INTANGIBLE ASSETS IN THE PUBLIC SECTOR

Deliverable 7.1: Hannu Piekkola (University of Vaasa), Tjaša Redek (University of Ljubljana), Daša Farčnik (University of Ljubljana): INTANGIBLE ASSETS IN THE PUBLIC SECTOR: AN EXTENDED DEFINITION AND METHODOLOGICAL GUIDE

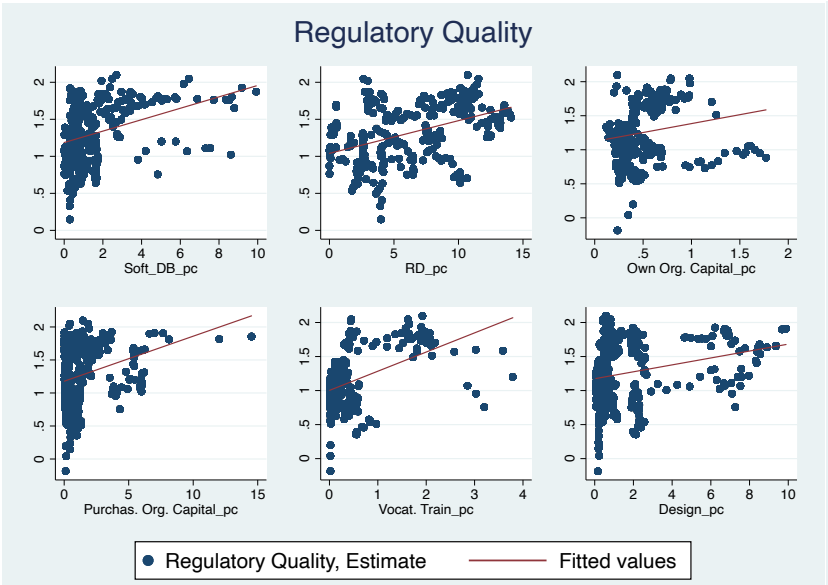
Deliverable 7.2: Tjaša Redek, Črt Kostevc:
PUBLIC SECTOR INTANGIBLES AND GOVERNANCE QUALITY IN THE EUROPEAN UNION

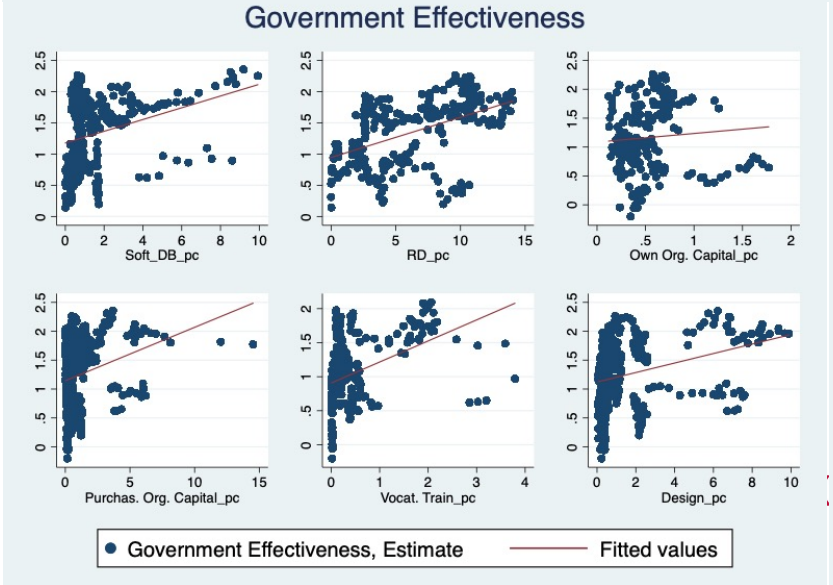
Deliverable 7.5: Tjaša Redek, Matjaž Koman, Črt Kostevc, Janez Prašnikar, Vesna Žabkar: ROLE OF POLICY FOR DEVELOPMENT AND THE USE OF INTANGIBLE ASSETS

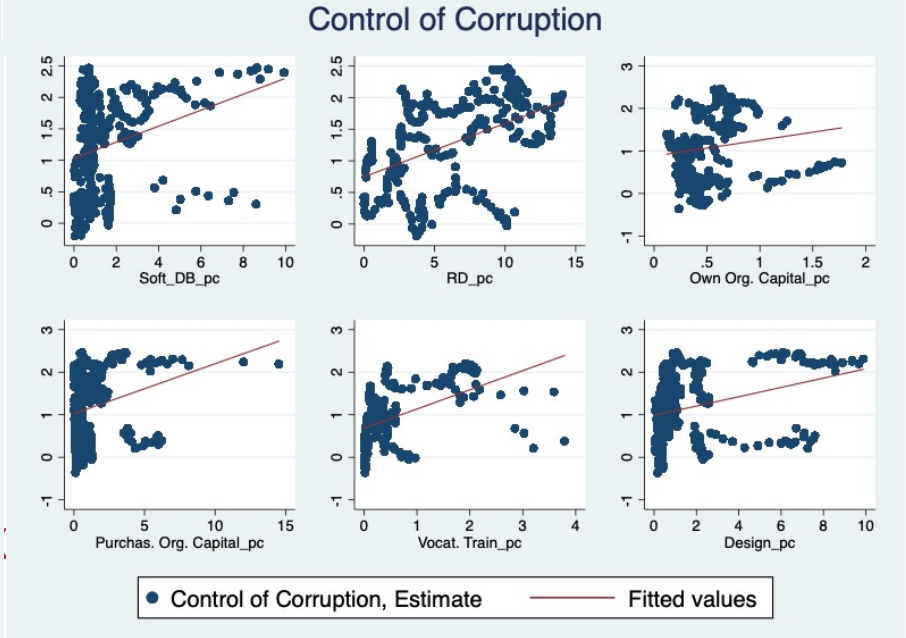
Deliverable 7.6: Tjaša Redek, Hannu Piekkola, Daša Farčnik, Črt Kostevc, Aleš Gorišek: Report on the empirical analysis on the role of intangible assets in the public sector

Deliverable 3.5: Tjaša Redek, Daša Farčnik, Janez Prašnikar : MICRO-LEVEL INTANGIBLES MEASURE: THE CASE OF PUBLIC SECTOR

Intangibles relevant for the institutional quality in the economy







Intangible investments in public sector – broader relevance

1. Intangibles matter for institutional quality in the country
    1. … and institutions closely linked to development (as shown by Rodrik, Acemoglu, Barro and many others)
    2. Important to understand
        1. Comparative differences in intangible investments in the public sector between countries
            → Levels and trends
        2. Comparative differences in intangible investments between the private and public sector in a specific country
            → Levels and trends
            → Since intangible investment in public sector will directly impact the performance of the public sector (institutional quality) and indirectly impact the performance of private scetor

Report on the empirical analysis on the role of intangible assets in the public sector

Goals:

1. The characteristics of the intangibles in the public sector in Slovenia in the past 10 years with the focus on the accumulation of intangible capital, gender and age structure of intangibles in the public sector;
2. To compare the structure of intangibles in the public sector with the structure of the intangibles in the private sector by both size and structure of each intangible capital component (R&D capital, organizational capital and ICT capital), study the dynamics in the accumulation of intangibles in both sectors.
3. What are the implications of the differences for policy-makers and the future performance of the public sector?

