the potential to bring about significant benefits for public institutions in Romania. While the process may come with its own challenges, the advantages far outweigh the costs. In this section, we will explore some of the key benefits that digitalisation can offer to public institutions.

#### 3.1. Efficiency and Productivity

One of the primary benefits of digitalisation for public institutions is the improvement in efficiency and productivity. By embracing digital technologies, these institutions can streamline their operations and automate various processes in order to reduce paper-based processes, and eliminate bureaucratic bottlenecks. This newfound efficiency allows public servants to focus on more value-added activities, such as delivering better services to citizens and addressing their needs promptly.

Digitalisation also enables the integration of various systems and databases, eliminating the need for manual data entry and reducing the chances of errors. This not only reduces administrative burdens but also enables faster retrieval and sharing of information. Also, artificial intelligence can help analyzing huge amounts of data, increase operational processes or access previously inaccessible datasets, like unstructured data from images, video or audio (Gărăimă, Scarlat, 2023). With improved efficiency, public institutions can allocate their resources more effectively, leading to better service delivery to citizens.

### **3.2. Cost Reduction**

Digitalisation offers significant cost-saving opportunities for public institutions. By transitioning from paper-based processes to digital workflows, these institutions can reduce their reliance on physical storage, printing, and postage costs. Additionally, digital document management systems eliminate the need for manual archiving and retrieval, saving both time and money.

Moreover, digitalisation allows for the optimization of resources, enabling public institutions to allocate their budgets more effectively. With the integration of digital tools, institutions can automate financial processes, track expenses in real-time, and identify areas where cost reductions can be made. This data-driven approach to budgeting ensures that taxpayer funds are utilized efficiently and effectively.

### **3.3. Improved Service Delivery**

Digitalisation has the potential to revolutionize the way public institutions deliver services to citizens. By leveraging digital technologies, these institutions can enhance accessibility and convenience for the public. Online platforms and portals can be developed to provide citizens with easy access to various government services, such as applying for permits or licenses, paying taxes, or accessing important information.

Furthermore, digitalisation allows for the integration of different systems and databases, enabling seamless sharing of information across various departments. This integration enhances coordination and collaboration, resulting in a more holistic approach to service delivery. Citizens can benefit from the availability of comprehensive information and faster responses to their queries or requests.

### **3.4. Transparency and Accountability**

Transparency is a fundamental principle of good governance, and digitalisation plays a crucial role in ensuring transparency within public institutions. By digitizing processes and making information easily accessible to the public, these institutions can foster trust and accountability. From these considerations it can be appreciated that another crucial advantage of digitalisation in public institutions is the promotion of transparency and accountability. Digital systems can provide detailed audit trails, making it easier to track and monitor activities within these institutions. This transparency strengthens public trust and ensures that public officials are held accountable for their actions.

Digitalisation also enables the implementation of open data initiatives, allowing citizens to access public records, monitor the progress of projects, and participate in decision-making processes. This empowers the public to hold public institutions accountable and promotes a more participatory approach to governance. By making information readily available, digitalisation promotes transparency, reduces corruption risks, and encourages public engagement.

In an ideal scenario, the digitization of public institutions would open a wider horizon to an e-society where technology is fully accepted by the public in all aspects of daily life. Therefore, though this ideal, many concepts will become widely implemented: e-government, e-democracy, e-information, e-service, e-participation, etc. (Roztocki et all, 2022), and could have the potential to greatly impact for an amazing socioeconomic development.

## 4. Successful Digitalisation Initiatives in Romania

Romania has seen several successful digitalization initiatives in public institutions in recent years. These initiatives have not only improved the efficiency and transparency of public institutions but have also enhanced the overall citizen experience by providing easier access to essential services.

### 4.1. “e-guvernare.ro” platform

One of the successful digitalisation initiatives in Romania is the establishment of an e-guvernare.ro platform, managed by the Authority for the Digitalization of Romania. This online platform provides citizens with easy access to various public services, eliminating the need for physical visits to government offices. Through the portal, individuals can apply for identity cards, passports, and driver's licenses, as well as access information related to healthcare, education, and employment.

