

**Emerging Markets Economics and Business.
Contributions of Young Researchers**

Proceedings of the 5th Conference of Doctoral Students in Economic Sciences

**UNIVERSITY OF ORADEA
FACULTY OF ECONOMIC SCIENCES**

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PREFACE

Scientific research in economics presently plays, more than ever, an important role in generating solutions and models of economic and social development. Moreover, in the contemporary world, development is inconceivable in the absence of sustained research and development activities. Undoubtedly, scientific research must be conducted primarily in higher education institutions, in academic and research laboratories.

In this context, the scientific research of young people - students, master students and, in particular PhD students - acquires special meanings and its stimulation is a duty of honour to academics and supervisors at all levels.

Recognizing and understanding all these realities, in the Faculty of Economic Studies and Doctoral School of Economic Sciences at the University of Oradea, there have been encouraged and supported the efforts and steps on the path of doctoral scientific research. Thus, since 2010 there is organized an Annual Doctoral Symposium of PhD students in Economics and related fields, and papers carefully selected after the peer-review process were published in a volume that encompassed the contributions of PhD students in Economics.

Now, we release the 31 papers selected from the scientific contributions of the PhD students, presented at the 2014 edition of the Doctoral Symposium Session and which received after the review process, the agreement for publishing from the Scientific and Editorial Board. The papers were presented, during the Doctoral Symposium, at three panels, dealing with topics related to Microeconomics and Economics of the firm, Entrepreneurship and SMEs, Tourism and services, Macroeconomics etc.

We release this first issue of the journal *Emerging Markets Economics and Business. Contributions of Young Researchers. Proceedings of the 5th Conference of Doctoral Students in Economic Sciences* with the belief that young researchers are, by training and audacity, a tank of opinions, viewpoints, and especially solutions and proposals, and aware that they should be encouraged and promoted as to enable them to confirm the hopes of their teachers and supervisors.

Last but not least, special thanks are due to Dr Adriana Giurgiu, Dean of the Faculty of Economic Sciences of the University of Oradea, for her continuous and important support, and also to the members of the Scientific and Editorial Board, to reviewers, to the members of the organizing committee, and to all generous fellows who supported the Annual Doctoral Symposium held on 21nd of November 2014 at the University of Oradea, and thus made possible the release of this volume.

Oradea, December 2014

President of the Symposium,
Professor Alina Badulescu

INNOVATION IN EU ENTERPRISES

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Abstract: The present paper is a PhD research in progress and analyses the innovation in enterprises at EU level and between member states. The purpose of this work is to present a framework of the enterprises innovativeness, objectives and hampering factors through a descriptive analysis. The data used is based on the Community Innovation Survey (CIS) 2008 and 2010 in order to understand and compare the enterprises situation in different states and between different observation periods. Through a statistical descriptive analysis of the innovation official indicators of Eurostat it is shown that the percent of innovative enterprises, compared to the previous period, decreased during the period 2008 – 2010. The paper represents also an introduction for a future analysis regarding the innovative enterprises in Romanian and it is observed that the percentage of innovative enterprises in our country is lower than EU average. At the same time, a common problem observed in EU is related to hampering factors, the enterprises from most of the EU countries have been affected by the lack of funds and by the high innovation costs.

Key words: Innovation; Community Innovation Survey (CIS); enterprises objective; hampering factors.

JEL Code: O30.

1. Introduction

Innovation is one of the four main elements in the diffusion of innovation process and the definition of Rogers (1983, p.11) is: “An *innovation* is an idea, practice, or object that is perceived as new by an individual or other unit of adoption. It matters little, so far as human behavior is concerned, whether or not an idea is "objectively" new as measured by the lapse of time since its first use or discovery. The perceived newness of the idea for the individual determines his or her reaction to it. If the idea seems new to the individual, it is an innovation.”

According to *Community Innovation Survey* (CIS 2010, p. 1), “An innovation is the introduction of a new or significantly improved product, process, organizational method, or marketing method by your enterprise. The innovation must be new to your enterprise, although it could have been originally developed by other enterprises.”

The interest on innovation is increasing day by day. A large body of literature studies a related concept to innovation. If we refer generally to individuals interest, by a simple Google search of the word “innovation” we find 118,000,000 results in 0.28 seconds. When it comes about innovation, the organizations are the main interested actors. Due to the technological rapidly evolution, sometimes, today innovation are the old products of tomorrow and having in mind the fact that performance is a crucial determinant of

enterprise competitiveness and progress, more enterprises are getting orientated towards innovation. This is also the case of EU enterprises.

In the present study we adopt the mean of innovation from the *Community Innovation Survey* (CIS) 2010, which says that an innovation may have been invented a long time ago, but if it is new for the enterprise or market (the individuals perceive it as new) then it means that the product/process is still an innovation.

The paper focus is on the product and/or process innovative enterprises in EU and the methodology is represented by statistical analysis. The official data of CIS 2008 and 2010 was processed and graphically resumed, in order to evidence the evolution of data and the differences between the provided information.

The Community Innovation Survey collects information on the enterprise's innovations and innovative activities during three years, for example CIS (2010) is the statistical wave for the years 2008 to 2010 inclusive. This is also valid for CIS (2008), the data is representative for the observation period from the beginning of 2006 to the end of 2008. The sample size was different from a country to another in order to be representative at national level, and due to these differences concerning the number of unites in sampling, the data was calculated as percent from the total number of enterprises in each country.

2. Innovative enterprises

The innovativeness of enterprises within CIS 2010 was divided in: product (good or service) innovation, process innovation, organizational innovation and marketing innovation. Considering the statistics provided by Eurostat, we will present some of the results which involve product and/or process innovative enterprises and a short description. Based on the analysis of the indicators corresponding to the online data code of Eurostat: inn_cis6_type and inn_cis7_type, we have discovered the following informations about EU countries.

Regarding the *product and/or process AND organization and/or marketing innovative enterprises only* indicator, as a percent of total enterprises, we can notice that the highest percent of this type of innovative enterprises during the 2010 wave was registered in Germany (46.55%) beside Luxembourg (41.88%) and Ireland (33.59%). Comparing with 2008 wave, the most significant decrease in 2010 was registered by Cyprus (7%), followed by Germany (6.34%) and Czech Republic (4.81%). Countries such as Netherlands, Slovakia and Luxembourg registered the highest increase of the present type of innovative enterprises.

The countries with the highest percentage of *product and/or process innovative enterprises, regardless of organizational or marketing innovation* from total enterprises in 2010, are: Germany by 64.21%, Belgium 51.58% and Luxembourg 49.97%. In Romania just 14.29% of total enterprises are included in this category.

Similar to the previous category, regarding the indicator: *product innovative enterprises only (% of total enterprises)*, we note the following top countries in 2010: Germany and Luxembourg. Romania is near to the inferior limit, with a percentage of 2.41, increased just by 0.04% regarding the previous wave.

Product innovation is the most common type of innovation. Taking into consideration the degree of novelty, the percentage of the enterprises that have introduced new or significantly improved products that were only new to the firm was higher in 2010 compared to 2008, for Luxembourg, Estonia and the Nordics countries: Sweden, Finland, Iceland and Netherlands.

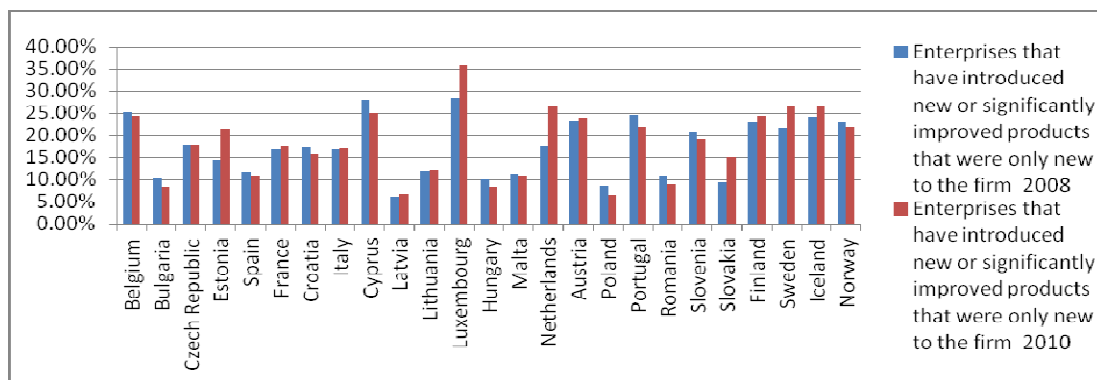


Figure no. 1. Product innovation new only to the firm

Source: Eurostat (online data code: inn_cis6_prod and inn_cis7_prod)

The percent of the *enterprises that have introduced new or significantly improved products that were new to the market* was higher in 2010 compared to 2008, especially for Luxembourg and Netherlands.

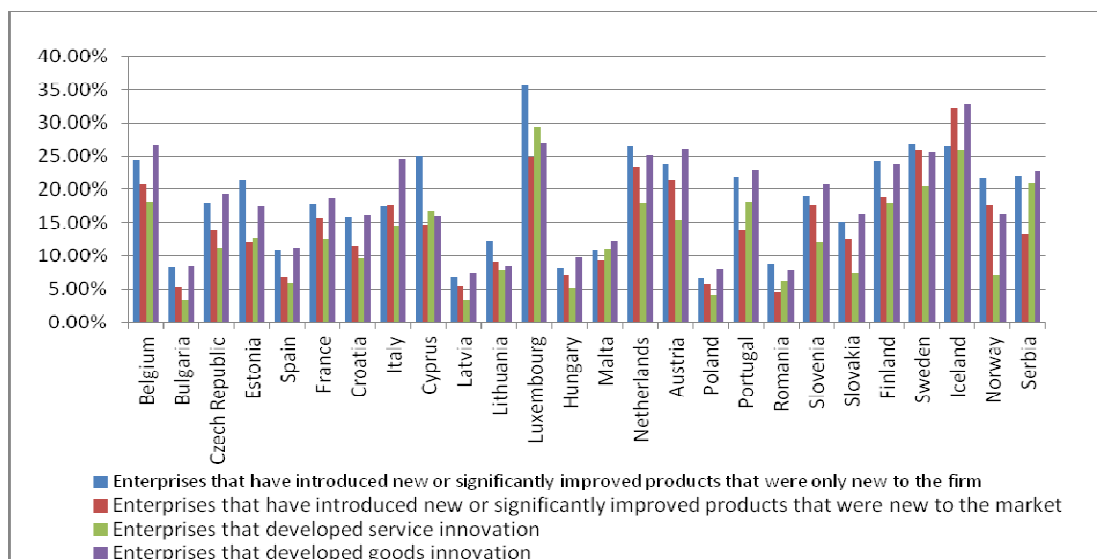


Figure no. 2. Product innovation for EU enterprises in 2010

Source: Eurostat (online data code: inn_cis7_prod)

The second figure clearly stands out the most orientated countries towards product innovation, such as: Luxembourg, Iceland, Netherlands, Belgium and Austria. On the other hand Latvia, Poland and Romania are the less orientated towards innovation countries.

The highest percent of *process innovative enterprises only*, during CIS 2010, was registered by Estonia, Portugal, Ireland and Belgium. German enterprises registered the highest decrease, by 5.04% compared to the previous period. Romanian enterprises registered a small percent of 3.63%, with 2.93% less than in 2008.

The highest percent of the *product and process innovative enterprises only*, in 2010, was noticed in Cyprus (24.70%) and Portugal (23.93%). It can be observed that, in most of the countries, the number of the enterprises characterized by this type of innovation decreased in 2010. The percent of the Romanian enterprises decreased also by 2.5%.

3. Enterprises objectives for product and process innovation

One of the most common types of innovation among companies is the product and the process innovation. According to CIS (2010), as mentioned in the harmonized survey questionnaire, these are defined as follows:

- *A product innovation is the market introduction of a new or significantly improved good or service with respect to its capabilities, user friendliness, components or sub-systems. Product innovations (new or improved) must be new for the enterprise, but they do not need to be new to the market. Product innovations could have been originally developed by the enterprise or by other enterprises.* (CIS 2010, p. 3)

- *A process innovation is the implementation of a new or significantly improved production process, distribution method, or supporting activity. Process innovations must be new to the enterprise, but they do not need to be new to the market. The innovation could have been originally developed by the enterprise or by other enterprises.* (CIS, 2010)

Moreover, it is assumed that innovation is good and it figures/represents the successful key for any organization. We also agree, but not “totally agree”. Innovation could be good or bad, depending on the context or its characteristics. If we just take a look back on the last ten years, we see how things changed, evolved and this could be the good part of innovations. Therefore, taking into account the fast evolution of the products/services on the market, for many organizations the “innovation” plays an important role.

Due to the fact that, product and the process innovation occupies an important role nowadays, using the official statistics as data source we wanted to underlie which are the most important objectives of enterprises regarding the product and process innovation in different countries of EU. In the following, we have chosen to analyze just the common objectives, for product and process innovation from CIS 2008 and CIS 2010; and just for the countries with full-data available. Based on the online data code of Eurostat (inn_cis6_obj and inn_cis7_obj), we provide some of the most interesting results of the statistical analysis.

For the first analyzed objective, the highest percent of enterprises which claimed that were *oriented toward increasing the range of goods or services* in 2008 were the enterprises from Luxembourg (31.68%), Cyprus (27.27%) and Slovenia (27.14%). Comparing with 2008, the importance of the same objective in 2010, we notice an increase of 5.7% for Luxembourg and a decrease of 2.5% for Cyprus and of 1.87% for Slovenia. From all the countries, the most notable decrease alongside Cyprus, are in Portugal and Poland. In the other direction, countries where the percent increased were Latvia and Slovakia. Regarding Romania, in 2008, 9.86% of enterprises stated the orientation towards increasing the range of goods or services as a highly important objective and just 8.28% in 2010. The averages in EU, in 2008, was 16.79% and in 2010 17.20%. The variance is more obvious between the two different periods for the same states.

Another highly important objective for the enterprises was *replacing outdated products or processes*. In this case, the top countries in 2010 were: Cyprus (27.4%), Estonia (17.72%) and Belgium (19.94%). The evolution of enterprises' orientation to this objective, between 2008 and 2010, has increased in Latvia (5.55%), Slovakia (5.38%) and Belgium (4.41%) and has decreased in Portugal (3.39%), Czech Republic (2.63%) and Croatia (2.36%). In EU, the averages in both years were slightly higher than 12%. The dynamics of Romanian enterprises regarding this objective decreased from 6.78% in 2008 to 5.85% in 2010.

Regarding the objectives orientated towards product and process innovation, the highest percent from EU of enterprises for which *improving quality of goods or services in 2010 was highly important* have been in Luxembourg (34.86%), Cyprus (30.32%) and Austria

(25.46%). Luxembourg registered a growth in 2010 of 2.87%, comparing to 2008. The highest growth of this objective was in Latvia (7.12%) and in Slovakia (6.08%). At the opposite side, is Cyprus with a difference between 2010 and 2008 of -2.89%, or others countries such as Czech Republic (-2.92%), Norway (-3.85%) and the highest decrease for Portugal (-5.67%). This objective was less important for 1.31% of the total enterprises in 2010, than the previous period. The Romanian enterprises percentage decreased by 1.31% in 2010.

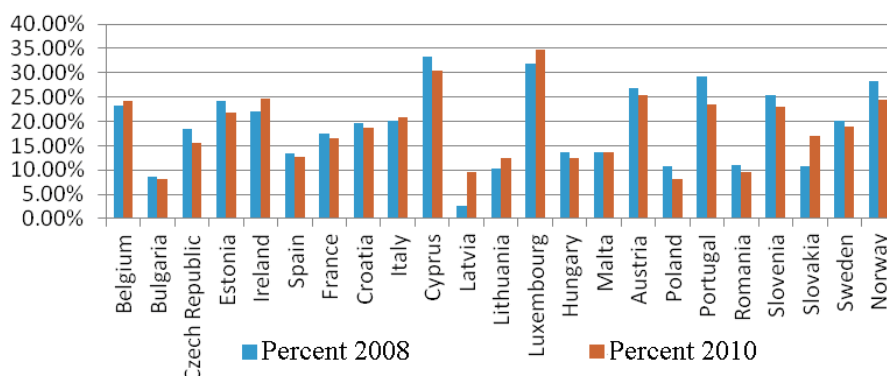


Figure no. 3. Enterprises for which improving quality of goods or services is a highly important objective for 2008 and 2010 (% of total enterprises)

Source: Eurostat (online data code: inn_cis6_obj and inn_cis7_obj)

During the period 2008-2010, in EU the biggest proportion of enterprises for which *improving flexibility for producing goods or services was a highly important objective* was seen in: Cyprus (27.12%), Luxembourg (19.09%) and Ireland (15.80%). Comparing the 2008-2010 period with 2006-2008 period, the objective importance increased by 6.11% in Slovakia, Latvia by 3.48% of enterprises in Latvia and in Lithuania by 2.14% of enterprises. Meanwhile the highest decrease was in Portugal by 4.50% of total enterprises. There was no significant difference between 2010 and previous period for Romanian enterprises, the decrease was about 0.57%.

Increasing capacity for producing goods or services as a highly important objective for EU states did not have a high variance regarding previous period. For countries such as Latvia, Slovakia and Lithuania the percentage of the enterprises oriented towards this objective increased in 2010 regarding the previous period by 3.25%, 2.91% and 1.87% and decreased by 4.07% for Portugal enterprises, by 2.22% in Slovenia and by 2.14% in Poland.

Reducing labor costs per unit output was a highly important objective in 2010 for Ireland (18.80%), Cyprus (16.87%) and Portugal (16.40%). Regarding 2008, Portugal decreased by 4.13%, less than Sweden (-4.95%) and more than Czech Republic (-2.61%). The objective became more important for other states: Luxembourg (3.28%), Slovakia (3.36%) and Latvia (3.90%). The official data shows a decrease of 0.82% for Romania.

From the data analysis we note that the attention paid to the listed objectives decreased during the last wave and this may be a consequence of the unstable economic situation due to the financial crisis which affected the EU member states, and not only.

4. Factors of hampering innovation activities

Many enterprises success or fail depends on the successful development and adoption of innovative products and process. Given the most important objectives for EU enterprise during the wave of 2008 and 2010 and taking into consideration that the most recent data on Eurostat is for 2010 wave, as a next step is natural to study which are the major factors (according to enterprises) that block innovation activities.

According to The Community Innovation Survey 2010, and by applying a descriptive analysis, we resumed the online dataset “inn_cis7_ham” and we calculated the ratio of hampering innovation activities of total enterprises for each state, with complete information and for all factors mentioned in the survey, as highly important factors of hampering innovation activities:

- the lack of qualified personnel;
- the lack of information on technology;
- the lack of information on markets;
- the difficulty in finding cooperation partners for innovation;
- the markets dominated by established enterprises;
- uncertain demand for innovative goods or services;
- no need to innovate due to prior innovations;
- no need to innovate due to no demand for innovations;
- the lack of funds within the enterprise or group;
- the lack of finance from sources outside the enterprise;
- too high innovation costs.

The most important factors for enterprises (leading to hampering innovation activities) were analysed in table 1 and are highlighted with blue color for each country by choosing the first two highest value of percentage. The less important factors for enterprises per each country are evidenced with pink color, following the same rules.

As it can be noticed in table 1, the factors chosen by the most of companies, in most of the countries are: the lack of funds within the enterprise or group enterprise and the innovation costs too high. The lack of funds within the enterprise or group enterprise for the mentioned EU countries has an average of 12%, meanwhile too high innovation costs an average of 11%. In contrast, the less chosen factors are the lack of information on technology and the lack of information on markets, both with an average of 2%.

For Romania, no data is available in the dataset “inn_cis7_ham”. Future analysis regarding the factors of hampering innovation activities in Romanian enterprises will be conducted. Regarding the situation of Romanian enterprises, in a recently paper (Adam, Cornescu and Imbrisca, 2014) it is shown that innovative enterprises take up only a small part of the Romanian landscape as they are nearly 3 times fewer than non-innovative ones. Also, there are no significant differences between companies based on the economic sector of activity, but the differences are based on the firm size, large companies make up most of the number of innovative companies, easily outnumbering small ones.

Table no. 1. The factors of hampering innovation activities in EU enterprises (% of total enterprises, 2010 wave)

GEO/IND	Lk_qualif	Lk_inf_te	Lk_inf_m	Dif_coop	Dominat_	Uncert_d	Innov_pri	Innov_no	Lack_fun	Lack_fina	Innov_co
IC_IN	_pers	ch	arket	er_part	market	emand	or_innov	_demand	d_intern	nc_ext	st_high
Belgium	8%	2%	2%	3%	8%	6%	3%	4%	10%	6%	10%
Bulgaria	4%	2%	3%	6%	6%	8%	2%	3%	10%	8%	11%
Czech Republic	5%	1%	1%	2%	9%	7%	3%	7%	16%	9%	12%
Estonia	8%	2%	2%	3%	7%	5%	3%	3%	11%	10%	8%
Ireland	4%	2%	3%	3%	8%	9%	4%	3%	14%	12%	9%
Spain	5%	4%	4%	5%	8%	12%	3%	5%	15%	14%	15%
France	7%	2%	3%	4%	8%	10%	4%	6%	15%	9%	13%
Croatia	6%	2%	2%	5%	7%	7%	1%	2%	17%	13%	16%
Italy	4%	2%	2%	7%	9%	12%	2%	4%	16%	15%	17%
Cyprus	5%	3%	2%	4%	8%	9%	5%	4%	14%	15%	18%
Latvia	4%	2%	3%	5%	7%	5%	3%	4%	8%	6%	9%
Lithuania	4%	2%	2%	3%	6%	6%	3%	3%	9%	7%	9%
Luxembourg	7%	1%	1%	6%	11%	8%	4%	8%	7%	3%	7%
Hungary	3%	1%	2%	2%	5%	7%	1%	3%	9%	6%	9%
Malta	3%	1%	3%	3%	6%	7%	2%	2%	7%	6%	8%
Poland	3%	2%	2%	3%	6%	5%	3%	3%	8%	7%	9%
Portugal	7%	4%	4%	9%	12%	14%	4%	7%	20%	18%	23%
Slovenia	6%	2%	3%	3%	7%	6%	2%	3%	13%	12%	10%
Slovakia	3%	1%	1%	2%	5%	4%	1%	1%	9%	-----	8%
Finland	5%	1%	2%	2%	4%	6%	2%	3%	9%	6%	7%
Sweden	6%	1%	1%	2%	7%	4%	1%	2%	9%	6%	6%
Norway	5%	1%	2%	2%	3%	4%	1%	1%	7%	6%	10%
Average	5%	2%	2%	4%	7%	7%	3%	4%	12%	9%	11%

Source: Eurostat (online data code: inn_cis7_ham)

Based on the previous table, we identified which countries were more or less affected by the already mentioned factors. The results have shown that, Norway has the lower percentage regarding the importance of the factors that block the innovation activities. In addition, Portugal enterprises are the most affected by the listed factors.

5. Conclusions

A general framework was provided about innovation in EU member states. It was shown that enterprises orientation towards innovation objective or the typology of innovative enterprises decreased during the period 2008 – 2010, which mostly could be a consequence

of the financial crisis which slowed down the economy in many states and seriously affected enterprises' progress.

Comparing with other countries, Romanian innovative enterprises and concerns regarding innovation are lower than EU average. In both periods 2006-2008 and 2008-2010, Romania occupies a place among the last positions. Also, in Romania's case, in 2010 and the previous period, the same decrease in orientation towards innovation is remarked.

The present paper described the situation of innovative enterprises in EU and identified the highest and the lowest values of different variables or countries, a general picture of EU innovative enterprises and the position of Romanian enterprises. Future research will be conducted regarding Romanian innovative enterprises and I consider that this research is a necessary introduction for the next study in order to understand the Romanian innovative enterprises characteristics and their position regarding other EU states.

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LOCAL COMMUNITIES AND GAS EMISSIONS

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Abstract: Future economy will be based largely on renewable energy. More than 80% of global energy consumption is based on fossil fuels. The EU's rural development policy for 2014-2020 is among the main strategic objectives of sustainable management of natural resources, territorial development of rural areas and agricultural competitiveness. Any community, whether national, regional or local, has as main objective economic progress. Production and electricity consumption and emissions of greenhouse gases are issues that local and regional communities can address. This article presents an overview of issues relating to emissions of greenhouse gases. In the context of climate change, local and regional communities play an increasingly more important role. The economic development of a community is influenced by the decisions that the community can take.

Key words: local and regional authorities; greenhouse gas; climate change; Romania; European Union

JEL Code: Q2

1. Introduction

In the next period, there are expected many climate changes and it is proposed a new vision for the communities as well, which are meant to increase the role of the regional and local communities. For these reasons, the European Union encourages local and regional authorities to use development and financing schemes that address issues related to climate and energy.

The European Union has proposed that by 2030, the emissions of greenhouse gases represent about 50% of the level recorded in 1990. Also, it is desirable that, in 2050, electricity to be produced in 100% based on renewable energy. To achieve this objective, it is necessary to establish interim targets for 2030 and 2040.

However, the profitability of energy production system can be increased by reducing the electricity use. Another way to increase profitability is to rise the percentage of energy from renewable sources.

Moving to a economy with low emissions of carbon dioxide offers certain advantages. The most important opportunity is given by the economic opportunities. For local communities, in addition to these opportunities, there are important, as well, the social and the

environmental opportunities. All these bring benefits to the local and regional communities, especially in the area of employment.

In their operation, energy systems can be influenced by price fluctuations. These price movements may cause the energy system to become vulnerable. This vulnerability can lead to disruption of electricity supply. On the other hand, an energy system that benefits from diverse and sustainable energy resources is a system which face price fluctuations. For systems with these characteristics, it is greatly diminished the risk of disruptions in energy supply. It is important to have a reasonable price level. This is due to the existence of vulnerable consumers. Hereby, it can be accomplished a proper management of the tax burden, borned by individuals.

Lately, policies regarding the climate and the energy, provide the use of the stored carbon in a way more durable. Thus, in constructions field, as substitutes for gas emitting products, there are proposed constructions based on products made of wood.

It is wanted that the carbon emissions to be absorbed naturally. In order to increase the natural absorption of carbon emissions, there can be used solutions that take into account the organic farming and the forest resources.

2. Greenhouse gas

People and traders, as members of local and regional communities, can give evidence of an appropriate behaviour regarding the issue of the greenhouse gas emission reduction.

Local and regional communities can make decisions on planning and structuring the services used by citizens and companies.

Economic development and progress of a community require a basic infrastructure. This infrastructure should include opportunities for sewage and waste processing, production and distribution of electricity, drinking water, roads and public transport.

Local and regional authorities have an important role in mitigating climate change. Floods and storms, accompanied by disruption of electricity, are phenomena that can cause difficulties to local community members. Electricity generation at the local level can support the local economy. This offers advantages in terms of employment at local and regional level.

Because of climate change is likely to warm the northern hemisphere more intense than the rest of the planet, there may be long periods of drought in some regions and rainfall in other regions. These may affect food production. This phenomena may lead to an acceleration of the movement of people within one area to another. The conditions mentioned highlight the importance of consumption.

At European level it is wanted to achieve the green growth and sustainability. It is monitored the implementation of structural changes which has to be based on a clear set of goals, in order to reduce carbon emissions by 2030. Europe 2020 mentions issues related to the green economy with low emissions of carbon dioxide.

At EU level, desired economies of member countries have adequate infrastructure based on low emissions of carbon dioxide.

In EU member states, gradually occurs a shift to electricity produced from renewable sources. Electricity consumption decreased. Due to the recession and structural changes produced in the industry, reducing electricity consumption and emissions of greenhouse gases were not a factor of progress in the field of employment.

Increased confidence of the EU citizens that the emissions of greenhouse gases will decrease constantly can be accomplished through objectives concerning the reduction of emissions of greenhouse gases. These objectives must consider, as well, the objectives

involving the effectiveness of energy and the renewable energy. Each member state may take different measures according to the state's economy and the structure of emissions of greenhouse gases, specific environmental conditions.

Member states shall use renewable energy sources depending on the specific raw materials, natural environment, production systems and power transmission in those countries.

At EU level, carbon dioxide emissions represent about 80% of total emissions of greenhouse gases. These carbon dioxide emissions are influenced by factors such as climate, economic growth, population size, transport and industrial activities.

In the European Union, in 2012, compared to 2011, carbon dioxide emissions from burning fossil fuels decreased by 1.6% and in 2013 to 2012 and carbon dioxide emissions decreased by 2.5%.

According to the information published by Eurostat, in 2013, the EU member state with the highest level of carbon dioxide emissions was Germany with 760 million tons (an increase of 2% compared to 2012). In the following places are the UK with 455 million tons, France with 346 million tons, Italy with 342 million tons, Poland with 290 million tons, Spain with 224 million tons and Netherlands 162 million tons. These seven member states aggregated together 77% of the total EU28 emissions of carbon dioxide. In Romania, in 2013, the emissions of carbon dioxide was 63 million tons (down 15% since 2012). If we consider 1990 as a base year, the fluctuation of greenhouse gases emissions in Romania is shown in Table no. 1.

Table no. 1. The fluctuation of greenhouse gases emissions in Romania

Year	Total greenhouse gas emissions (in CO2 equivalent) indexed to 1990
1990	100
1991	81,53
1992	73,76
1993	69,70
1994	68,27
1995	70,79
1996	71,69
1997	66,35
1998	59,22
1999	52,38
2000	54,14
2001	56,11
2002	56,36
2003	58,21
2004	57,03
2005	57,03
2006	58,46
2007	57,64
2008	56,46
2009	48,44
2010	46,81
2011	49,08
2012	47,96

Source: EUROSTAT

Graphical representation of the variation in emissions of greenhouse gases in Romania for the period 1990-2012 is shown in Figure no. 1.

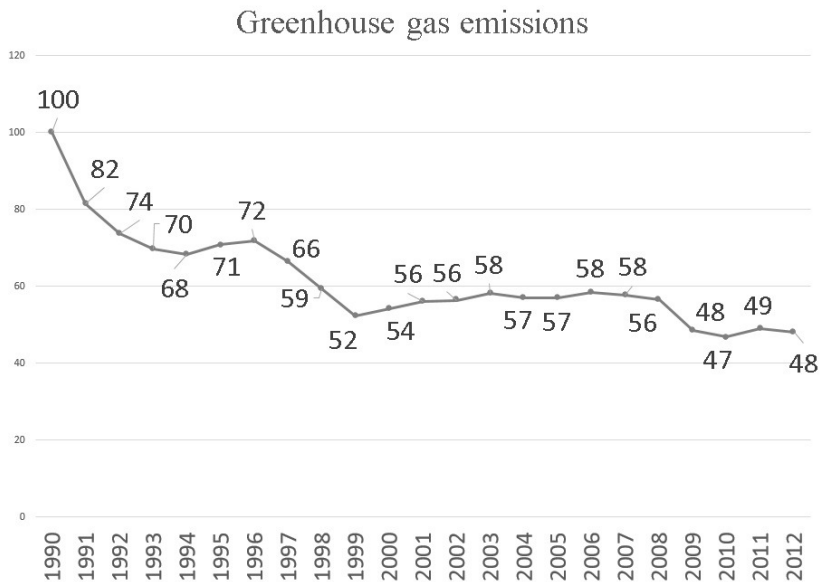


Figure no. 1. The variation in emissions of greenhouse gases in Romania for the period 1990-2012

Source: EUROSTAT

One of the objectives of the European Union's climate and energy policy is to find a way to supply energy and to compliance with environmental, social and economic requirements. Also, it is aimed the achievement of this objective by providing safety and security.

3. Local and regional communities

In the recent years, many local and regional communities were able to develop and implement policies related to sustainable development. These policies have been implemented through programs and projects meant to slow down the climate change. The actions took into account environmental improvement, reduction of greenhouse gas emissions and adaptation to climate change.

Also, there were applied innovative approaches by identifying a way of production of the based energy on consumers. In this case, households and businesses can use micro generators to secure its energy supply. Energy networks enables bidirectional transmission of electricity. In this way, the electricity consumers become electricity producers as well.

In the European Union, a third part of carbon dioxide emissions and about 40% of electricity consumption is given by buildings. Due to the fact that more and more buildings have entered in a thermic rehabilitation process, it is needed a monitoring of the buildings which are renovated and the new buildings that are being built. Therefore, it is desired to increase the use of performant energy-saving practices. This saving can be achieved by maintenance, renovation and regular monitoring of installations generating and consuming electricity.

Local communities and regional climate change can be mitigated by agricultural use of drought resistant species intense and persistent.

In rural areas, it can be undertaken for afforestation of slopes at risk of flood propagation. Deforestation actions increase the slope run-off water and the production of a powerful flood. Landslides affect slopes.

Forests are the key factor in maintaining the ecological balance, climatic and fluid. They have a regenerative capacity 3-5 times greater than any other natural ecosystem.

In Romania, the forest occupies an area of approximately 6,000,000 hectares, representing almost a quarter of the total area.

One of the main functions of forests is to protect soil from erosion, ensuring the purity of water, air, climatic factors improve, while producing sources of raw materials for the needs of the population and national economy.

Given the importance that forests have in improving climatic factors and hence in mitigating climate change, local and regional communities should be more involved in regeneration activities and expansion of forests. The enlargement of the forest area is made through the afforestation of the areas without sylvan vegetation, of the areas outside the forest and of the degraded areas.

The Statement regarding the forested areas in Romania shows a dramatic decrease after 1990, from 25,489 ha to 10,106 ha in 2010.

Table no. 2. Wooded area

Year	1990	2000	2001	2002	2003	2004
Surface (ha)	25489	12701	13539	16448	14772	14100
Year	2005	2006	2007	2008	2009	2010
Surface (ha)	14389	15533	10176	11244	10962	10106

Source: the National Institute of Statistics

At local and regional level, electricity generation from renewable sources results in electricity savings and generate new business opportunities and local dynamism. An energy independence and diversity brings protection against price changes and improves economic autonomy. Also, the local energetic independence helps in the supporting of the economic activity.

4. Conclusions

In the local and regional communities, the following objectives should be geared towards maintaining air and water quality. Heating methods are more efficient in terms of electricity use and compliance with air quality. For this reason, it is intended to use such heating methods.

In Europe, local and regional communities can promote programs that lead to the attenuation of energy consumption in buildings in which public institutions operate.

Production of concrete and steel requires high amounts of energy and renewable natural resources such gravel and coal. For this reason, in constructions, for small buildings is possible to replace concrete and steel with renewable wood and other wood products.

In the member states of the European Union, transport is responsible for about 20% of emissions of greenhouse gases. These emissions come from 60% of private cars. There are many proposals regarding a wide range of fuels which can be used for road transport. The local and regional communities may require the use of fuels with low emissions in public transport.

For local and regional communities, sustainable regional planning is another aspect whose importance has increased lately. Sustainable regional arrangement is desired to take into account bioclimatic factors. A high energy consumption in cities and traffic may have the effect of reducing the quality of life of local communities and regional members.

In addition to economic and social measures, the measures of urbanism may have an increasing importance. The use of low emission fuels and the use of alternative propulsion systems can contribute to climate change mitigation. However, a contribution to reducing traffic and revaluation can have the use of public transport.

At EU level, climate change may lead to wider social gaps. This is one of the reasons why it is necessary to pay special attention to social groups and regions most exposed. These local and regional communities are already in a disadvantageous situation given by a poor health status, low wage incomes, inadequate housing conditions or lack of mobility.

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SUSTAINABLE DEVELOPMENT IN RURAL CONTEXT

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Abstract: Sustainable development is part of economic development. The concept of sustainable development theory belongs to new economic development. Proper management of daily changes can be made only with well educated and flexible people, ready to promote sustainable development. We cannot consider sustainable development without taking into account human resources. In terms of rural development policy for 2014 – 2020, the European Union proposed as main strategic objectives the followings: the sustainable management of the natural resources, the territorial development of the rural areas and the development of the agricultural competitiveness. These goals can be achieved only through a better management of human resources. The article contains information on both sustainable development and the present situation of the level of education of people living in rural areas. The economic development of a community is influenced by the level of education of the members of that community, through the influence on decisions taken by the community.

Key words: sustainable development; Romania; human resources; education and training; rural

JEL Code: O15

1. Introduction

Almost 50% of the population lives in rural areas. This percentage exceeds the percentage of population living in rural areas in other European Union countries. If we compare the situation of the rural areas with the situation found in the urban areas, we can see that the rural settlements are less populated. Rural communities bring their intake and are involved in a little economic growth. There are significant differences between rural and urban areas.