Challenges in the research of the public sector: definition of the public sector

1. Sectoral perspective: using NACE as a tool for delimitation for public and private sector, relavant NACE
   1. **O: Public administration**
   2. **P: Education**
   3. **Q: Health**

2. Ownership

3. Legal status: Source of financing and legal requirement to reporting

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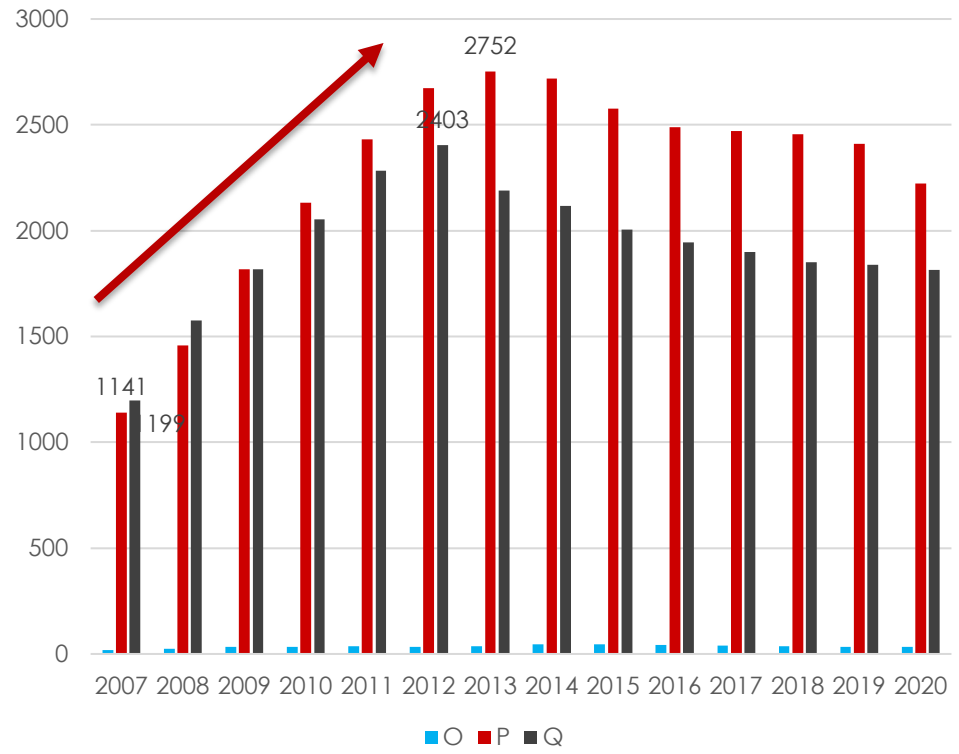
3. Source of financing an… reporting

Number of private companies in the "Public sectors by NACE"



Paying attention to trends: especially in the health sector the role of "private" in the typically public sector in Slovenia has significantly increased. The total employment is available only until 2017, but already from **2007 until 2017, the employment significantly increased, from 5.5% to 9.25%**

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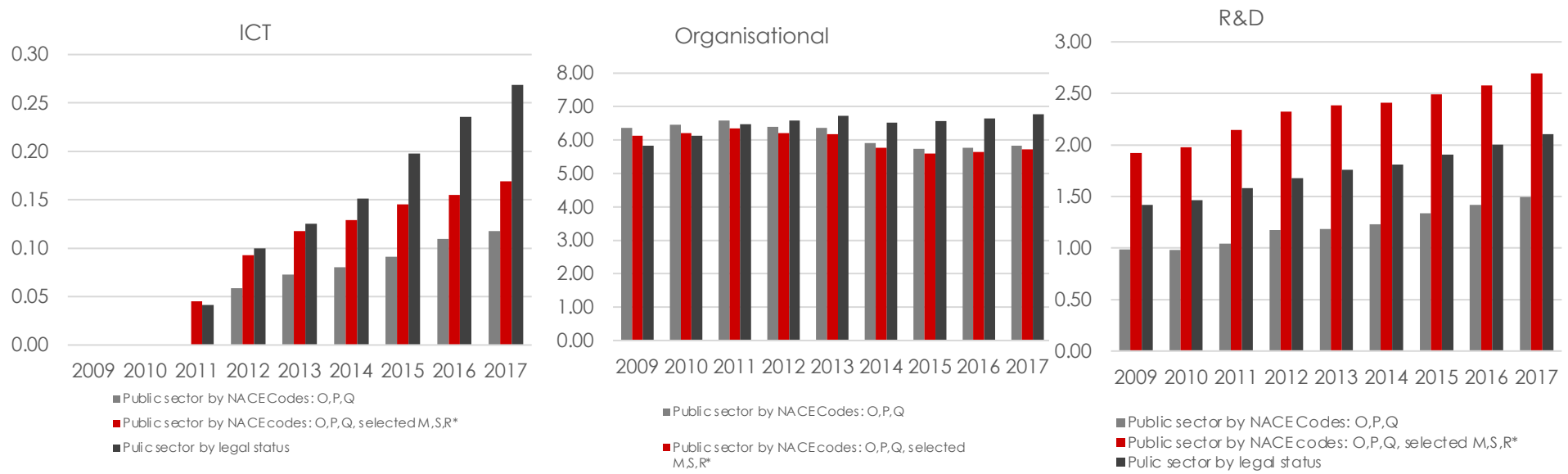
Micro analysis yields different results, depending on the definition of public sector

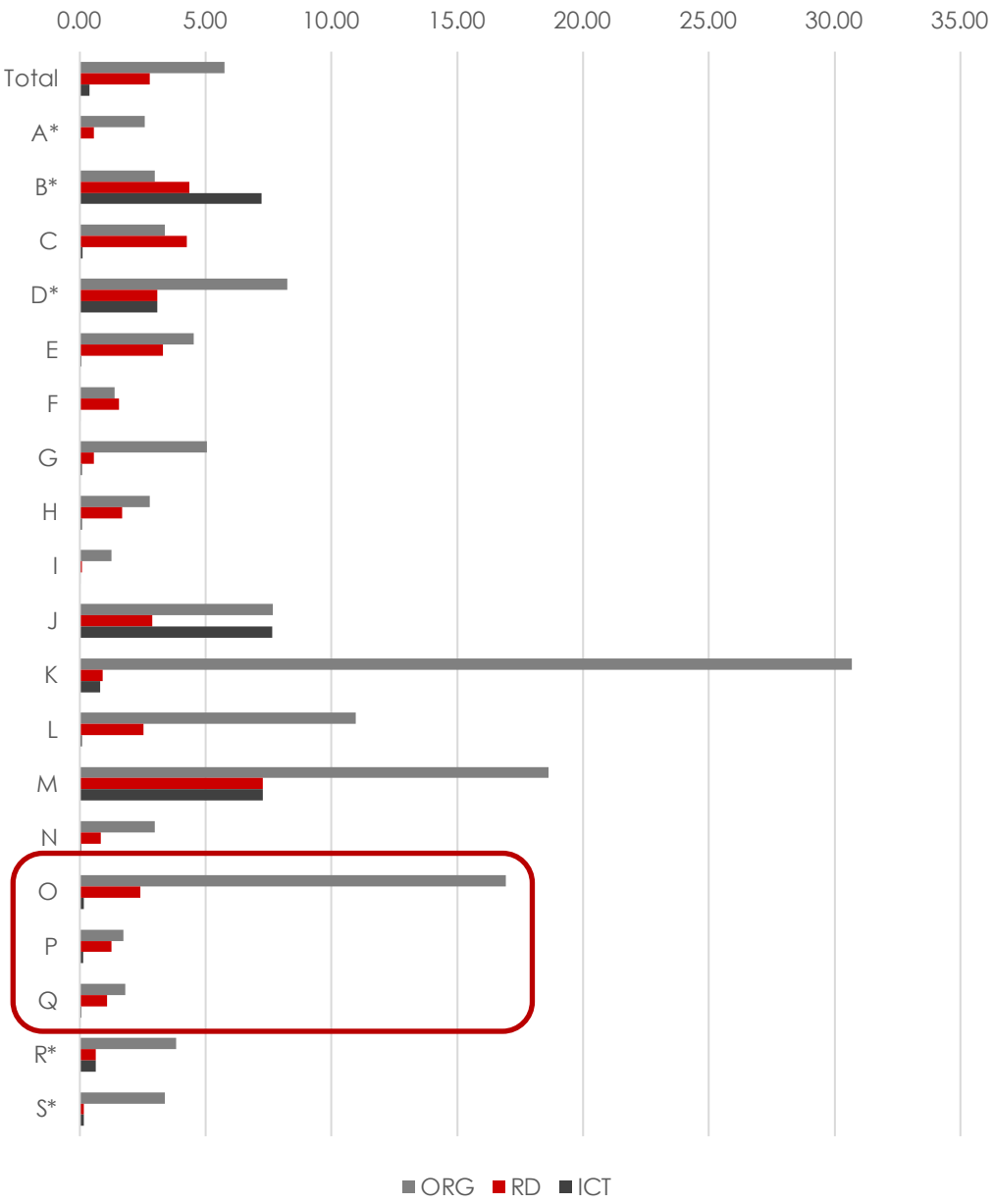
Intangible "workers" as share of all workers by the three different criteria