The e-government platform has significantly streamlined administrative processes, reducing bureaucratic red tape and waiting times. Citizens can now conveniently submit applications and necessary documents online, saving both time and effort. This initiative has not only increased efficiency within public institutions but has also enhanced the overall service experience for citizens.

### 4.2. Digital Identity System

Another noteworthy digitalisation initiative in Romania is the implementation of a digital identity system. This system provides citizens with secure and unique digital identities, allowing them to authenticate themselves online for various transactions and interactions with public institutions. It serves as a digital representation of an individual's identity, eliminating the need for physical documents and reducing the risk of identity theft.

The digital identity system has revolutionized access to public services, enabling citizens to interact with government agencies securely and conveniently. Through this system, individuals can authenticate themselves for tasks such as accessing personal records, submitting official forms, and even voting in elections. By reducing the reliance on physical documents and enhancing security measures, the digital identity system has greatly improved efficiency and trust in public institutions.

### 4.3. Online Tax Administration System

The introduction of an online tax administration system has been a significant digitalisation success for public institutions in Romania. This initiative has transformed the way citizens file their tax returns, making the process more efficient and user-friendly. Through the online platform, individuals can submit their tax declarations, access tax forms and guidelines, and track the progress of their filings.

The online tax administration system has not only simplified the tax filing process for citizens but has also improved accuracy and compliance. The automated system reduces human errors and provides real-time validation, ensuring that tax declarations are complete and accurate. Additionally, this initiative has enabled tax authorities to enhance their monitoring and enforcement capabilities, contributing to increased tax revenues for the government.

#### **4.4. Other successful digitalisation initiatives**

Other successful digitalization initiatives in Romania have transformed public institutions, making services more accessible, efficient, and transparent for citizens and businesses. Among these, the following are worth mentioning:

- Electronic Public Procurement System (SEAP) is an online platform that digitalizes the public procurement process in Romania. It allows for electronic submission and evaluation of bids, reducing paperwork and streamlining the procurement process for government institutions;
- Electronic Health Record System (DES) is a digital platform that stores and manages patients' medical records electronically. It allows healthcare providers to access and update patient information in real-time, improving the efficiency and quality of healthcare services;
- e-School Platform facilitates online communication and collaboration between teachers, students, and parents. It provides a virtual learning environment where teachers can upload lesson plans, assignments, and conduct online assessments. This platform proved essential during the COVID-19 pandemic when schools had to switch to remote learning;
- Online Court Portal enables citizens and legal professionals to access court information, file cases and appeals, and track the progress of their cases online. It speeds up the legal process, reduces paperwork, and improves transparency in the judiciary;
- National Health Insurance Card is a digital healthcare card that stores individuals' health insurance information. It allows for electronic verification of coverage, reduces paperwork, and ensures efficient healthcare service delivery.

### **5. Conclusions**

Therefore, the benefits of digitalisation for public institutions in Romania are numerous and significant. From increased efficiency and productivity to improved service delivery and enhanced transparency, the advantages of embracing digital technologies cannot be overstated. While challenges may exist, the potential to transform public institutions and better serve citizens makes digitalisation a worthwhile investment.

Romania has made significant strides in digitalising its public institutions. The successful digitalisation initiatives highlighted above, including the “e-guvernare.ro” platform, digital identity system, and online tax filing system, have not only improved efficiency and productivity but also enhanced service delivery, transparency, and accountability. These initiatives serve as inspiring examples for other countries looking to leverage digitalisation for the benefit of their public institutions and citizens.

However, there is still much work to be done to fully embrace digitalisation in public institutions. It is crucial for the government to prioritize funding and invest in the necessary technological infrastructure to support digitalisation efforts. Moreover, efforts should be made to address resistance to change by implementing comprehensive training programs and fostering a culture of digital innovation.

In conclusion, the cost of digitalisation for public institutions in Romania is undeniably significant. However, the benefits far outweigh the challenges. By embracing digitalisation, public institutions can achieve greater efficiency, improved service delivery, and increased transparency. The successful digitalisation initiatives in Romania serve as examples of what can be achieved with the right investment and determination. It is now up to the government and relevant stakeholders to seize the opportunities presented by digitalisation and propel public institutions into the digital age. Only then can Romania truly reap the rewards of a digitally transformed public sector.

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