If we analyze the situation in terms of population density in rural areas, we estimate that the areas of the northeast are the most populated. In these areas, the birth rate is higher. With a varied relief, it appears that it affects density rural areas to regional and county level. Also, the rural population is not evenly distributed.

The countryside, however, presents the advantage that meets traditional craftsmen ready to engage rural and provide local products.

The reorganization of economic systems was determined by technical, social, institutional and economic changes. In the recent years, structural changes were observed from the primary sector (agriculture, mining), the secondary sector (industry) and tertiary (services). Thus, the accession to the European Union imposed institutional changes. The transition from planned economy to market economy has generated new opportunities in terms of trade, new markets, technological changes, increasing competitiveness and social changes. If we want to record a high growth and competitiveness, we must take into account the performance of education and training systems. Hereby, the economic recovery generating new jobs is influenced by the education and training systems, which are oriented to labour market.

Both at European and at national level, it is found that skills supply does not meet the needs of the labour market. In Europe there are over two million job vacancies.

In order to accelerate the economic growth and to provide a convergence of the Romanian incomes with those of the European Union, it is necessary to improve, in Romania, the investment and the competitiveness fields.

Because public funding is limited, an increase in competitiveness can be achieved by effective investment in education and training.

According to the information published in a European Commission study, one from five persons has low literacy and numeracy skills. Thus, employability is limited.

In Europe it is intended to support the development of education and training systems of the member states. It is desired to achieve a personal, social and professional fulfilment for all EU citizens.

In this regard, it is taken into account the supporting of the effort in acquiring the key skills and the share reduction of low achievers. It is aimed to promote basic skills acquisition, retraining measures and improvement of skills by enhancing lifelong learning.

It is desirable that the teachers and the trainers to be motivated to acquire a high level of digital skills, by adopting more flexible means of training, by applying new training methods and by adapting the programs.

The overall objectives of the CAP (Common Agricultural Policy), the main mission of EU rural development policy in the period 2014-2020 can be stated according to three long-term strategic objectives. These objectives are: competitiveness of agriculture, sustainable management of natural resources, climate change and a balanced territorial development of rural areas.

2. Sustainable Development

Considering aspects of globalization, the concept of sustainable development was formulated while in the scientific debates conducted internationally.

Thus, we cannot separate the consequences of human activity on the natural environment of economic and social developments of mankind. In the 1972 Report of the Club of Rome are synthesized information on the evolution of five parameters. These are: population growth, the impact of industrialization, pollution, food production and natural resource depletion trends. The report warned that the development model in that period cannot be sustained long term.

Sustainable development was defined initially in 1987 in the Report of the World Commission on Environment and Development of the United Nations. This report is known as the Brundtland Report.

The first accepted definition of sustainable development is: "a development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs".

Based on Brundtland Report there has been developed a number of international documents that have recognized the importance of local and regional level in promoting sustainable development.

We believe that environmental protection and economic growth in the long term are seen as complementary and mutually dependent.

In 1992, at the Earth Summit in Rio de Janeiro was adopted the resolution called 21st Agenda. This document contains basic principles that should guide the countries of the world in what concerns the type of the economic development in this century.

Complex issues of sustainable development were discussed at the UN General Assembly Special Session (2000) and the Summit on Sustainable Development in Johannesburg (2002).

Since 1997, sustainable development has become a political objective of the European Union. This action was accomplished by the inclusion in the Treaty of Maastricht.

In 2001, as a continuation of these approaches, the Gothenburg European Council adopted the Sustainable Development Strategy of the European Union. In 2002, in Barcelona, to this strategy was added an external dimension of the concept of sustainable development.

In 2006, the EU Council adopted a renewed Sustainable Development Strategy for an enlarged Europe. This document has been designed in a unified and coherent strategic vision. The overall objective of this strategy is to continuously improve the quality of life for present and future generations. The strategy plans to create communities able to manage and use the resources in an effective way. Also, it is taking into account the improvement of the economy's ecological and social innovation, in order to ensure the prosperity, the protection of the environment and the social cohesion.

In 2012, the EU Council and the European Commission set out measures in order to support the Europe 2020 objectives for growth and jobs.

We cannot think of sustainable development without accepting the idea of consumption, which is necessary in order to satisfy the essential needs of people, but without lowering the living standards. This consumption is a consumption that needs to be related to the ecological potential of the environment.

Sustainable development should consider adapting society to the problems facing humanity today. These important issues include: climate change, water shortages, drought, desertification, resource depletion, waste, biodiversity loss, population growth, poverty, migration.

3. Education and training in rural areas

Europe 2020 Strategy mentions the need to strengthen education and training if we take into account economic growth. The emphasis should be on improving the functioning of education and training.

It is found that demographic and technological innovations produce rapid changes in the business world. Thus, companies are forced to implement new business models and strategies. On the other hand, by introducing emerging technologies, redefining employees' skills is essential.

In recent years, some parts of the Union faced a demographic decline. It consisted of a progressive reduction of the working age population and an unsatisfactory level of the

labour force. From this point of view, the eastern part of Europe could become a sparsely populated region with a declining workforce and an aging population.

To achieve a sustainable development model in all its components (economic and socio-cultural environment) it is required to have an accurate assessment of human capital and its development trends in the medium and long term. This assessment must take into account both rural and urban areas.

According to the information available on the website of the National Institute of Statistics (NIS), Romania is no exception. Table no. 1 presents the demographic situation. This table is based on the results of population censuses of 1948, 1956, 1966, 1977, 1992, 2002, 2011 and updates in 2014.

Table no. 1. Demographics of Romania for the period 1948-2014

Year	The population of Romania
1948	15.872.624
1956	17.489.450
1966	19.103.163
1977	21.559.910
1992	22.810.035
2002	21.680.974
2011	20.121.641
2014	19.942.642

Source: conducted by the authors based on data published on the website of the National Institute of Statistics

The data presented in the table notes that in 2002, Romania's population declined by about 1 million people compared to 1992. In 2011 to 2002, the decline was greater, ie 1.5 million people. The factors behind the decline are mainly the emigration and the negative natural increase.

Rural areas have a substantial growth potential, but also a vital social role. In Table no. 2 we present the average population share of Romania during 1948-2011.

Table no. 2. Share on average for the period 1948-2011 of the Romanian population

Year	Urban (%)	Rural (%)
1948	23,4	76,6
1956	31,3	68,7
1966	38,2	61,8
1977	43,6	56,4
1992	54,3	45,7
2002	52,7	47,3
2011	54,0	46,0

Source: conducted by the authors based on data published on the website of the National Institute of Statistics

Observing that by the early 90s, we can conclude that the percentage of population living in rural areas decreased continuously. In the recent years, the percentage of population living in urban areas has stabilized at around 54%.

In the coming years will enter into the labour market persons who now are in the age category of 5-19 years. It is very important for the age category between 5 and 19 years that in the rural areas live 52% of the Romanian population. Thus, for this age group, the share of population living in rural areas is higher than that of the population living in urban areas. It is important to offer jobs for these people, but also to offer education and trainings, as a factor of progress. This distribution will affect population growth in the coming years and will increase the pressure on rural communities, with direct effects on prosperity, environmental protection and social cohesion.

In terms of potential of initiation of new business, it becomes increasingly important the level of qualification of people who live in rural areas.

Thus, approximately 73% of the population who lives in rural areas has at most the vocational school or secondary school graduation. Also, 27% of people living in rural areas have completed at least high school, compared to 63% of people living in urban areas.

After processing the statistical data on the education level of the population living in rural areas, aged between 25 and 64 years, information can be summarized in Table no. 3.

Table no. 3. The education of the population aged between 25 and 64 years

Census	TOTAL	superior (%)	Post-secondary (%)	Secondary (%)	Without graduating high-school				
					Total (%)	Out of which:			
						Professional (%)	Gymnasium (%)	Primary (%)	No school (%)
2011	4.690.289	6,73	2,07	23,07	68,13	21,96	36,76	7,43	1,98

Source: conducted by the authors based on data published on the website of the National Institute of Statistics

It can be seen that almost 70% of the population aged between 25 and 64 living in rural areas has not graduated high school. Also, one third of the population aged between 25 and 64 years, living in rural areas, has only 8 grades completed.

Given the information presented above, we conclude that demographic factors are an essential component of the vision for future sustainable development of Romania.

Thus, to achieve a responsible approach of the demographic phenomena, actions are needed in order to support the development of local communities and to provide useful services to the population. Also, it can be considered that an increase of the employment opportunities for vulnerable groups may lead to the emergence of new businesses.

4. Conclusions

Sustainable development has become a constant economic and social policies of each country. There is no economic or ideological boundaries of pollution. Action is needed to counter the globalization process. These actions are needed because of the increased level of pollution and poverty.

Because actions lead to material prosperity, cultural, physical and mental health is essential to put the human beings in the spotlight.

The economic growth can be achieved only if the essential conditions for the conservation of natural resources are fulfilled.

Security and food security can be achieved by proper use of natural resources: soil, water, plant and animal biodiversity.

About 30% of the population is employed in agriculture. Because of this, it is necessary to rethink the importance of employment in sectors such as food, travel services, storage and transport of goods.

The premise of economic growth can be given by increasing private investment in the food industry in rural areas. Improving the absorption of EU funds for agriculture it may also be the subject of economic growth.

There is a risk that some rural areas will face particular challenges in what concerns the economic and social sustainability.

It is necessary to increase and diversify partnerships between organizations, education, training and the labour market. Through these partnerships we can facilitate interventions in education and training.

Given the issues raised, we believe that these partnerships are very important to rural areas. Unfortunately, people who have not completed compulsory education can only take part in training programs for 1st level of qualification. Thus, it is important to assess the training needs of these individuals, especially those who live in rural areas. According to these training needs, these individuals may participate in training programs in order to improve their skills. If these people skills are improving, they can handle jobs that require a higher level of training or they can be able to initiate new businesses.

It is also important to identify the extent and the level of cover jobs in rural communities.

For the people who live in rural areas it is possible to get a job either based on education, either based on higher qualifications acquired through education and training programs. Therefore, investment in the local community training programs can lead to the development of education level of people living in rural areas, to economic growth and to sustainable development.

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ANATOMY OF UNDERGROUND ECONOMY IN A DICHOTOMOUS PERSPECTIVE FORMAL-INFORMAL

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Abstract: Underground economy, multidimensional concept, composite and multi-vector aroused a great interest from researchers, academics and society, as a whole. Numerous attempts to analyze the morphology of the underground economy generated an epistemological context which requires clarification and delimitation based on strong criteria. This study advocates for a dichotomous perspective formal-informal, as argument for seeking clarification of ambiguity and confusion which sometimes are accompanying the analysis of underground economy's anatomy. Structure based on statistical, economic, fiscal, legal criteria, aims to reveal the composite, heterogeneous and complex nature of underground economy, on the one hand. On the other hand, the excess taxonomic, although seriously argued, can induce confusion. The purpose of our analysis, having its starting point the explicit and implicit relationships between formal and informal, is not resumed only to the structure and forms of manifestation of the underground economy, but also has the purpose to create the premises of assessment and measurement of the phenomenon, by simple, clear and effective criteria. Everyday reality reveals the true portrait of the underground economy, a portrait that worths to be deciphered also in this formal-informal "key".

Key words: underground economy; economic dualism; formal sector; informal sector; underground activities.

JEL Code: A12, K42

1. Introduction

Segregation of activities of underground economy is a laborious operation which involves a multidisciplinary research, interdisciplinary and intradisciplinary, that concerns economic, statistical, fiscal, legal, sociological issues. Given the composite nature of the informal economy, the research methodology of this study is included into the category of conceptual research. Both the research subject, the underground economy, as well as research object, anatomy of underground economy are analyzed considering the internal logic of the research process and into a close interdependence. The methodology used combines harmoniously the aspects of deductive nature with those of inductive nature. In the first part of the study, it was aimed to define and contextualise the underground economy through "dualistic" theories and cvasiantagonic equation formal-informal. In the second part of the study, it was aimed to decipher the underground economy through the tools of analysis and classification criteria. Analysis of different formulas and types of aggregation of underground activities was achieved from a dichotomous formal-informal perspective.

2. Underground economy from a dichotomous perspective formal-informal

Underground economy has earned, in the opinion of some researchers after high-spirited debates, the right to exist as a sub-branch of economics. Newly acquired status is the result of multiple attempts of conceptualisation, definition and theorization.

In order to analyze the anatomy of the underground economy, we will quote a few of the most representative definitions: Pestiau (1989) "Underground economy represents all economic activities that are made at the borderline of criminal, social or fiscal laws, or are escaping (massively) from the inventory of national accounts"; as per the Dictionary of Economics (2001) "all economic activities undeclared of institutions responsible with setting of taxes and social contributions, which escape from the accounting records and the national accountancy"; Voicu (2012) "all informal economic activities, commercial and noncommercial, held in the form of organized records not covered by a state body, legal or illegal, hazardous or dangerous to economic and civil society".

Most definitions of the underground economy refers to "all economic activities", " the totality of economic activities " or simply undeclared "economic activities" or which are not included to inventory of empowered public institutions, made by violation of legal, social and moral rules. As a consequence, we can say that the existence of the underground economy "gravitates" around of the forms and types of informal activities. In acceptance of most researchers, informal activities are considered complementary or antagonistic with the formal activities. The meaning of formal express official, declared, visible economic activities, which basicly include behaviors and attitudes related to compliance of economic and social rules. Regarding informal, the semantic area of informality express either activities, events, opposed attitudes, antithetical to those formal, official or legal, either activities which, from objective statistical reasons (activities performed in own houses, volunteering), cannot be registered with the optimal qualitative and quantitative parameters. The governmental interest, institutional for informal sector is usually limited to the measurement and control of black economy and underground, main emphasis being on budgetary revenue losses caused by tax evasion or various illegal or criminal activities. Conversely Neef, Stănculescu and Adair (2007) consider that the academic interest has a wider vision on informal sector, extending from counting of the people active in the informal sector and measuring of losses, to identification of various informal activities, the logic of functions and their effects on living standards of the various segments of the population, as and on social cohesion. The relationship of connivance, controversial, dual type formal-informal was the subject of more detailed economic analysis. Thus, the "dualists" are considering the informal sector as autonomous, functioning as a backup solution in case of crisis. From this perspective, the informal sector has the role to absorb those excluded from the restriction of formal sector, especially during periods of relative economic liberalization. In periods of expansion, the informal sector is viewed as a pool of potential labor force and indirectly generator of socio-economic activities. Other viewpoints expressed on this theme are referring to the informal sector as an extension of the formal sector and less as an alternative. According to Chelcea and Mateescu (2005) the benign relationship between formal and informal resulted from the studies of "dualists" generated and hypotheses regarding the capacity of informal sector to achieve economic growth.

In light of the above, the analysis in "dual key" of formal-informal economic activities is the best way to decipher morphological the underground economy. In most analyzes, the structure of the underground economy is done by presenting, in an explicit unilateral manner, only informal activities or through reporting of informal sector to the formal one.

The tree structure of underground economy starts from explicit or implicit delimitation of formal versus informal and is performed by various tools - analysis criterion such as: official economy (-nonofficial economy), legal(-illegal), commercial (-noncommercial), monetary (-nonmonetary), declared (-undeclared), production (-transfer), economic-statistic, registered (-unregistered), exhaustive (-nonexhaustive), intention (-nonintention), reply (-nonreply), market economy (-domestic economy).

3. Analysis tools-criteria: production – transfer, market economy – domestic economy, legal – illegal, monetary-nonmonetary

Under the approach Neef, Stănculescu and Adair (2007), informal activities refer to all types of markets and exchanges, unreported and unregulated production and services. Starting from this analysis, there were delimited particularly three structural boundaries (table 1). The first structural boundary is considering the report between informal activities and market economy: informal activities are aimed to goods and services produced or traded both in the market economy and in the domestic sphere, which does not involve market. The second distinction concerns the nature of economic activity: informal activities aimed both at producing goods and services and their trading. The third boundary is considering compliance with the regulations in force: informal activities which include both illegal economic activities (drug trafficking, corruption, smuggling) and legal activities (subsistence agriculture) and “allegal” (not regulated by specific laws, for example in Romania the work day in agriculture for other households). A separate category is undeclared activities; usually, these are taking place in a legal framework, but can be punished if they are related to the market and if they are detected (e.g. illegal work in construction sector). Based on these three distinctions, can be identified informal activities that are based on different logics and practices. Interesting to note is that this kind of theoretical concept concerns underground economy as part of the informal economy. In this analysis, the formal activities are not shown explicitly; perhaps starting from the premise that everything is not informal is formal.

Table no. 1 Types of informal activities

		Market economy		Domestic economy	
		Illegal	Legal		
Production	1a/ activities outside the law	Underground economy		Households	
		Transfer	1b/ corruption	2a/ tax evasion	3a/ undeclared work
2b/ shifts in nature between companies				4b1/ own consumption	4b2/ inter-household transfer

Source: Informal economy and social transformation in Romania (Neef, Stănculescu and Adair, 2007, p.15)

The evasiclandestinely character of the underground economy imposed the structuring of the underground economy in a different key, i.e., depending on the legality and illegality of sources of developed economic activities (table 2). According to the taxonomy in table 2, it follows that the underground economy includes all underground economic activities that could be taxed in case of declaration of it to the fiscal body.

Shelak (1997) emphasizes illegal side of the underground economy to the detriment of legal side "Underground economy means illegal production of branded goods, drug trafficking, commercial vices and prostitution, usury, illegal gambling, barter, hiring illegal immigrants, activities carried out on their own, hiding income from business". Illegal source activities are targeting common law criminal matters such as trade of stolen goods, drug production and trafficking, prostitution, gambling, smuggling.

Pătroi (2007) claims that legal source activities are referring to criminal tax fraud matters, also called "extra-ilegem" or illegal tax evasion and licit tax evasion so called "tolerated" or "intra-ilegem". These classification forms of tax evasion are most prevalent and arouse controversy. "Illicit" tax evasion refers to direct and unequivocal breach of form and spirit of the law by making fictitious trades based on intentional element. Tax fraud is a criminal offense or contravention nature of fiscal policy, with the obvious intention to evade taxation and correlated with the dissemination of inaccurate or incomplete information in order to give undue tax advantages to the offender. Tax fraud refers to undeclared income of freelancers, salaries and current results of unregistered work, aiming to obtain legal goods and services, etc. Legal tax evasion shows understatement of taxable as a result of exemptions or tax incentives that allow fiscal and tax circumvent without breaking the law directly. We can say that tax evasion is the result of inaccuracies legislative combined with taxpayers' versatility and capability to adapt the subjects of taxation (from the legal texts) in their favour. Legal tax evasion includes employee discounts, collateral benefits etc. Craiu (2004) argues that the existence of the underground economy is closely linked to the monetary sphere, especially through a sharp inclination towards monetary liquidities showed by those who acts as paying or paid in this area. The reason for this behavior is obvious; cash transactions are less visible than banking operations. In a study commissioned by Visa and carried out together with ATKearney and Schneider (2013) it was pointed out that the underground economy is fueled by several factors, among them the predominance of cash and a lack of transparency of transactions. Non-cash transactions include: bartering drugs, stolen goods, smuggling, stealing for personal use, all activities carried out for its own benefit and in helping of neighbours etc.

Table no. 2 Taxonomy types of underground economic activities

Type of activity	Monetary transactions		Non-monetary transactions	
Illegal source	Trade with stolen goods; production and trafficking of drugs; prostitution; gambling; smuggling; fraud etc.		Barter of drugs, stolen goods, smuggling; Growing plants in order to obtain drugs for personal consumption. Stealing for personal use etc.	
Legal source	Tax fraud	Legal tax evasion	Tax fraud	Legal tax evasion
	Undeclared revenues of freelancers; salaries and assets from unregistered labor, goods and services aiming at obtaining legal	Employee discounts; collateral benefits	Barter goods and legal services	All work carried out on their own and in helping neighbors

Source: "Sizing" the problem of the hard to tax (Alm, Martinez-Vazquez and Schneider, 2004, p.16)

4. Analysis tools criteria: the visible economy - economy, commercial - noncommercial, monetary and non-monetary, licit- illicit;

Some researchers, such as Voicu (2012), define the anatomy of the underground economy by reference to the visible economy. The economy is viewed as a whole, the relationship between the visible economy and the underground economy being from one part to another

part, together forming the real economy of a country. In this analysis, the structuring of underground economic activities starts from the distinction between commercial and noncommercial activities and continues with non-monetary/monetary and licit-illicit criteria (figure 1). Licit and formal commercial activity, in acceptance of commercial law includes acts and trade conducted in accordance with legal regulations; both evidenced in interposition operations and movement of goods and manufacturing of goods by transforming raw materials, materials and obtain results of greater value, carried out by manufacturers or entrepreneurs. Illicit commercial activity includes trade with goods that are not supported by legal evidence. Noncommercial activities consist usually in activities provided in own houses or volunteering. Delimitation referring to monetary and non-monetary aspects, licit and illicit, in the sense of legal and illegal were treated more detailed in the previous section and need no further clarification. Structuring on commercial basis, together with theories that characterize the actions and commercial facts as per the commercial law, from our perspective, reveals some aspects that concern underground economy, as subject to be discussed. Thus, Schiau (2009) considers that the commercial activity can be seen as an act of speculation, which is done in order to achieve a benefit, profit, by speculate a transformation or exchange of goods.

The speculation criterion (**speculation theory**) corresponds to reality because the "pseudo-trader", as active subject of the underground economy, is not disinterested acting, but just to get benefits. The benefits of underground activities, obtained according to this theory, have a profoundly immoral and illegal character, modalities of implementation being wellknown: the sale of stolen goods, drugs, guns, prostitution etc. The speculation theory has some weaknesses because it is difficult to apply because it takes into account "the intention to realize the benefits" not their actual realization. Being a psychological mobile, the purpose of the action (getting profit) can be assessed only after the finalisation of activity. As per other point of view, the trade act is an act of circulation (**circulation theory**), namely an act of interposition between producer and consumer. This criterion takes into account its object and not its purpose, as in the case of speculation theory. It is evident that the objects of the commercial act, in terms of informal perspective, are illegal and are referring, in particular, to brokerage acts placed between production and consumption, such as for example drug trafficking and weapons. This theory excludes production and consumption acts. Finally, as per another view of Cărpenaru (2014), the commercial activity is analysed as the fulfilled act in an enterprise (**enterprise theory**), firm or company, in the broader sense. As per this criterion, a commercial activity includes not only operations of interposition and movement of goods but also operations which are producing goods and services execution of works made by entrepreneurs. This criterion outlines a methodical and autonomous organized activity of the entrepreneur (manufacturers) and on its risk, with the support of production factors in order to achieve a profit, not subject to taxation in this case. The analysis of these three theories reflects the profit (income) ideas and circulation under which commercial of underground economy activities are performed. The characterization of commercial activities, formal and implicitly informal, from point of view of commercial law reveals a new vision of the underground economy which, in our opinion, can be defined as an informal activity of (illegal, immoral) which makes an interposition in the movement of goods, with the intention of obtaining profit, as an unreported income, unregistered in accounting system and untaxed by the legal tax authorities.

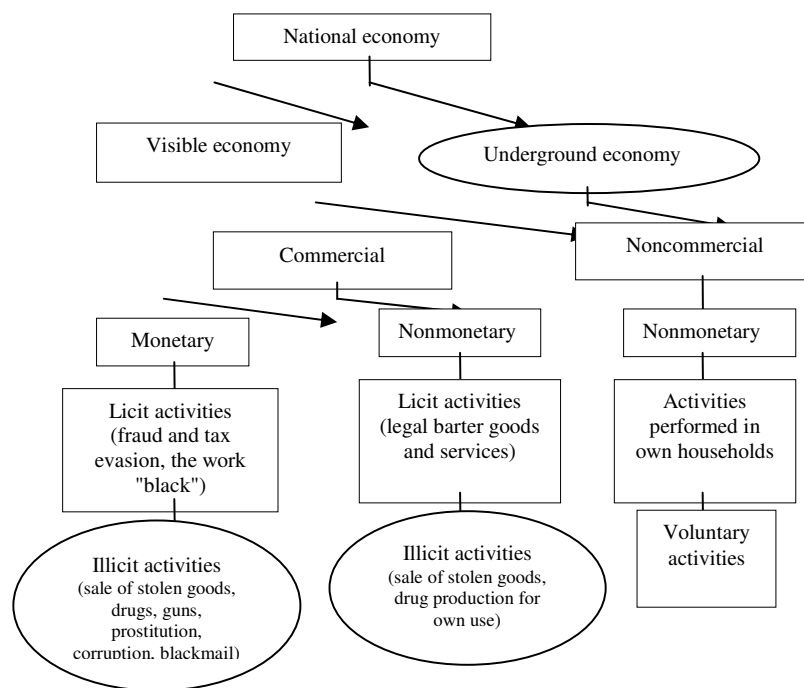


Figure no. 1 Structure of the real economy

Source: Figure no. 1 adapted from Voicu (2012, p.56) made after the scheme of work of Pierre Pestiau from L'Économie Souterraine

5. Analysis tools criteria: observed economy – unobserved economy, economic -statistic, exhaustive -non-exhaustive;

For structural identification of the underground economy, the use as an analysis vehicle of the concept of unobserved economy is a solution that has been extensively analyzed (figure 2). Unobserved economy, according to Anghelache, Mitruț and Voineagu (2013), includes all hidden activities of statistical observation. The development of this concept had, as a starting point, the National System of Accounts and the European System of Accounts. Related to the main concepts and used terms in connection with the activities of unobserved economy (illegal, formal and informal) by Anghelache et. al. (2007), it can be noticed the following notional and categorical remarks: **Illegal production** includes: a) the production of goods and services whose sale, distribution or possession is prohibited by law, and b) production of activities which are usually legal but become illegal when their implementation was performed by unauthorized manufacturers; **Hidden economy** which by some authors is identified as synonymous with the underground economy and includes activities which made legal but are deliberately concealed from the public authorities for various reasons such as to circumvent the paying of taxes on income or profit, VAT and other taxes, social security contributions etc.; **Productive formal sector** comprises establishments recognized as legal entities and regulated by Law 31/1990, Law 36/1991, government decisions by public institutions and other legal acts. The following units are part of the formal sector: Government-owned units with autonomy in decisions; companies, banks, insurance companies, unions, political parties, religious organizations and other units that form NPIs. **The informal sector** includes: **Family associations and**

self employed workers whose activity is regulated by a specific law (Decree-Law no. 54/1990). Their annual income statement is filed with the Ministry of Finance. These statements are covering gross income, taxable income and income taxes by type of activity. The units of this kind are registered at the Fiscal Register Office and Trade Register Office; **Unregistered units**. From legal point of view, an activity developed requires a registration to the Fiscal Register Office and Trade Register Office. Analyzing the current situation in Romania, the registration laws and procedures, unregistered units can be (in one of three registers) but developing a legal activity in the informal sector: tailors, auto mechanics, painters, teachers offering private lessons etc.; **Underreporting**.

Both formal and informal sectors may include registered units which undervalue their business to avoid taxes, social security contributions. **Non-response and lack of updated information**. The single source for providing nomenclatures units in carrying out investigations is Statistical Register Office. A main characteristic of Statistical Register Office (managed by the National Institute of Statistics) is the compatibility with other registers used in Economics, Trade Register Office (managed by the Ministry of Justice) and Tax Register Office (managed by the Ministry of Finance).

Given the fact that the estimation of the unobserved economy has as result the comprehensiveness improvement of national accounts, Eurostat adopted a general framework for the definition and estimation of nonexhaustivitate using possible types of it. The concept of unobserved economy with statistical and institutional logistic has the advantage of using a variety of tools criteria of analysis from formal-informal to non-exhaustive/exhaustive. Delimitation of informal from formal is explicit and allows multidimensional assessment of the underground economy.

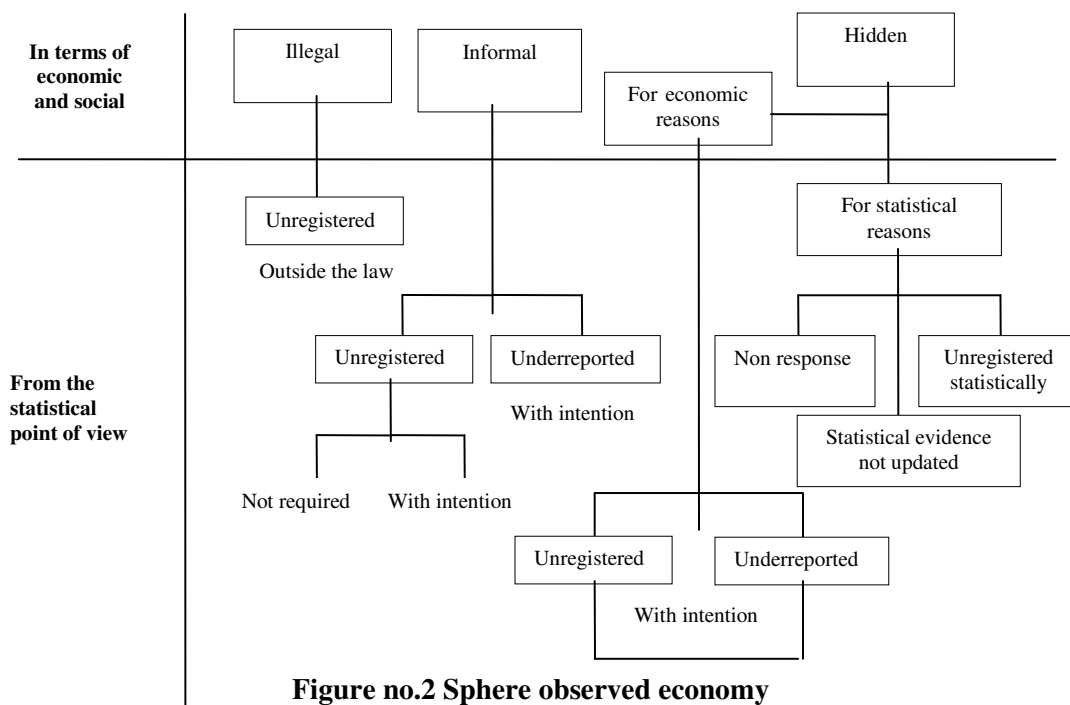


Figure no.2 Sphere observed economy
Source: System of National Accounts (Anghelache et. al., 2007, p.358)

6. Conclusions

Epistemological context in which underground economy have been developed seems generous, apparently. This is confirmed by many studies and analyzes aimed for this

concept, as spectacular as it is discussed and disputed. Tautological approaches and semantic valences have highlighted different views of the structure of the underground economy. Different visions although complementary have created some confusion regarding the scope and depth of the phenomenon. The justification for structuring of underground activities on various criteria comes from their heterogeneity and diversity. Criteria of legality, monetarist, trade, statistics can be found in most scientific studies. Despite using these criteria, the feeling of equivocal on structuring activities is obvious. The purpose of this paper is to identify the most effective way of highlighting the anatomy of underground economy. In our opinion, the morphology of underground economy starts from dualistic equation developed by the two formal and informal vectors. Whatever the criteria and approaches are, this document emphasizes the informal nature of the activities of the underground economy by reference to formal. In practical terms, based on accurate and well-substantiated scientific criteria, it can be constituted the prerequisites for a deep evaluation and an optimal sizing of the underground economy.

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CORPORATE SOCIAL RESPONSIBILITY PROGRAMS OF ROMANIAN COMPANIES

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Abstract: The general objective of this paper is to demonstrate the importance of corporate social responsibility programs in a large company and, at the same time, how corporate social responsibility is approached by companies from Romania.

In our contemporary society, where the consumer's interest for responsible products is rising, the difference between a socially responsible company and an uninvolved one can lead to a decisive factor in the consumer's habits.

In Romania, social responsibility is a continuously rising tendency. If at the beginning of the year 2000, companies from our country did not have CSR programs, nowadays almost all big companies are implementing such programs, being aware of the advantages they bring for themselves, but also for the community they belong to.

Key words: corporate social responsibility; company; programs.

JEL Code: M14.

1. Introduction

The concept of corporate social responsibility appeared in the last century and gradually became a common term in company management and in the academic and politic environments. CSR is becoming a stronger and stronger tendency present in successful companies. These companies see social responsibility as not only an option, but an integral part of their culture and image. CSR is complex and it manifests itself towards shareholders, employees, clients, suppliers, society, stakeholders and the environment in which it operates.

Following the expanding of the globalization process in the 1990's, CSR developed too. We can say that they became citizens of the communities in which they operate, assuming certain responsibilities. Business environments became more and more involved in ensuring important services: water supply, electrical power distribution, telecommunications (Mureşan, (2010)). Companies have become more exposed to public

analysis, since the advent of the Internet and television. Social groups and environmental protection organizations have acquired a great power, amplifying their expectations from commercial companies.

2. Important dates in the apparition and development of the Corporate Social Responsibility concept

The end of the 1950s' was marked by a growth of the consumers' power to influence the behavior of a company (Oprea, (2005)). In this context, a very popular and efficient proposition appeared at an international level, which considered that companies should voluntarily assume responsibility for certain social aspects.

In the 70s', the preoccupations regarding the natural environment and the evolution of pressure groups each focused on a certain theme, have represented another major influencing factor on companies. Thus, during 1970-1980, a company's reputation and its relation with the community become more and more important.

Friedman's (1970) point of view, expressed in the work titled "The Social Responsibility of Business is to Increase its Profits" stirred a lot of controversies in the years that followed, leading to the creation of two different opinions: those who supported the idea that the only responsibility of a company is its financial one towards its stakeholders, and those who supported the idea that a company is socially responsible towards its shareholders. Friedman's argument - according to which the company cannot have moral responsibility for its actions, because its main obligation is to act exclusively in the interest of the shareholders, while the social problems must be dealt by the state – was critiqued for not taking into consideration the active role of a company in a society.

The impact that companies have in a society and on the environment has risen alongside with globalization. Besley and Evans (1978) notice that even though the CSR concept is implemented differently in companies, it can be the answer to society's unsolved problems. Companies have a large influence on a developing society, a power which it can use to expand the available opportunities for the society, but, at the same time, it can act against it, because of the control it has on local human resource policies in that society.

After the 1980s', pressures meant to raise environmental standards and improve environment conditions have made companies to better synchronize their social investments with business strategies. At the European Union's level, because of powerful social policy and through proposed objectives in the Lisbon Strategy, a great deal of importance is given to conceptual development and practical implementation of corporate social responsibility, this having become a priority in the EU. The European Commission published the Green Paper Report in June 2001, which wanted to promote an adequate medium for CSR in Europe.

In 2002, a CSR report titled "A contribution of organizations in durable development" appears. In this document, the European Commission proposes an action strategy in the direction of social responsibility and in October 2002 appoints a Forum on CSR problems in Europe: European Multi-Stakeholder (CSR, EMS Forum), which has the role of promoting exchanges and interactions between companies, setting instruments for evaluating standards.

In 2000, the International Standardization Organization (ISO) announced its intention to contribute to the creation of a uniform value framework in the CSR field, wanting to harmonize all the codes, norms, certifications and standards in this field. In 2005, the standard's creation is picked up by an international workgroup made up of 450 experts and 210 observers from 99 ISO member states, as well as 42 international organizations, such as: International Labour Organization (ILO), United Nations Environment Programme (UNEP), Organization for Economic Cooperation and Development (OECD), Global Reporting Initiative (GRI) etc. The standard was published in November 2010.

GRI is a nongovernmental association which activates in the field of sustainability. GRI promotes sustainability for companies as being a way through which organizations can be more sustainable and can contribute to a durable development. A durable global economy has to combine long term profitability with an ethical attitude, social justice and care for the environment. GRI developed a reporting system that will guide companies in their activity of sustainability reporting. The main objective of GRI is to harmonize the multitude of ways in which sustainability is reported, so that a free path to standardization is created and to better compare and analyze corporate performance (Brown, (2011)).

3. Corporate social responsibility programs of Romanian companies

We can see that in the last decade, Eastern European countries tend to develop new capitalist democratic systems. The CSR concept appeared in the Romanian business society through multinational companies that represent the main promoters of this concept in our country. As any important concept, that has to be rapidly assimilated, CSR in Romania was seen initially as a fad, rather than the result of fully understanding the needs of all categories of stakeholders. At the beginning, Romanian companies used CSR practices in order to align to consolidated business standards from Europe and internationally.

As the Romanian market became more and more competitive, the national companies started to realize the potential of an economic-social approach in the process of building an image and consolidating reputation, as a premise for medium and long-term commercial success. So, a great deal of national or multinational companies currently operating in Romania have made their social responsibility practices known and participate in an active experience exchange initiative, through a specialized site: www.responsabilitatesociala.ro, the first initiative of this kind truly efficient in the Romanian business environment. In Romania, CSR first started at the beginning of the 2000s' and it increased after it became a member of the EU.