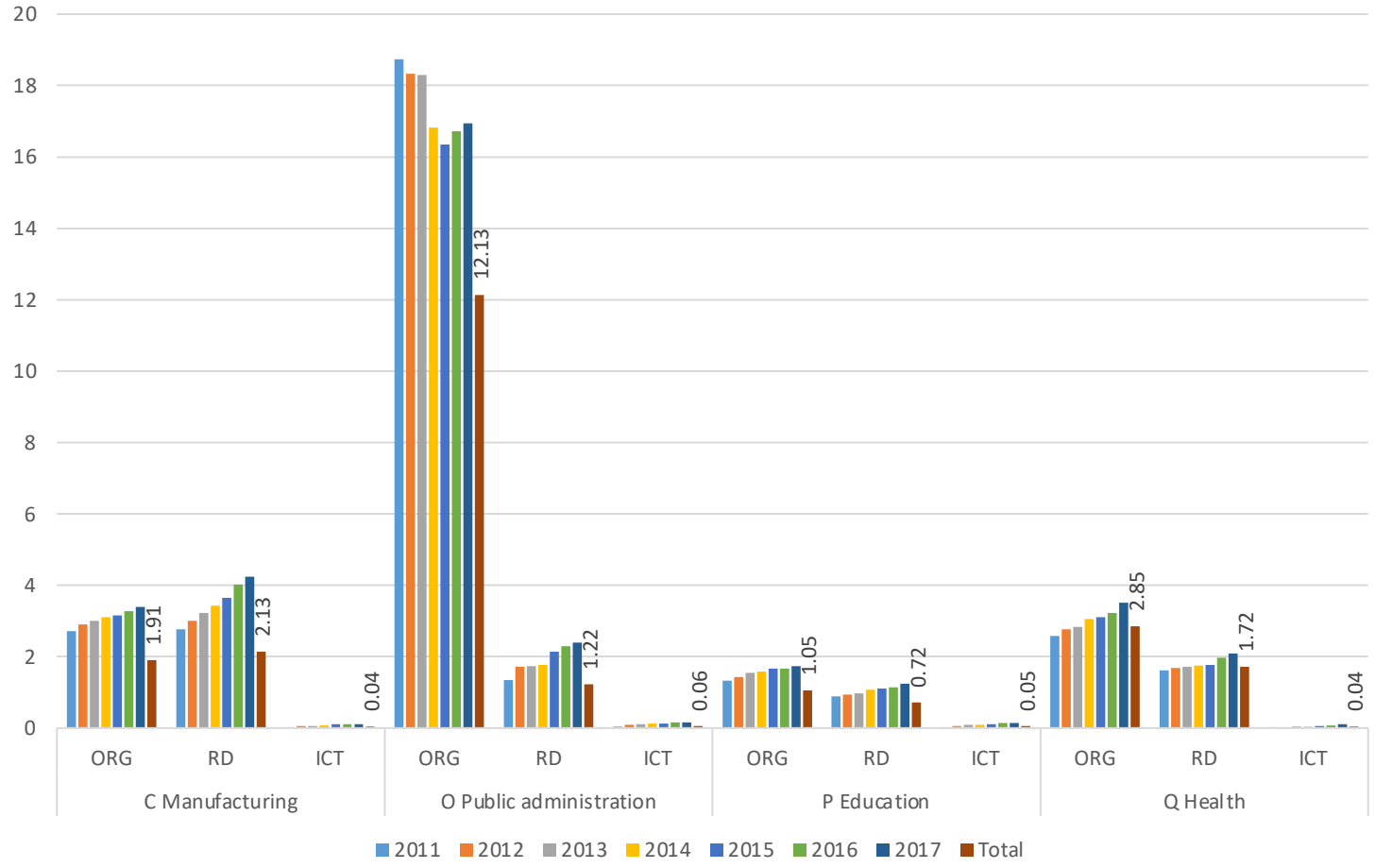
Data: (Statistical Office of the Republic of Slovenia, 2020), own calculations.

- Very low shares of ICT workers, 0.27% (digitalization, e-government?)
- Stable "organizational share": **6-7%**
- Increasing R&D share: **2-3%**

Significant differences between the NACE industries in the shares of intangible workers



Significant differences between the "public sectors" exist (using NACE criteria)