A study conducted for ten Romanian companies at the beginning of the 2000's, by the United States Agency International Development, has shown that social responsibility is treated with a certain indifference, sometimes even ignored by Romanian companies (Șhiopu, 2009). The study conducted in 2004 mentions the fact that no Romanian company had an informational audit report and no corporate governing code. The 2005 April study shows that one company had an informational audit report (BRD Groupe Societe Generale) and one company had a corporate governing code (S.N.P. Petrom), two companies had a shareholders' rights policy and the same two societies presented a

structure of their board. The study continued in 2006, with some slight developments of the social responsibility practices being noticed.

In April 2006 the first CSR portal from Romania is founded: responsabilitatesociala.ro, with the purpose of convincing and helping companies to invest in developing the society and of the communities in which they are present. In time, the activities under the responsabilitatesociala.ro brand have diversified. At present, they are integrated in a Program which includes several communication channels, but also numerous specialized events or various trainings and seminars dedicated to the CSR community. (www.responsabilitatesociala.ro)

4. Case study: domains in which CSR programs of Romanian companies are implemented

By analyzing the CSR profile of Romanian companies that are registered on the responsabilitatesociala.ro portal, we can observe that the fields in which they are involved are:

- Education;
- Culture;
- Environment;
- Social;
- Human rights;
- Sport.

The companies decide which fields of social responsibility they want to get involved. In general, they tend to involve in fields that are related to their basic activity and with their vision.

Out of a total of 33 companies that have CSR programs, the involvement structure is the following:

- Education 90.9% (30 companies);
- Culture 60.6% (20 companies);
- Environment 75.75% (25 companies);
- Social 78.78% (26 companies);
- Human rights 9.09% (3 companies);
- Sport 48.48% (16 companies).

For a more detailed analysis of the fields in which the companies were involved and how they got involved based on each field of activity, we have determined a representative sample of companies.

The selection criteria were:

1. to be part of the 33 companies that are active on the responsabilitatesociala.ro portal;
2. to have a turnover that places them among the first 50 companies in Romania.

The companies that respected the two conditions at the same time are presented in the table below.

Table no. 1. Composing the structure on fields of social corporate responsibility and the fields in which the companies activate

No.	CSR domain Company	Educa tion	Cultu re	Environ ment	Social	Huma n rights	Sport	Field in which the company is present
1.	Petrom	x		x	x		x	Exploiting petrol products, refining
2.	Orange	x		x	x			Telecommunications
3.	GDF Suez Energy România	x		x	x			Energy
4.	Transgaz	x	X	x	x		x	Gas transports
5.	Terapia Ranbaxy			x			x	Pharmaceutics
	Total	4	1	5	4	-	3	

Source: Own representation based on data gathered from www.responsabilitatesociala.ro and data made available on the companies' sites.

Based on the analysis, we can see that only five companies meet both eligibility criteria. The structure of the fields in which their CSR programs are involved is as follows:

- Education – 4 companies;
- Culture – 1 company;
- Environment – 5 companies;
- Social – 4 companies;
- Human rights – no companies;
- Sport – 3 companies.

Conclusions of the case study

We can see that the analyzed companies wish to answer to the needs of the societies they are part of. Companies are direct beneficiaries of the communities they are part of and through involvement in CSR programs, they give back part of their success to the community in which they operate and can contribute to increasing the value of that community, through active participation in society. All five analyzed companies are interested in the environment, although their activities are different.

Four companies have an interest in the social and education fields, coming to aid the problems of the societies they are part of.

We consider that the most important factor for determining a company to get involved in a social responsibility field is the need of the society in which the company operates, because the members of that society have to benefit from the success of a company.

5. Conclusions

From the analysis we have made in chapters three and four, we can draw a series of advantages for the companies and for the society.

Company advantages:

- Increased visibility of the company in the community (humanizing a company);
- Increase employee attachment to the company;
- Increasing the attractiveness of the company for potential new employees and for business partners.

Community advantages:

- The sense of “community” is developed;
- The success of a company’s CSR program will generate similar initiatives from other companies.

In our modern society, where the interest of the consumer for responsible goods is growing, the difference between a responsible company and an uninvolved one can be a serious factor in consumer behavior.

The concept of CSR is relatively young, but its fast evolution has led to the creating of documents to regulate this activity.

It first appeared in the USA, and on the European continent it only appeared for several decades, but the number of companies that implement CSR programs is on the rise.

In Romania, social responsibility is a growing tendency since the 2000’s. If at the beginning of the last decade, companies from our country did not have any CSR program, now almost all large companies are implementing such a program, being aware of its advantages for them and for the community to which they belong.

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THE CARTEL: ANALYSIS OF THE ROMANIAN REGULATION. CASE STUDY

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Abstract: This paper proposes to analyze the way in which a cartel is regulated in Romania. The anticompetitive arrangements are severely affecting the competitors as well as the consumers. The research methodology which we used is based on the study of specialized literature, analyzing national anticompetitive legislation and a case study. The role of the case study is to bring to light the way in which the active regulations have been applied, but more importantly to analyze the order of applied procedures in such a case. The case study was selected for its importance, because in the 2009 – 2013 period, out of the 23 cases of cartels identified in Romania, the one we are presenting was the only opened case following a complaint to the Competition Council. At a national level, during those five years, it could be seen that there was no appeal made to the clemency policy, which is a weird decision, seeing that at a European level, the situation could not be more different.

Key words: cartel; competition policy, Romanian legislation, procedure, decisions, fines

JEL Code: K 21, L 40

1. Introduction

The main objective of this paper is to analyze the Romanian regulations concerning cartels. We consider that it would be helpful if these procedures and regulations were well known, because anticompetitive practices could cause a great amount of damages, to the consumers and to other Romanian economic agents. Especially because of this, our paper presents in detail the procedure used by the Competition Council to detect a cartel. To exemplify this procedure, in section four, a cartel from the field of dental technique products is presented. This case study analyzes the applied procedures step by step. The last part of our paper is dedicated to the analysis of the Competition Councils' activity with regards to identifying cartels during 2009 – 2013.

In specialized literature, the definition of a cartel can be found in various forms. The Organization for Economic Cooperation and Development (OCED) defines the cartel as being a formal accord between companies belonging to an oligopoly industry, and the members of the cartel agree on the following aspects: prices, total industry production, division of clients and territories, market shares, fixed offer, establishing common sale agencies, as well as division of profit (Khemanin and Shapiro (1993)).

In literature, the cartel is defined as an agreement between independent enterprises, belonging to the same economic field, having as objective the control of the competition, with the purpose of promoting their mutual economic interests (Harding and Joshua (2010)).

2. Romanian regulations regarding cartels

In Romania, anticompetitive arrangements are regulated by Chapter II of the Competition Law nr. 21 from 1996, republished in 2014, while the regulation of the cartel is based on Article 5 of that law. Paragraph 1 of Art. 5 from the Competition Law forbids the existence of agreements between companies, which can affect competition, on Romanian territory. These agreements can range from fixing prices, participating in staged offers, to stopping certain companies from entering a market. Still, the legislation permits the existence of some agreements between companies, when the consumers have a series of advantages from these agreements – for example, the agreements will allow for better economic and technologic progress. By applying those agreements, it is guaranteed that no substantial competition will be eliminated from the respective market (Legea Concurenței nr. 21 (2014)). If the cartels affect trade with other EU member states, then along with the enforcing of the national regulations, Art. 101 from the Treaty on the Functioning of the European Union. When there is the suspicion on a national level that a cartel exists, the Competition Council is responsible with proving this fact.

The consequences of a cartel being present in a market can be devastating, and the identification and later the proving of such an anticompetitive practice can be difficult or sometimes even impossible. That is why a clemency policy is promoted at a national level. The Competition Council has created a site called *Clemency Module* through which it is explained how the clemency policy works. It also ensures the arbitration between the company that wishes to benefit from clemency and the Competition authority.

A company that is part of a cartel can benefit from fine immunity or from a cut of the fine amount. In order to use these instruments, the economic agent has to file a claim or a request. It has to be said that all claims are recorded in a *Unique Clemency Register*, so that the exact date and hour of the request is known.

In order to benefit from fine immunity, a company has to fulfill a series of conditions. After it filed a request for immunity, the economic agent has to be the first to provide information regarding the existence of a cartel. In other words, the Competition Council ignores the existence of an anticompetitive agreement. Following this, the company has to provide more evidence or to ensure the collecting of evidence by the authorities. Also, for the duration of the investigation, the economic agent has to cooperate with the Competition Council, even if they require of him to leave the cartel. The company that wants to benefit

from fine immunity, but initially does not have all the proof needed, can reserve a place, by soliciting a *marker*.

A company that is part of a cartel and it no longer fulfills the requirements needed for fine immunity, can benefit from a fine reduction. To benefit from it, the company has to bring evidence different from those already in the possession of the authorities. The first company that brings additional evidence, can benefit from a fine reduction of 30% to 50%; the second company – 20% to 30% and the other companies that bring further evidence can benefit from a fine reduction of 20% at most.

3. How the procedures are applied in the case of cartels identified in Romania

The opening of a cartel case investigation can be based on three modes: *ex officio* – in which case the Competition Council opens an investigation, by sending a complaint from a natural person or a legal entity, or by soliciting fine immunity for an economic agent, member of a cartel.

In case the Council receives a complaint, firstly it analyzes it to find if there is a legitimate interest on behalf of the plaintiff. The complaint has to have all of the information requested in the form. Only those complaints that abide to the two requests are taken into consideration.

Based on the presented information in the complaint, the Competition authority will analyze and see where the activities mentioned fall, so that the complaint can be solved as such: opening the investigation, denying the complaint – because the Competition Council considers that the legislation was not broken, informing the plaintiff that the respective case is already investigated either by the European Commission or by some other Competition authority from a member state (Ordin nr. 449 (2010)).

If the Competition authority has decided to open an investigation, this has to take place within 60 days from the date in which the plaintiff was informed about the settling of the complaint, and the decision has to be made public.

During the investigation, hearings take place. During these hearings, the parties involved can express their points of view, but they are obliged to provide all requested information. Not providing the information in the specified period of time can lead to sanctions.

Regardless of the way in which the investigation is started, the Competition Council can make inspections at the headquarters of the companies that are allegedly involved in a cartel. During the inspections, the companies have to provide the investigators all requested documents. The investigators can copy all information they deem useful.

The investigation can lead to: the closing of the case – because the breaking of the legislation has not been demonstrated, or finding that the legislation was indeed broken, case in which the Competition Council will decide on what sanctions to impose.

In the case of cartels, the sanctions are between 0.5% and 10% of their last year global turnover. If the economic agents made use of the clemency policy, one of the companies can benefit from fine immunity and the others can get a fine reduction.

The decision of the Competition Council is made public, along with a resume of the case. If the competition authority worked with confidential information, then it will provide a resume that shall omit the confidential information.

During the investigation, the competition authorities in the European Union collaborate and when a case can affect the internal market, it is taken over and investigated by the European Commission.

4. Case study: dental technique products cartel

The way in which the procedures were applied in the case of the *Dental technique products* cartel is shown in the Table no. 1.

Table no. 1 Dental Technique products cartel – essential elements

Name and case no.: 58 – Dental technique products			
Method / Date of opening of the investigation: complaint / 23.10.2010			
Field:	pharmaceutical (dental products)		
Involved companies:	Vita Zahnfabrik H. Rauter GmbH&Co.KG -Germany		
	SC Dentotal Protect SRL – România		
	SC Helios Medical & Dental SRL – România		
	SC Tehnodent Poka SRL – România		
	SC West Dental Teh-med SRL – România		
How the Art. 5-Competition law nr. 21 and Art. 101-TFEU were broken:	fixing resale prices of dental technique products (vertical anticompetitive deal)		
Duration of the cartel:	July 2010 – April 2012 (medium)		
Date of decision issuance:	23.12.2013		
Sanctions:	Vita Zahnfabrik H. Rauter	63,402 lei	14,348 €*
	Dentotal Protect	232,433 lei	52,599 €
	Helios Medical & Dental	75,263 lei	17,032 €
	Tehnodent Poka	65,726 lei	14,874 €
	West Dental Teh-med	19,413 lei	4,393 €
	Total:	456,237 lei	103,246 €
Length of the investigation:	3 years and 2 months		

Source: Own representation based on information in *Decizia Nr. 58 din 23 decembrie 2013*: http://www.consiliulconcurentei.ro/uploads/docs/items/id9151/decizia_publicare_site.pdf

* according to an average yearly rate in 2013 of the Romanian National Bank (1€= 4.4190 lei)

In the case of this cartel, the inquiry started from a complaint to the Competition Council made by SC Medimex SRL. The object of the complaint regarded the obligation of Vita Zahnfabrik H Rauter distributors to resell their products at a fixed price. The complaint was issued on 23.10.2013.

The involved companies were: Vita Zahnfabrik H. Rauter GmbH&Co.KG – suppliers and SC Dentotal Protect SRL, SC Helios Medical & Dental SRL, SC Tehnodent Poka SRL, SC West Dental Teh-med SRL as distributors.

Vita Zahnfabrik H. Rauter GmbH&Co.KG is based in Germany. In Romania it is represented only through its distributors. The company produces and distributes materials used in dental medicine. In 2012 it had sells totaling 677,545 euros (Decizia Nr. 58 din 23 decembrie 2014 (2014)).

The SC Dentotal Protect SRL, SC Helios Medical & Dental SRL, SC Tehnodent Poka SRL și SC West Dental Teh-med SRL companies are registered in Romania and deal in trading pharmaceutical products.

During the investigation, the parties involved were requested to provide information. The companies sent the information in the given time period and the competition authorities managed to establish that the involved parties have met in Bucharest on 23rd June 2010. During that meeting, the participants agreed on using the same resale prices for the products. The Competition Council was given the e-mails exchanged between the participants, from which they were able to see that there was an agreement on price fixing. Even the list of the prices used was retrieved. Also, it has been discovered that Vita Zahnfabrik H. Rauter was conducting a monitoring on the distributors' behavior.

The companies cooperated with the competition authority. Vita Zahnfabrik H. Rauter assumed all guilt, during the observations forwarded to the Competition Council, mentioning that they were the ones who started the agreement, but they requested that their good cooperation with the authorities during the investigation be taken into account. The other companies tried to minimize their actions, some of them even saying that they did not participate in the meeting when the deal was closed.

The evidence gathered during the investigation were enough for the authority to conclude that there was a breach of Art. 5 of the Competition Law no. 21/1996 and Art. 101 from TFEU. The investigation lasted for 3 years and 2 months.

The Competition Council settled that the cartel had a medium duration, from July 2010 to April 2012.

The decision finding the breaking of the legislative provisions was sent on 23rd December 2013. According to the decision, the participants in the cartel were sanctioned. The total amount of the fines was of 103,246 €. The biggest fine was given to SC Dentotal Protect SRL from Romania.

5. Conclusions

During 2009 – 2013, 23 decisions regarding the breaking of Art. 5 from the Competition Law were given in Romania.

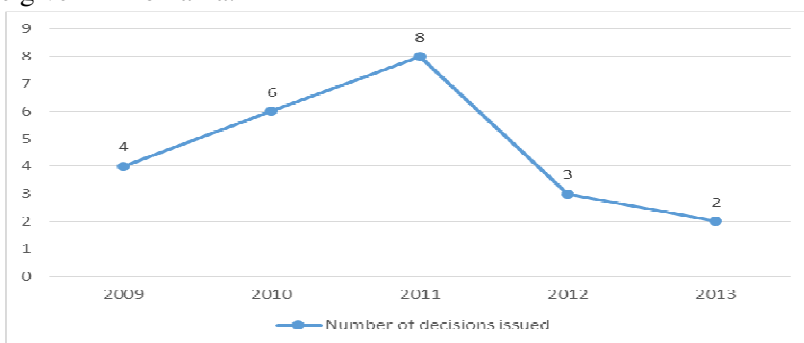


Figure no. 1 Evolution of decisions of the Competition Council regarding the breaking of Art.5 from the Competition Law no. 21, during 2009-2013

Source: Own representation based on decisions issued by the Competition Council, available at: <http://www.consiliulconcurrentei.ro/ro/documente-oficiale/concurenta/decizii.html>

By analyzing Figure no. 1, we can see that most of the decisions were given in 2011, while the least decisions were given in 2013.

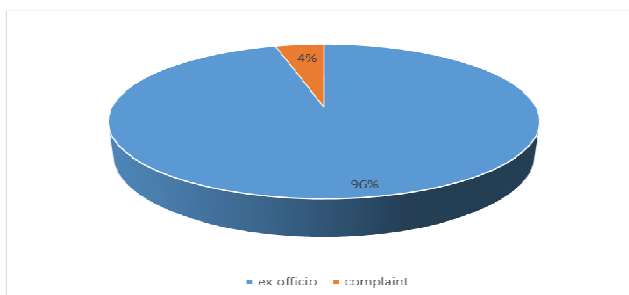


Figure no. 2 Share of the decisions taken by the Competition Council, by the way in which investigations of cartels were started during 2009 – 2013

Source: Own representation based on decisions passed by the Competition Council, available at: <http://www.consiliulconcurrentei.ro/ro/documente-oficiale/concurenta/decizii.html>

Table no. 2 Fines given to cartels between 2009 and 2013 in Romania

Year	Value (RON)	Value (€*)
2009	7,823,453	1,846,330
2010	15,218,369	3,614,900
2011	78,844,235	18,017,743
2012	28,475,571	6,399,365
2013	12,943,254	2,929,000
Total	143,304,882	32,807,338

Source: Own representation based on decisions passed by the Competition Council, available at: <http://www.consiliulconcurrentei.ro/ro/documente-oficiale/concurenta/decizii.html>

*according to the average rate of the Romanian National Bank (1€=4.2373 RON – 2009; 1€=4.2099 RON – 2010; 1€=4.2379 RON – 2011; 1€=4.4560 RON – 2012; 1€= 4.4190 RON – 2013)

In Romania, between 2009 and 2013, a single investigation was started following a complaint, the rest being started *ex officio* by the Competition Council. This is seen in Figure no. 2. We have to state that at the European Union level, during the same period, out of 22 cartel cases, only one case was investigated *ex officio*. The rest were opened as a result of a complaint. It can be seen that in the European Union, the clemency policy is a lot more used, while in Romania, during the analyzed time frame, no company benefited from fine immunity.

We should ask ourselves to see where the Romanian companies' skepticism comes from when it comes to appealing to clemency policies. Seen from the outside by the untrained eye, the clemency policy could be considered unjust. A company breaking the law, being part of a cartel, can escape unpunished. But things need to be seen through the prism of the benefits obtained by the customers and the competing companies, when a cartel is dismantled.

Regarding the sanctions cartels were given, it can be seen in Table no. 2 that between 2009 and 2013, fines totaling 32,807,338 euros have been imposed. The annual evolution of these fines was influenced by the number of identified cartels.

In Romania, the cartel legislation is solid, considering the amount of damage such an anticompetitive agreement can have on the national market, we think that it would be wise to promote the clemency policy on a larger scale, because the purpose of the competition authorities is to maintain a loyal competitive medium and the protection of consumers interests is more important than sanction imposing.

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THE SOCIAL MEDIA COMMUNICATION OF THE TOP ROMANIAN TRAVEL AGENCIES

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Abstract: The technological innovation and the apparition of Web 2.0 led to the genesis of social media platforms which became an important communication and interaction tool. These platforms have important applications in the users' personal and social life but also in the globalized economy. Social media sites offer new ways of communication for companies and they help companies to realize their marketing communication goals. These sites offer not just advantages for the companies they can represent a potential threat too. On social media platforms users interact and communicate freely transferring information almost everywhere instantaneously. This type of communication led to the apparition of electronic word of mouth which became an important pool of consumer knowledge and an alternative source of information where future consumers can gather information regarding products services and companies. The collective knowledge empowers consumers by consolidating their negotiation power. Savvy companies trying to maintain a certain level of control over the information flow introduced their social media platform or pages where consumers can interact and exchange information. Companies in the tourism sector were among the first to realize the importance of Web 2.0 platform and they introduced them in their marketing communication strategy. This study aims to find out how the biggest Romanian tourism companies incorporated social media sites in their communication strategy and how they use them in their daily activity.

Key Words: Social media; Marketing communication; Information search; Consumer generated content

JEL Code: M31, M37

1. Introduction

From the beginning of the second part of the last century the world of information technology witnessed an accelerated development which picked up even greater momentum towards the end of the century. Thanks to the fast development of this sector we find ourselves in an era of information, where information means power and value for those who possess it and a significant disadvantage for those who don't. Maybe the most important aspect of this technological environment is the Internet. The genesis of the

Internet revolutionized the way people communicate and interact with each other, by offering the possibility to eliminate time and space barriers. With the help of the Internet the information can be transmitted almost everywhere instantaneously. In the world of economy the Internet translates to an efficient communication tool and a potential market with a global coverage for goods and services.

The Internet has a direct impact on companies, manufacturers, distributors and clients (Porter, 2001). Because the fact that more and more information becomes available to the costumers trough the Internet, and because costumers and group of costumers are able to transmit opinions and information between them at an increased speed, companies gradually lose the control over the flux of information. This results the shift of power from the companies into the hands of the costumers. People become more and more informed about products, services, promotion techniques used by sellers and the majority of this information comes from sources which are not under the control of the companies. Information from alternative sources, such as word of mouth, may affect the potential customer's decision making process, and this way erodes the impact of the company's marketing communication strategy.

Although the negotiation power of the potential customers is increasing it is not all doom and gloom. Thanks to the information technology new instruments became available for companies, which offer new ways of advertising and tools to create effective communication strategies with creative solutions in the battle of satisfying and retaining customers. Besides the promotional tools the internet also offers numerous market research tools which are essential in an ever changing environment.

Since the 1990's, the internet was considered an important tool in the tourism sector. At the beginning the Internet represented new promotion tools for the marketers in the tourism domain with a worldwide visibility for their offers. The tools which were predominantly used were the online brochures – they became more and more dynamic with the evolution of technology – and the newsletters. These tools are still widely used today (Noti, 2013).

The apparition of the phenomenon called Web 2.0 changed the landscape of the online world forever, it gave the opportunity for internet users to create and disseminate content in the virtual world which increased exponentially the amount of information available online (Enders et al., 2008). The vast majority of content generated be users contains, opinions and personal experience (Miguéns et al., 2008). In the tourism sector, being an information intensive domain, where potential customers search for alternative information such as other's opinion and experience referring to services and products, this user generated content (UGC) can prove very influential regardless of its valence. Although it is considered that the Internet and the evolution of information technology always had an impact on the tourism sector, the Web 2.0 fundamentally changed the way consumers buy and use tourism services (Buhalis & Law, 2008).

After more than ten years since the first Web 2.0 platforms appeared in the virtual world, this study aims to find out how the biggest Romanian tourism companies embraced and adopted this technology in order to advertise their offer, and improve the customer's satisfaction.

2. Social media and consumers

As a result of the user generated content the quantity of the online content grew exponentially (Noti, 2013). The content which expresses the consumer's experience and opinion about a product or service is also known as consumer generated content (CGC). This content gave birth to the world of mouth communication on Web 2.0 platforms, which is often mentioned in the literature as electronic word of mouth or short eWOM (Sparks & Browning, 2010). According to Yoo and Gretzel (2011) consumer generated content is the new form of word of mouth, which serves the consumer's information needs by offering recent, detailed, non-commercial information and has the potential to reach far beyond the consumer's social circle.

The platforms which aid the propagation of this kind of information are the social media sites. Through social media sites the consumer generated information has the power to travel long distances and the ability to influence thousands of potential consumers.

Social networks and word of mouth communication existed long before the age of the Internet. Social networks appeared as a result of the relationships between consumers, groups of consumers and companies, where the participants had the possibility to interact and communicate (Wasserman & Faust, 1994). A good example of this type of social network would be the Harley Owners Group (HOG). According to the Oxford Dictionaries social networks are networks of social interactions and personal relationships. Word of mouth communication was and continues to be very much alive in these types of social networks.

With the evolution of technology and the appearance of the Web 2.0 gave birth to a new type of social network, where participant can interact and communicate. The main differences between traditional and online social media sites are in the way of keeping in touch and in the communication process. While the traditional social networks required a personal relationship to communicate, online social networks don't require this, and the communication is realized through the Web with the help of electronic devices, making the relations and communication more impersonal (Kimball & Rhaingold, 2000).

The most important tools in building online social networks are the social media sites. Although they are many definitions of social media sites they can be defined as online applications based on the ideological and technological foundation of the Web 2.0 which facilitates the creation and transfer of consumer generated content (Kaplan & Haenlein, 2010). This content is based on the relevant experience of social media users is archived and shared through these applications to be accessible for other users (Blackshaw, 2006).

The content created and shared via social media includes a significant amount of alternative information sources created and shared with the intention of helping potential consumers in the process of decision making by offering unbiased information regarding products, services, brands and companies (Blackshaw & Nazzaro, 2006). This trend coupled with the popularity of social media sites changed the way consumers and companies interact (Barnes & Barnes, 2009). This electronic word of mouth can affect companies regardless of their online activity, they may have an impact even on brick and mortar companies.

Social media sites have the potential to influence the consumer's decision making process. Regardless of the nature of the purchase, online or offline, consumers will go through the five phases of the decision making process (Kotler, Bowen & Maken, 2010). The abundance

of information found on the internet and especially on social media sites can be useful mainly in the information searching phase. Third party information sources which aren't controlled by companies can be seen as more trustworthy, because they don't have a financial interest in distributing commercial information.

3. Social media and the tourism sector

Specialist in the tourism domain, with the help of the Internet, anticipated in time major changes in trends and market dynamics which helped them to improve consumer satisfaction. Besides the market research tools and the global visibility of services and products, the Internet offers the possibility to merge market segments at a global level (Werhntner & Klein, 2000). With the help of social media sites consumers organize themselves in large groups becoming global entities. Inside these groups participants interact, exchange information and aid each other in order to make the right decision. This kind of activity has the potential to interfere with the companies' communication strategy. Social media sites are a 21st century phenomenon which changed the way people interact and communicate with each other. The popularity of these platforms continues to grow amongst the younger generation, giving birth to a new generation of consumers. In order to attract this new generation social media strategies are implemented by companies and it is – probably - the most evident in the tourism sector. Akerhurst (2009) points out the fact that consumer generated content plays an increasingly important role in the economy by influencing consumer's decisions and this can be especially true in the tourism sector. Social media sites are an alternative source for reliable information for potential tourists. The diversity of online information and the information transmitted through social media gets an important role in the consumer's decision making process regarding touristic services (Germann Molz, 2006).

In the case of the tourism domain social media sites gain special importance in the consumer's decision making process, more so in the phase of information searching (Yoo, Gretzel & Zach, 2011). In order to reduce the perceived risk associated with buying touristic services, potential customers search for a great amount of information (Gretzel et al., 2000). The amount of the gathered information increases with the level of the perceived risk which can be attributed to the characteristics of services, especially touristic services. The fact that travel services can't be evaluated before they are bought, because they are intangible, amplifies the importance of trustworthy reviews and recommendations from clients who already used them (Litvin, Goldsmith and Pan, 2008). Buying touristic services is regarded as a complex process because of the implied risks and the experiential of touristic services. In order to reduce the perceived risks consumers increase the intensity of the information search process (Sirakaya & Woodside, 2005). With the help of social media sites potential customers gather information in order to make better informed decisions regarding destinations, accommodations, restaurants and touristic attractions (Chung and Buhalis, 2008).

The Internet itself contains an important quantity of information about touristic services, destinations, hotels and tourism organizations. Hotel chains, travel agencies and DMOs (*Destination Marketing Organization*) have their own sites on which they advertise their

offer in ever changing and innovative ways. But when there is a high level of perceived risk involved many potential costumers refuse to rely exclusively on this type of information because they question its reliability. As a result of the fact that tourism organizations are interested in selling their services they may be tented to alter the truth in a way that the offer becomes more appealing for the potential consumer.

On the other hand, consumer reviews and consumer's experience regarding touristic services are viewed as means of reducing the perceived risks (Kotler, Bowen și Maken, 2010). Gretzel, Yoo and Purifoy (2007) suggests that reviews posted by former travelers have the power to increase the potential client's confidence along the decision making process and helps them to select possible alternatives. The opinion and experience of the costumers who already used a specific service usually are considered as a neutral source of information because they are independent and they don't have a financial interest in distributing the information. Thanks to the fact that this kind of online word of mouth is considered neutral and independent its popularity will increase in the future (Pan et al., 2007, Litvin et al., 2008). This kind of information can be accessed mainly via social network sites therefore the popularity of social media will increase in the tourism domain, and consumer will gain in their negotiation power (Thevenot, 2007). The increasing number of consumer recommendations, suggestions and opinions about destinations, travel packages, accommodations and cultural events leads to the creations of a collective information base in various social media platforms (Miguens et al., 2008). Thanks to the specifics of eWOM mentioned above the consumer's attention is increasingly oriented towards social media sites in the information search process, where they can interact freely and share consumer knowledge (Fotis et al., 2011).

The electronic word of mouth can lead to a better experience and in the end to a greater satisfaction. In the tourism sector the most important social media platforms are travel blogs, such as TripAdvisor, and sites which enables users to post photo and video materials such as Facebook and Youtube. In the content of these sites potential customers can find electronic word of mouth in the form of detailed descriptions, opinions, and media files documenting the travel experience of users (Gretzel, 2006; Pan, MacLaurin and Crotts, 2007).

Travel blogs are regarded as reliable and accurate information source because they are impartial and enables bloggers to write detailed reviews. Electronic word of mouth on travel blogs is considered a reliable source of information but it lacks the personal connection between users. Researchers Pan, MacLaurin and Crotts (2007) have shown that traditional word mouth is more reliable and has a greater persuasive power which can be attributed to the personal connection between the source and the information seeker. Although information on these platforms is less reliable, it works similarly to the information gathered from friends and family in the decision making process (Wang, Yu and Fesenmaier, 2002).

As the importance of social media and electronic word of mouth becomes more and more evident - in the case of the younger generation who are to customers of the near future - companies in the tourism sector are trying to harness its positive effects in their integrated communication strategies. Their presence on social media sites like Facebook and Twitter is evident where they present their offers, but more and more companies are trying to engage former customers to contribute to their posted material with opinions and

testimonials and even encourage them to write blog entries. Blogs operated by travel companies are considered a new and interesting tool of building and maintaining the image of destinations and the image of the company itself (Pan et al., 2007). Scmallagger and Carson (2008) suggests that the use blogs by travel companies as an information channel can contribute to the advertising and distribution of services and besides the fact that they offer a new and efficient way of communicating with the market they can be use as a market research tool.

4. Social media use by companies

Social media sites are relatively new and the scale of their integration in the marketing communications strategy varies from case to case. The role of social platforms can be amplified in hard economic times because of their low cost nature and their capability to reach an important number of potential consumers.

In the marketing context of the 21th century the role of the internet and especially the Web 2.0 becomes crucial. Understanding the influence of technology on the marketplace and using social media as a marketing communication tool has gained a strategic importance (Constantinides, 2014). The consumers' ever increasing negotiation power and the competitive pressure helped marketers realize that they have to enter in the consumer dominated social media and regain some control (Barwise and Styler 2003). Companies which don't consider social media strategies may omit a good opportunity to gain and retain a new generation of costumers.

The increasing number of studies starts to outline the possible patterns of implementing social media strategies as a part of the marketing strategy and two main approaches seems to emerge, the active and the passive approach (Chesbrough, 2006; Bernhoff and Li, 2008; Prahalad and Krishnan, 2008; Deighton and Konrfeld, 2009; Constantinides, 2014).

The *passive approach* uses social media as a tool of market research to gain recent information about market trend, consumer needs and competitor movement (Anderson, 2007; Parise and Guinan, 2008). Blogs and forums are often the primary means of consumer expression, where consumers can tell their experience and opinion regarding services, products and companies (Constantinides, 2014). These platforms constitute a collective intelligence where companies can tap in anytime in order to research consumer satisfaction, and future trends. In case of negative opinions and reviews companies can save their reputation by taking the necessary steps before such news reaches mainstream media (Gillin, 2009)

The *active approach* uses social media platforms as a communication tool in order to realize the companies' marketing communication goals (McKinsey 2007 a,b). The active approach can be divided in four subcategories, identified by Constantinides (2014) they are the following:

4.1 Using Web 2.0 platforms as PR and direct marketing tools

The most suitable platforms for this type of application are blogs, forums, content communities and content aggregators. By introducing corporate Web 2.0 platforms such as

blogs, forums and company sponsored user communities companies can maintain a level of control on the information flow by attracting the dialog to their own corner and reacting directly to consumer concerns and questions (Singh et al. 2008). A good example would be Toyota's 'Open Road Blog' which is a company operated open blog where consumer, fans, journalists and even competitors can share their opinions and suggestions. Being able to submit opinions and feedback to the company consumers can feel more connected to the company's products and the company itself (Mangold and Faulds, 2009).

4.2 Using social media personalities as advocates

This strategy requires the identification of opinion leaders and industry experts of a certain domain who may become online influencers (Gillin, 2007). The online influencers' endorsement can facilitate the acceptance of new products and services by mainstream users who favors online sources such as blogs and forums for information about new products and services. Blogs and forums are preferred by consumers because they offer information which has not reached mainstream channels (Constantinides, 2014). This strategy, if it isn't implemented correctly, has the potential to harm the company's reputations and the influencer's perceived integrity. If opinion leaders are secretly compensated to offer favorable reviews and potential consumers become aware of it they may lose faith in the influencer's information. The communication ceases to be word of mouth communications and becomes a paid commercial. An example is the Raging Cow incident, where young bloggers were paid to generate positive word of mouth communication about the product and when the consumer became aware of it they lost their faith in the bloggers and the company lost a part of its clients (Hoffman and Fodor, 2010).

4.3 Using Web 2.0 for personalizing consumers' online experience and allowing product customization

More and more companies are using Web 2.0 enabled websites where users have the chance to adapt their user interface to their needs and liking. Other companies introduced online applications known as "Configurators" which enables potential consumers to customize their desired products they buy online (Piller and Walcher, 2006). These strategies are based on the consumer's desire of being unique and the growing demand of personalized products and services.

4.4 Harnessing the crowd intelligence and creativity: Engaging the customers as contributors of product reviews, advertising concepts and as part of the innovation process

Reviews, opinions and product ratings posted by consumers are regarded as more reliable than corporate advertising and expert reviews and they are considered to reflect sincere feeling and opinions (Constantinides, 2014). Researchers Dellarocas (2003), Lee et al. (2008), Chen and Xie (2008) found that consumer generated content, in form of reviews and opinions, has an important effect on consumer behavior.

This study focuses on the first and fourth subcategory of the **active approach** by researching the social media use of companies in the tourism domain. In this sector Web 2.0 platforms such as corporate blogs and corporate Facebook pages are often used as PR and Direct marketing tool and in some cases they encourage consumer content creation. Allowing consumers to create and share content on the company operated social media sites by presenting and reviewing services and products can help travel companies to initiate the positive ripple effect of electronic word of mouth which has the ability to reach thousands of potential consumers and offer them relevant information in a creative and interesting form.

5. Methodology

The purpose of this paper is to explore the way social media platforms are used by travel companies in Romania. The exploration will be realized through content analysis because it is the appropriate tool by being both exploratory and empirical (Kreppendorf 1980). Content analysis is often used by researchers to analyze travel blogs (Banyai and Glover, 2011), but it is also used to study the travel companies' Facebook and Twitter activities (Hays, Page and Buhalis, 2012). With this method Wenger (2008) analyzed 114 travel blogs regarding the tourism of Austria with his attention oriented towards the season of visit, the motives of traveling, touristic attractions and means transportation.

Will be analyzed the social media activity of the four biggest travel agencies in Romania. The main interest is on the travel blogs operated by the companies, on their content and also the consumer generated content. Comments, opinions and consumer testimonials, will be analyzed using the content analysis method. The companies' Facebook activity will be analyzed too, because it is the biggest social media site in Romania and has more than 7.2 million users.

The biggest travel agencies based on their turnover are (Ministry of Finance, 2013): Perfect Tour (46.8 mil. euro), Cristian Tour (44,2 mil. euro), Happy Tour (36.7 mil. euro), Eximtur (36.2 mil. euro).

This paper seeks answers to the following questions:

1. Do the biggest travel agencies have a social media activity?
2. On which platforms are they present?
3. What is the frequency of their activity?
4. What kind of destinations and information is presented?
5. Are they capable of motivating users to create content in the form of testimonials, opinions or recommendations?