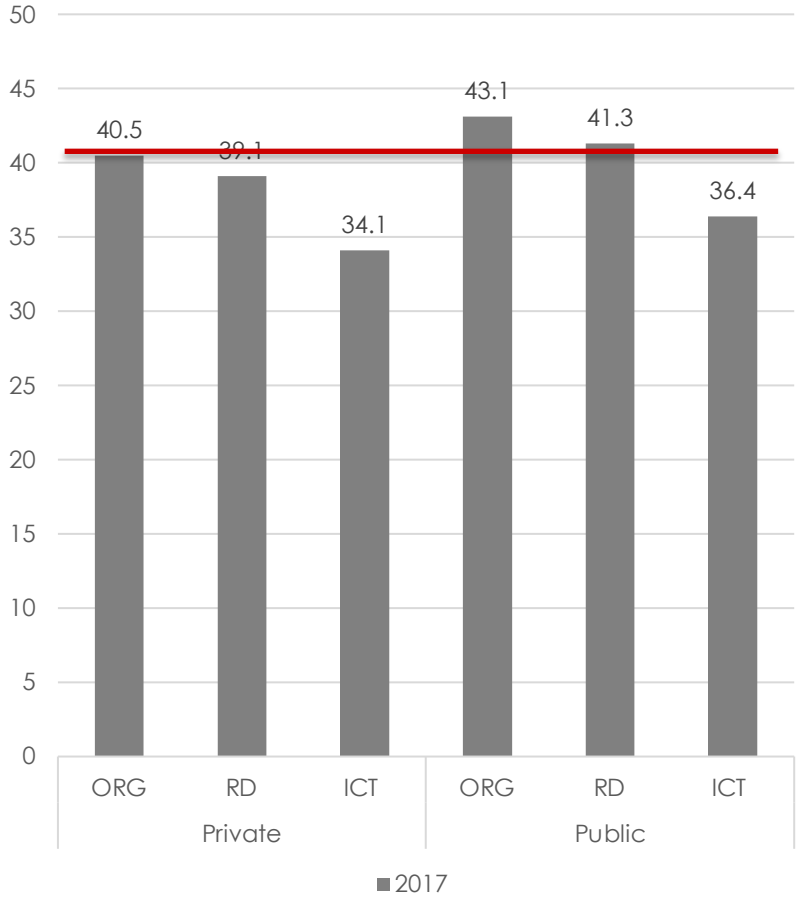


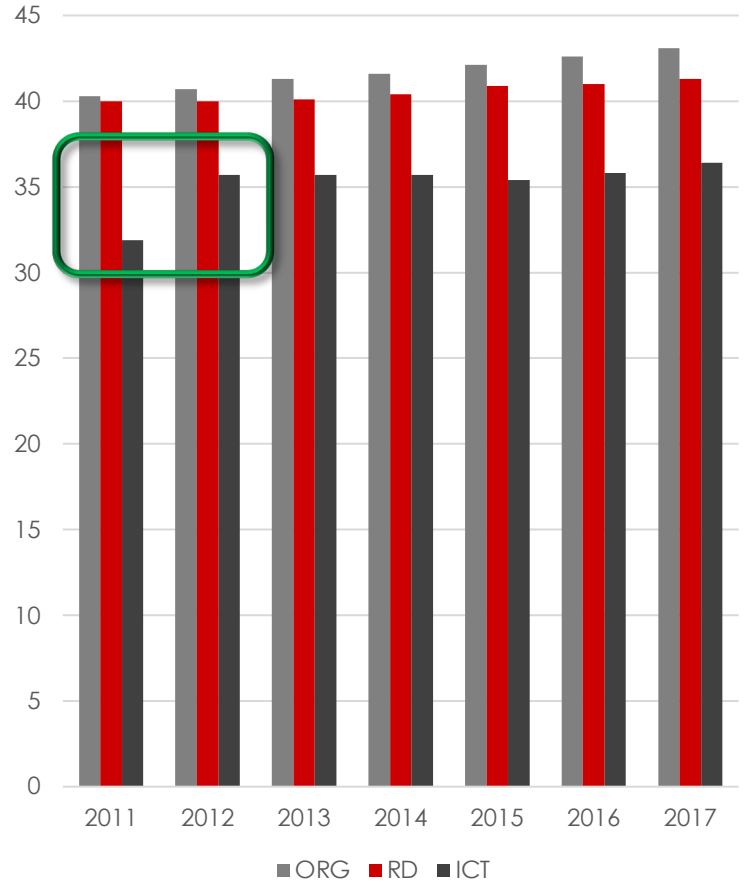
Public vs. private sector intangibles

- The share of public sector intangible workers on average lower
- Workers are older
  - **Increasing age**
  - **"Austerity law" impact (finnacial crisis 2009)**
- More women work in public sector
  - **Especially in the organizational category**
- The problem of comparatively lower wages
  - **Comparatively lower wages in relation to economy average (private sector)**
  - **Worsening position of intellectual workers?**
  - **Implications for future trends, motivation, private vs. public?**
- Turnover rates in public and private sector – to be investigated, initial results show

Intangible workers in the public sector on average older

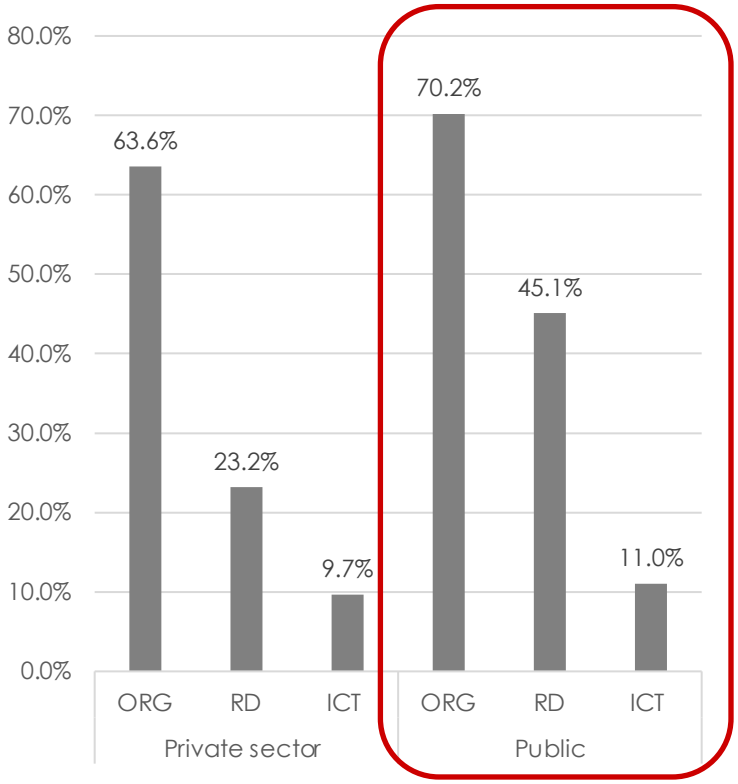
Average age of intangible workers in the private and public sector in 2017 (left panel) and the average age by category of intangible workers in the public sector (right panel)

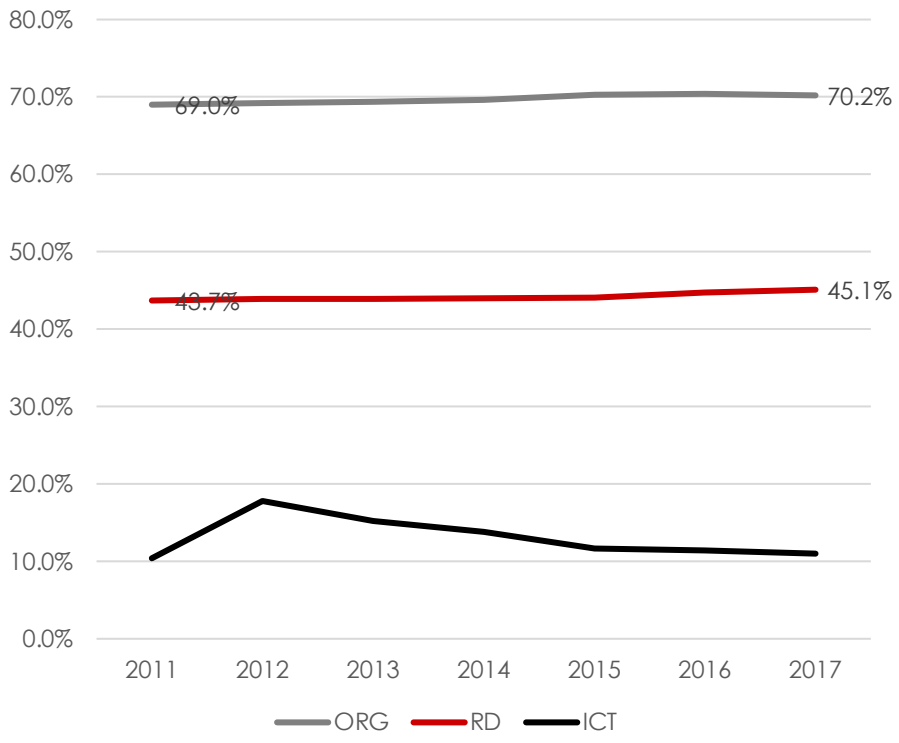




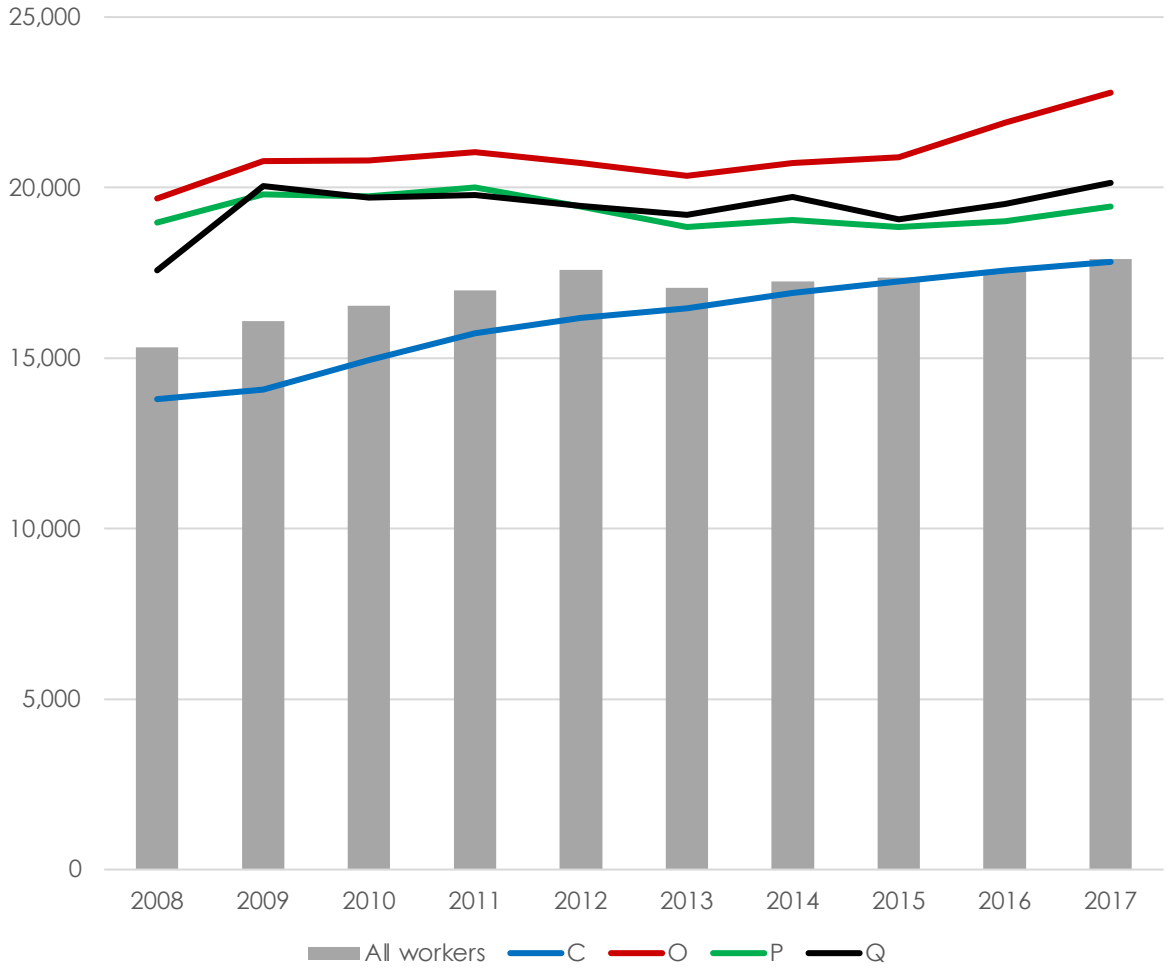
Share of women significantly higher in the public sector

Average share of women by categories of intangible workers in the private and public sector in 2017 (left panel) and the share of women in specific „intangible“ categories





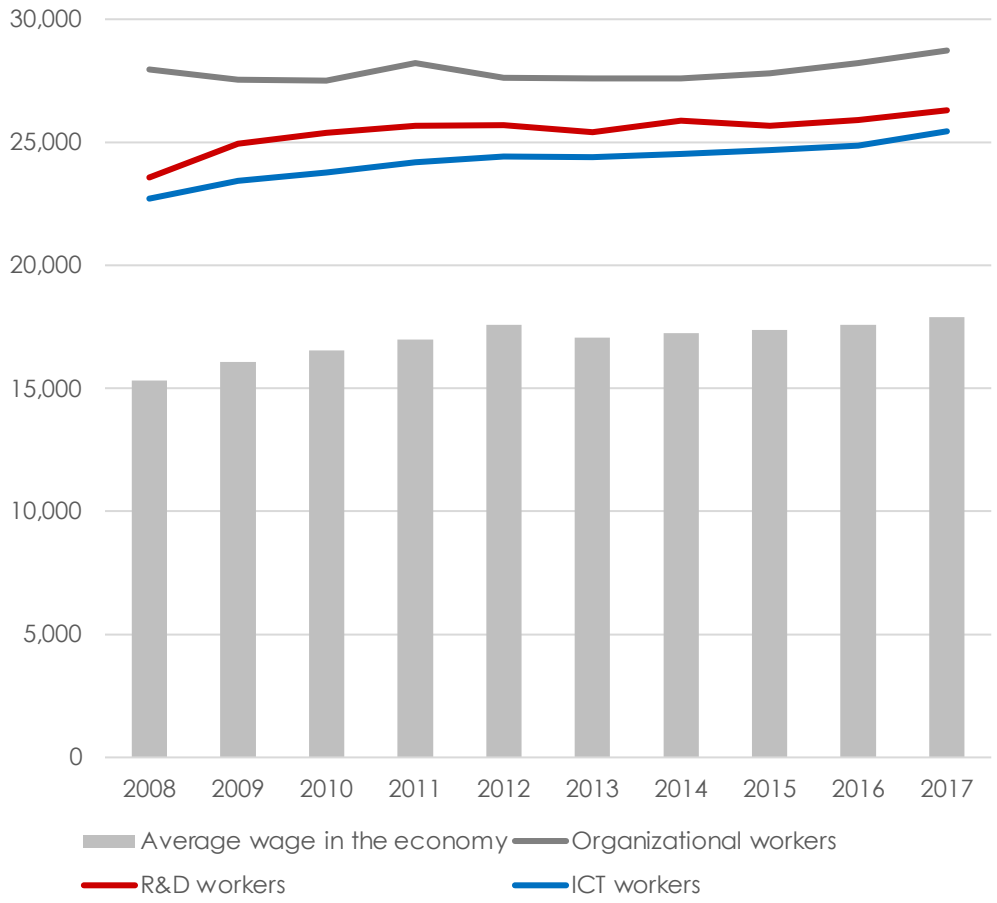
Mean yearly gross wage (without employers' social contribution payments) in the sectors NACE C, O, P, Q and total economy (constant prices, 2015), in euros