6. Results

The first aspect to be evaluated regarding the biggest travel agencies' social media activity is their activity on the biggest social media platform in Romania, which is Facebook. The analysis takes in consideration the companies' Facebook activity in 2013 and 2014, and compares them trying to identify significant changes. All of the four major travel agencies

have a Facebook presence and started their activity back in 2010. There are a few aspects that are used to evaluate the companies' Facebook activity. The first aspect to be analyzed is the number of likes on the companies' official Facebook page which will show their relative popularity on this platform.

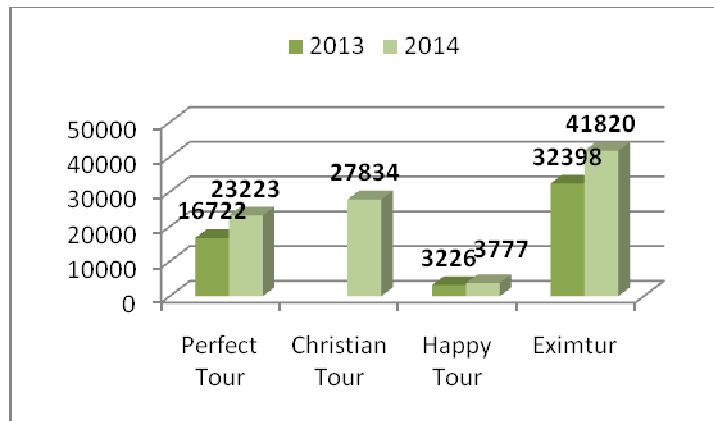


Figure no. 1. Number of likes

Source: Own representation

Considering the travel agencies' generated income in 2013 Eximtur is the last one in the top four, two places down from 2012, but it still remains the most popular one and it increased its number of likes by 29.08% in 2014. The biggest increase in the number of likes (38.88%) can be observed in the case of Perfect Tour ranking it second on the popularity scale. However its overall popularity, on Facebook at least, remains significantly lower than its competitor's popularity. Perfect Tour was the first travel agency regarding the generated income up two positions from 2012. Happy Tour the biggest travel agency of the last decade until 2012, it ranked third in 2013 both on the income list and the number of likes scale. Happy Tour has the lowest popularity on Facebook amongst the travel agencies. Christian Tour has the second highest income and its popularity is also the second highest in the top four. Unfortunately data regarding the number of likes in 2013 couldn't be found.

Another important number is the companies' rating on their Facebook page. This number rates the company itself rather than their Facebook page. The rating mirrors customer satisfaction and it can be regarded as a form of word of mouth. The rating option is not available on all four of the companies' Facebook pages, only three companies can be rated which are Eximtur, Happy Tour and Perfect tour. Eximtur is rated the highest with 4.6 points out 5 and it is followed by Happy Tour with 4.2 points and Perfect Tour 4 points.

The intensity of the companies' Facebook activity can be evaluated by monitoring the frequency of their posts. The level of interaction between users and companies can be measured with the help of the number of likes on the companies' posts, and the number of comments and shares. The number and nature of comments is the most significant because it constitutes a two way interaction and if it contains suggestions and recommendations it is considered electronic word of mouth which can impact other consumers' decisions. The second most important is the number of shares because it shows that the users find the

published materials interesting at a level that it drives them to aid the company in their communication effort.

The most active on Facebook considering the frequency of the activity and the total number of posts is Christian Tour with a daily activity and more than one post a day. Christian tour is followed by Perfect Tour and Eximtur with a posting frequency of two to three days, and when they activate they post just one material rarely two. The last travel agency in the top four is Happy Tour with the posting frequency from four to five days.

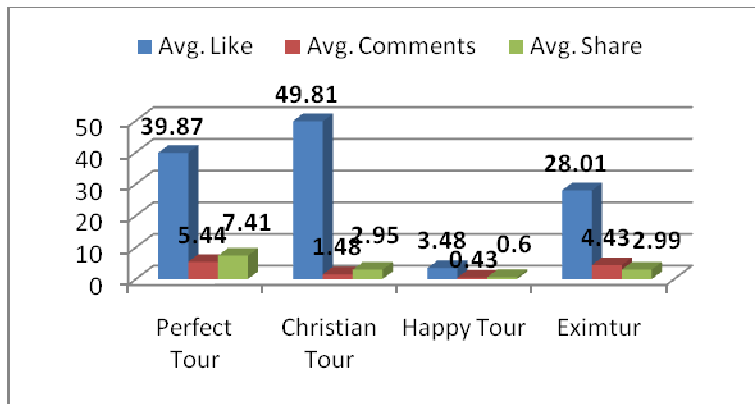


Figure no. 2. Average number of likes, comments and shares on posts

Source: Own representation

Figure number two shows that first two in the top four travel agencies have a better interaction with their clients and followers. Perfect Tour managed to increase its average number of likes from 26 to 39.87 while Eximtur and Happy Tour decreased their average number of likes from 32.1 to 28.01 and 23.04 to 3.48. The average number of comments and shares decreased in all of the cases. Average comment number decreased from 18 to 5.44 in case of Perfect Tour, from 4.1 to 0.43 in case of Happy Tour, and from 6 to 4.43 in case of Eximtur. Average share number also plummeted from 15.2 to 7.41 in case of Perfect Tour, from 1.2 to 0.6 in case of Happy Tour and from 22 to 2.99 in case of Eximtur.

Regarding the content of the Facebook posts it consists of offers, top destinations and contests. The content of most comments contains answers to different questions regarding the contests. In case of Eximtur and Perfect Tour also can be find comments containing word of mouth regarding the company and the presented destinations. The comments are mainly positive opinions and reviews with a couple of negative remarks in relation to the contests.

Travel blogs are important means of reducing the perceived risk when it comes to buying travel services. It offers the possibility of large and detailed descriptions and it can contain electronic word of mouth in form of opinions and recommendations of former travelers.

All four travel agencies have a travel blog but their activity on them differs significantly. Only two companies Eximtur and Perfect Tour had any activity on their platforms in 2014. Out of the two travel agencies Eximtur has the more comprehensive blogging activity having 54 posts in 2014 so far while Perfect Tour posted just 31 materials this year. In both cases, the majority of posts contain descriptions and photo/video materials of exotic

locations from the Far East, Central and Latin America and Africa. The posts are detailed descriptions of destinations with geographical and historical data but they also include interesting facts, lists of attractions and the most important places to visit. The posts in the case of Eximtur often adopt a philosophic tone portraying traveling as life changing event and a mean of self improvement. Perfect tour describes the most interesting destinations through the eye of a traveler, who tells the story of an epic journey in first person, like an entry in a diary.

The percentage of Romanian destinations amongst the presented attractions is low in both cases, but these are the posts that get the most consumer generated content in form of comments which contain opinions and suggestions. Among the presented destinations in Romania are the medieval cities of Sighisoara and Sibiu, the Danube Delta and the Carpathian Mountains. Posts describing European countries like Greece, France and Italy as travel destinations also managed to generate word of mouth in form of recommendations but their number was significantly lower than in the case of destinations from Romania. Consumer recommendations from savvy travelers contain additional facts which can prove important for an inexperienced tourist.

Among both companies' posts can be found materials that contain important knowledge for future travelers regarding different subjects such as consumer rights, things to know when traveling by plane and travel insurance.

7. Conclusion and future research

After the evaluation of the social media use by the biggest travel agencies in Romania the conclusion is that the companies are trying to incorporate the social media marketing in their integrated marketing communication strategy. The main social media platform for the travel agencies seems to be Facebook and it is used mainly as a distribution channel for the companies' offers. All four of the studied travel agencies are trying to have a regular Facebook activity by posting interesting materials and offers frequently but they struggle to stir up the social media users' attention. Although the popularity of the companies' Facebook pages and the popularity of their materials increased over the past year, collecting an increasing number of likes, the level of interaction decreased significantly getting a significantly lower number of comments and shares.

As in the case of Facebook the companies' travel blogs aren't used at their full potential. Companies like Eximtur and Perfect Tour which still have a blogging activity don't post materials often enough and the majority of posts which contains description of exotic destinations fail to generate interaction. Posts with more affordable destinations tend to generate more interest among readers. The majority of social media users are young consumers with limited travel budgets, who are interested mostly in affordable travel destinations from Romania and other European countries and this explain the fact that posts containing descriptions of affordable destinations have comments in form of recommendations and even questions.

In order to increase the efficiency of the companies' blogging and Facebook activity they should consider tailoring their materials to the younger generation's needs by presenting a range of affordable destinations through these channels. By stirring up the younger

consumers' interest with creative materials can lead to an increase in the level of interaction which may result in a starting point for consumer generated content and electronic word of mouth.

As for a future research, in order to get a comprehensive picture, it would be important to evaluate the travel agencies social media use from the perspective of consumers. There are few major aspects that should be investigated such as consumers' trust in the companies' posts and consumers' comments. It would be important to determine proportion of the information from the companies' social media platforms in the consumers' information mix and its role in the consumer's decision making process. Consumers' preference regarding social media posts should be investigated too, in order to find out which are the appropriate posts to stir consumers' interest and to initiate electronic word of mouth on the agencies' social media platforms.

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EVALUATION OF ERGONOMICS INTERVENTION IMPACT IN ORGANISATIONS

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Abstract: Ergonomics intervention aims at improving system functionalities and enhancing safety, productivity and human resources satisfaction in the workplace. The key particularity of ergonomics intervention is driven by its main goal of improving human life and work conditions in the organisation, through changes in systems, processes, procedures and machines. This paper aims to enhance a deeper understanding of the key types of ergonomics intervention impacts, namely economic (regarding costs, productivity and results), social (focussed on the individual and the society) and related to the work environment (environmental sustainability). The methodology of the study consists in the analysis of different perspectives on the impact of an ergonomics intervention in the organisation and aims to reveal the key factors that determine the success or the failure of this type of intervention. The paper leads to the conclusion that a successful ergonomics intervention is based on a complex analysis of the multitude of factors involved in each type of impact.

Key words: occupational health and safety; ergonomics intervention; impact; cost-effectiveness analysis; society; work environment

JEL Code: J3, Y20

1. Introduction

Ergonomics is the science that focusses on organising human activity in the work process, also aiming to increase technical and economic efficiency, satisfaction, motivation, and to improve results. Another major goal of ergonomics - its central point, the key research and study area - is maintaining human safety and health in the workplace Draghici (2007). Prevention, protection and risk assessment are important perspectives of an ergonomic intervention in the organisation. Ergonomics intervention in the organisation makes the

difference, as it supports competitiveness, progress, reputation, efficiency and success through a progressive adaptation of work in favour of human resources.

The impact of an ergonomics intervention is immediate and effective as long as workers are the central element of the organisational system. The impact may be economic (regarding costs, productivity, results), social (focussed on the individual and the society) and related to the work environment. Thus, based on long-term ergonomic strategies, continuous evaluation of the ergonomics intervention impact is the key to sustainability and performance.

2. General considerations on ergonomics intervention in organisations

The central element of an ergonomics intervention is the transformation taking place in the organisation, based on ergonomic-related actions (factual translation of ergonomic objectives) and feed-back both from the organisational elements and the system as a whole. Ergonomics intervention is aimed at improving system functionalities and enhancing safety, productivity and worker satisfaction in the workplace.

Through an ergonomics intervention, ergonomists exert influences on the system and, thus, have a certain impact through the changes applied in order to improve working conditions. Intervention involves interfering with the environment, understanding organisational particularities, in order to ensure the necessary resources and enhance development, evolution, transformation and performance in work (Landry (2008)).

The complexity of the intervention is driven by its main goal to improve human life and work conditions in the organisation, through changes in systems, processes, procedures and machines.

Understanding the real dimensions of an ergonomics intervention must be preceded by a deep study on two major subsystems of the organisational system: the environment and the machines used (Irimie (2008)). These two subsystems generate the key intervention areas, as humans operate in a bio-psycho-social environment that exerts influences on workers. At the same time, workers influence themselves the environment through actions and reactions to the events and working conditions. Machines need to be adapted to human particularities in order to ensure health and safety in the workplace. Ergonomics is the unique science that can ensure theoretical foundation for developing workplaces harmonised with national and international legislation in occupational health and safety (OHS) domain.

Thus, ergonomics intervention has a major impact on the system. The problem that immediately arises is linked to how the intervention impacts the organisation. The best approach in determining what type of impact occurs during and after the intervention is evaluating it based on the key areas where ergonomics intervention is applied: economic, social and work environment impact.

3. Economic impact of ergonomics intervention

The economic impact can be translated into the cost and benefits of the intervention. In economic terms, the impact refers to costs, additional incomes and change in assets and liabilities as a consequence of the intervention. An important indicator used to measure the

impact of an ergonomics intervention is its effectiveness. “Occupational safety and health effectiveness research tells us the extent to which an intervention worked or did not work under *real-world conditions*” (Goldenhar et al. (2001)).

The connection to OHS is justified by the aim of the intervention to reduce frequency and severity of work-related accidents and injuries. The cost of these undesired events reflects the impact of ergonomics for a specific workplace or system. Humans are the most valuable asset of the organisation and improper working conditions have consequences on the individual, the organisation and society, at the same time. Occupational Safety and Health Administration (OSHA), a federal agency operating in the area of OHS legislation enforcement, in a 2007 fact book highlights the key benefits for compliance to OHS, including operational efficiency, avoidance of losing key staff and payment of benefits and compensations to workers who are no longer able to work due to permanent incapacity after an accident in the workplace; good company image for clients, suppliers and stakeholders and personnel motivation (OSHA (2007)).

All these elements are easily translated into economic criteria in favour of an ergonomic intervention. Basically, the economic impact of the ergonomics intervention is reflected by a cost-effectiveness study. The analysis may be conducted from various perspectives, including the patients (i.e. workers who suffered injuries and diseases), healthcare providers, insurers and society point of view (Loisel (2002)). A major challenge in determining the effectiveness of the intervention consists in understanding the benefits of good ergonomics, understood as appropriate and beneficial ergonomic intervention, driving improvements and reducing undesired events. “Good ergonomics is good economics” (Hendrick (1996)). Thus, effectiveness is fundamentally connected to economic benefits of the intervention.

On the other side of the analysis the costs of implementation stand compared to the costs of injuries, diseases and accidents. These involve not only costs of insurances, physical and mental recovery after the accident, cost of maintenance, repair or replacement of machines and tools and financial efforts made by the family of the injured or ill person, but also the cost of contracts lost because of bad reputation, loss of work capacity (that conducts to more social compensations programmes supported by governments) and reduction of key staff of the organisation (this implies the necessity of new recruitment and training costs), among others. The organisational costs implied by lack of ergonomics intervention result from evaluation of risks of accidents and diseases in the workplace. The risks identified imply the necessity of identifying possible intervention areas to reduce frequency and/or severity of the accidents or diseases generated by the respective risk (Moraru, Babut (2010)). Implementation of each proposal becomes compulsory after its approval by ergonomists and OHS professionals who made the risk evaluation. The implementation requires a specific budget and time frame and, therefore, implies certain costs. Although compliance to OHS regulation and ergonomics principles is a major investment in the company and, apparently, generates more costs than benefits, the decision must be made after evaluating the costs of each accident and professional diseases occurred in the organisation in a specific time frame.

The costs of accidents and diseases are difficult to estimate at a fair value because of the large number of decisional factors that end up supporting the costs, understood as the consequences of these undesired events (Loisel (2002)). However, it is sufficient to

calculate the economic impact on the organisation from this perspective. After comparing the two types of costs, any decisional factors would easily come to the conclusion that implementing an ergonomics intervention drives effectiveness in the system processes.

From the methodological perspective, specialists in economic impact evaluation use one of the following two methods (Dascalescu (2003)):

- The modular method for assessing the cost of accidents in the workplace;
- The analytical method for assessing the cost of accidents in the workplace.

The modular method is used in various purposes. Depending on the key purposes of the analysis, the method comprises several modules that allow assessment of the monetary loss generated by an accident in the workplace along with its impact on the victim, the company where the accident took place, insurance companies, the state budget, in an industry or overall. These areas of analysis are the modules of the method and comprise a specific set of calculations based on the effects of the accident on each module (victim, organisation etc.). The method is mainly addressed to OHS specialists as it does not require any qualification in the economics field.

The analytical method is recommended in the case of a company rentability analysis, because it allows establishing and quantifying the influences of an accident in the workplace on its indicators and requires deep financial and economics knowledge.

However, no analysis would be complete without the estimation of the benefits resulted from the intervention. Estimation of benefits consists in analysing the outcomes and value-adds resulted during and, especially, after the intervention. Effectiveness aims to provide answer to questions such as “To what extent does the intervention reduce occupational injuries, illnesses, disability, or fatalities?” “To what extent does the intervention reduce worker exposure to hazardous conditions?” “What is the effect of the intervention on the social and economic consequences of work injury and illness (e.g., worker compensation, medical and indemnity costs, and quality of life)?” “How did workers’ knowledge, attitude, or behaviours changed because of the intervention?” (Goldenhar (2001))

Response to these questions can provide the necessary understanding on the extent to which an ergonomic intervention implies organisational resources, knowledge and environmental conditions.

The cost-effectiveness analysis must ensure an overview and a profound understanding of the situation and the economic impact of an ergonomics intervention, at the same time. The management board needs to have all the data in order to substantiate the decision of making ergonomics intervention. Risks evaluation highlights key areas of concern and suggests direction for interventions in order to reduce risks, comply with regulations and improve working conditions from OHS perspective.

The economic impact of an ergonomics intervention is, therefore, given by the costs and benefits resulted from the intervention and it reflects the extent to which the organisation benefits from the intervention. In addition, the economic impact may be favourable or unfavourable, depending on the effectiveness factor. Unfortunately, if the ergonomic intervention is not implemented properly or if the area chosen for the intervention was not appropriate for the decision made, the benefits of the intervention will transform into additional costs and will generate more risks and undesired events.

In conclusion, the economic benefits of the ergonomics intervention consist in the effectiveness of the intervention, which needs to be superior to the costs implied by its implementation.

4. Social impact of ergonomics intervention

The social impact of an ergonomics intervention is reflected both on the human being and the society as a whole. In connection to the economic impact, the costs that come under the responsibility of the society are those which need to be addressed through an efficient ergonomics intervention. Healthcare, insurance, work incapacity, social aids for those who suffer of work incapacity and their families, social status, psychological implications (such as the injured person's feeling that he/she is a burden for those who are in charge of helping, caring and financially supporting them) are among the major implications of accidents and professional diseases. Not only does the organisation suffer from the lack of health and safety in the workplace, but these undesired events affect workers, stakeholders and other members of the society, too.

The positive social impact of an ergonomics intervention may be quantified in the extent to which the negative implications of accidents and diseases diminish; these are easily visible in the reduction of costs supported by society.

Another dimension of the social impact is linked to public health. In the organisation, workers' health is a compulsory condition for work performance, along with knowledge, experience and technological development. Workers' health is part of the risk assessment process, namely, identification and assessment of risks causing diseases and infections. The assessment of health consequences involves medical surveillance along with prevention measures taken within the organisation. The society must tackle all possible improvement areas in the working process in order to address as many problems as possible. In this way, society would meet the goal of organisational systems harmonised with occupational health and safety regulations and standards, along with ergonomic principles.

At times, workers identify potential risks, this causing stress in the workplace. The impact of stress on the individual is reflected in the state of health (Moraru, Babut (2010)). Therefore, assessment and diminution of occupational risks through an ergonomic intervention is a major source for social benefits. Healthy workers drive productivity, efficiency and satisfaction in the workplace.

The social impact of an ergonomics intervention can be, therefore, derived from health and well-being in the workplace, as these two elements increase organisational effectiveness and thus, generate additional incomes and reduce costs. From the individual perspective, a safe and rewarding workplace is a human right. Successful, large organisations meet their corporate social responsibility (CSR) goals through technological innovations and OHS improvements in the working process (Hendrick (1996)). Thus, these organisations are considered to have a positive impact on the society in which they operate.

5. Work environment-related impact of ergonomics intervention

Environment, safety and health (ESH) research has a strong tradition in conducting research on manufacturing processes, in order to improve workplace ESH

conditions. Organisations link their management strategy and technical practices to many significant priorities: illness and injury prevention, environmental sustainability, corporate social responsibility and the economy of human energy.

Ergonomics can be actively influential within the organization regarding improvement of working conditions and processes. Ergonomics intervention may boost organisational performance and workers' well-being; it can provide support for changes and potential environmental and sustainability-related goals. Moreover, ergonomics contributes to a proper definition of the working environment and its particularities in the context of sustainable development (Bolis (2014)).

Among the goals of ergonomics intervention are improvement in working conditions, enhancement of organizational efficiency and compliance to OHS regulations and standards. If the intervention meets these goals, one indicator, from the workers' perspective, is the positive change in the work environment. Reduction of risks reduces stress, increases confidence, determines machines reliability, and creates a more user-friendly system. Machines and systems need to adapt to human needs and particularities and not the opposite (Coelho (2011)). Ergonomics intervention is aimed at creating work environments adapted to human needs and particularities to reduce risks, illnesses and boost productivity.

The environment impacts workers through conditions and situations. Individuals interiorize the information from the environment and reacts to a specific situation (Irimie (2008)). If the situation exposes workers to risks and causes accidents, the impact on them will be negative and is likely to persist for long periods of time. Thus, an ergonomic intervention has the potential of preventing such situations and creating the proper social, physical, psychical and informational context to obtain the desired results for the organization.

6. Conclusions

The most important aspects of an ergonomic intervention in the organisation are prevention, protection and risk assessment. The impacts of the ergonomics intervention have the potential of driving success of major organisational goals such as profitability, efficiency, competitiveness and sustainability. Also, an ergonomics impact involves various types of analysis, based on renowned methodologies. On this note, the economic impact involves cost-efficiency analysis, as well as the assesment of costs generated by accidents in the workplace.

The main focus on the paper is on the three types of ergonomic impacts: economic, social and related to the work environment. The economic impact can be translated into the cost and benefits of the ergonomic intervention (injuries, illnesses, and disability). The social impact of an ergonomics intervention can be derived from health and well-being of the human resources in the workplace, combating the work-related stress. Ergonomics contributes to improvement of the working environment, as the intervention is mainly oriented towards improving working conditions and reducing risks.

In long-term ergonomic strategies, continuous evaluation of the ergonomics intervention impact is the key to sustainability and performance in a succesful organisation.

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RESEARCH AND DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP

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Abstract: The present paper is an introduction in the new emerging field of social entrepreneurship. Because of the multiple interpretations of what social economy and social entrepreneurship means, and the lack of a common accepted definition, I found it important to first of all examine the different points of view and the actual state of research in this field.

Moreover, we have seen that social entrepreneurship had different paths of nascence in different regions around Europe. I took into analysis four different countries from the EU, with different economic and cultural characteristics: Italy, United Kingdom, Belgium and Romania.

The research methodology used for the development of this paper consisted of analysis of academic articles, reports, media articles and support materials for social entrepreneurs.

Key words: social entrepreneurship; social economy; organizations; cooperatives.

JEL Code: L26; L31

1. Introduction

This paper intends to analyze the state of knowledge in the field of social economy and notices different aspects from the legislation and management of social economy and social enterprises in different EU countries (Italy, United Kingdom, Belgium and Romania).

The paper consists of a first part which analyzes the actual research within the specialized literature, focusing on the understanding of the concept of „Third sector”, social economy and social organization. Further on, I analyzed the way social entrepreneurship started to develop in Italy, United Kingdom, Belgium and Romania.

2. Positioning of social entrepreneurship

Social organizations are located by some authors within the “third sector”, while others consider it can be included also within the private sector. This is the reason why it is necessary the understanding of the concept of “third sector”, and it is necessary an analysis of what means social economy, social entrepreneurship, social entrepreneur and social organization, according to Figure 1.

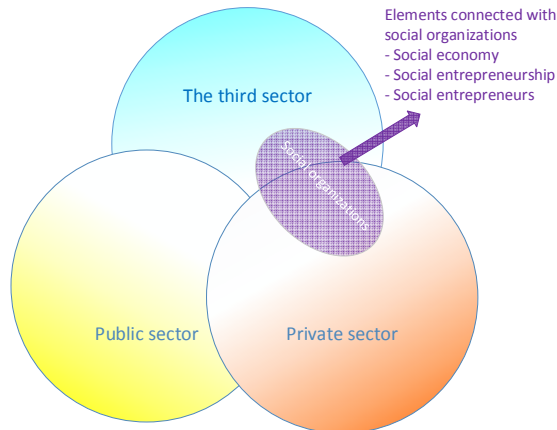


Figure no. 1. Positioning and elements of social organizations

Source: <http://dailyscot.com/6-million-grants-awarded-to-third-sector/>

Defourny (2004) stated that the concept of “the third sector”, which is different from the traditional private and public sectors, which consists from enterprises and organizations, was born in the middle of the 1970s.

In the United States, the activity defining a theoretical base of non-profit organizations and of the whole nonprofit sector started with Filer Commission and the Yale University’s programme of study of nonprofit organizations, in 1976. From that moment on, it has developed a consistent literature, with contributions from different fields of study like economy, sociology, political sciences, history, law and so on.

In Europe, because of the socio-politic, cultural and economic situation, the concept of “third sector” was late to appear. Nevertheless, there were mutual organizations and cooperatives and other economic initiatives all based on civic partnership, which later on, formed the base for the organizations of the third sector.

The theoretical approaches regarding the third sector are divided in two different points of view: the one of the nonprofit sector and the one of social economy which gathers under the same umbrella cooperatives, mutual organizations, associations and foundations.

3. Defining social entrepreneurship

The specialized literature offers now a series of interpretations for social economy and social entrepreneurship. Braunerhjelm and Hamilton (2012) stated that there exists “a limited number of studies based on quantitative methods, a lack of rigorous testing of hypothesis, a very low level of variety for the design of research, the need of a clear definition which can be the bases for future research and a detailed analysis of the contribution which social entrepreneurship can bring for the society”.

The number of papers, special edition of academic journals, conferences and workshop analyzed by Brock (2008) is in a continuous increase, in 2008 numbering more than 350 professors and researchers interested in social economy in more than 35 countries and an increase of 750% of publications in the period 1991 - 2009.

Choosing an overall perspective, Brok (2011) developed in 2011 a map of the education’s evolution in what concerns social entrepreneurship which consists of three phases

(pioneers, consolidators and new-comers) on three dimensions (institutions, publications and conferences), which demonstrated a gradual assimilation of social entrepreneurship within the mass university structures, without revealing a clear institutionalization of the meaning. The predominance of business schools was diluted and contested by the engagement of other fields of study, suggesting a bivalent subject which can adapt easily to different perspectives. The absence of a unified theory for social entrepreneurship suggests that this subject remains flexible and fluid. While there have been some proposals that social entrepreneurship can be distinguished by other subjects within entrepreneurship based on 3 factors – a distinct character of the organizational process, resource strategies and financial structure and not least the mission’s objectives – there still exists skepticism regarding its viability as a freestanding theory.

Theories of Say, Schumpeter, Druker and Stevenson describe a set of ideas and a behavior type which can manifest in business but also social field (Dees 2001). Thereby, for trying to understand what social entrepreneurship is, we can start comparing it with classic entrepreneurship.

Martin and Osberg (2007) consider that social entrepreneurship has as base the same situations necessary for the development of classic entrepreneurship: the existence of an opportunity, some characteristics necessary for the pursuit of opportunities and the wish to create outcome. Most of the times it is said that entrepreneurs are marked by the wish to make money, and social entrepreneurs are led by altruism. But entrepreneurs do not continue their activity because of the wish for obtaining financial gain, because their chances for this are against them. Instead, entrepreneurs and also social entrepreneurs are motivated by the opportunity they discover, pursuing ceaselessly their vision. However, what differentiate them are their values. Entrepreneurs serve the markets which can afford the product or service these are offering and which is created to offer financial profit, while social entrepreneur wishes to lead to a large scale added value, serving those neglected, disadvantaged and all those who lack the means for obtaining the benefit of transformation on their own.

For a better understanding of the concept of social entrepreneurship, seeing that the term is perhaps too inclusive, Martin and Osberg (2007) appealed to the exclusion of activities not included into the field. Thus, taking into consideration the provision of social services and social activism, they have concluded that they cannot be included in social entrepreneurship.

Provision of social services has a limited impact, addressing local population and its purpose is determined by the resources they can draw. Thus, differentiation of social entrepreneurship lies in the results, as shown in Table 1.

Table no. 1. Forms of social engagement

Nature of activities	Direct	Provision of social services	Social entrepreneurship
	Indirect		Social activism
		Maintenance and improvement of an existing system	Creation and support of a new equilibrium
Outcome			

Source: Martin, R. L., & Osberg, S. (2007), “Social Entrepreneurship : The Case for Definition”, Stanford Social Innovation Review, 5(2), p. 38.

Based on the definitions given by scholars, for social entrepreneurship, Samer Abu-Saifan (2012) proposed a classification of the work of social entrepreneurs between the non-profit and profit-oriented ones. This way, they are found in non-profit organizations that have strategies for obtaining income and profit oriented organizations (traditional companies) that have a strong social mission that guides them.

The first of these are running hybrid social and commercial activities to gain autonomy. Profits and revenues are used strictly to improve on providing social value. The latter run social and commercial activities simultaneously to achieve sustainability. In this case, the founders and investors personally benefit from the financial gain.

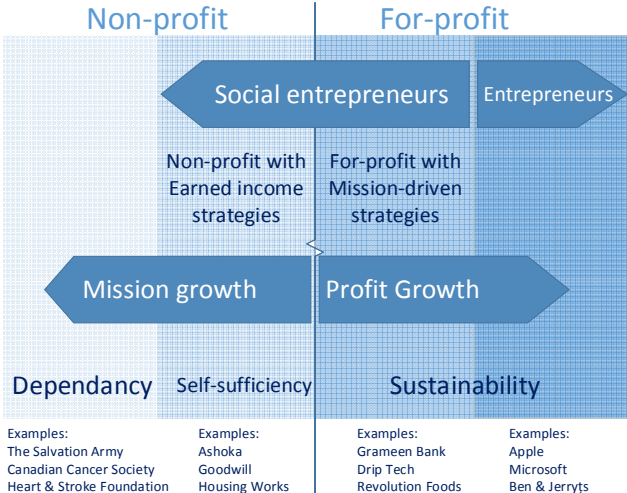


Figure no. 2. Entrepreneurship spectrum illustrating the borders of social entrepreneurship

Source: Abu-Saifan, S. (2012), *Social Entrepreneurship: Definition and Boundaries*. *Technology Innovation Management Review*. February 2012, p.26.

4. Development of social economy in Italy, United Kingdom, Belgium and Romania

4.1. Italy

European Center for Not-for-Profit Law (2012) said that the emergence of social economy in Italy was linked to the social movements in 1970. In the late 80s, social organizations began to consolidate their presence in the general enterprise system and in the 90s the legal infrastructure necessary to support their operations was gradually implemented. Social organizations have attempted to explore the failures of the welfare model, which was applied in the 70s, limiting the offer of social services in public and private sector in relation to other EU countries. The lack of provision of social services was assigned relatively to the low level of economic development, particularly in certain regions of the country, the important role of the family in the provision of the social networking support, and poor efficiency of the public administration responsible for managing social services.

In the early 80s, social organizations, in the form of cooperatives or associations, began to offer a variety of services, from social to environmental protection. Social entrepreneurship has been driven by private initiatives, citizens, young professionals, unions, families of people with disabilities, using innovative practices to address social needs and involvement of volunteers in the provision of social economy.

In 1990, the government decentralized the social assistance system and transferred the responsibility for providing social services to regional and local administrations. It also opened the market for social services and allowed private providers to compete for providing services, thus bringing the welfare system closer to the Anglo-Saxon liberal dual approach. In this model, the state (including local governments) addresses the most disadvantaged, while non-profit organizations (NGOs) and other private actors provide support for other vulnerable groups. Subsequent legislative reforms in the early 90s and beyond have expressly recognized the concept of public benefit organizations, have offered tax incentives and other benefits, recognized ex post a social cooperative that seeks public interest objectives as a distinct institutional form and introduced a general framework regulation for the social economy. Thus, these reforms have created the legal conditions necessary to further fuel the culture and practice of social entrepreneurship. European Social Fund and its programming cycles were also an important factor for the development of social economy.

4.2. United Kingdom

European Center for Not-for-Profit Law (2012) considered that the revival of social entrepreneurship in the UK began in the mid-1990s, with various forms of organizations, cooperatives, community aid, charities and community enterprises that come with the perspective of using business models to stimulate social change and to address pressing social needs.

In 1998, the Labor government led by Tony Blair, following his election promises, launched the Pact on relations between Government and the voluntary and community sector - Compact, a legally non-binding document, which sought to promote a better working relationship between government and the third sector. Together with the Compact were created five codes of practice, including the Code of Practice on Funding and Procurement. These documents were agreed by both parties and launched in 2000 in response to the so-called Deakin report, which attempted to provide a vision within ten years the role of the third sector in UK. As a result of this report, the Local Government Association has developed a code of conduct between the local and the third sector. Thus, non-profit organizations were involved in a series of initiatives with local authorities such as local strategic partnerships, crime and disorder partnerships, and the development of children's trusts.

In 2001, the Department of Trade and Industry (now the Department for Business, Innovation and Skills - BIS) established the Social Enterprise Centre (Social Enterprise Unit SEU), with a mandate to coordinate stakeholders in the social economy sector and the government sector, to identify the main challenges facing the social economy, and make recommendations for improving the development environment and support these enterprises. Creating SEU was widely seen as an important step in this innovative

development. Between 2001 and 2006, SEU has brought a number of positive developments in terms of policy, legislation and funding regimes, which provided crucial support for the developing social economy. SEU has also led efforts to introduce a distinct institution for social enterprises: company of interest. In 2006, the SEU was replaced by the Office of the Third Sector within the Cabinet Office and in 2010, after the general elections, the Office of the Third Sector was renamed the Office of Civil Society

4.3. Belgium

Belgium has a long history and well-established social economy in traditional sectors of agriculture, finance, sport and culture. The Belgian health and social security system is also based on a partnership between the state, mutuality and associations. In addition, Belgium has a large number of researchers and research centers that cover various aspects of the social economy.

Compared with other countries, the social economy has a relatively high level of official recognition, especially in Wallonia. Spear (2008) believes, however, in terms of legal structures, although there is a specific legal form to "companies with a social purpose" ("société à social purpose"), there is a strong preference for non-profit structure (ASBL), which remains the dominant form of social economy.

In 1999, the Federal Government decided to increase support for social economy and has delegated this responsibility to a federal minister.

In Federal Belgium, ways to support the social economy sector had first to be discussed in consultation with the Regions and Communities. This consultation led to the signing of a Cooperation Agreement in the Social Economy field, on July 4, 2000, which provides joint and several commitments of the Regions and the German-speaking community, regarding social economy in the period 2000-2004.

4.4. Romania

According to the Research report on social economy in Romania in comparative European perspective, the Ministry of Labor, Family and Social Protection (20120), various forms of social economy have existed since the nineteenth century, when it was released the Project for a storage and borrowing home (1845). Before, it was established in 1835 the Agronomic and Manufacturing Company (Falansterul de la Scăieni), which can be considered one of the first forms of social organization. Cooperative regulation was achieved by putting into force in 1887 the Code of Commerce. Associations and foundations were regulated in 1921 and cooperatives for disabled in 1948.

Between 1947 and 1949, the forms of associative structures of the civil society were abolished on the grounds that it would be contrary to the interests of communism. Structures that emerged from this initiative were "cooperatives, factory organizations, non-party associations of women, media organizations, educational and cultural organizations and youth unions" (Tismăneanu, 2006). These tolerated organizations were used to ideologically control the population, and in 1974 they were merged into the Socialist Unity Front.

After the Romanian Revolution of 1989, it entered into force the Decree-Law 67/1990 on the organization and operation of consumer and credit cooperative. This was replaced by Law 109/1996 on the organization and operation of consumer and credit cooperatives. Legislative changes during this period have regulated the operation of NGOs, microfinance and employment of people with disabilities.

Despite the fact that over time there have been various forms of social organizations, the concept of social economy was mentioned first in the Romanian legislation in the Government Decision 829/2002 on the adoption of the first National Plan against poverty and social inclusion, with amendments and additions. Later on, it has been taken into consideration within various policy documents and regulations.

Since then, social economy has been included both in national development strategies and priorities for the European funds grants.

5. Conclusions

The development of social economy is a crucial factor for the well-being of the society. As shown in this paper, interest in this area is growing, both from academics, the government and business sectors.

However, social entrepreneurship has grown more on theory than in terms of research, which requires the analytical models and empirical research, development models, statistics within the field.