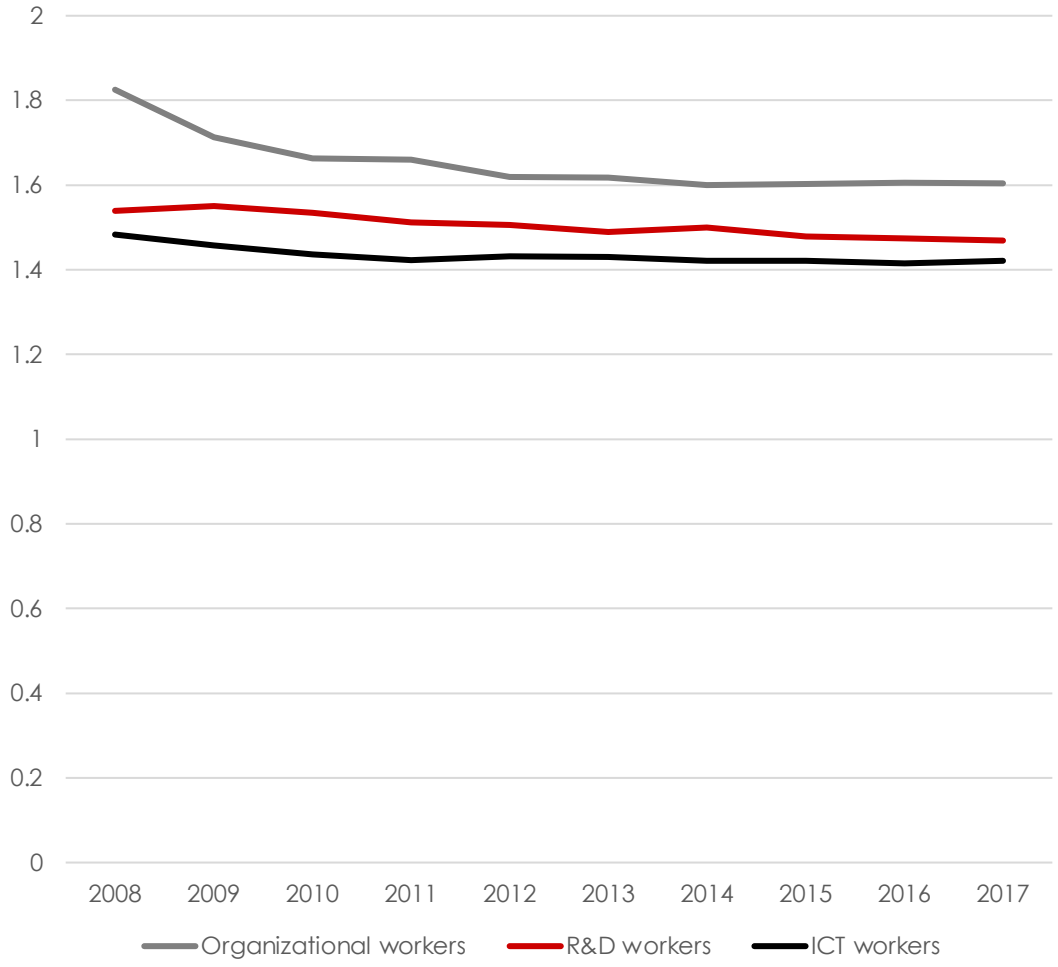
Average wages in the public sector higher, BUT this is not taking into consideration the structure of employees

The wages of intellectual workers in SI

Mean yearly gross wage (without employers' social contribution payments) of intangible category workers (constant prices, 2015), in euros

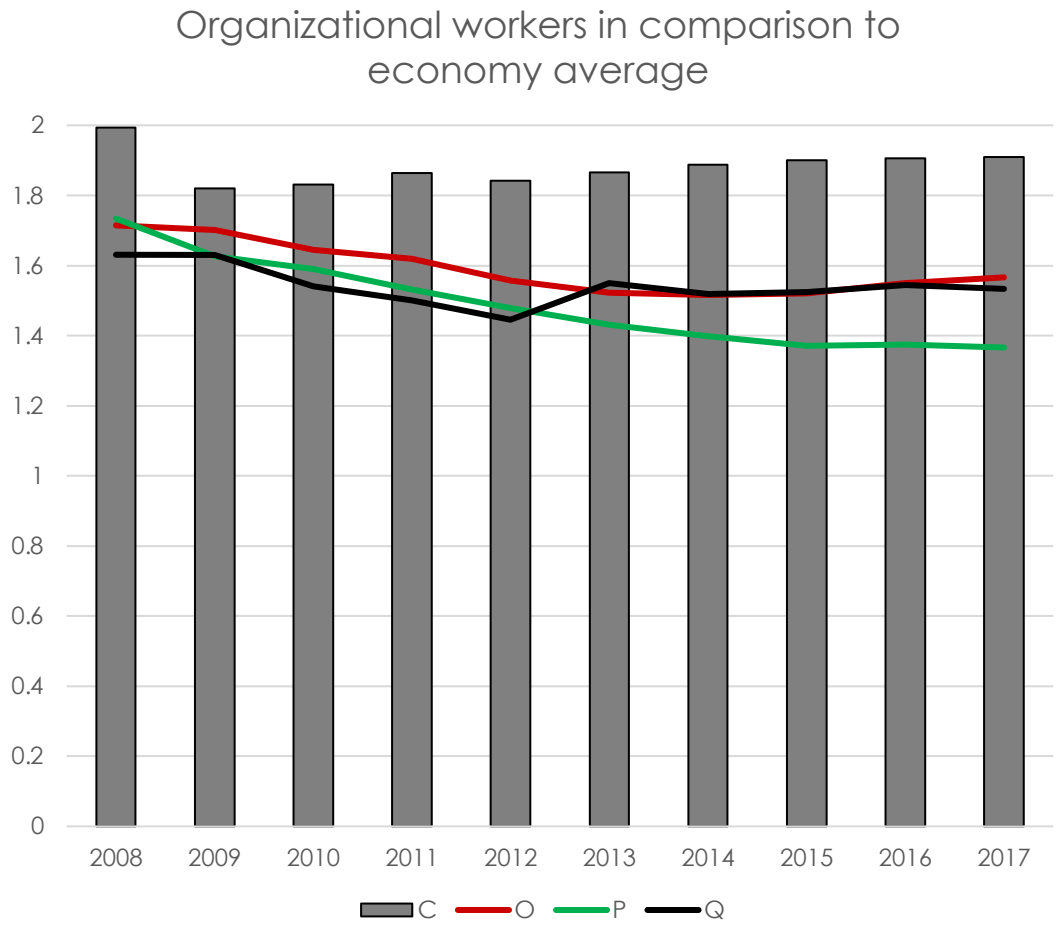


Relavtive wages of intangible workers in Slovenia (all sectors), compared to national average



Relative wages of all intangible workers declined

Relative wage of organizational workers (compared to average)

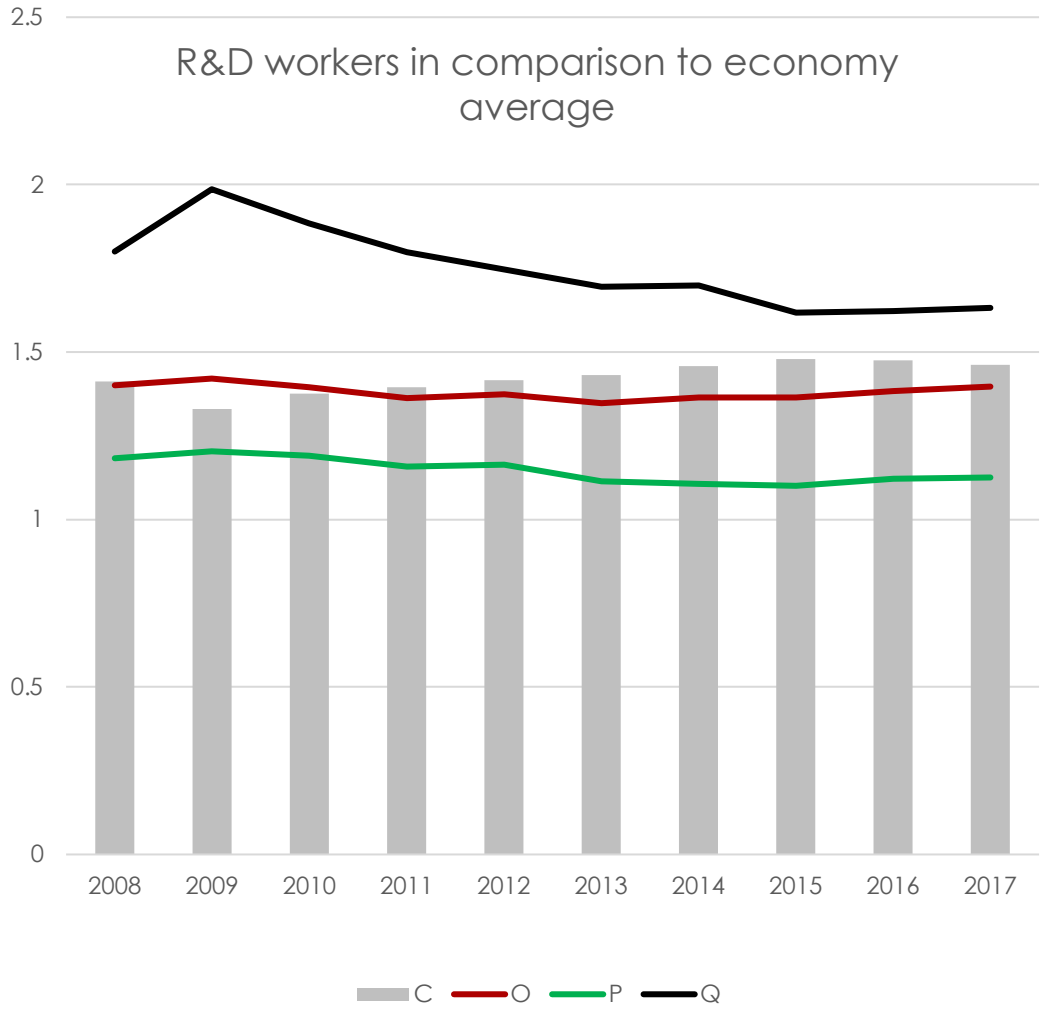


→ Decline in relative wages of organizational workers,

→ but public sector organizational workers lost more,

→ especially in P (Education)

Relative wage of R&D workers (compared to average)

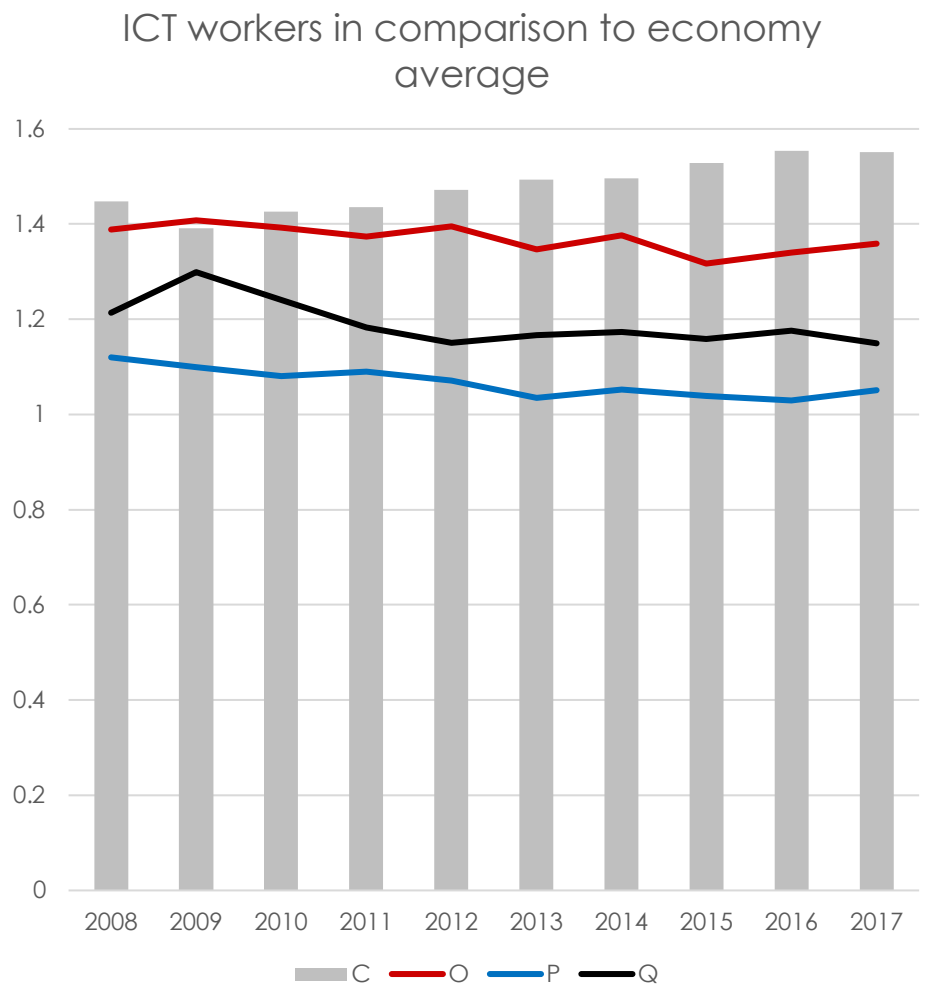


→ With the exception of NACE Q, position of R&D workers worse

→ But a very obvious deterioration in NACE Q

→ And position of R&D workers bad in particular in education

Relative wage of ICT workers (compared to average)

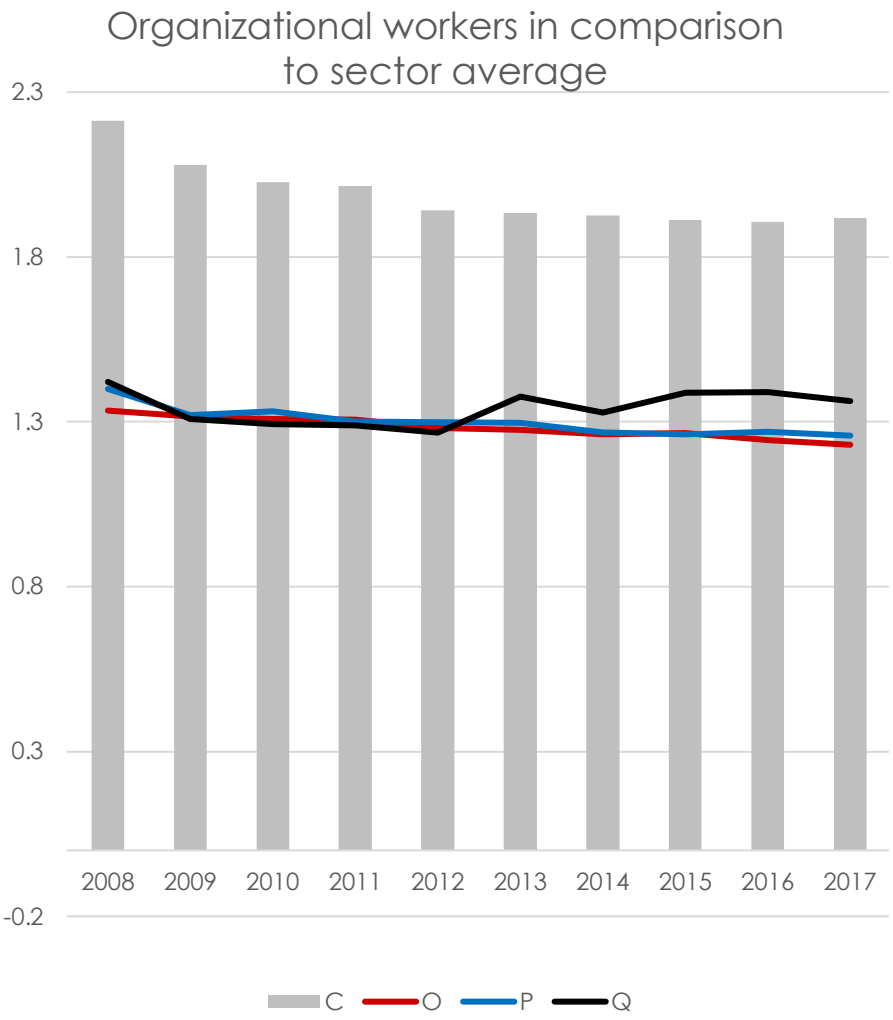


→ In manufacturing relative position of ICT workers improving (in high demand, not enough supply)

→ Stagnation or deterioration in public sector

→ While in NACE **C**, the IT workers earns **1.55** average wage, in **NACE P** (Education) only **1.05** average wage (underpaid and in high demand in companies ...)