The research questions that can be asked at this time start from the applicability of the measures taken by social entrepreneurship in the society, whether they are beneficial or not and to what extent, to the development, testing and analysis of various models of social entrepreneurship.

However, because the world of social economy is predominantly occupied by practitioners, it is particularly important to connect the practical issues with existing academic research, theoretical and conceptual frameworks.

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ECONOMIC CHARACTERISTICS OF MASS-MEDIA QUALITY

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Abstract: The audiovisual landscape is currently transformed by the convergence of information technology. The impact of new communication technologies moves media industry toward a creative and multimedia world in which „the rule of the five A” will be applied: **anybody** will be able to access **anything**, from **anywhere**, **anytime** and this may cause **as much** winning or losing. This audiovisual world cannot be clear outlined, but only anticipated – because the audiovisual gadgets defy any imagination both by creativity and by market interest for these products. The commercial society as an activity object in media field joins the other societies and shares the reality of economic challenges in a market that, even if it’s imperfect, requests a higher level of quality and a shareholding that wishes performance and competitiveness, regardless of the geo-economical context in which operates.

Key words: mass-media; digitalization; creative economy

JEL Code: L82; Z10; O30

1. Introduction

Just as the quality expert showed, the Romanian researcher J.M. Juran, quality has reached „a state of mind”, because people product rather performance than economical goods. Today quality and performance are the most searched elements on the global market in general and in mass-media market in particular.

In this paper work we will try to decode the economical characteristics of the quality in mass-media. We will analyze de concept of quality in mass-media, and we will try to catch the hypostasis of quality in mass-media, but in particular our preoccupation will be to observe the particularities of quality in media sector.

Methodologically, starting with the observation of the actual situation in mass-media industry and economy, we propose to realize a content analysis. We will talk having in minded the economical perspective aspects regarding the actual state of media industry in the digitalization context, analyzing as well opinions of other researchers regarding these subjects. We are trying to present the concepts we support in the light of some reference works and to exemplify with realities from the international and Romanian mass-media economy. We will go through literature in domain and we will try to support with empirical data the subjects theoretically debated. In order to accomplish this, we will use

relevant data we find in the analysis of other researchers; we will study economical models, comparative analysis and analyzed positions of the international organizations.

2. The concept of quality in mass-media economy

The concept of quality has multiple meanings (covering a wide range of nuances of political, social, philosophic or technical nature) and it is utilized in all domains of life. The word „quality” is one of the most used word in interpersonal relations, because quality is an aspiration for the man that wishes something more and better, and this „more and better” seems to be never sufficient. Each person aspires to benefit the maximum from the package of options he owns, and then to enlarge this package if it’s possible.

The word quality comes from the Latin word „qualis” used by Cicero is the famous assertion: „*QUALIS AUTEM HOMO IPSE ESSET, TALEM ESSE EIUS ORATIONEM – the quality of man is known by the way he speaks*” (Klotz (1935)). It seems so that between the first definitions (maybe the first definition) of the quality concept is the one that connects the measurement of the quality of man with the content and the manner of communicating it. Mass-media as a communication system is evaluated also based on this measurement. Starting from the Cicero’s assertion, the evaluation of mass-media quality based on content and the presentation way of products and services respects the oldest analysis method of the value and quality. Withal, this angle of quality definition reveals another essential component: the quality of man involved in the process. Mass-media system even though it uses equipment or machines, had and still has its principal source for the quality of products and services in the value added by the people in the system. Essentially, the quality of man is directly connected to the quality of the results and the satisfaction of all involved parts.

The American Society for Quality (ASQ) defines quality like this: „A subjective term for which each person or sector has its own definition. In technical usage, quality can have two meanings: 1. the characteristics of a product or service that bear on its ability to satisfy stated or implied needs; 2. a product or service free of deficiencies. According to Joseph Juran, quality means “fitness for use;” according to Philip Crosby, it means „conformance to requirements”. (ASQ (2014)) The approach of ASQ fits well with the reality that works in mass-media system. The crowd that forms the audience of media institutions, as direct beneficiaries of products and services, has levels of training and economic, social and political contexts of the most diverse. Specific culture and each microenvironment are different and generate multiple expectations. In this sense, the audiovisual Law 504/2002 from Romania regularizes and coerces audiovisual operators to assure pluralism of opinions and objective information in their editorial products. In art. 3 the Law says: „(1) Political and social pluralism, cultural, linguistic and religious diversity, information, education and public entertainment are accomplished and ensured by the broadcasting and the retransmission of program services with the observance of the freedoms and fundamental rights of the person. (2) All audiovisual media services providers must ensure the objective information of the public by correctly presenting the facts and events and they must favor the free formation of opinions.” The Romanian law maker clarifies in 504 Law the demands he has for the audiovisual operators, and these demands are: Political

and social pluralism, cultural, linguistic and religious diversity, information, education and public entertainment, observance of the freedoms and fundamental rights of the person, objective information of the public, correctly presenting the facts and events and they must favor the free formation of opinions. Quality evaluation, as Philip Crosby shows, presumes „conformance to requirements“. In the ASQ approach of this phrase, the lack of quality presumes nonconformance to requirements (being without deficiencies), and the presence of quality in products and services presume the satisfaction of the established or implicit needs. In this perspective, to observe the 504 Law is a mandatory condition for the quality of mass-media system.

According to international quality standards ISO 9000 „Quality represents the assembly of proprieties and characteristics of a product or a service that consistently meet customer’s expressed or implicit requirements.“ This definition completes for mass-media Cicero’s definition and the one presented by the ASQ regarding the provision of an assembly of proprieties and characteristics that product, or the service need to accomplish. It is obvious that we talk about a complex and comprehensive approach. The set of factors referred to in ISO 9000 are integral complex indicators. Regarding mass-media, only a holistic approach (which takes into account analytical indicators, synthetic indicators and complex indicators) can really satisfy the complex demands that media institutions have to satisfy.

In order to complement the frame of the quality concept, we stopped as well to the definition made by Chartered Quality Institute that, answering to the question what quality is, says: „Ultimately, quality is an outcome – a characteristic of a product or service provided to a customer, and the hallmark of an organization which has satisfied all of its stakeholders.“ In mass-media, as well as in any organizations, it is important that the products and the services offered satisfy all interested parts. Either we talk about the affairs environment (where the advertisement contracts come from), the academic environment (where we find new potential guests), the sports environment that brings a mass of audience, the political environment, the rural and urban audience, youth and elders as well as the organization interests; all these interested parts are in a way clients that need to be satisfied. David Croteau and William Hoynes, talking about the market in which mass-media operates, make a very fair observation: „With some variations, the consumers mass-media respond to are rather the announcers, than the audience that reads / watches / listen mass-media.“ (Croteau, Haynes (2006)) Mass-media industry operates on a complex market, and in this context the quality of products and services is a result that needs to offer satisfaction for all interested parts. This is a difficult but challenging task.

3. States of mass-media qualities

In practice, the measures for the growth of quality often come as a reaction to the lack of quality that created a prejudice to the organization. If we resume only to the control of product quality and the payment of the workers for the products that pass the quality control, just as it was designed and how it worked for a long period of time, the level of quality it’s not improving very much. In order to overcome the actual stadium of quality, a new approach is required: total involvement on every level of the organization in order to reach a higher quality. It is important to accord bigger attention to the activities intended to

prevent the lack of quality in the achievement of product and services, but in the same time, the control of processes and results not to be neglected. Mass-media organizations need to establish as a priority to improve the quality and to raise the standards. The states of quality are directly connected to the phases in which quality is achieved and probably the one that surprises the best this idea is Deming W. Edwards in the four quadrants: „P = Plan; D = Do; C = Check; A =Action” (Deming (1993))

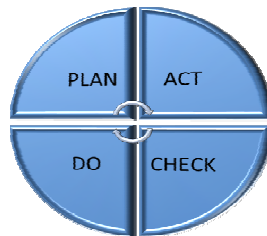


Figure no.1 Sequential processes of quality

Source: Own representation based on Deming’s cycle

All the players from mass-media market bring their products and services in the market, but the quality is the one that makes the difference. Starting from Deming’s cycle, we can talk about four states of quality found in media industry: Plan, Do, Check, Act.

Projected quality (Plan). This seems to be the most important quadrant. Everything begins with a plan: if our plan has deficiencies, the results will be the same. Bad quality planning is the source for expenses generated by bad quality products. A poor planning brings quality problems for the organization in the future. Talking about financing the affairs, Daniel Badulescu says: „bad quality of the projects is a problem of perception that has weight to creditors, and the entrepreneurs must be aware of this fact” (Badulescu (2011)). Planning requires to establish the main objectives the society has, to show how these objectives will be reached and what are the means used to act.

Establishing the clients (the audience). Regardless we talk about written press or the audiovisual, it is impossible to reach to all humans on earth, or even to all people living in a country. Establishing the public we address to is vital in order to realize a quality planning in mass-media. It is well known that „the fight for audience is for every listener”. (Haas, Frigge, Zimmer (2001)) But the listeners or the readers that respond to a sort of message and a type of format have commune interests, preoccupations and affinities.

When it comes to planning mass-media quality, we have to be even more specific – to establish target audience on days and oral intervals (in audiovisual’s case) or on pages (in written press). „ The starting point must be what the clients consider to be valuable. The fundamentals have to represent the client’s values and the decisions regarding the allocation of their available income.” (Drucker F.P (2010)) The analysis of the clients expectations requires a more specific knowledge of the potential client. To the extent that quality aims to satisfy the expressed and implied needs that the client has, than, in the projection of quality product we will have to open more ways throughout we can explore the audience particularities to which we decided to address to.

What would determine a viewer not to change the channel or not to switch to another channel? What would determine a character from our target group to buy or to read our

publication? What determines an auto driver to listen to our radio station? Here are some questions that require real answers in order to be able to plan the production that answers to specific needs, depending on the individual particularities that the clients we visit have.

Realized quality (Do). This seems to be the most difficult quadrant. It is easier to plan than to do. The reason for planning is production, and this will bring to the market the value that will manage to draw the financial resources for the cycle to continue and for the development of the business. The product or the service we achieve will have to confront to competitive products. The particularity in mass-media sector it's actually given by the digital intrusion in mass-media products and services. Any media product has today a wider digital share starting from photos, movies, musical records to the machines used by the public to access the media product.

Doing is today much more difficult than only five years ago! In television, until 2015 in Romania there will be no more analogic. Quality in mass-media has another particularity: the aspect of art – because all radio or tv shows, all printed publications or on-line field have a significant share of art. It's connected to inspiration, that moment of blink (many programs are live) continuity and keeping the quality level on each page or oral unit.

Mihai Berinde underlines that in order to be competitive with the products realized by firms, it is important to have in mind all market characteristics: „due to globalization and market imperfections, public policy has an important role in economy, and the companies must take into account all characteristics of the market if these are operable.” (Berinde (2007)). The heart that pumps quality to products is the work teams. Work in mass-media is a team-work and success may be possible only through perfect harmonization of the departments responsible for plan – production – broadcasting.

Evaluated quality (Check). This seems to be the most incomprehensible quadrant. Quality check had for a long period of time the connotation of acceptance or rejection of a product or service. Anyhow, checking it's an unpleasant process and has a negative connotation. Economically speaking, usually a check always comes with a fee. But in the light of quality management, check is a key factor and the ladder to the growth of quality. The first step in quality check is the evaluation of real results. After a period of production, it is imperative to see the results. What are the incomes generated by the planned strategy that was applied? What are the results and market positioning after the changes we have made? Are the clients satisfied? Has the audience or the circulation grown? What is the cost – benefit relationship in these new conditions? These are some questions that need a real answer.

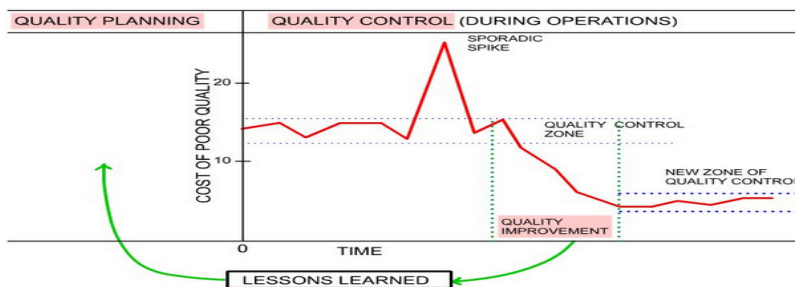


Figure no.2 Quality improvement

Source: Own representation based on J.M. Juran trilogy

A very useful tool in the process of quality economic evaluation is the quality Trilogy realized by J.M. Juran. Based on Juran's Trilogy the evaluation of quality begins with the cost of poor quality. The economic costs for poor quality products have an important financial impact over any organization. The reason for a correct diagnostic of the deficiencies is to find a profound cause for the financial losses and to repair them with the help of corrective measures that will lead to the elimination of losses and the increase of society incomes. Comparison of the real situation with the established objectives in planning and discovering the deficiencies is followed by planning the measurements set in order to lift up the quality to a new level. This aims to give a better satisfaction of the explicit and implicit demands of the clients. After the control process and after the resulted measurements are applied, we must have a significant drop of the costs generated by the lack of quality and an important growth of the cost-benefit balance in the organization's economy.

Quality improvement (Action). This seems to be the quadrant that confirms the qualitative jump, ending a cycle where poor quality and losses are reduced, raising competition of the firms. The situation after this quadrant is completed and must bring the organization on a superior economic level. Mass-media organizations must win this battle every day. Every viewer has today a remote in his hand and more than 100 available TV channels. Every new show has as a standard to obtain a superior accomplishment from the previous show. Each edition of the printed publications is in competition with the on-line editions and social media. The radio may be the only one that remains „the king of cars”. In the past years, because of the traffic, audience has increased but quality must not be neglected because the lack of it may bring prejudices first of all of economic nature. The cycle J.M Juran proposed, as well as Deming's cycle are procedures to be applied every day in media industry. It seems that the instrument Juran proposed will be used every day.



Figure no.3 The Trilogy of quality

Source: Own representation based on Juran's Trilogy

We synthesize the quality Trilogy on the figure above along with the successive and complementary steps that mass-media economy has to go through in order to consolidate the quality and to obtain total quality.

4. Particularities of mass-media qualities

All domains of economic and social life aim to quality. Market economy and democratic society give the right frame for the development and consolidation of the total quality. But

quality in general has a consistent dose of subjectivism. Each sector has its particularities, and media industry, like other economic sectors, has a serial of distinctiveness that we will try to underline in this section.

The quality of employees and work climate. People are the most important resource in mass-media, the quality of the system depending in their quality. „Not often happens for a valuable man not to receive offers from other companies as well. Commodious managers affirm that <no one is irreplaceable>, but they don't ask themselves how much the empty place left costs and the effort of replacement with other valuable employees. When a valuable TV host is leaving to another TV station there is an immediate consequence: the decrease of audience because a very well-known show is no longer broadcasted.” (Stanciu, Varlam (2000))

Media industry develops its activity as part of the creative economy. Here human contribution and personal talent are very meaningful because every radio or TV program or a press article is an act of creation. In mass-media, creative activity means to discover the gap between were things should be and were thing really are, and to unfold an imaginary bridge to make the crossing possible. In the same time, a media product brings to the beneficiary the necessary guide, as well as the doze of power needed to traverse the unsecure areas, to detach, but also to reach to the balance that every man needs. Work in mass-media never ends, the schedule it is not from eight am to four pm but requires a permanent intellectual and inward kneading, an activity directed toward discovery, innovation, transformation, creation and expression.

For the ones that work in this sector, professional training must be multidisciplinary, to cover information from multiple sectors to a professional level. Professor Weggeman sees knowledge as „a personal capacity that must be perceived as the product between information, experience, abilities and attitude that someone has at a certain point.” (Weggeman (2002)). Digital competences as well as the capacity of understanding and talking multiple languages, availability to a flexible schedule and working in high stress conditions, often with dead-lines are mandatory conditions for mass-media employees. Permanent training must be a passion and a preoccupation that comes naturally because every new day comes with new challenges, new materials that need to be written, new events, situations never seen before, new persons and new characters.

„Organizations that count on knowledge are preoccupied to identify, to cultivate and to develop the source of knowledge, as a major way to assure a valuable found, necessary to the evolution of competition” (Nicolescu (2005)). Every new year brings new technologies, transformations in the production process, modification of the audience structure and the way of making projects. Quality demands development, new competences, creative ideas and exploitation of every opportunity.

Workers conscientiousness is a lever to quality. Mass-media control its difficult to accomplish. Field works, documentation, the relations system, are only some elements that bring value to the media products and services. Human factor represents the key to success or the key to poor quality results. Confidentiality is another part that makes the difference. Mass-media is a system that has as a primordial objective, communication. Knowing what to say and how to say, being able to keep some information that have to be secret for your self – represents more than art. Also, the sources of information must be protected. „ The confidential character of the information sources used in the conception or in the

elaboration of news, shows or any other elements of the programs services is guaranteed by the law.” Law 504 offers the frame, but confidentiality is an art. From the quality perspective, „People that take more money from the organization are not the people that are better paid. The ones that cost the most are those whose work don’t rise up to the level of their salary.” (Maxwell (2009)) The ability to work with a co-worker or in a team facing up the work conditions generate the platform needed for the products and services quality in media to grow. It is almost impossible to achieve individual performance. An important condition to build quality is to be open in creating teams and to be part of a team, to work and develop project with others.

Economic quality (including the managerial act) is reflected as well in the financial results. No matter how good your team may be, without economic resources the results regarding quality will be modest. „Leadership through finances of a company comes to support the substantiation of the financial politic at a microeconomic level, many financial decisions being made, having an impact on financial performances. In these conditions, the company appears like an independent center of decision that owns economic-financial power.” (Brighman, Houston (2009)). The problem that mass-media in Romania confronts to is the lack of economic resources. „The purpose of financial administration is to assure regularly the company with the necessary funds for the equipment and the current exploitation, but also to control a better utilization of funds and profitability of the affected operations.” (Stancu (2007)) This fact is possible to determine the unsatisfied quality we have today. The mass-media segments where the State is owner is confronting with huge debts and with a continuous lack of economic efficiency. The private sector of mass-media is also undercapitalized. There are just some foreign investments, and the Romanian investments are realized more for political and electoral purposes. The main elements for economic quality should be given by the initial investments, by the capital of the society and by the surplus of the incomes after all the expenses. As long as most of the press institutions in Romania don’t have their own centers, and work in rented places – if the Romanian press institutions would base on proprieties not on rents – that means that we talk about a precarious material base in media industry. In our opinion, the societies that operate in mass-media in order to raise the quality standards need financial stability, a consistent material base and economic growth.

5. Conclusions

The need for quality and performance in mass-media and creative economy is determined by market globalization, by the technological explosion of communications, by the social complexity market by culture mixing, by the financial and energetic crisis, by the increase of military conflicts and by the rapidness the changes take place. In these conditions of abundance of offers in media market, quality and performance of mass-media economy no longer aim just for success, but also to remain in the global game. The only way to survive in the global competition is to obtain total quality.

In the global and digital world, media industry replaces in the frame of creative economies. The present audiovisual landscape is transformed by the convergence of information technology. The impact of the new communication technologies leads media industry to a creative and multimedia world, where *the rule of the five „A”* will be applied: **anyone** will

be able to access *anything*, by *anywhere*, *anytime* and this will give the possibility to gain *any much*. This audiovisual world cannot be clear contoured, only guessed, because the audiovisual gadgets defy any imagination, through creativity and through the market interest for this kind of products.

Total quality is a sum of the different aspects quality, some of these (that are specific for media industry and without exhausting their list) being the ones we referred to: quality of employees, quality of the managerial act, quality of the work climate and quality of equipment. Our opinion is that media industry in Romania made some progresses on the field of quality, but we still have much work to do.

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HOW INVOLVEMENT AFFECTS SATISFACTION IN PERFORMING ARTS

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Abstract: Arts marketing represents a field where new approaches are required in order to improve the activity in cultural institutions. Particularly, in theatres new approaches are imperative, due to the competitive environment and lack of funds for developing diverse activities. This paper emphasizes the relevance of involvement in studying customer satisfaction in performing arts and offers a literature review of what involvement represents and how it may influence the satisfaction in performing arts. An exhaustive study of consumer satisfaction in performing arts also requires an intensive analysis of the involvement. Research papers regarding customer satisfaction in performing arts treated this aspect without a deeper understanding of customer motivations and involvement. We consider that a study of satisfaction in performing art is not a comprehensive one if inner states of consumers are neglected and we propose new directions regarding the research of consumer satisfaction in performing arts.

Key words: arts consumption; motivation in performing arts attendance; involvement in performing art; satisfaction in performing arts

JEL Code: Z110, M310

1. Introduction

Theatres have had an important role in the society and they must provide a primary show experience while at the same time being able to fulfill the cultural and artistic goals of the patrons. Theatres also contribute to education and overall community, the economy, tourism and well being through the improvement of consumer`s cultural capital (Caldwell and Woodside, 2003; Moses, 2001). Several studies regarding the satisfaction in performing arts were conducted (Hume et. al. 2008, Boerner et al. 2011) but the customer satisfaction was analysed without taking into consideration the involvement of consumer with the services provided by the theatres. As an internal state variable which provide the opportunity for analyzing the consumer behavior, involvement brings directions in understanding genuine motivations in performing arts consumption. Performing arts consumption often is related to emotions and other inner states, thus analysis of involvement in performing arts is compulsory. The structure of this paper consists of two main parts: in the first part certain issued related to satisfaction in performing arts are highlighted, such as definition, motivation in attendance; in the second part are revealed

some issues related to involvement, such as definition, typology and its role in customer satisfaction.

2. Satisfaction in performing arts

In opinion of Oliver (1996) satisfaction is the consumer's fulfillment response and he defines satisfaction as "a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment". Szymanski and Henard (2001) suggest that "satisfaction" merely can be described when someone's expectations are fulfilled or even when are experienced outcomes which exceed anticipations. Hausman (2011) suggest that satisfaction is an evaluative experience that cannot be effectively assessed prior to consumption. Moreover, satisfaction is a determinant of users' participation in delivery of the service and leads to desirable outcomes such as trust, cooperation, long-term orientation, loyalty and relationship commitment (Ganesan (1994)); (Lam et al. (2004)). In respect with satisfaction some authors consider it an evaluation of the object of trust and, thus, would also be an antecedent to trust (Fassnacht and Köse 2007)).

Adapting Oliver's statement to theatrical field, Boerner et al. (2011) define customer satisfaction as "the spectator's judgement that the theatrical event provided a pleasurable level of consumption-related fulfillment, including levels of under – or over – fulfillment." Several authors which provide information regarding marketing in the performing arts (Kotler and Scheff, 1997; Rentschler et al., 2002; Voss and Cova, 2006) highlight the distinction between core service and the additional service(s). Agreeing with their statement we consider that visitor's satisfaction regarding the personal experience in the theatre is likely to result from the perceptions of both core service (the performing art show) and additional services (including different facilities, parking, atmosphere). In conception of Boerner et al. (2011), the topic of the play, stage direction, the ensemble, the principal performer, stage design, music are part of core service. The supplementary services such as the the parking facilities, the atmosphere or the personnel kindness which add more value to the provided service, are included in peripheral service category.

Bourgeon investigated the spectators' response to a theatre performance and discovered perceptions of quality (production, acting, the play, the message), perceptions of the ambience as well as emotions to be determinants of satisfaction (as cited in Kotler and Scheff, (1997)). Another study performed by Johnson and Garbarino (2001) highlighted that determinants of attendees' overall satisfaction with a theatrical event are selected plays, actors, theatre facilities, and theatre locations. In their study, Boerner et al (2011) point out the four dimensions (perceptive, cognitive, emotional and communicative dimension) of visitor's experience of the theatrical event proposed by Eversmann (2004).

Cronin et al. (2000) identified numerous studies which support the relationships between quality, value, satisfaction and such consequences as customer loyalty, positive word of mouth, price premiums, and repurchase intentions. As a result of consumer loyalty, consumers manifest willingness to recommend the service, to pay more for the desired services and to patronize in the future (Boulding et al. (1993)).

In the case of performing arts, the intention to reattend to the theatre is dependent by the personal experience of the audience member regarding the achievement of self actualization need (Radbourne et al. (2009)). It is considered that first time attendees may respond differently to a production than frequent attendees, due to their involvement and expectations with regard the experience in the performing arts (Kotler and Scheff, 1997). The ability of the show to stimulate emotion is intrinsic to its technical quality and the attendees who required an emotional effect are characterized through enduring involvement (Broderick and Mueller (1999)).

In some studies respondents identified themselves as committed to the arts, indicative of high enduring involvement but due to social reasons, they perceived their attendance as irregular. So, their willingness to maintain an arts relationship for a long period will increase when different issues such as babysitting, financial resources and illness were rectified (Hume et al. (2007)). In the opinion of Lilijander and Mattsson (2002) satisfaction and past experiences determine return intentions. It seems that a higher level of satisfaction will be experienced by both women who perceive a pleasurable level of value-expressive attributes and men who perceive a pleasurable level of functional attributes (Voss and Cova (2006)). Higher levels of satisfaction are reported by women, when they perceive that the theatre possesses pro-social values, supporting the contention that women are more driven than men by communal goals (Voss and Cova (2006)).

3. Motivations in performing arts attendance

In literature various motivations in performing arts attendance are specified. It is also revealed that through arts consumption a particular type of symbolic behavior of consumers is reflected. Thus, relaying their personality, self-concept, values and identity to different members of reference groups through cultural products, they manifest a symbolic behavior (Lau and Phau (2007)). The symbolic meaning associated with the personality of a product provides the consumer with the opportunity to portray the “self” that he or she wants to reveal (Belk (1988)); (Grubb & Hupp (1968)); (Grubb & Grathwohl (1967)); (Solomon (1983)), quoted in (Lau and Phau (2007)). So, as Tao (2013) suggest in his study, consumer`s personality had a significant and positive impact on their motivation and on their behavioral intention. In a motivation research, has identified four classes of motives: needs for achievement, affiliation, power and uniqueness/novelty (McClelland (1953, 1955 and 1961)), as cited in (Zolfagharian et al. (2011)).

To understand reasons for consumer art-related preferences some authors point out the intrinsic and social motivation (Kotler and Scheff (1997)). When consumers manifest a natural inclination toward mastery and interest (a source of enjoyment and vitality) the authors refer to intrinsic motivation (Csikszentmihalyi (1996), as cited in (Tao, (2013)). On the other hand, an individual`s inclination to consume for enriching conversation topics and for promoting interpersonal relationships is recognized as social motivation (Thyne (2000)). In the field of performing arts the socio-demographic variables of the population, such as income, education (arts-related in general) age, sex, have are considered to be determinants of demand (Willis and Snowball (2009)). Some authors identified the following motives for attending at live performing arts: the aesthetic or artistic value of the

work; for self-educational purpose; escapism from everyday problems; self-esteem enhancement and social interaction (Swanson et al. (2008)), as cited in (Willis and Snowball (2009))

Several authors consider the perception about the core service, additional services delivered by the theatre and also the spectator emotional response to the performance as determinants on their satisfaction (Boerner et. al. (2011)). In opinion of Werck and Heyndels (2007) production characteristics, such as the original language of the play, if the play is a adaption or not, if it is a new production or a remake, the number of actors, the age of the playwright are variables that have a significant impact on demand. Hausman (2011) consider that the purchase of ancillary products (such as refreshments, souvenirs) might be motivated by the satisfaction of consumers with the performance. In the case of hedonic services, feelings of pleasure, fun, and excitement are the goals of the consumption and require different means for assessing satisfaction (Bigné et al. (2008)).

The type of emotions aroused during a theatrical event may depend on both the personality of spectators and the features of show (Eversmann (2004),as cited in Boerner et. al. (2011)) Customers` involvement and expectations are considered to have impact on their satisfaction with a theatrical event (Kotler and Sheff (1997)), (Voss and Cova (2006)). Visitors may differ in their reactions concerning a performing art show, thus, the most relevant determinant for satisfaction of spectators was their judgements on the stage direction, followed by their emotional reaction (Boerner et. al. (2011)). Analyzing distinctions between experts and non-experts, Boerner et al. (2011) indicate no significant differences between the level of satisfaction of experts and the level of satisfaction of non experts. It is possible that this analysis of satisfaction, to be strongly influenced by the emotions felt by them in regard with the service. Probably the show was powerful in arousing feelings for both experts and non-experts and in this case no significant difference between them could be observed. If we speak about the differences between experts and non-experts with respect to their knowledge it is well known that experts have a superior level of acknowledgement unlike non-experts, so the satisfaction in this situation could be strongly influenced by the acknowledgement. For example: a non-expert may be unsatisfied by the cultural service due to the lack of knowledge and in this case a significant difference regarding satisfaction between them and experts will be observed. Therefore, we can highlight that emotions and involvement of customer in regard with performing arts should be taken into account.

4. Involvement in performing arts

Several authors suggest that involvement is an important concept to explain consumer behavior (Mittal and Lee (1989)) as quoted in (Lange (2010)). Thus, involvement is “an individual level, internal state variable that indicates the amount of arousal, interest or drive evoked by a particular stimulus or situation” (Mitchell (1979)), as cited in (Solanki (2013)). Described as a motivational variable, involvement reflects the extent of personal relevance regarding the basic goals, values and self-concept of individuals (Zaichovsky (1985)); (Celsi and Olson (1988)). Personal relevance of a service is represented by the perceived linkage between self-knowledge (individual's needs, goals and values) and their

product knowledge (attributes and benefits) (Celsi and Olson (1988)). Other authors suggest that socio – demographic variable along with attitudes and motivations converges into the notion of involvement (Bezençon and Blili (2010)). It seems that involvement it is not a cognitive phenomenon because in the opinion of Bloch (1986) it describes an emotional or a feeling state akin to arousal. The feeling or emotion of consumers related to particular products or services characterized by interest, enthusiasm and excitement is described also as involvement (Goldsmith (1996)). Involvement describes also how consumer is attached with a product or service and it produces certain behavior as consequences (paying more attention if they are involved with the product/service) (Solanki (2013)).

Several authors consider that consumers differ not only in level of involvement but also in type of involvement (Laurent and Kapferer (1985)). Houston and Rothschild (1977) distinguish between enduring involvement and situational involvement (as quoted in Laurent and Kapferer (1985)). The combination between enduring involvement and situational involvement creates a third category namely response involvement (Rothschild and Houston (1980) as quoted in Gbadamosi (2013)). Mittal and Lee (1989) indicate other two types of involvement: product involvement and purchase involvement (brand decision involvement) (as quoted in Lange (2010)). Other authors propose the notion of “ego involvement” for emphasizing the personal and emotional nature of involvement (Sherif and Cantril (1947) as cited in Laurent and Kapferer (1985)). To indicate the consumers commitment in searching the right solution to a problem Greenwald (1965) cited in Laurent and Kapferer (1985) proposes “solution involvement” considering this form of involvement deriving from the individual’s personal and central values. Another differentiation is highlighted by Laurent and Kapferer (1985) between “personal involvement” and “impersonal involvement”. Other authors make the distinction between “emotional involvement” (Vaughn (1980) cited in Laurent and Kapferer (1985)) and non-emotional involvement (Chombart de Lauwe (1979) cited in Laurent and Kapferer (1985)) called also “rational involvement”. Involvement it is also categorized by some authors into low involvement and high involvement (Kassarjian (1981) as quoted in Gbadamosi (2013)) It is demonstrated that consumers may be more involved with services than with goods because of the inseparability between production and consumption, and because the consumer is unable to return what is purchased, so no ownership transfer can be realized (Laroche et al. (2003)). In the study “Measuring audience addiction to the arts: the case of an Italian theatre”, Turrini (2006) suggests that with arts production and consumption is connected the enhancement of personal skills and cognitive abilities (Toffler, 1964). It is considered that intrinsic and individual benefits (such as fun, intense enjoyment, heightened sense of life, sensibility) inherent in the arts consumption itself, justify the intention to repeat the arts experience (McCarthy, Ondaatje, Zakaras and Brooks (2004)), as cited in (Turrini (2006)). If we consider attendance in performing arts an esthetic experience we can emphasize the importance of individual’s personality in arts consumption. Aesthetician Kaelin (1970) asserts: “The ultimate value of aesthetic expressions would then be the discovery of my own personality: of those feelings which correlate most clearly with my true self” (as quoted in Willet (1987)). Thus, another motive to attend in a performing art show is for discovering your own personality, but this

is a process that requires a long term relationship and a real implication of consumers in the process of production and consumption.

5. The role of involvement in consumer satisfaction

In their study Varki and Wong (2003) suggest that in marketing, involvement has been found to moderate the consumer decision-making process, with different responses from customers in low and high involvement situations (Park and Hastak (1994)); (Petty, Cacioppo and Schumann, (1983)); (Swinyard (1993)). Varki and Wong (2003) assert also that high involvement consumers are more engrossed in maintaining a long term relationship with a service provider. Thus, the level of involvement felt by consumers moderate the relationship between perceptions of service quality and satisfaction. Specifically, the relationship will be stronger for high involvement consumers than for low involvement consumers (Baker et. al (2009)). Some authors explained the influence of involvement on satisfaction through the intensive processing of information in the case of high involvement. Others highlight the difference between involvement and commitment, considering the last one as latent variable preceding commitment (Naskrent and Siebelt 2011)). Varki and Wong (2003) suggest in their study that high involvement customers had higher expectations be treated fairly by service provider and also to be involved in solving their problems. Therefore, some studies revealed that highly involved consumers (Assael, 198, p.84, as cited in Laurent and Kapferer, (1985)):

- Seek to maximize expected satisfaction from their brand choice through an extensive choice process (Chaiken (1980))
- Are information seekers, actively looking for information from alternative sources.
- Are more likely to be influenced by reference groups
- Are more likely to express their lifestyle and personality characteristics in their brand choice
- Process communication cognitively by going through stages of awareness, comprehension, attitude, and behavior (Krugman (1965)); (Rothschild (1969)).

Involvement it is activated when a product, service or promotional message is perceived as an instrument to achieve relevant needs, goals and values. Hence, underneath motivations of customers in the shape of needs and goals will influence customers actions and this could also affect the level of satisfaction.

6. Conclusions

Theatres offer services to their customers in order to spread cultural values, contributing in this way to the well-being of a community. The offer proposed by theatres to its customers comprises artistic and additional services that could be characterized through features such as: intangibility, inseparability, heterogeneity, perishability. Due to these features customers perceived the theatres offer as unique and risky. Risky decisions will involve consumers in seeking more information about the service. Customers will try also to ensure themselves that the purchased service is in accordance with their goals. Aesthetic or

artistic value of the work, self-educational purpose, escapism from everyday problems, self-esteem enhancement and social interaction are relevant motives for attending at live performing arts and could define consumer goals. Customers experiences in a theatre are often characterized through aroused emotions by the performing art show and because involvement is not considered a cognitive phenomenon, its analysis could explain better the consumer behavior in performing arts. A high level of involvement is related with increased expectations concerning the services. Thus, the decision process is more complex and customers imply various motivations in respect with performing arts attendance.

Agreeing with Kotler and Scheff statement and Voss and Cova statement that customer involvement and expectations are considered to have an impact on their satisfaction with a theatrical event we consider satisfaction in performing arts a delicate topic which requires new approaches. In our opinion, customers perception concerning both core and peripheral services well adjusted with consumer involvement analysis contribute to an exhaustive research in customer satisfaction. Considering what it is stated in the arts marketing literature with respect to customer satisfaction and its effects in consumer behavior (repurchase intentions, recommendation, positive word of mouth, loyalty), arts marketers could predict future results of theatres activities.

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CONCENTRATION OF THE BANKING MARKET FROM ROMANIA

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Abstract: In this paper I proposed to approach the notion of banking concentration depending on its difference faces, considering the typology of this phenomenon, the primary means of its accomplishing, the causes that lead to its appearance, their effects on the national and world banking system and the future perspectives of them in the banking market from Romania in the context of the European and global banking market. In the context of the adherence to the European banking system a solution for the Romanian banks is the concentration of the banking system by mergers and acquisitions or the increase of the bank capitals because in the periods of transition the smaller banks are vulnerable, they don't dispose of an infrastructure that would allow them to offer financial services comparable to those offered by the great banking groups. The methodology of research is based on the consulting of the specialty literature from the country and from abroad, the information sources that include specialty books, articles and reports in this area, the works of the economists and specialists, official documents, other regulations, and publications of some credit institutions, web pages of international institutions.

Key words: bank; concentration; consolidation; globalization; market share; Herfindahl-Hirschmann index

JEL Code: F65; G34

1. Introduction

The banking concentration is a wide process that underlines the degree of domination of the banking market by some great banks. In the last decades the nature of the banking activity changed, the progresses registered in the area of technology made the inter dependences from the economy, the speed of the development of the financial transactions to reach to a high level so that it would be felt the need of renouncing the old geographical limitations in favor to some banking organization with great dimensions, supra national considered to be *too big to fail*. In the specialty literature there are many points of view, some are for the banking concentration because the researchers sustain that it would lead to the increase of the efficiency, other sustain that it has as a result the creating of some great institutions

which, in order to survive in the periods of crisis, receive help, subventions from the government, subventions that could be used for the increase of the population welfare. In this paper I proposed to analyze the concept of banking concentration, the degree of concentration on the banking market from Romania on the basis of the data collected from the reports of financial stability published by the National Bank of Romania and some data published by the Central European Bank, in order to see which was the evolution of the concentration but also the factors that determined the modification of the degree of concentration in Romania.

2. Clarification of the concept of banking concentration

The concentration measures the degree in which a market is dominated only by some companies. An increase of the concentration has as an effect the decrease of the competition with negative effects on the consumers as would be greater taxes, greater interest of the loans (Federal Reserve Bank of San Francisco Economic Letter (2003)). The banking concentration is associated with a smaller number of companies that own a great dimension in the non financial sectors (Moretti (2008)). The level of concentration of the market offers an image of the degree of competition inside a market, the measure in which the great banks are capable to control the market (European Central Bank (2005)). Many researchers demonstrated that the level of concentration is a major determinant of the banking efficiency (Tushaj (2010)) and also one of the most important determinants of the competitiveness (Nathan and Neavel (1989)) in (Tushaj (2010)). The concentration is measured as being the cumulative participation (in sales, assets, market share) that corresponds to each exercise and is determined by two main factors: the number of the companies from the industry and their relative size (Zingales and Raghuram (2003)) in (Santillan Salgado (2011)). The measuring of the banking concentration has some problems because one of the attributes that delimit any market, a great deal, is the identification of the products and services commercialized and due to the significant transformations from the banking sector from the last period especially regarding the more diversified portfolio of products and services is very hard to delimit its limits. There are for example superpositioning in delimiting the commercial traditional banking activities and the services offered by the entities that don't act necessarily in the financial area, non banking entities (Santillan Salgado (2011)).

The banking concentration measures the degree of participation of the companies to the level of production of an industry or on the sale markets. A very concentrated sector is one in which a small number of companies have the greatest percentage in production or sale, which reflects a great power of monopoly of them (Guillen and Pinilla (2010)). In the banking sector, the percentage inside the market is usually measured as the percentage of "deposits" and/or assets, especially "credits", a great concentration means that just a few banks succeed to capture the greatest part of the deposits or assets of the system (Guillen and Pinilla (2010)). Rose (1999) in Tushaj (2010) affirms that the degree of concentration in a market is measured as being the percentage of assets or deposits controlled by the greatest banks that serve the respective market. Demirguc-Kunt and Levine (2000) in Tushaj (2010) measure the degree of concentration by the help of the percentage of

banking credits controlled by the greatest three banks from the banking system. The concentration is referring to the degree of control of the economical activity by the great companies (Sathye (2002)) in (Tushaj (2010)).

The increase of the level of concentration could be the cause of the increase of the dimensions of the dominant institutions or of the decreasing of their dimension Athanasoglou and others (2005) in Tushaj (2010). The industrial concentration is the most important attribute in a market structure due to its implications in determining the level of the prices, the segmentation of the market and the distribution of the marketshare between the participants (Burgess (1989)); (Berger and others (1989)) in (Santillan Salgado (2011)). The banking concentration is measured with the help of two indicators: the Herfindahl-Hirschmann (HH) coefficient and the concentration coefficient (RNC).

The coefficient named Herfindahl-Hirschman (HHI) is the sum of the square individual market share to a hundred of the total participants in a market (FRSB (2003)). This coefficient varies from zero to ten thousands and shows a greater concentration when HHI is greater. It is used to study the structure of the market, the relative share of all the companies and it compares the concentration between the markets. With all these, its applying in the countries in process of development is limited, because there are not reference values in these countries to indicate to which value is an indicator of the concentration HHI moderated or very concentrated (Guillen and Pinilla (2010)).

The coefficients of concentration (RNC) measures the market shares of the greatest participants from the market, a greater value indicates a greater concentration in the industry and, as a consequence, a greater market power of the greatest companies. This indicator is easy to be interpreted, because its value reflects directly the part of the market controlled by the greatest companies (Guillen and Pinilla (2010)).

3. Approaches of the banking concentration in the literature of specialty

There are many theories in the specialty literature, some pro concentration, others against the concentration. Demirguc-Kunt and Levine (2000) in Tushaj (2010) sustain that the scale economies increase the concentration in a banking system, this increase being combined with the increase of the efficiency. Some theoretical arguments sustain that the banking sectors with a reduced degree of concentration composed of financial institutions of small dimensions is more exposed to financial crisis than the banking sector concentrated with some great banks, this being due to the fact that a reduced concentration has as an effect the increase of the competition in the banking system (Tushaj (2010)). The greater banks can diversify the area of activity so that the banking systems characterized by some greater banks would be less fragile than the banking systems with many small banks (Allen and Gale (2003)) in (Tushaj (2010)). The corresponding banking systems can have as an effect the increase of profits, profits that can offer a cushion against the negative shocks, they increase the value of the bank and reduce the stimulants of the bankers for the assuming of some great risks. It is considered that a reduced number of banks is easier to be controlled and the risks of contagion are less pronounced in this system (Beck (2003)) in (Tushaj (2010)).

The researchers that are against the process of concentration sustain that it has as an effect the decrease of the volume of credits given, it leads to the increase of the prices of the products and of the services delivered which will lead to the increase of the bank profit, the increase that is due to the fact that in an environment less competitive the interests cashed in by the banks to the credits given are greater. A market characterized by a high degree of concentration is associated with an inferior welfare, also it increases the fragility of the banking system, namely the banks “to great to fail” receive subventions from the government, subventions that the smaller banks are not enjoying. They don't agree with the hypothesis that a smaller number of banks is more easily to be controlled, the dimension of the bank being associated with the complexity, the great banks can be without transparency and harder to be monitored. The absence of the competition in a banking sector could affect negatively the economical development (Tushaj (2010)).

A special attention in the specialty literature is given also to the study of the bank size impact on the market share. Considering the important evolution of the process of bank consolidation from the last decades, an important effect of it is the increase of concentration, the increase of the dimension of the greatest banks in absolute terms and towards the small banks. Many studies underline a relative position between the dimension of the bank and the strength on the market that contributes more and more to a dominant position of the great banks related to their smaller competitors (Bikker and others (2007)). The alternative is that the small banks would function first of all on the local markets in which the competition is smaller and the great banks would function on the national and international level where the competition is stronger as a result of the impact of the foreign banks (Gilibert and Steinherr (1989)) in (Bikker and others (2007)).

Bikker and others (2007) mention that some researcher as Bikker and Groeneveld (2000), De Bandt and Davis (2000), Bikker and Haaf (2002a), Hempell (2002), Bikker (2004) and Koutsomanoli-Fillipaki and Staikouras (2005) consider that, the bank competition increases together with the size of the bank. The work of the authors confirms the theory that between the size of the bank and the market strength there is a direct relation but they don't agree with the hypothesis that the competition increases together with the size of the bank. The size of a bank has a major role, the great banks are susceptible to be in a better position in order to be allied with other banks, are enjoying a stable reputation and have a greater potential in developing the range of products and services offered than the small banks. All these advantages place them in a position of monopoly. Also the great banks have the possibility to operate in different geographical areas and with personalized products. A special attention among the researchers is that on the relation between the dimension of the bank, concentration and the market strength of the bank. The concentration is related to the size of the bank, the markets become more concentrated when the number of banks decrease (Bikker and others (2007)). Buiters (2009) in De Haan and Poghosyand (2011) affirm that the size is a real problem, the nucleus of the problem, he sustains also that a complex of smaller businesses is not a threat on the stability, but in a great institution is aggravated the problem of the stability. He considers that the great banks can be divided in a variety of ways: vertically by activities or products or horizontally which presupposes the dividing of a certain activity.

To the question “why are the great banks different than small banks?” there existed in the specialty literature more answers, thus De Young (2004) in De Haan and Poghosyand

(2011) affirms that due to the deregulations and technological changes the bank industry can be divided in two groups: one including the great institutions, characterized by the utilization of the hard information, impersonal relations, reduced unitary costs and standardized loans while the second group includes small banks and is characterized by the utilization of the “soft” information, development relations, greater unitary costs and nonstandard credits. He sustains that the small banks are a main source of financing for small businesses, considered an engine of the economical development.

Carter and McNulty, (2005), Berger and others, (2005) quoted in De Haan and Poghosyand (2011) consider that there is a relation inversely proportional between the size of the bank and the income from the small loans suggesting that the small banks are more performing on this segment. Boyd and De Nicolo (2005) in Cipollini and Fiordelisi (2009) consider that a concentrated banking system determines the increase of the rate of interest at credits but also the increase of the risk of credit of the debtors due to the moral hazard, the increase of the bankruptcy leads to an increase of the instability. They sustain that the politicians are involved in the bank failures when there is a small number of banks, the banks from the banking systems over concentrated are considered too important to succeed, this underlines the problem of the stimulants given by the governments to the banks that lead to the increase of risks.

4. The banking concentration in Romania

The process of restructuring of the Romanian banking system began at the end of the year 1990, together with the acquisition by the Romanian Commercial Bank, newly founded, of the operations with clients performed until then by National Bank from Romania. In this period the Romanian banking system was characterized by a “high degree of concentration and segmentation” (Isărescu (2003)).

The simplest way to measure the degree of concentration of the market is the number of credit institutions on the market. This measure transmits the number of available options for the consumers (Koutsomanoli-Fillipaki and Staikouras (2006)).

At the end of year 1990 there were in Romania 12 banks, 7 banks Romanian juridical persons and 5 branches of some foreign banks. It is found in this period the domination of the state banks “whose activity is often affected by the interference of the politics” (Isărescu (2003)).

Table no.1 Indicators of the banking concentration

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
No.of credit institutions	41	39	39	40	40	39	42	43	42	42	41	40	40
No.of banks with foreign capital, of which:	32	32	29	30	30	33	36	37	35	35	34	34	34
-branches of the foreign banks	8	8	7	7	6	7	10	10	10	9	8	8	9
The percentage in total assets of the banks with foreign	55,2	56,4	58,2	62,1	62,2	88,6	88,0	88,2	85,3	85,0	83,0	89,8	90

capital %													
The percentage of the first five banks in total assets %	66,1	62,8	63,9	59,2	58,8	60,3	56,3	54,3	52,4	52,7	54,6	54,7	54,4
Herfindahl-Hirschman coefficient (points)	1427	1381	1264	1120	1124	1171	1046	926	857	871	878	852	821

Source: National Bank from Romania

The number of the banks from the Romanian system increased 8 time but the system is dominated by the four great banks with a capital majoritarian from the state (Romanian Commercial Bank, Romanian Bank for Development, Agricultural Bank, Bancorex) which owned 68% of the total assets from the banking system while the foreign banks had 11% of the total assets from the banking system. In this period it began to appear banks with private capital and it began the integration of the branches of foreign banks in the internal banking activity, increasing thus the number of banks until the year 1998. The foreign banks had an important role in this period, they determined the improving of the offer of products and services, the quality of the offer and the competition from the banking system increased. In Romania the process of restructuring and banking privatization of the banks began slowly, in 1997 were elaborated the principles and the procedure of privatization of the banks to which the state is shareholder according to the Law 83/1997. It is found that in the period 1995-1998, the total number of banks increased from year to year, from a number of 31 banks in 1995 to 45 banks in 1998. In this period, the quantitative development represented the main characteristic of the banking sector.

We could say that the process of restructuring that began in 1999 had a success, this fact being demonstrated by the evolution of the banking system which in the period 1999 – 2003 is characterized by two major tendencies: on one side, the increase of the role of intermediation, manifested by the increase of the percentage of the credits given to the population in Internal Direct Product and the percentage of the deposits attracted from the population in the Internal Direct Product, and on the other side, the continuing of the improving of the representative indicators of the banking system.

In the period 1999 – 2001, the number of banks was maintained constant, respectively 41 banks. Since 2002, it is found a small increase of the total number of banks, reaching to 39 banks in year 2003, registering an increase until the year 2008 when there were 43 banking institutions and in 2013 their number was of 40. Also we could observe the increase of the number of banks with foreign capital from 32 in 2001 to 38 in 2008 and in 2013 their number is of 34, their market share registering an increase from 55,2% in 2001 to 90% in 2013.

We could observe that the banking system from Romania suffered modification of structure that were determined by the National Bank of Romania by the measures that concerned the elimination of the non competitive institutions but also by the allowing of the access on the market of the foreign banks, the increase of their market share and the eliminating of the monopoly of the state banks. We can observe that the Romanian banking system was submitted to a process of consolidation during this period, the number of credit institutions was decreased following the banking mergers and acquisitions.

The degree of concentration of the banking market from Romania measured by the percentage of the first 5 banks from the system in the assembly of the assets had a decreasing trajectory, it decreased from 66,1% in year 2001 up to 58,8% in year 2005, in year 2006 registering an increase up to 60,3% and in 2013 it reaches 54,4%.

The moderated level of concentration is confirmed also by the Herfindahl-Hirschmann coefficient calculated depending on the assets, that registers the value of 1427 in 2001, 1171 at the end of 2006 and in 2013 it has the value of 821 units. The tendency of decreasing the degree of concentration together with that of increasing the percentage of the banks with mainly foreign capital in the system can be perceived as signs of increase of the competition.

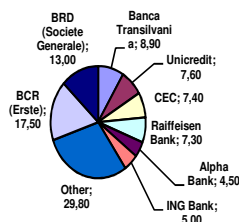


Figure no.1 Market shares in Romania (in % of total assets, 2013)

Source: CEE Banking Sector Report – Raiffeisen Research – May 2014

Of the 40 banking institutions existent at the end of the year 2013, 2 have market share of over 10% (BRD and Erste), 6 banks have market share of over 4,6% (Banca Transilvania, Unicredit, CEC, Raiffeisen Bank, Alpha Bank and ING Bank) the rest of 32 banks having smaller market share. The relative decrease of the degree of concentration of the banking system from Romania shows a tendency of increasing the competition in the banking system that leads to an increase of the banking efficiency. The greatest banking groups from the Central and Eastern Europe (BRD, Erste, Unicredit, Raiffeisen, ING Bank and Alpha Bank) are those that own the greatest market share also in Romania.

5. Conclusions

We found in this research that an important consequence of the process of banking consolidation is the banking concentration. As it is mentioned in the specialty literature the concentration can lead to the increase of the market strength of the institution and the consolidation of the position on the market, also by the dominant position of some great institutions in the market they can raise some barriers when a competitor enters the market. Some operations of banking consolidation have thus as objective the limiting of the competition and the reducing of the number of participants on the market in order to obtain a dominant position on the market. Some researchers have arguments that are for the banking concentration, they consider that it represents an important determinant of the increase of efficiency and also they consider that the banking system characterized by great banking institutions is less exposed to the shocks from the economy. On the other side other researchers consider that an increase of the banking concentration leads to an inferior social welfare due to the increase of the interests for credits that become thus more and

more expensive but also due the fact that by the introduction of some barriers at the entrance they limit the competition, they don't agree with the hypothesis that a smaller number of banks is easily controlled because the greater banks are lacking transparency and are harder to be controlled, these becoming "too great to fail".

I consider that the absence of the competition on the banking sector is a factor that leads to the aggravation of the economical development because it has as an effect the decrease of the volume of credits given, it leads to the increase of the prices of the products and of the services delivered, the increase that is due to the fact that in an environment less competitive the interests cashed in by the banks to the credits given are greater. I also consider that a market characterized by a high degree of concentration is associated with an inferior welfare.

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EVOLUTION OF ROMANIAN TOURISM IN 2014

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Abstract :Romania is equipped with a wide variety of tourist resources, whether natural or manmade, which provide opportunities for tourism. This valuable tourist potential is materialized in scenic landscapes, landforms, mineral, tourism climate that allows all year round, abundant flora, traditions; all together, meet in a variety of ways, Romanian and foreign tourists requirements. Romania's tourism potential is very complex and has a distinct value.Tourism in Romania focuses on landscapes and the rich history. The number of tourists is increasing every year, tourism became an increasingly important source for the country's GDP, as so tourism is a factor that contributes significantly to the Romanian economy.To increase tourism in Romania is very important that its weaknesses to be analyzed. Investments have to be made in the infrastructure of the country primarily because it is a criteria that makes some not to choose our country. Also, tourism should be promoted much more in order to inform them of what our country can offer.

Keywords : tourism ; hotel services ; quality ; evolution.

JEL code: L83 , E00

1.Introduction

According to the definition agreed at the International Conference on Tourism and Tourism Statistics from Ottawa, in June 1991, "Tourism refers to the activities of a person traveling outside his usual environment, for less than a specified period of time and whose primary traveling goal is other than the exercise of an activity remunerated from the place of visitation."

Theobald (1994) suggested that etymologically , the word "tour " is derived from Latin (molding) and Greek (Tornos), meaning circle - moving around a central point or axis. Taken the English word "tour" acquired meaning action to move in a circle. Accordingly, tour / tour is a round trip and one that takes such activity called tourist - tourist. Tourism has become a popular global leisure activity. It is the most powerful economic branch in the world and also is the most important employer.

Some countries which in the past were rarely visited, including Romania, are becoming more attractive as a result of economic transition and the opening of borders, which

provide a huge potential for tourism development (Bedrule - Corodeanu Gregory, 2007). Romania is equipped with a wide variety of tourist resources, whether natural or manmade, which offer a diversity of opportunities for tourism. This valuable tourist potential is materialized in scenic landscapes, landforms, mineral, tourism climate that allows all year round, abundant flora, traditions; all together meet in a variety of ways, Romanian and foreign tourists requirements. Romania's tourism potential is very complex and has a distinct value. Also, the geographical position of the country provides status of the Carpathian-Danubian -Pontic, given to the presence of the three natural elements of the country: the Carpathians, the Danube and the Black Sea. Various tourism activities: recreation, water sports, fishing, spa treatment, various landscapes that are provided in a way or another by the variety of natural and artificial lakes.

Glăvan (2000) believes that tourism development is influenced by natural or artificial elements, which are potential tourist attractions and resources. These are:

- landscapes, cultural values regardless of the region where they are located ;
- bio climate, the quality of natural healing factors;
- Tourism favorable natural conditions: snow, lakes;
- Natural Reserves, natural monuments, cultural and historical sights.

Romania has a rich treasure trove of archaeological, folklore, ethnic heritage, historical monuments of art and architecture. This cultural and historical context is the most important part of Romanian tourism offer and create the country's image in the world.

Tourism in Romania focuses on landscapes and the rich history. The number of tourists is increasing every year, tourism became an increasingly important source for the country's GDP, so tourism is a factor that contributes significantly to the Romanian economy.

In terms of competitiveness, Romania is one of the last places in the 58 analyzed, more exactly 54, receiving a score of just 47,48 points out of 100 possible.

2. Data statistics on tourism in our country this year -2014

Despite the difficult economic years that our country has had, the number of hotels and guesthouses in Romania have increased considerably in the last period. Also, the number of tourists in Romania increased in 2014 in comparison to 2013.

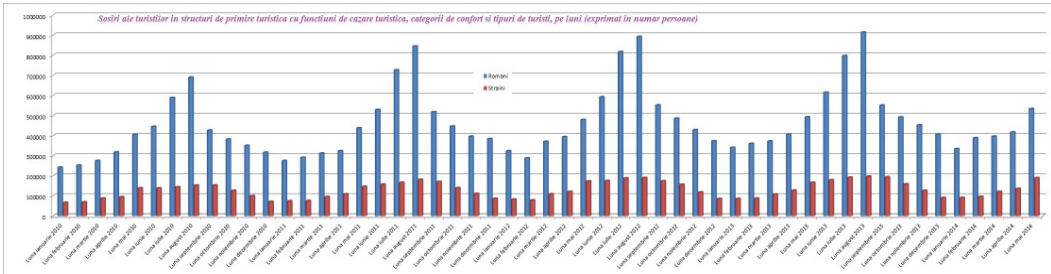


Figure no.1: Tourist arrivals in tourist accommodation structures

Source : www.economie.hotnews.ro

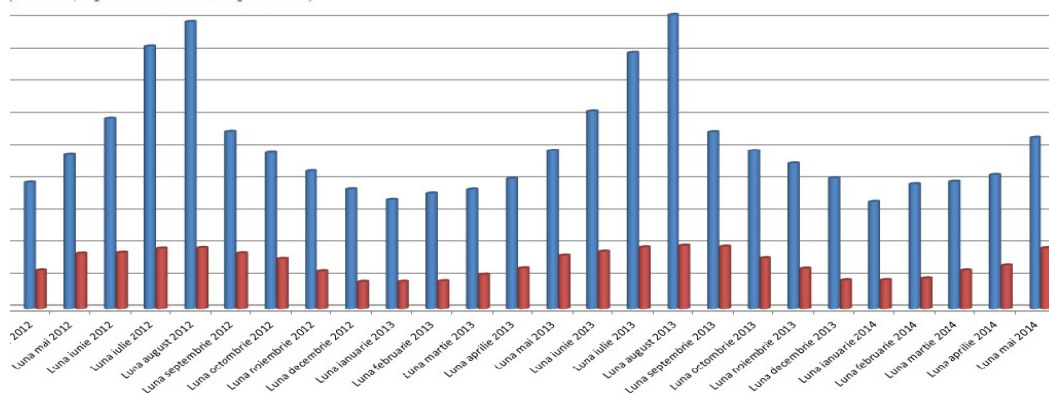


Figure no.2: Tourist arrivals in tourist accommodation structures

Source : www.economie.hotnews.ro

As shown above in the two graphs, tourism reaches the highest in August in all four years examined. In my opinion, most tourists choose August because it is a very warm month, eg the Black Sea is full of tourists who prefer the bustle around them.

In the first nine months of the current year, according to the National Institute of Statistics the number of foreign tourists increased by 10.7 % reaching 1.48 million. Most people who visit Romania came for business, 76.4 % of them are staying in Bucharest or in county capitals. Most people came from Germany (182 265 persons), Italy (137,801 persons) and Israel (106,105 persons). For the mountain resorts segment, in our country, most tourists came from Israel (19,587 people), the second is Germany (11,250 people) and on the third position is Spain (7318 people). Of the total foreign tourists who spent the night in accommodation, 76.1 % came from Europe, and of this total, 84 % were from EU countries. Among the EU countries most tourists were from Hungary (30.2 %), Bulgaria (23.9 %), Germany (9.4 %), Italy (7.2 %), Poland (5.9 %) and Austria (4.2%). The average length of stay of tourists was 2,6 days for Romanian tourists and two days for foreigners.

On total accommodation net use index of accommodation places available was 26.6 %, an increase of 1, 2 % from last year. Hotels had the highest rate of use (33.4 %), followed by travel houses (boxes) (21.9 %) and tourist villas (21.5 %).

In August this year, there was an increase in the number of tourists accommodated in comparison to August 2013. So this year were housed 3,48 million tourists, 5% more compared to August 2013. From these 3.48 million Romanian tourists were 87.3% and 12 , 7% foreigners. On average, people in our country have stayed for 3.1 days and those foreigners two days .

Most tourists were staying in Romanian resorts on the Black Sea (29.3 %) , a level similar to last year, followed by Bucharest and county capitals (27.7 %). Accommodation in mountain resorts fell slightly as a share , from 16.5 % to 15,9%, similar situation in the case of spas which decreased from 11% to 10,5%.

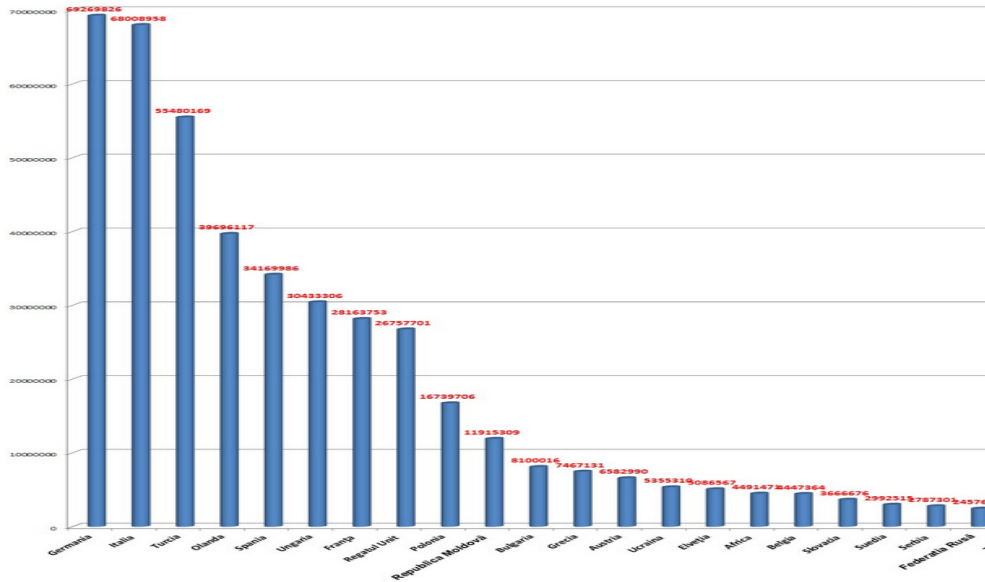


Figure no.3: Income from foreign travel

Source : <http://hymerion.ro/2014/10/07/veniturile-din-turismul-strainilor-topul-e-condus-de-germani-italieni-si-turci.html>

Revenue from foreigners tourism increased also. The highest incomes from tourism are made by tourist from Germany, Italy and Turkey. These three countries have made in the first quarter of 2014 revenue of nearly 44 million. The main reason for non-residents in Romania tourists spend their stay with us is the business or participation in congresses, conferences, fairs, courses. Total number of non-resident tourists represent 62.1 % of all tourists and their spending is 69.4 of the total expenditure of tourists.

Ponderea grupelor de cheltuieli in totalul cheltuielilor pentru călătorii de afaceri și in total cheltuieli pentru călătorii in scop particular in semestrul I 2014

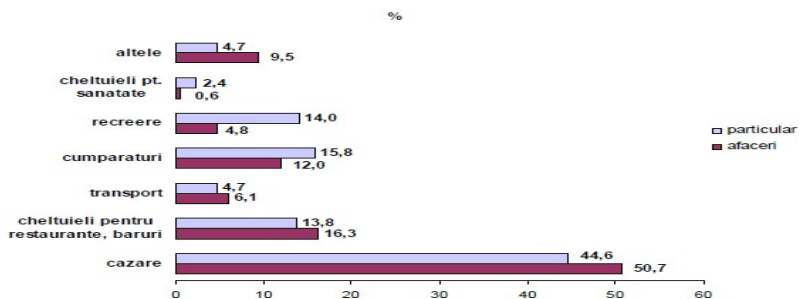


Figure no.4: Share of expenditure in total expenditure

Source : <http://hymerion.ro/wp-content/uploads/2014/10/pondere-cheltuieli.jpg>

Also, the total expenditure for business, the largest share is the accommodation expenses

(50.7 %).

Ponderea grupelor de cheltuieli pentru călătorii de afaceri și călătorii particulare, în total grupă cheltuieli în semestrul I 2014

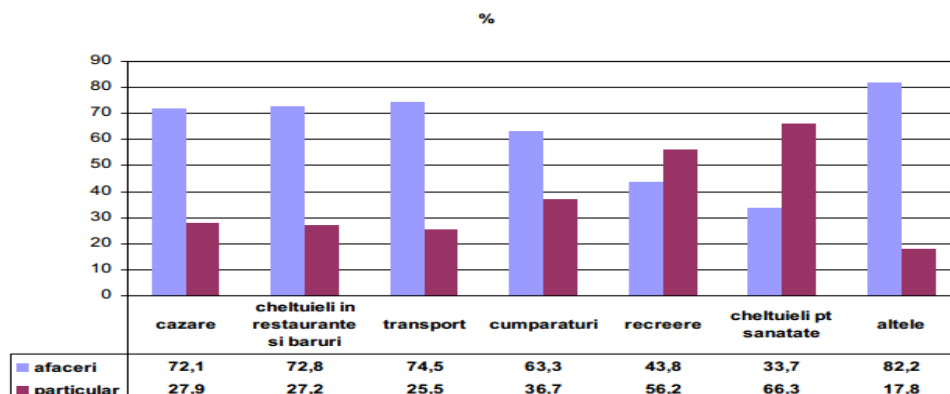


Figure no.5: Non-resident tourists spending.

Source : <http://hymerion.ro/wp-content/uploads/2014/10/CheltTurist-Nerezid-S1-2014-1.pdf>

I believe that our country would be a more attractive tourist destination if we would take care of the resources that we offer, if we would keep the traditions of our country, and if we would devote more attention to what is happening around us. I think that Romanians are too careless of what is happening and are not fully aware of the benefits they can offer our country. Rich tourism potential of the country should attract a growing number of tourists, not only foreign tourists but mostly Romanian tourists who instead of choosing other places, would choose to know our country better and also enjoy what it has to offer. This usually happens because of the country's infrastructure, and also because the relationship between price and quality compared to other countries with the same price but high quality and many other facilities that matter when you choose to spend your holidays somewhere.

There are also many rural locations that are not promoted enough, not having a website to be found more easily by those who wish, for those who want to relax during the holidays into a quiet place without crowds of the larger resorts. These small pensions are important to the country and our economy in several ways:

- Are a source of income for people who turns the household into a structure with pound or guesthouse accommodation agro tourism;
- They are an important source for the local community which includes the taxes they pay ;
- For local producers who have outlets for traditional products ;
- They are also important for the jobs they offer.

3. Conclusions

Following the studies of the National Institute of Statistics we can see that 2014 had a greater number of tourists than 2013, even though many of them came just for business. Increasing the number of tourists is necessary for the country's economy.

Can be seen from the analysis of statistical data published as increased number of tourists this year compared to last year increased net use index of accommodation , tourism revenues also increased foreigners .

I believe that to increase tourism competitiveness is very important to focus on its weaknesses :

- Promote tourism in Romania and abroad;
- Improve services in the hospitality industry; The hospitality industry is the industry's primary tourist reception services they provide tourist accommodation and catering , hotels, motels , hostels , inns , being excluded from the accommodation structures that do not have places for food or the guests can prepare their meals within them , villas , bungalows, holiday villages and chalets. A major factor to achieve commercial success is quality of service. Quality is an element that are known customers are conquered pin design services and are satisfied with the way business is conducted through the facilities granted to them . Of particular importance in terms of tourism services has first impression and makes the consumer . Consumers will remember how he was received in the best or worst hotel where was staying . This first impression is the one that decides the future if the customer will return to services that took part first . The highest level that every hotel must attain is the quality of tourism services offered in order to better satisfy the requirements and needs of its customers .
- Invest funds in order to meet increasingly higher consumers;
- Develop online marketing that many hoteliers do not yet take into account;
- Diversification hiker tourist oriented national and domestic tourism development ;
- Market development for tours ;
- Diversification of tourism products based on providing opportunities for rest and recreation ;
- Improving the physical situation of the adjacent road network and infrastructure (parking , stops , toilets) .
- Diversification of tourism information and promotion tools;
- Arrange sightseeing;
- Upgrade existing recreation sites;
- Creating and setting new places of entertainment.

In conclusion we can say that Rumania has great potential in terms of tourism and can meet the requirements of a large number of tourists offering those who want to relax on the Black Sea coast and those who want to relax in the mountains.

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YOUNG PEOPLE EDUCATION AND LABOUR STATUS AT EUROPEAN LEVEL

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Abstract: For understanding the EU youth on labour market we need to seek the differences in terms of education and employment. The complex theoretical models related to education and labour status of young people tend to explain differences in Europe. Based on EUROSTAT reports we try to respond to the questions that regards how many young people are in education and how many are combining studies and work; which proportion of young people has left education and is working; and how many are those outside education and without employment. The research of integration in the labor market underlines that the classical transition model / direct the school and work without interruption is replaced with an indirect transition model or dual, the school and work can overlap for certain periods of time, alternating unemployment or inactivity. To explain these structural differences between countries, Hall and Soskice identifies two ideal types of capitalist organization of the economy and society. The two varieties of capitalism are the coordinated market economy and liberal market economy. The better knowing of the differences regarding training and employment among EU young population will help the European Union and the states in particular to improve the political actions.

Key words: labour market; young people education; young people labour status; transition in the labour market.

JEL Code: J41, J01.

1. Introduction

Young people constitute a very important group in terms of social development, especially economic development of the country. Young people today are based active population in perspective. Level and the integration of young people in society is essential for the future. Entry into employment is key to social integration. Having a quality job, young people are encouraged to increase economic potential, learn continuously and contribute to socio-economic development of the country.

At European level there are approaches that are seeking to solve economic problems in a unified way. In this strategic context, the European Union developed the Europe 2020

Strategy that has several targets derived from specific economic needs identified at European Union level. One of these goals is to reduce school drop below 10% and increased by over 40% of university graduates aged 30-34 years. According to EUROSTAT (Statistical Office of the European Union), the population of young people aged 18-24 is nearly 43 million in European Union.

For a description of pathways winding increasingly young people in 2000, the OECD has adopted the concept of "route", which allows comparisons between countries by describing relations between the types of training and labor market organization. The education system offers various training opportunities and young people choose their own itineraries transition being influenced in their decisions by public authorities, employers and their families. The idea of itinerary or professional trajectory occupies a central position in the transition from school to work and requires a different way of seeing or thinking social and professional integration of young people.

2. Labour and education pathways of young people

The literature defines the transition from school to work as the process of transition from young life included a form of education, to independent living, a process marked by the first experiences in employability.

Current approaches distinguishes the transition from school to work and labor market insertion. Transition from school to work does not necessarily mean graduation, and can take place both in the context of compulsory schooling as practice, internships etc., outside of a form of education or leaving school (Garcia Merino, 2007, p. 27, apud. Pîrciog, Speranța et al., 2010, p. 75), while labor market insertion involves finding a job after graduation (Hill, Carolyn and Holzer, Harry, 2006).

The differentiation between the two concepts is, however, often unclear because the sequence of school-work does not necessarily meet the classical model, school and work can be interspersed with periods of inactivity and unemployment, can complement or even to change the sequence of classical (where forms of evening classes, part time, distance learning, online, "blended" etc. whose role is precisely to give education a second chance to those who already went through the process of entering the labor market).

In addition, school-work transition is different from country to country, depending on the link between education and the labor market, the degree of standardization of national education system, whether the educational system provides options in choosing the professional route during the studies, is widely recognized that is the so-called dual model. In this model the education and practice occur simultaneously, allowing the student to become insider of the labor market even before graduation (Wolbers, 2007; Ehlert, H., Cordier, H., 2002; Müller and Shavit 1998).

The research of integration in the labor market is hampered by replacing the classical transition model / direct the school and work without interruption, with an indirect transition model or dual, the school and work can overlap for certain periods of time, alternating unemployment or inactivity.

Young people are most vulnerable to unemployment when job offer decreases, the reason lies in the high costs of training new entrants in the market labor compared with those of

experienced workers (Thurow, 1975). The interest in analyzing young people's transition from school to work is more recent and is the "insider - outsider theory" based on the distinction between employees (insiders) and unemployed (uninitiated), (Linbeck, A. and Snower, D., 1988).

Countries differ considerably in terms of both education and policy regarding employment. (van der Velden and Wolbers, 2003; Reimer, D., C. Noelke, et al., 2008). In a research conducted by Emer Smyth and Joanne Banks (2012) underlines personal choices of young people reflected through three sets of processes: individual habitus; institutional habitus of the school, and each couple's personal agenda.

Integrating young people into the labor market varies considerably in countries across Europe. Differences can also be seen in the quality of jobs that young people are employed (Shavit și Müller, 1998).

3. Varieties of capitalism

Over the last century have revealed several attempts to explain and categorize ways of organizing relations between different categories of actors in the market economy. To explain these structural differences between countries, Hall and Soskice identifies two ideal types of the capitalism. The two varieties of capitalism are the coordinated market economy and liberal market economy.

Political economy has always been interested in explaining differences in various institutional and economic capitalist countries. What explains the differences in different countries in terms of structure and corporate strategy? How national differences can be explained in terms of the economy or innovative character? What are the differences in the labor market and how they are dealt with human resources? Identification of clear specificities were made by the two authors of Harvard University based on several analyzes and comparisons.