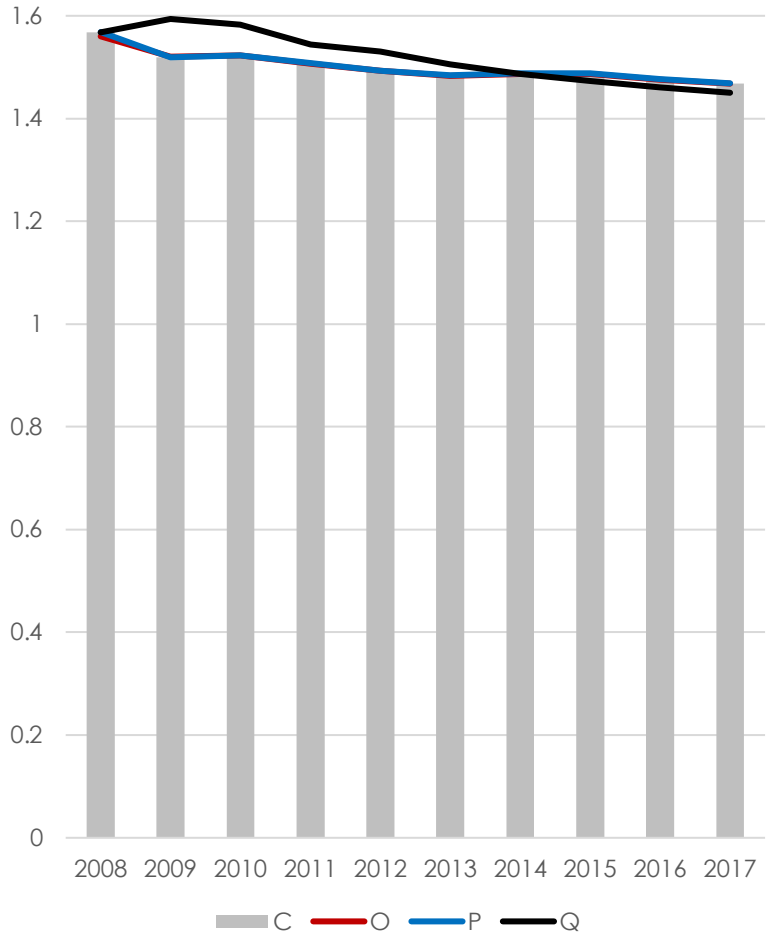
Situation of "Intellectual capital" worsening also compared to sector average?



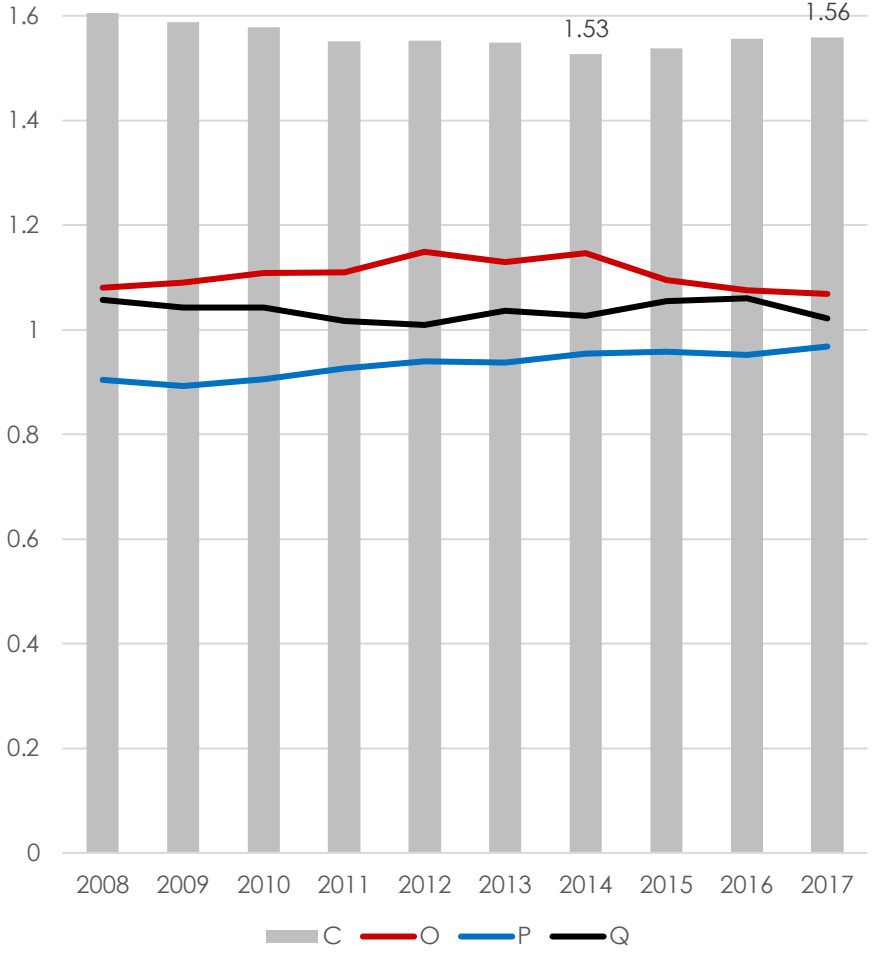
→ Intangible workers position in general worsening
  → Relation to value added?
→ Much worse relative position in comparison to sector average in the public sector
  → Implications for motivation?

ICT workers in particularly not in good position in public sector, especially in education (job position?)

R&D workers in comparison to sector average



ICT workers in comparison to sector average



Mobility and impact on wages

- Mobility from public to private sector very pronounced for ICT workers

- Mobility in general had positive impact on wages, with the exception of old workers (50+) (trying to stay employed?)

- Pays to move from public to private sector, pays off most for (young) IT and RND workers
  - Benefit declines with age group (legislations and promotion)
  - Change for IT workers not systematic for all age groups
  - Change for RND workers

TBC

1. Intangibles in the public sector using insitutions' financial reports and employee structure
2. Survey analysis (available surveys at the Statistical office)
3. **Gender issues and intangible capital** (Daša, Tanja, Tjaša, Aleš), our next deliverable

- Other:
  - **Note about EBR special issue** (Yannis, Aimilia, Mojca from Globalinto, Mira Dimitrič, University of Rijeka, Croatia)
  - **Invitation to another special issue of EBR** (https://www.ebrjournal.net/home/)
  - **Survey analysis** (individual reports, Aleš Gorišek, Mojca & Tjaša)