Coordinated market economy (CME) is found in the following countries: Denmark, Finland, Norway, Sweden, Austria, Belgium, Holland, Germany, Switzerland, Japan. The major features of this economy are given by formal institutions regulating the market and market interactions with lengthy relationships between economic actors. Also, workers participating in institutionalized forms management companies (workers councils) and cooperative relations between unions and employers' associations are well structured.

Regarding human resources, coordinated market economy is based on industry associations and unions employees to supervise a publicly subsidized training. Great companies take apprenticeships and monitor participants, limited as other firms to benefit from the training effort of others, and through negotiations between associations of employees and training firm setting priorities in each sector, ensuring that training needs company.

According to the authors, in CME is a relatively high labor security, to make large investments in training and education to social and enterprise level. (Jensen, 2011).

Many companies adopt production strategies that rely on highly qualified labor force which is given autonomy at work and is encouraged to share information to generate

continuous improvement in the production process. Trust is ensured in several ways. The internal structure of the firm strengthens specific monitoring networks.

Business associations promote wide diffusion of new technology by working with public officials to determine what skills need to be improved and the company that manages the state-subsidized services to make these improvements through training. A common technical standard, driven by industry associations helps in improving new technologies among staff from different companies.

Hall and Soskice (2003) argue that in LME (Liberal Market Economy) it is less attractive for companies to develop production strategies based on promises of long-term employment. They encourage individuals to invest in general skills, transferable across firms, rather than firm-specific skills. Vocational training is provided by educational institutions providing general skills and companies are not willing to invest in apprenticeship schemes because they have no guarantee that the company trained employees will not go to another firm.

4. Data analyses

Based on the recent EUROSTAT report regarding education and labour status of young people, we try to give a response to some questions regarding the young population on labor market:

How many young people are in education and how many are combining studies and work?
 Which proportion of young people has left education and is working?
 How many are those outside education and without employment?

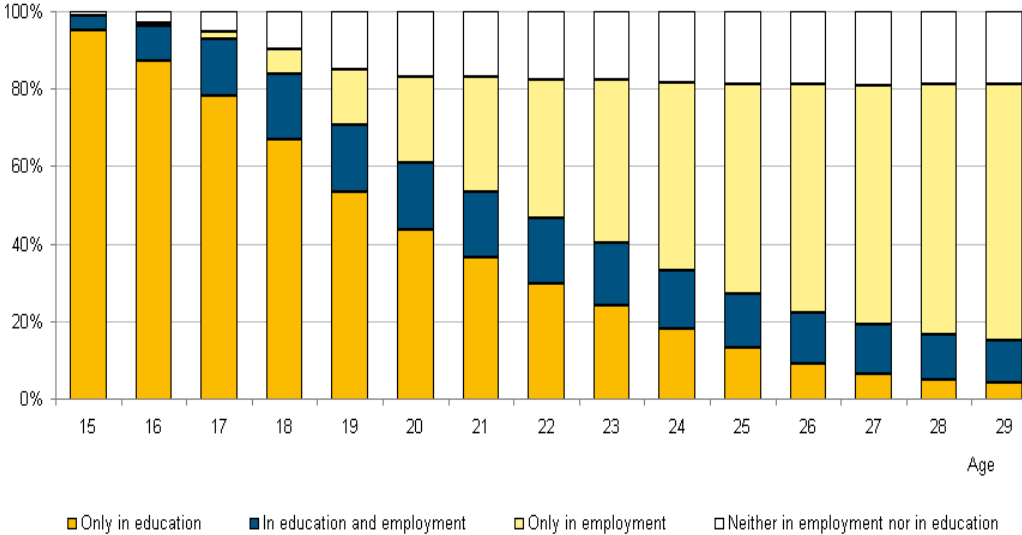


Figure 1. Distribution of the population according to their educational and employment status, by age, EU-27, 2009 (%)

Source: EUROSTAT Report

According to EUROSTAT statistics, the population of young people aged 18-24 (nearly 43 million in the EU-27, in 2009) can be divided into four broad categories as regards their situation concerning education and labour status.

- In 2009, in the EU-27, 39% of young persons aged 18-24 were exclusively in education.
- Only in employment 29% of the age class 18-24.
- 16.5% of the 18-24-year-olds are studying and working at the same time.
- 16% of young persons have left education and are without employment.

The composition of the population according to the four above categories (Figure 1) evolves with age. In the EU-27, in 2009, almost all 15-year-olds were exclusively students, whereas more than 90% of those aged 29 had already left education. According to EUROSTAT, the highest proportions of persons combining both education and employment (15-17%) can be observed between the ages of 17 and 24 years. In this group, there are "students working" and "workers studying", including also apprentices and trainees.

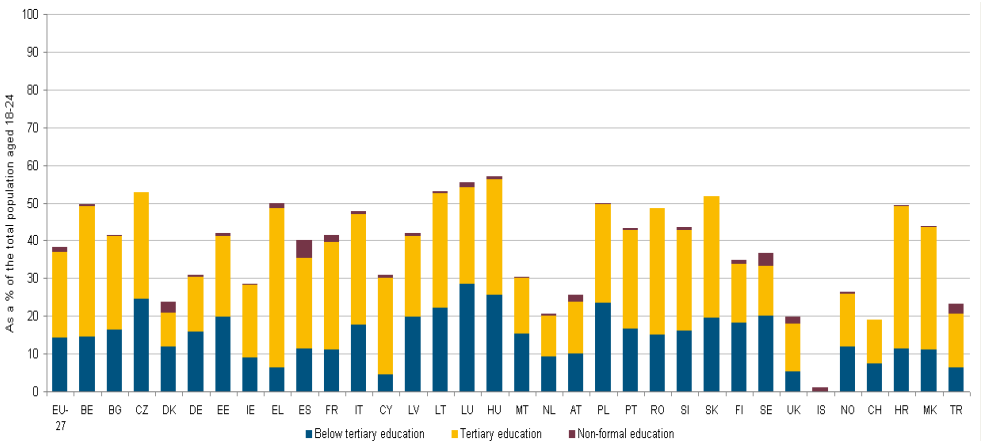


Figure 2. Young people aged 18-24 years being exclusively in education, by level of education attended, 2009 (%)

Source: EUROSTAT Report

In the majority of European countries, most young persons aged 18-24 being exclusively in education were attending tertiary education. But in Denmark, Germany, Luxembourg, Malta, Finland and Sweden, more than 50% were still in upper-secondary education or post-secondary non-tertiary education. This reflects the differences of national educational systems.

It's worth mentioning that Students looking for a job (either unemployed or passive job seekers) accounted for more than 10% of young people being exclusively in education in the Nordic countries, the United Kingdom, Spain, the Netherlands, Latvia, Austria and Switzerland.

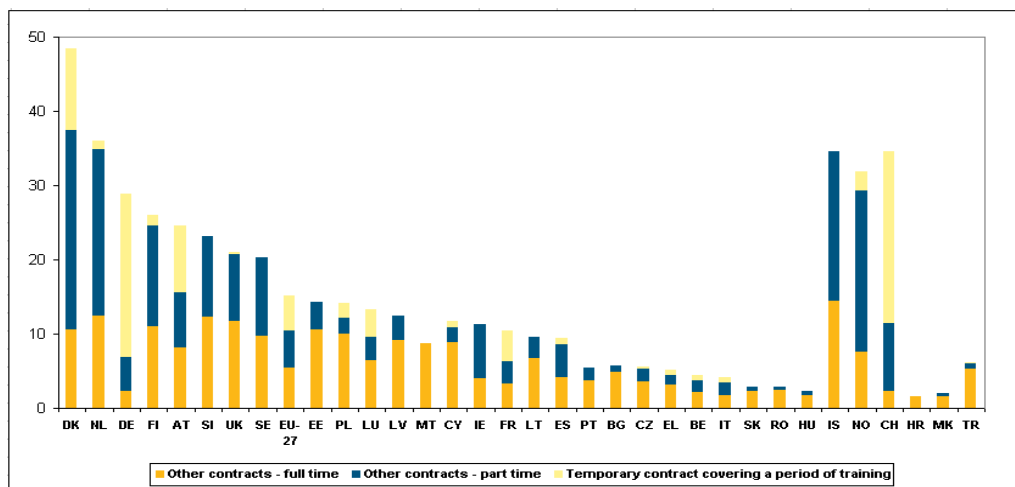


Figure 3. Percentage of persons aged 18-24 combining education and employment, by type of contract and part of full time job, 2009

Source: EUROSTAT Report

In 2009, 6.9 million young Europeans aged 18-24 were combining education and employment (of at least one hour a week). In this respect, strong discrepancies were found between European countries. In Italy, Hungary, Slovakia and Romania, combining education and employment was very rare—concerned less than 5% of the age class. But this percentage was between 20 and 30% in Sweden, the United Kingdom, Slovenia, Austria and Finland and stood even above 30% in Denmark and the Netherlands (nearly 50% in both countries), Germany, Iceland, Norway and Switzerland.

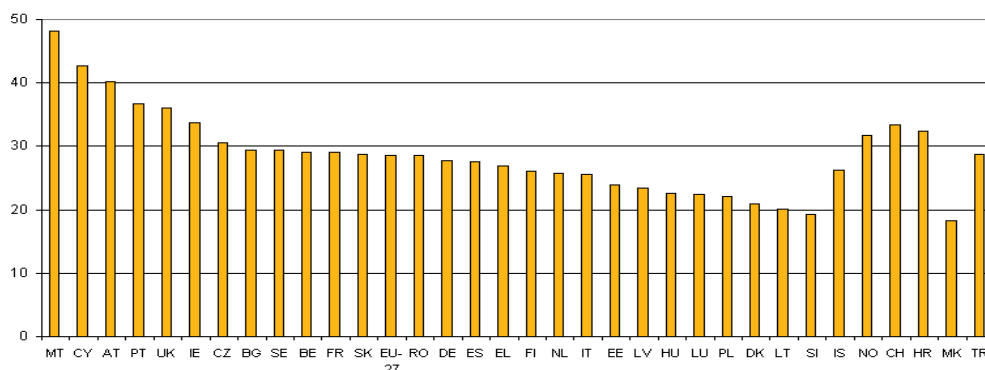


Figure 4. Share of persons aged 18-24 being exclusively in employment, 2009 (%)

Source: EUROSTAT Report

In 2009, the EU-27 counted around 12.2 million young persons aged 18-24 being exclusively in employment. They accounted for nearly 29% of the age class at EU-level, going from 19% in Slovenia to 48% in Malta (Figure 4). More than 30% of the population aged 18-24 was exclusively in employment in Malta, Cyprus, Austria, the United Kingdom, Portugal, Ireland, the Czech Republic and Norway.

In particular, if they have joined the labour market at a very young age, they may not have a sufficient education level to take up the challenges of the knowledge-based economy.

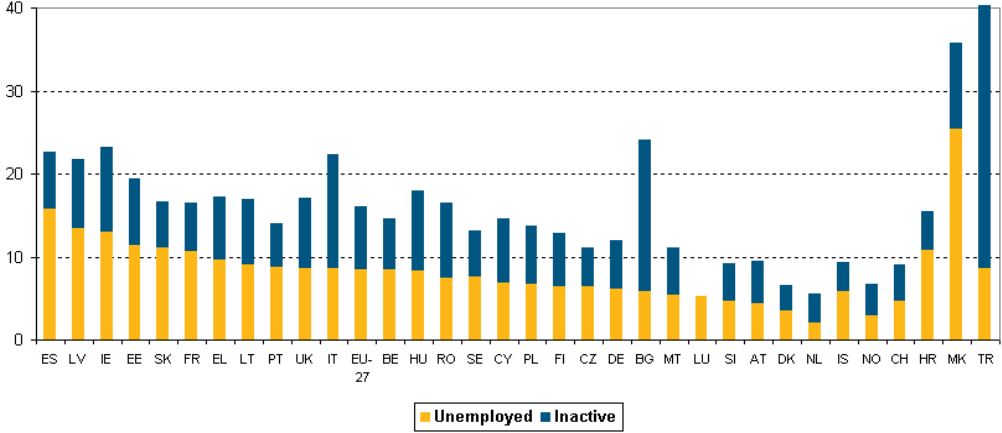


Figure 5. Share of persons aged 18-24 neither in employment nor in education, by working status, 2009 (%)

Source: EUROSTAT Report

In 2009, the EU-27 counted around 6.8 million young persons aged 18-24 neither in employment, education or training ("NEET"). At EU level, around 9% of 18-24-year-olds were no longer in education and actively looking for a job (were unemployed) and nearly 8% were considered as 'inactive' (Figure 5). The highest proportions of NEETs aged 18-24 who were unemployed were observed in Spain, Latvia, Ireland, Estonia, Slovakia, France and Greece (ranging from 16% to 10%).

5. Conclusions

A classic model of transition from school to work can be found in our data for only 39% of the population aged between 18 and 24. They had not started their transition towards employment; they were only in education without being employed, even for 1 hour a week. The model of CME and LME can be revealed by our analyses. Young person's combining education and employment can be divided into two broad groups. The first group includes those with a temporary contract covering a period of training-this is for instance the case of apprentices or trainees. At EU-level, 5% of young, had temporary contracts (mainly at upper-secondary level) and in Germany and Switzerland, this percentage was the highest-exceeded 20%.

The second group includes students working that are having permanent job or temporary job for reasons other than training. In countries with the higher proportions of young people combining education and employment-Denmark, the Netherlands, Iceland and Norway, the majority of them worked part-time (less than 30 hours a week). They can be named "students working". Those who usually spend more than 30 hours a week at work may be qualified as 'workers studying'. This situation is combining education and employment in general (many East and South countries).

In 2009, the EU-27 counted around 6.8 million young persons aged 18-24 neither in employment, education or training ("NEET").

Theoretical models related to education and labour status of young people tend to explain differences in Europe. Beyond the theoretical approach, the differences seen in the context of Europe 2020 Strategy at European level are intended to be adjusted through integrated policies.

In our future research (involving theory, data analyses and political trends) we will approach the Romanian model of education and employment with special attention on young people.

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ROMANIA – EUROPE, THE EUROPEAN UNION, EURO AND ECONOMIC DIPLOMACY

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Abstract: The aim of this paper is to present a larger vision of the economical and possibly, political factors that influence Romania and its capability and efforts to live up to the standards of the other members of the European Union and the difficult road to adopt the Euro currency. The impact of the economic diplomacy is considered being of high importance, every event being sorted through a magnifier glass, the advantages and disadvantages kept to a maximum, respectively, a minimum, having the experience and the knowledge of our fellow partners in the EU global economy. The research methodology includes the study of both national and foreign economic literature, as well as the on-line reports, mostly the 2014 Convergence Report issued by the European Commission. After the careful study of the available research materials we can surely conclude that Romania is on the right track for the Euro currency and the European diplomacy paves the way towards the set objective. Of course, all this fall in the hands of people that must be well prepared, technocrats, able to work in proper conditions, mostly assured by a stable political environment.

Key words: European Union; Diplomacy; Euro; Stability

JEL Code: E520, O520

1. Introduction

The European construction consists of five stages: the first stage, the objective of the common market sector, the second stage - the objective of the customs union, the third step - the single market objective, the fourth step - the objective of economic and monetary union and the fifth stage – expansion and the political union.

The fourth stage of the integration process begins with the signing on 7 February 1992 of the Maastricht Treaty, which has set the major objective of creating the European Economic and Monetary Union (EMU) and the release of the single currency Euro - €. Monetary integration is the name of the process of forming a currency area, a place where currencies of several countries are either linked irrevocably, or their currencies are binded on an "anchor" coin, based on a particular report or currencies are replaced with a single currency, which will be used throughout the area. So in one case, or in the other, we witness a process of monetary unification.

A monetary union formed in this way must match an optimum currency area, in an economic space that can follow the same monetary policy: countries give up their own monetary policy, the use of monetary policy instruments, especially the instrument of currency exchange in favor of a common monetary policy and exchange rate. The three main stages of achieving economic and monetary union in Europe are: the coordination of monetary policies - in this stage is achieved the free movement of capital in all EU countries, the strengthen of convergence and technical preparations - stage that started for all members, without any conditioning and the introduction of the single currency - member participation is conditional upon the necessary criteria for adopting the euro.

2. Euro in Europe

The name of the single currency was established at the Madrid summit in December 1995. On May 3, 1998, in Brussels, the European Council decided after assessing the convergence criteria as 11 Member States, ie Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland can adopt the euro on 1 January 1999, the two countries, Greece and Sweden did not qualify for the single currency considering the conditions stipulated in the Maastricht Treaty, therefore fall within the category of countries with a derogation and the United Kingdom and Denmark have not been considered due to previous separated protocols.

The euro is probably the EU's most tangible achievement. The single currency is used in 2014 by 18 of the 28 European Union member states. These countries, known collectively as the "Euro-zone" are, besides the 11 mentioned above, Cyprus, Estonia, Greece, Latvia, Malta, Slovakia and Slovenia. Euro is used with the consent of the Community in Monaco, San Marino and Vatican City – which have the right to issue their own euro in limited series, where Andorra uses the euro de facto, which means that the euro has no legal status but is used routinely. Kosovo and Montenegro are also the same, following the tradition of the German mark, which was previously de facto currency in these areas. The euro area comprises over 327 million citizens, more than two thirds of the EU population; this figure will increase to over 430 million when all Member States have acceded, except those that reserve the option to participate. All other countries are expected to adopt the euro when they meet the necessary conditions for this, so their economy will be ready for this - except Denmark and the United Kingdom who have obtained a waiver from the Monetary Union in the Treaty of 1992 Maastricht on European Union. These two states retain the right to adopt the euro when they want it.

The Maastricht Treaty set the single currency goal and the conditions for adoption. They are known as "the Maastricht criteria" or "convergence criteria" designed to assure the smooth functioning of the monetary union. In addition to some legal requirements, particularly for central bank independence, the Maastricht criteria are:

- Price stability: an inflation rate no more than 1.5% higher than the average of the three best performing Member States;
- Public finance: a budget deficit not exceeding, in principle, 3% of GDP, public debt at 60% of GDP or approaching that level;

- Durability of convergence: long-term interest rates 2% higher than the three best performing countries in terms of price stability;
- Exchange rate stability: two years in the Exchange Rate Mechanism II (exchange rate fluctuation allowing the currencies against the euro within certain limits in relation to central rate) without severe tensions.

The Economic Union indispensable correlates with the Economic Monetary Union. Monetary policy must mean confidence and stability. There is a virtuous circle of confidence in the currency - the population is willing to save up, the investments grow, the economy has a stable non-inflationary growth. The Economic Monetary Union is considered a political and monetary union. The introduction of the single currency is a political decision taken at Union level and it is conditional upon the political and economic criteria and that is why the role of economic diplomacy is more important in achieving the aspirations of the Monetary Union. It is this interdependence between economic diplomacy and the full realization of Monetary Union we want to acknowledge and find the levers by which diplomacy may enable the successful achievement of European Monetary Union.

The most frequently cited drawback of the Monetary Union is the loss of national sovereignty. Transfer at Community level of national components of monetary and fiscal order would imply that vigorous and stable countries accept and support the decisions of other countries, sometimes weaker and non-resistant to the plane fight against inflation. Economic and Monetary Union has no direct effect on non-economic and monetary sectors, but positively influences sense of identity and European integration. Impact on general policies can not be fully provided; what can be said is that a deeper economic integration may lead to closer coordination of policies in various sectors.

The economic policy-making process involves three elements: monetary policy that ensures price stability, fiscal policy, which refers to the revenue and public expenditure and policies related to the functioning of markets, such as product market, labor market or markets capital. Member States manage their own savings and tax decisions or the expenses conduct under common rules of the Treaty and the Stability and Growth Pact.

The global economic crisis that began in 2008 has shaken the euro in a significant matter. In addition, the Greek crisis arose, which on the one hand had economic and monetary falsified data in order to receive approval for the eurozone, and secondly in 2010 came close to being a bankruptcy state. Other countries in the Eurozone does not fulfill their obligations prescribed by the annual budget and debt limit to a maximum of 3 % of annual GDP and the total ones to 60% of GDP, just like Spain, Portugal, Italy, Ireland etc. Consequently, during March-June 2010, the Eurozone countries have decided a number of financial measures to support the euro, including guarantees and loans totaling 750 billion euros (including a participation from the IMF). This is an exorbitant amount, and this decision seriously violates its own principles of the European Central Bank, which until now has wanted to be independent of any state and any policy.

The new economic diplomacy is a very timely topic that deserves thorough research in light of the new crisis reconfigurations. In a competitive market where trade and financial transactions are carried out without restrictions of time and space and the inter-relationship between economic and financial led to an expansion of economic and financial interface, the role of economic diplomacy has multiplied considerably. The trend towards virtualization business, new information technologies, new financial innovations, national

and transnational forces companies to reconsider their strategic options and their efforts to penetrate and compete in a market in which economic activity is no longer restricted by time factor or geographical position.

3. Euro in Romania

Although still not been adopted in Romania, the euro is a reality of everyday life for Romanians. 70% of banking system loans are in euro. Many prices are calculated in euro, from the mobile phone to the car and housing so that transactions with cars, land or houses are in relation to the single European currency. From May this year, Romania has a target-date for the euro adoption: January 1, 2019.

Switching to a single currency in the first place brings the advantage of avoiding currency risk - the depreciation collection for exporters or importers of higher currency payment - existing whenever the question of converting currencies whose courses may change over time in one way or another. Currency Hedging, especially if large instabilities courses involves specific coating operations whose costs are high. The transaction costs are higher for small open states, whose currencies are little or no use.

Eliminating currency risk can stimulate economic activity, including investments, thereby allocating the resources, creating jobs and economic growth. Acting in the same direction and expression of prices in the same currency advantage which makes them easily comparable for the same goods in different markets. Diplomats have the necessary means to eliminate all these fears that hinder the widespread application of a single currency.

According to the latest Convergence Report, on one hand, Romania doesn't fulfil the criteria on price stability, as the last year's inflation was above the reference value of 1.7% with 0.4 % and it isn't expected to decrease below the reference value in the months ahead.

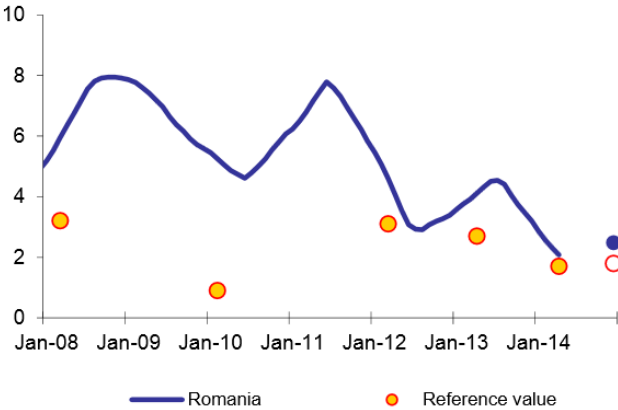


Figure no. 1. Inflation criteria

Source: Eurostat, Commission services' Spring 2014 Forecast

The 2014 value presented is a projection based on the reference values and the average inflation.

Also, Romania doesn't fulfil the criteria of the exchange rate, the national currency – leu – isn't involved in the Exchange Rate Mechanism II. Romania has a floating exchange rate regime. One effect of the global financial crisis was the strong depreciation of the national currency – leu - during the late 2008 and the beginning of 2009. In the following period until late 2011, the leu has broadly stabilised, with the support of the European Union - International Monetary Fund financial assistance programme.

On the other hand, Romania managed to fulfil the criteria on public finances and the one regarding the convergence of the interest rates on the long-term.

Firstly, our country isn't a subject for the Council Decision on the excessive deficit existence. Romania reduced from 2011 the deficit from 5.5 % of GDP to 3.0 % the next year, in 2012. This result came with expenditure restraint and with revenue measures. The deficit in 2013 was down to 2.3 % and specialists expects it to decrease to 2.2 % of GDP this year, in 2014, even down to 1.9 % - 2.0 % in 2015, considering a no-policy-change, that unfortunately no one can assure. General government debt is at 38.4% of GDP in 2013. Secondly, the latest reports show that the average long-term interest rate was 5.3 %, below 6.2 %, the reference value. Surely, this means improvement, but we cannot overlook the statistics that show clearly the long term interest rates in the period 2010 and 2011 were just above 7%. Registering a decrease to 5.5 % in the end of 2012 and about 5.3 % in 2013. Of course, these numbers are encouraging, showing great perspectives, but the efforts to maintain or even decrease the rates can't be paused, or worst, stopped.

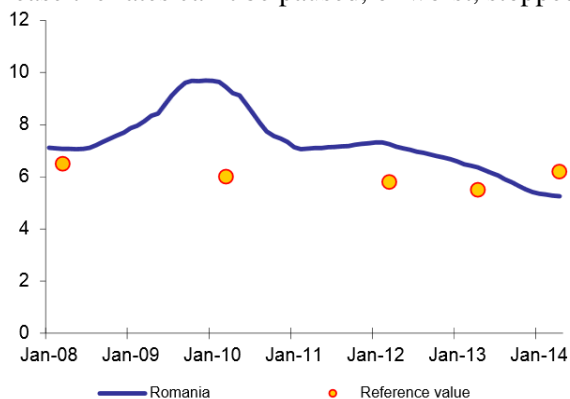


Figure no. 2. Long-term interest rate criteria

Source: Eurostat, Commission services' Spring 2014 Forecast

Other factors that need to be examined are for example the amount of the external deficit in 2012 has been narrowed to 3 % of GDP and in 2013, the external balance registered surplus. Romania receives from 2009 international financial assistance, but the last 2 years ment an improvement of the external balance and some recovery in global risk appetite.

Having problems during the financial crisis was expected. In 2009, the headline government deficit was at 9.4 of GDP. The government applied a front-loading fiscal consolidation that was aimed mostly on expenditures and revenue measures. The public wages were reduced, the standard VAT rate increased from 19 % to 24 % and contributed to reducing the deficit to 5.5 % of GDP in 2011 and further, to 3.0 % in 2012.

The social security spending was also kept in line, the pensions remained on a flat level and stream-lining some social assistance programmes. The revenue side was strenghten by

the rise of excises, mostly on tobacco, fuel and alcohol. All these measures led to a deficit of 2.3 % of GDP in 2013.

4. Conclusions

The economic diplomacy will not replace the political one, but rather manifests a strong complementary role. Having originally a commercial character, economic diplomacy has acquired new meanings in current times, is geared to respond to complex problems in the economic environment, from the economy and foreign policy issues, linked to development strategies and peculiarities of internal policies.

Romanian diplomacy efforts in creating a competitive monetary financial market at European level and the prospects accession to the European Monetary Union and its effects on the national economy are aspects that concern the full activity of the country and its trading partners.

It is a positive thing that Romania is capable and is working towards maintaining these criteria and aspires to fulfil the rest of them. Of course, the government is making the hard decisions at the expense of the population with higher taxes and the diminution of wages. Romania isn't ready to adopt the euro and looking back many specialists were affirming years ago that we will be ready for the euro in 2013, maybe 2014. Judging today, we won't be ready to make the change until years later, but it is good that people here are used to the currency.

Clearly, the need and usefulness of economic diplomacy in all features of the new economy lies in the beginning of XXI century, dominated by an international framework revolving around the phenomenon of economic globalization. It is clear that the dominant expression of power in the contemporary period is economic. This is why economic diplomacy acquires further financial connotations in a society dominated by information and knowledge, and the development of appropriate activities in this area is highly dependent on the state's ability to reform the governance principles, including new trends related to globalization inevitable, economic intelligence or "knowledge war".

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A THOUGHT ABOUT GLOBALIZATION

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Abstract: Globalization, not only it had become an overused word in media and politic discussions, but it's also widely used in every day conversations; thus, the confusing changes within today's world can only be explained by invoking this very term. This phenomenon, state wise, gives rise to winners and losers and those who know how to take advantage of this will only have to gain by it. As far as expectations and concrete results are concerned, Romania did not win the globalization bet, that is why the objective of this paper is to highlight the importance of confronting and accomodating the globalization, in order to avoid or reduce as much as possible its negative effects and fully maximize all oportunities provided by it.

Key words: globalization, global problems, economic prosperity, inequality.

JEL Code: F6;Z1

1. Introduction

Nowadays, every process analysis ground, either national or international, sometimes starts from analyzing the impact of globalization over the respective issue (Negut, 2008).

Regarding globalization, we deal with dissatisfactions but also commendations, no one denying its overwhelming importance in all the social and economical aspects of humankind life. Globalization could be a good driving force: the extention of democracy and civil society ideas changed the people' thinking mode, while the world political moves eased the debt burdens. Globalization made hundreds of millions of people to reach a higher and better way of living, while the globalization of economy helped countries by identifying new export markets and by attracting new foreign investments.

Stiglitz (2005) says that the most gaining countries were those that assumed their own faith and also realized about the play the state could have in the development process, giving up the one sustainable market idea.

For some other millions of people, we can tell the globalization did not bring anything new, or even produced negative effects, mostly because their moral situation worsened, their jobs disappeared, they were eventually faced with an uncontrollable force which led to the undermining of their own democracy and culture. This is the case of Romania, where the induced economical growth gave way to urbanisation, weakening the traditional rural societies, with big consequences over the entire national economic situation and over the population's food security. Serious social phenomena with strong people impact such as emigration, mostly due to the acute lack of jobs, have gathered over the years countless losses for the country, seemingly lesser on the international level.

The loss is bigger as those who left the country were from the younger segment of the population. International detailers and big commercial centers had also a ruining effect on small businesses and communities in which those businesses were taking place. By renouncing to protect the national material values from external speculators and the loss of authentic cultural values, the political class is mainly guilty for the population's social situation, by embracing an unthinkable carelessness. But the biggest loss, among the thousands of liquidated factories, is represented by the Romanian design and research facilities.

To the opposite pole, the developing countries which registered the highest success, were the ones from East Asia, which opened up to the world by following certain steps. Those countries took advantage by the globalization process in order to increase their exports and thus to develop at a more rapid pace. They, carefully and systematically, quit the protectionist measures only when new jobs were made available to their people. These countries made sure there's enough capital to create new factories and therefore new jobs and they really contributed themselves towards this effort.

It is necessary to underline the fact that in Romania, we not only see the globalization's most negative effects and extrapolate them to the whole process, but we also appreciate the very need to implement counteractions for this self-contradictory phenomenon.

2. The conceptual frame and the characteristics of globalization

The different approaches in the globalization literature reflect there is not an unanimous accepted definition of "globalization", the process having both supporters and opponents. Different authors (Giddens, 2000; Bauman, 2002; Held et al., 2004) have tried to define the phenomenon by correlating the implications of specific factors, conditions, events and changes of different nature, but this remains an ambiguous concept, not only due to different attributed dimensions (economic, political, cultural, scientific), but also because of varied interpretations, both actual and controversial.

So, Joseph Stiglitz claims that, "basically, the globalization phenomenon consists in stronger integration of countries and their people, following the significant reduction of transportation and communication costs and elimination of artificial barriers regarding circulation of goods, services, capital, knowledge and, to a lesser extent, of peoples among states." Ulrich Beck says: "Globalization is for the 21st Century transnational enterprises what 19th Century social classes stood for the working class movement. However,

essentially, the working class movement manifested itself as an opposite power, while the present global private enterprises work without this contrary force."

Other authors, such as McGrew and Lewis, by defining the process, underline its complexity and its features: "...it describes the process by which events, decisions and activities from one part of the world have significant consequences for individuals and communities situated far away from one another. Globalization is appreciated of having two distinctive features: sphere of activity and intensity. First, it defines a set of processes that encompass almost the entire globe or operate everywhere in the world, this giving the concept a spatial connotation. Secondly, it presumes the enhancement of interaction, interconnection or interdependence levels among the states and societies which make up the world community. Therefore, besides the connections' dilation, it also deepens the global processes."

According to Gunnar Myrdal outlook "the world will become more integrated when all these meager nations, with their clumps of people with different racial features, religion, folkloric and cultural inheritances would have had equal development possibilities." Basically, the globalization means exclusion of frontiers, the growth of across borders commerce, global products and global clients, global competition and global standards (Cullen, Parboteach) (Voinea, 2007). On the other hand, as Ngaire Woods (2000) stated, the dilemmatic of globalization cannot be approached without considering the "change the way people think and identify, new patterns by which states, firms and other actors note and follow their own interests". Other World Bank's publications define globalization as "the individuals and firms liberty and capacity to willingly initiate economic transactions with residents from other countries". (Giovanni, Gottselig, Jaumotte, 2008).

However, apparently the globalization process has its own history, but to many, there is nothing but a new name attached to an older effect (Munteanu, 2003).

According to Voinea (2007), Held and McGrew divide the main blocs with relation to globalization and national states, by also providing some respective arguments, as follows:

- Hiperglobalists- ones who claim the dispersion of the states' powers for a free global market and its forces;
- Proglobalists- optimists who believe production' internationalization has only good effects on people, companies and states. Advocates of neoliberal perspective, they stress the globalization advantages on economical, social and cultural life, which ultimately leads to the state- nation' economical growth;
- Antiglobalists- contesters, a cautious group, who think it's a new myth with devastating consequences on society: loss of national and cultural identity, undermine the states' sovereignty, growth of unemployment rate, ecological disasters, and so on.

3. The globalization economic and cultural dimension

Globalization has composite effects over the human society, generating development opportunities, but also risks for nations and its citizens.

An essential role in economic globalization dynamics is represented by transnational enterprises (STN) - "engine of globalization" (Janardhan, 1997) or capable leaders to increase the market capability by transnational capital infusion as straight foreign

investments (ISD). According to an online published study from 'Nature' magazine, nowadays, the world economy is dominated by a strong economical and financial network of 43060 transnational societies. The core is made of the first 737 enterprises which control 80% of the entire network, predominated by transnationals from financial- banking domain. Example given, Barclays controls the biggest part of the network, which stands for almost 4%. (Vitali, Glattfelder, Battiston, 2011).

Concerning the definition of transnational organization, the speciality literature envelops diverse points of view. Thus, the transnational enterprise is "a company employed in production and selling of goods and services in more than one country, being generally made of the mother firm located in the origin country and of 5 to 6 foreign branches, usually having a high degree of interaction between its components (Shapiro, 1994)", " a firm controlling operations or income generating mechanisms in more than one country" (Jones, 1986), or "a firm engaging in direct investments and which owns and controls valuable activities in more than one country" (Dunning, 1993).

The Economist describes "the tomorrow enterprises" as companies which will operate in an unsecured world, due to the fact that international environment will become more complex and more stretched competitive wise. In order to deal with unavoidable challenges launched together with businesses' globalization, besides the ongoing investment in human resource' competitiveness, numerous companies form strategic alliances or fusions, sometimes with their competitors, giving therefore birth to brand new enterprises, such as Ford and Mazda, Rover and Honda or General Electric and Matsushita. The world becomes smaller and smaller because of commercial barriers' reduction and elimination, thus offering the transnational companies the possibility of dispersing their products worldwide, becoming important factors of the global market.

The today's world picture is moulded by elements, which had and still have a big impact with global significance over the cultural systems and life mediums, migration, commerce with goods and services, capital movements and national financial markets' integration. In a schematic representation, we deal with the latest two decades' geopolitical reorientations, the outbursts of new informational and communication technologies (NTIC), efficiently used in transportation and communications (Internet, specifically), the stimulating of opportunities made available by economic integration; these politics reorganized the power lines among states and different areas of the world, modifying the rhythm and also the behavior of states' economical integration.

Globalization is also associated with cultural interactions' growth, culture, through its aspects, becoming perhaps the most significant vector of this process. It has been tried, in the latest years, a quantification of ideas and tendencies by establishing the "cultural globalization index". Its methodology begins from quantifying the export/ import of books, periodicals and newspapers (UNESCO data), divided to the number of people.

The economical globalization facilitated the "opening up" process, the cooperation and assimilation of different cultural experiences, which eventually means an additional resource for innovation and development, at the same time being considered a source of possible conflicts.

The interactions, societies and cultures wise, represent an opportunity of knowing the differences between "Us" and "Others" under the language, symbolistics, way of thinking and behavioral scale. These grew in intensity for other countries which did not have means

of communication with the outside world, because of their limitations within their dictatorial politic structures, but due to implementation of democratic reforms, managed to find answers to the enticements of globalization and the actual crisis (Dobrescu, 2010). These are the countries from Central and Eastern Europe, Asia, Africa and South America. For us, Romanians, the biggest changes were the collapse of the communist regime and European integration, under the flag of cooperation and other common values. More than any other process, globalization led to integration, which stimulated the dialogue between states, societies and cultures, by dissolving frontiers and reshaping a new rapport pattern between countries. On the other hand, integration amplified the issue of cultural differences and of intercultural dialogue, with outcomes on national identity, " the national identity crises becoming a global phenomenon", idea often revealed by the "clashing of civilizations" perspective, belonging to S. Huntington (2004).

4. Conclusions

Today there are three basic opinions on globalization: the straightforward pro-globalization, the pro- globalization with some question marks, and the straight pro-globalization. We belong to the second one, generally seeing the positive impact on economic opening and integration, though admitting some problems, such as: pollution, terrorism, drugs, firearms and child trafficking, chaotic migration flows and so on.

The most globalization comprehensive study (Kasser, 2002) until now, covers 22 developing countries, specifying that a nation becomes more of a consumist as it is influenced by America, rather than other developed countries.

The overwhelming concern is the rapid growth of social inequalities, of which globalization is not a total stranger. So, the righteous question is "when can we be sure that globalization will bring benefits not only to a limited number of favored people, but also to other layers of society?"

That is why Romania and any other country must be sensitive to the globalization process, when it affects their interests; therefore it's advisable to comprehend it as being a complex phenomenon. It is a necessary process, representing a key to solving the biggest dares facing the human kind. It is obvious that some models of putting it into practice must be elaborated, so its effects are desirable by all, to lead to equity and harmony, to development of the entire planet according to the available resources and also to the new technologies.

We summarize in a "bacovian" style, by signaling the fragile line of perils, risks the world is facing, looking to the future, to the "wonderful new world" and considering ourselves guilty of claiming that a society which searches for consumerism, which loves immediate entertainment and satisfaction, it will eventually exterminate itself.

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INTRODUCTORY NOTIONS OF INFORMATICS APPLIED IN ECONOMICS

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Abstract: This article aims, on the one hand, to highlight the current needs of the companies according to developments in technology, and secondly to present the link between computer science and economics and how a software can help to optimize processes course in a companz.

Also, here are presented the basic concepts of computer science, without which there could not exist a business software, including what is a database, what is a database management system, how to create a database, which is the difference between a simple database, a database management system, a relational database and which are the key issues regarding databases.

Finally, the article presents examples where databases are used and figures that highlight aspects of creating a database and regarding how to input information in such a database.

Keywords: economics; informatics; database; database management system.

JEL classification: O31 - Innovation and invention (technological and economic developments)

1. Introduction

In the age of technology that we live in, increasingly more people use increasingly more computers or laptops for the increasingly various needs. Thanks to modern technology development, people's needs have diversified, their requirements being increasingly higher. Thus, it appears that the instrument that 20 years ago was a luxury - the computer (or PC - Personal Computer) became today a must.

Twentieth century, also called the century of speed, facilitated technological developments and generally a development in all areas. The need for information and especially the need to obtain it as soon as possible had a great effect on the development of information technology, computers and, not least, the Internet, for the rapid transmission of information. This has led to the automation and computerization of many areas such as economics or accounting, for example. I refer to the automation and computerization, thinking that computers and software are used increasingly more in many areas in which the practice before the computers appeared was done only on paper.

Because of the benefits this change brought, companies today seek the most suitable

choice for computerization, depending on the field of activity they have. Thus, manufacturers of informatization solutions developed.

For a software solution to be successful we need a global analysis of business needs and the kind of company that it addresses to. Also, factors that may contribute to success are qualified staff, firm resources and not least proper needs analysis of the companies' needs.

Of course, computerization once started, it becomes a permanent activity that requires financial and human resources and, of course, time. Initial investments, although consistent, are amortized over time and they are recovered due to the benefits that computerization and automation involves in the transactions of an economical entity.

With the emergence of new opportunities for recording, storage and playback of economical entities data, appeared the need of keeping and accounting with the help of computers. Therefore computer software began to appear, at first far simpler and then increasingly complex to help accounting records within a company.

On this occasion appeared increasingly more producers of IT solutions for economic entities which, in turn, tried to cover the widest possible area in terms of the operations of a firm. Softwares began to appear, for keeping information management, accounting software, sales software, production software, agriculture, auto services, software for company management, fixed assets register software, ERP ("Enterprise Resource Planning"), etc.

To understand as correct as possible what happens within a computer software manufacturer, we need to know theoretical aspects that refer to informatics, the development and evolution of the software idea, computer system and, perhaps most importantly, theory notions in what concerns databases, since databases are the key point in designing a software used by businesses.

2. Database Management Systems (DBMS)

Since the 1950s, computers began to be used more intensively. The explicit purpose of intensifying their use was and is represented by data processing and storage. With emphasis on these functions, designing software systems that manage them, that bring them through to the user interface became a must. These software are called the database management systems (DBMS).

There are many systems of this kind, used for various purposes such as:

- Systems used in hypermarkets or other grocery stores to manage existing goods;
- Systems used by banks for transactions;
- Systems used in the insurance and brokerage firms for storing and processing information about customers;
- Systems used in airports or train stations for issuing tickets, for information on financial flows or the reservation system;
- Etc.

A system is a set of components that relate to each other and act as a whole to achieve a common goal.

Management systems database, as their name implies, are computer softwares that handle creating, modifying, deleting, querying, and maintenance of databases, which are, in fact,

parts in a system, parts which have relationships, the organized set of components that store the necessary information.

Between the user and the system there are two interfaces: defining the database and using the database: http://ro.wikipedia.org/wiki/Sistem_de_gestiune_a_bazelor_de_date

Of course, the user must define a database before using it. Defining the database is done through description software, in which the user must devise the purpose of use and expose it to the software. Basically, according to the final purpose of use of the database, it must have a certain structure. The user defines this structure, the information needed for its functioning and the existing relationships. After defining the database structure, it will be populated with information. Using the database, it is generally done only after creating the UI (user interface). This interface is designed to ensure optimal communication between the user and the computer. It depends on the creativity and knowledge of the creator what possibilities it offers to the user through the interfaces. When we speak of possibilities we refer to aspects of populating the database (input data that can be stored and used) to query the database, modifying it, delete some information, etc.

A database management system (DBMS) has to provide users a set of commands with which to achieve definition and data manipulation: Demian Horia (2001)

Thus, any such system, usually contains a set of commands that facilitates the creation, modification or deletion of tables, databases, relations between tables.

Each table contains records. Each record describes an entity and consists of a number of fields, where each field gives values to certain properties (or attributes) of the entity: <http://lori.academicdirect.org/courses/MVFP.pdf>

Such a table can be considered a *simple file with records that is appropriate for less complex commercial data such as inventory in a store or a collection of current accounts for customers:* <http://lori.academicdirect.org/courses/MVFP.pdf>

Also, each table has a "head" where the table fields are named (i.e: No., Name, etc.), and this is defined in the *table structure*. *By doing this, each field (column) will have a name, data type and length:* Demian Horia (2001)

There are some data types that are found in most management systems databases such as: Character (character), Currency (monetary) Date (calendar date), Logical (logical), Numeric, Integer (whole). Moreover, each data type has a length that can be predefined or user-defined. This length refers to the number of characters that can be inserted into each record.

There are some operations that can be done in working with tables. Operations such as creating tables, modifying them, consulting and updating, deleting tables, opening and closing them. When creating tables, the first step is designing the structure, what fields exist, what types of data are used, what are they used for, their length, etc. Basically for each field we must specify the name, the type of data that will populate it, length and accuracy if we are talking about numerical data types. *The phase of creating a table refers mainly to define the table structure (field name, data type, length), and the specificity of the file in which this table will be content. Following this operation, the table will contain a structure and will not contain any record:* Demian Horia (2001)

In figure no. 1, we can see a way of creating a table structure:

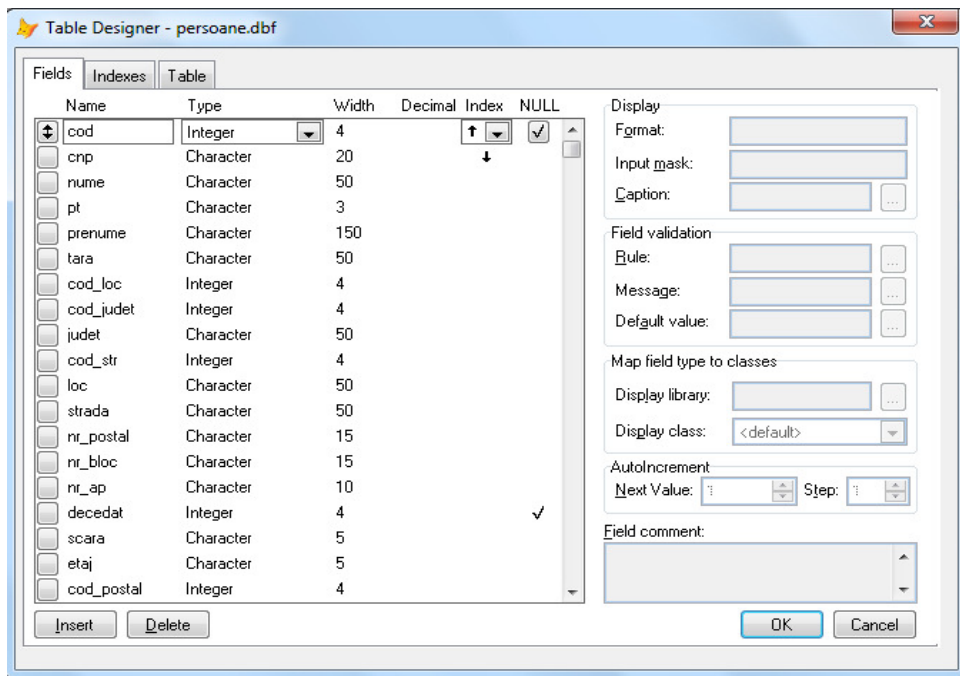


Figure no. 1. Creating a table structure

Source: Own representation in Microsoft Visual Fox Pro

In what concerns changing tables, we can refer both to changing their structure and the modification of recorded data. Changing the structure refers to changing the field name, the type of the data that is to be registered or, of course, the record length. Once data are inserted within the table, it is desirable not to change the structure. Some management systems databases nor allow this, because you can lose data integrity of the records. Therefore, normally, the design of the structure is made after a careful analysis of the table utility in order not to be subsequently changed. With the definition of the structure, we will be able to block certain fields, meaning that we will not be able to make changes to the entries already recorded. Of course, due to human nature there may be input mistakes and therefore it is preferable to allow the user to modify some input. Change of the input refers only to transforming records, changing the content in each field.

Also concerning the modification, we can recall the tables update. A table once created, is populated with the information entered by the user. This information, in time, may change, may differ, and then we think of the term "update". As a result, registrations made, if no longer represent a real issue or not comply with it, should be amended. We have two possibilities: to erase previously entered information and to insert a new record to be in accordance with the present or to update existing information. The choice between these two options is usually done when the analysing existing information. That is, if the information is totally wrong and should be completely rewritten, it is normal to choose deleting the record and writing topical information. Otherwise, if only some of the records

are wrong, for speed and convenience updating is chosen.

Deleting tables is done in two cases. The first case (the most common) is that the table was set for a trial, and not to represent the expected outcome. In this case, as a rule, the data recorded is copied in another table (this being the one that will be used hereinafter). The second case is that of a table that has no importance in the database structure. It is a completely wrong data table containing data that are no longer topical, data that is no longer needed or simply, data that is no longer useful. Deleting a table can help increase the speed of execution of an order because, automatically, the database is less in terms of disk space used on the computer and also used for loading data memory on the interface . However, to delete a table, you must first deleted links with other tables, because normally each table relates to other tables in the database.

When it comes to consulting the data, it actually means querying the database or table. Basically, through the interface, the software brings in front for the user the exact data it needs. "Bring", here, basically mens loading into memory and presentation of necessary information.

I wrote above about the opening and closing table. In some database management systems, such as Visual FoxPro, you can work on mutliple plans to facilitate the performance of different orders in different tables. Opening a table basically means loading into memory a table, leading to the possibility of its use. On this occasion, the used memory increases and as a result, the functionality of both the software and computer gets difficult. I am not talking about a visible strain where the operations performed are simple. Closing a table means, for the software, that we no longer need the data in it, therefore, it can release the memory space used for querying and retrieval of data in that table.

Figure no. 2 is a table with data already entered.

Nume	Prenume	Cod_str	Loc	Strada	Nr_postal	Nr_bloc	Nr_ap
BARCA	FLORE	8047	ORADEA	Traian Lalescu	8	PC58	1
PETRE	PETRU	7304	ORADEA	Adevarului	2A		
LAZA	ANA	8031	ORADEA	Independentei - PI	53	A10	35
CERE	FLORIN	7679	ORADEA	Mimozei	2		0
TOTH	DANIEL	7690	ORADEA	Thomas Morus	5		
MOT	IOAN	7609	ORADEA	Lapusului	39	Q111	4
MARE	LORAND	7631	ORADEA	Lugojului	10	RB20	14
POPA	EUGEN	7401	ORADEA	Dimitrie Cantemir	75	C6	19
BARBU	GHEORGHE	8050	ORADEA	Dacia	66	AN38	32
BLAGA	STEFAN	7846	ORADEA	Salcamilor	17	PB143	15
PANTIS	ANA	7825	ORADEA	Republicii	17		8
BABU	MARIA	7666	ORADEA	Mestesugarilor	77	PB126	19

Figure no. 2. Table with data

Source: Own representation in Microsoft Visual Fox Pro

3. Relational Databases

Most computer applications require storing specific information. They are stored in what is called a database. A system that requires a database, has as a fundamental purpose: accessing data by application users: Ardeleanu Stephen (2004)

In a broad sense, a database is a collection of organized (structured) data. A database has the following main functions: storage (memory) and organizing data (structure): <http://www.techit.ro/baza-de-date-relationalala.php>

Databases usually contain multiple tables. From this we can deduce that the size of a database is larger than the space occupied by a table on the physical media. Obviously, the information contained in a database is more extensive than the one contained in the table.

Databases are an essential support for information systems: Györödi, Cornelia; Györödi, Robert (2000)

Thus, a database can hold, looking from an informational point of view: *Additional information for tables, views (virtual definition of a local or remote table) connections to remote tables, stored procedures, triggers and relationships between tables : Demian Horia (2001).* Creating a database is done after considering the system information and after its design phase.

As in the case of tables, there are some steps regarding working with a database. These include database creation, opening and closing them, query, modify and delete database. All these operations, although they have the same purpose and the same aim, the syntax differs from one application to another.

In 1970, the first articles are written by E.F. Codd on relational database model. It was received with great interest by all database users. Basically, this model assumed that existing/stored information, to be interconnected through relationships. *In the relational model, the description of a particular entity is given by the set attribute values, stored as a line in the table and called relationship. This connection between "n" attribute values provides the best description of the entities in the real world:*

(<http://lori.academicdirect.org/courses/MVFP.pdf>)

Due to these relationships, we can query databases by combining information from multiple tables with the same attributes. Basically, the user can see the information simultaneously from multiple tables by combining records.

This type of data structure, based on links between data, allows elimination of redundancy, so that storage and, especially, the change of information is in one place, and, from a functional perspective, this structure allows the retrieval, filtering , ranking and aggregation of data, naturally: <http://www.techit.ro/baza-de-date-relationalala.php>

Integration in this way of the information found in a database allows eliminating redundant information because several files are viewed as a whole. Integration can be seen as a unification of data from several separate files.

A relational database is a set of data files that reflect the activity of a real system, organized mainly as: data tables (table); forms for data entry (form); reports (report): <http://it-teacher-emanuela.blogspot.ro/2012/02/activitatea-nr4-13022012-17-022012.html>

Organizing data in a relational database is made in the form of two-dimensional arrays. These are called "relationships". The term "related attributes" are associations between relationships. These associations usually can be of two types: "one to many" - where a

record from a table links to multiple records in another and "many to many" - in which case multiple records from a table link multiple records from another. In figure no.3 we can see a structure of a relational database and the relationships among tables.

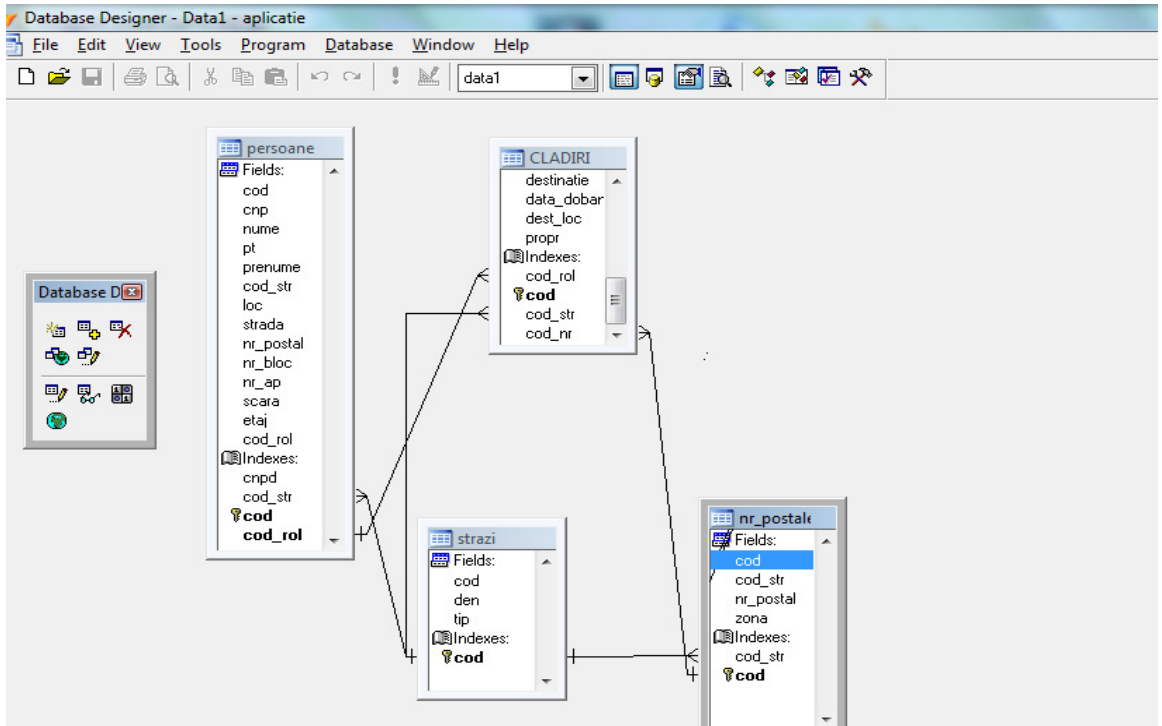


Figure no. 3. Relational database structure

Source: Own representation in Microsoft Visual Fox Pro

4. Conclusions

In the context of the present economical, technological and informational environment, businesses, no matter what their activity field is, feel an increasingly stronger need to optimize all processes within their business. From this perspective, they most often arrive at the decision to purchase a software that will help the human resources of the company.

It is up to software manufacturers to consider the market trend, so that they can come up with a software solution that accommodate the possible clients' business profile and help them to satisfy their need for optimization.

However, whatever the nature of the software solution is, the base of the software or the computer application remains the informatical theory of databases.

This article aims to briefly present what are, where and how to use and last but not least some key issues related to databases or database management systems.

Of course, as long as needs will diversify and because of the increasingly arise of many business models, database management systems and implicitly databases will become increasingly complex.

From this point of view is extremely important a deep analysis of business needs in order to achieve a correct structure of the database, which fully satisfies these needs. Hence the importance of the manufacturers' knowledge about databases management systems in order to design an efficient data base with a well-defined structure, a correct relationship between the tables, without redundant information, that provides, at the same time, quick and easy access to information; efficiency and reliability in operation and not least, to give database the integrity that it needs.

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<http://it-teacher-emanuela.blogspot.ro/2012/02/activitatea-nr4-13022012-17-022012.html>

LEGISLATIVE TENDENCIES IN SOCIAL ECONOMY

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Abstract: Nowadays, social economy is gaining more and more space in the economic sector in Europe and also in Romania. It still has many things to achieve in the field of legislation and therefore, a smoothing in the laws of the E.U would be necessary. Social economy has the following organizational forms: cooperatives, mutual societies, associations, foundations, credit unions etc. Social economy has an important role in reducing imbalances that we can find in the labor market: unemployment, job instability and social exclusion.

Keywords: social assistance; legislation; social economy; non-profit sector.

JEL Code: A13

1. Introduction

Social economy, also known as “solidary economy” or “the third sector”, was born from the need of finding innovative solutions for: social problems, economical problems and environmental problems of the communities. Also, social economy was born in order to satisfy those needs of community that are not covered by the public and private sector. The purpose of social economy is not to obtain profit, but to enrich the working conditions and to offer new opportunities for people in need (e.g. the poor; people with physical and/or psychical difficulties etc.) and/or are vulnerable (e.g. children, women, people who are over sixty years old).

Social economy has the following organizational forms: cooperatives, mutual societies, associations, foundations, credit unions etc.

A priority for the social economy is a model of enterprise, which is called “social economic enterprise”. This type of enterprise plays an important role in sustaining established objectives by governmental politics. (www.ies.org.ro)

In 2002, during The Permanent European Conference of Cooperatives, Mutual societies, Associations and Foundations, a definition of social economy was suggested and it sounded like this: “The Organizations of Social Economy are economical and social actors that are active in those sectors which have entrepreneurial goals and forms. Social economy includes organizations as cooperatives, mutual societies, associations and foundations. These enterprises are very active in different domains, as the following: social protection, social services, health, banks, insurances, agricultural production, security services provided by the police, education and formation, culture, sports and leisure activities.” (Charter of the Social Economy principles, CEP- CMAF The

Permanental European Conference of Cooperatives, Mutual societies, Associations and Foundations, 2002).

2. Social services- a part of the social economy

In E.U, social economy represents 10% of all the european enterprises. This 10% means a total of 2.000.000 enterprises and 6% of all jobs that have high potential to generate work places as a result of the economical model which we can find at the basis of those jobs. This economical model is based on the idea that people are more important than the capital (The Foundation for developing the Civic Society- 2011).

The social enterprises were born in the past few years as a new and important phenomena in Europe and in Asia and U.S.A, as well. In Europe, the concept of social enterprise is defined by the European Committee, as “ an operator in the social economy whose major objective is to have a social impact and after that, to make a profit for owners and their shareholders. ”. The social enterprise provides goods and services on the market, in an innovative and antreprenorial manner.

2.1 Social services in European Union

I really believe that there should be a smoothing of the politics in thefield of social services, in E.U.

Maybe we should ask ourselves what countries can learn from each other in order to enrich social services. We could talk about a mix made of the four sectors of the social assistance:

a. The informal sector- Emotional support is provided for free by family, friends, neighbours and colleagues and is an important resource for the incumbent of the social assistance services.

b. Non-profit volunteer sector- embraces therapy groups (e.g for people who have problems with alcohol, for widows etc), non-governmental organizations, volunteer work.

c. The public sector- includes those services which are offered by the authorities of the state (represented by health, education and social protection institutions).

d. Non-profit sector- gained importance in some E.U countries

At the european level, we find four models of the social services, as a consequence of the mix of these four sectors of social assistance whom we noticed above:

1. The Scandinavian model is based on the principle of universality and we can find this model in Sweden, Denmark, Norway and Finland. This model provides acces to services for all groups that are vulnerable and services are payd from general taxes and excise taxes . Public authorities play a major role because they decide that non-profit sector's contribution and for profit sector's contribution has to be minimum. During the past few years, changes had been appearing inside the principle of universality, as a consequence of political and economical turns. Therefore, the principle of universality is not so easy accepted these days and the role of non-governmental sector becomes bigger.

2. The model of taking care in a parental manner, as shown inside the mediteranean countries: Greece, Spain, Italy, Portugal, Ciprus, Malta. The state implies itself in a limited mannon in helping it's vulnerable citizens because the family has an important role in

taking care of the vulnerable citizens. This system has been criticized because it reduces the role of women in society as long as she is the one who is taking care of the people who have difficulties: children, old people, people who have physical and psyhical difficulties.

3. The model of testing the resorts, as we find it tested in U.K and Iceland. The state withdraws itself from the posture of being the main provider of social services and so, it contractes the social services of providers who are in different sectors . Also, the state who organizes it's activities upon this model, focuses it's intervention on problematic situations where the incumbent has very low incomes and his/her welfare depends on the social services. An extremely important role is played by non-governmental organizations and by the providers of social services that are from the for-profit sector.

4. The subsidiarity North-european model which we can find in Germany, Austria, Holland, and even in France and Belgium, but at a lower level of states' involvement in it's citizens social problems. With another words, the states' implication in France is focused on taking care on children and less focused on taking care on elder people. The subsidiarity principle is extremely powerfull in Germany and Holland where the social services are provided especially inside of non- governmental sector and in the religious cults. The state has a great role in providing financial support for the non-governmental organizations. Inside of society, families have a big responsibility. (Gabriela Dima- 2013)

Table 1. Social enterprise qualification for various legal forms

No.	Country	Legal forms used	Definition of social aim
1	Belgium Law of 13 April 1995	Limited company; Limited liability cooperative society; Private limited liability society	Activities that are aimed at pursuing a social goal. What constitutes a social goal results from constitutive elements foreseen by the legislation
2	Italy Law n. 118 of 13 June 2005	Associations; Foundations; Cooperatives; For-profit enterprises	Production or exchanges of services in the sectors of social and health assistance, education and training, environmental protection, social tourism, cultural services or work integration of disadvantaged persons independently from the field of activity of the enterprise
3	United Kingdom Community Interest Company regulations 2005	Enterprises regulated by Companies Act of 1985	Wide range of activities that correspond to the needs of communities. Social definition assessed by the Regulator
4	Slovenia Law on	Legal persons without a profit goal (cooperative	Provision of a wide set of services listed by the law

	Social Entrepreneurship 2011	enterprises, share-holder companies, zavods(institutes), companies for disabled, associations and foundations)	
5	Finland Law n. 1351/2003	Social enterprise (All enterprises regardless of their legal form and ownership structure)	Work integration of people with disabilities and long-term unemployed

Source: **European Commission**-Social economy and social entrepreneurship- Social Europe guide, Volume 4 (2013).

2.2 Social services in Romania

Even though in the past 20 years Romania was underlined by the communist period and from 2011 until now the social economy had become a considerable present sector in the social and economical life.

In our country, social economy does not have a well-defined legislation, but there are settlements and public politics defined by:

- Normative acts which settle the establishing and the functioning of social organizations (cooperatives, associations and foundations, credit unions etc);
- Normative acts which settle the activity of enterprises in general (e.g The Fiscal Code, The Law of Public Acquisitions, The Law of Commercial Societies);
- Normative acts which settle domains as social services, occupational services
- Special measures which provide settlements focused on social economies. Some of these measures haven't been yet included in legislation because politicians discuss these issues (e.g The Law of Social Entrepreneurship).

In Romania, the social assistance is settled by The Law of Social Assistance nr.292/2011, published in the Official Monitor nr. 905 from 20.12.2011. This law contains the first legal definition of social economy in Romania: „ Social economy is a sector which embraces economical activities which (...) include objectives of social type.”(6th Art ., 1stal)

2.2.1 The settlement of financing social services in Romania

Regarding the funding of social services , legislative acts governing them are :

O.G. nr. 68/2003 on social services , which states the service contracts and partnership agreements ;

Law 34/1998 on associations and foundations grants Romanian legal personality that establishes and administers social assistance units , based on an average monthly cost of the beneficiary ;

Law 350/2005 on the regime of grants from public funds allocated to non-profit activities , which promote a procedure law all forms of financing of non-profit entities with public money ;

O.G. nr . 34/2006 on public procurement contracts , contracts of concession services. NGOs providing services of general interest are treated just like any company ; Social Assistance Act no. 292 in 2011, shows the sources of funding of social services , which are:

- State budget ;
- The local budget of the county or Bucharest;
- Local budgets of communes , towns and cities, including Bucharest sectors;
- Donations , sponsorships and other contributions from individuals and legal entities in the country and abroad ;
- Reimbursable and non-reimbursable external founds ;
- The contribution of persons receiving ;
- Other financing sources in accordance with the law.(Gabriela Dima – 2013)

3. Conclusions

The economical crisis showed us that we need another economical models. We have to realize that, as Joseph Stigliz (a Nobel Prize winner, in economy) said: „ We have been concentrated too much time on a particular model of enterprise represented by the enterprise that maximizes the profit. We have to find a balance between the private, capitalist sector, the public sector and the other institutions (including non-profit institutions, cooperatives etc.) Succesfull countries are those who had found this balance. (...) Excessive inequality can generate macro- economical problems. It is very important to identify the contribution that these alternative forms of organization bring to our societies, not only in terms of Internal Brut Product, but also in terms of contribution to satisfaction.”

People from the European Parliament, who are in charge with the social economy sector, point out that social economy has an important role in the European economy combining profitability with solidarity, providing new jobs, enforcing social cohesion, economical cohesion, regional cohesion, generating social capital, promoting: active citizenship, solidarity, a type of economy which provides priority to people and which sustains long-term development and social, tehnological and environmental innovation. Also, these well-prepared people claim that social economy is important, symbolically speaking and also, speaking from the point of achieving performance for the enforcement of economical and industrial democracy.

Social economy has an important role in minimizing the imbalances that we find on the labor market: unemployment, job instability and social exclusion.

In my opinion social economy has the role of a key actor in fulfilling the objectives of Lisabona Strategies which concerns the long-term development, the full-occupied work places on the labor market (especially focusing on sustaining women in achieving a job), the social services focused on community (e.g social services, medical services, insurances). As we can see, social economy provides community development and social cohesion.

I think the social entrepreneuriate, as a part of social economy and being a financial instrument which's goal is to offer social founds for investments, has a lack of settlement

in our country . Even so, we have to be optimistic when we think at this issue because there are legislative initiatives which will be taken in discussion in the future. The most important is that the social economy is a resource for economic development.

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ROMANIAN STUDENTS AND TEACHERS IN SPAIN THROUGH A DIACHRONIC PERSPECTIVE – CHALLENGES OF RECENT ECONOMICAL CRISIS

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Abstract: Through the present paper I want to have a look at the current situation of Romanian students and teacher assistants at the Spanish universities and Research Centers in Madrid. Also I present the students' motivation to achieve their universities level of studies and their futures plans. Most of the students are second generation of the migrant people in Spain, but also Romanian students that choose foreigner universities to complete their background. The interpretation of the public and official documents about the enrollment of the Romanian students, the papers' articles, my own radio interviews and surveys of the Romanian students compose the methodology for this work. All in all, the Romanian students frequent the Spanish universities and require more qualifications in order to reach a good job anywhere in Europe, including Romania, the country which the second generation prefers to return despite opportunities in other countries and even despite the parents' desires. As far as Romanian teachers are concerned, they are not so visible: some of them work for private companies and schools, but very few.

Key words: economic crisis; migrants; Romanian students; Romanian teacher assistants; Spanish universities.

JEL Code: A10, A 12

1. Introduction

The presence of Romanians in Spain started after the Second World War when many personalities were affirmed in literature, language, linguistics, philosophy, sociology and politics. The Spaniards that attended universities in the 50's are perceiving the Romanians through their teachers that taught them. The Spaniards that did not attend the universities are seeing the Romanians through the mass media's presentations that were unflattering. Thus, starting from the situation of Romanians in 1945, I proposed to present the new situation of Romanian teachers and students in Spain. Also, living in Madrid, speaking and interviewing people, analyzing the sociologist studies, I will expound the mangle of economical crisis of the Romanians.

2. Brief background of the ancient situation of Romanian students and teacher at Spanish universities

After 1945 many Romanian intellectualists arrived in Spain and they composed, as many Spaniards say, the elite of Romanians that left a mark into the universal register of values. For sure, there are many, but I will present only some of them, whose memory intersected my road in Spain.

One of them is *Alexandru Busuioceanu* (1896-1961), critic of Arts and Literature, diplomatic, essayist, historian, poet, writer and Romanian translator. In 1942 he founded the department of Romanian Language and Literature at University Complutense in Madrid, where he was titular of this chair till his death in 1961. Besides that, he obtained the introduction of Romanian language and literature study in 7 Spanish universities. Deeply Romanian, bounded to renew periodically the residence permit, Alexandru Busuioceanu dedicated his activity to promote the Romanian language and literature into the Spanish space by publishing articles, by giving lectures, and by translating Romanian writers. As a Spanish poet, he is well recognized by critics and specialists: In 1952, R. Larrieu and R. Thomas, Spanish teachers at a college in Paris, introduced him in a *Histoire Illustré de la Littérature Espagnole* (manual for colleges and universities) at the chapter dedicated to modern poetry, alongside by Rubén Darío, Miguel de Unamuno, Antonio Machado, Juan Ramón Jiménez, Federico García Lorca, Rafael Alberti, J. Guillón, Pedro Salinas, Luis Cernuda, Vicente Aleixandre, Luis Felipe Vivanco, Dionisio Ridruejo and Pío Baroja. Manolescu (2010)

After obtaining a Ph.D at Sorbonne with *L'Arioste en France*, being a teacher assistant at University of Lyon and a researcher at Centre National de la Recherche Scientifique, among many other duties, *Alexandru Cioranescu* (1911-1999) was professor of French Language and Literature between 1948 till 1979 at La Laguna University in Tenerife, Canary Islands, where he also occasionally gave courses in Italian, Portuguese and Romanian Literature and Comparative Literature. He realized the unique and complete etymologic dictionary of Romanian language, noticed by the linguists, being one of the few Romanians in exile appreciated by the Romanian at home. He translated *Divina Comedia* into French (1964), declaring that “the poem could not be translated, but it must be translated.” Manolescu (2010). He easily tackled any domain of arts and science, as affirmed by the writer Mircea Popescu, exiled in Italy, in a notice in 1965: If I would hear that Mr. Alexandru Cioranescu,... he prepares a mathematic treat or he writes a symphony, I would not be a bit surprised: he is able to do anything. Manolescu (2010)

Actually, his Spanish name, *Alejandro Cioranescu*, became a street's name in Tenerife city. The writer *Vintila Horia* (1915-1992) arrived in Spain in 1953 after a period of 5 years in Argentina, where he taught at the Buenos Aires University. In Spain he got the teacher position at the Faculty of Information Science (Journalism) at the Complutense University in Madrid. I spoke with Spaniards that knew the professor of universal literature and they remember him as a serene and very elegant person that spoke very politely, in a society where anyone that did this imposed respect. His classes were not exclusively about the literature, but also about quantum physics and about the connections between one novel and the science or the actual society and politics. During one class, when he spoke about his novel *God Was Born in Exile*, written in French, one student demanded to know how many

languages he knows. With modesty and serenity, he answered: One. The Latin. And knowing Latin, allowed him to speak more than five languages. He affirmed that he chose French for the novel, that won a Goncourt prize that he gave up, that this language could express what he wanted. The novel's topic is the exile and the manner to convey the sadness that dominates the person who lives outside the country into joy. It's a novel that joined the Roman poet Ovid with the writer Vintila Horia and with all the actual Romanians, who know as Vintila Horia does, that Bucarest is at the end of the road and that God was born in exile. Oprica (2013)

Thanks to *Aurel Rauta* (1912-1995), doцент of Romances Philology (including Romanian) at the Salamanca University, the Spaniards have Romanian grammar with the explanations in Spanish. This work contains also an anthology of pieces of Romanian literature. From his initiative, Eugen Coseriu and Vitila Horia came and gave courses of Romanian language at the Salamanca University.

Since 1971, at Complutense University of Madrid, the professor titular at the Department of the Culture and Esthetics Theory is *George Uscatescu*, (1919-1995) philosopher, historian and essayist. In more than three thousand articles and essays about politics and cultural actuality, and more than 80 volumes published in Spanish, French, Italian, German, English, Romanian, Portuguese and Greek, he tackles themes such as pure philosophy, philosophy of culture and history, esthetics and politics theory. He is appreciated with the Nacional Price of Literature "Menéndez Pelayo" in 1970 for his work *Erasmus* and with the Price of European Unity "Alfonso Vittorio Giardini" in 1964, at Rome, for the work *Prophets of Europe*.

There are many other Romanians such as Horia Stamatu, Pamfil Seicaru, Alexandru Greogorian. Most of them were friends and they founded in 1983 a cultural institution, *The Romanian Cultural Foundation*, with a head office in Madrid. Its goals were to conserve the pure essence of Romanian cultural creation, in liberty. Manolescu (2010).

Valeriu Lazarov's name (1935-2009) is related to television. In 1968, the director of Spanish Television wanted to give an opening image of the Spanish regime and decided to contact the young Lazarov who was considered an innovator and vanguardist. In August, Lazarov was installed in Spain where he consulted as one of the most important TV producers of Spain, by introducing a new manner of making television, unknown to Spanish Television: playing with the plans, using zoom for something that gets tight in the same manner or more than a roller coaster. From 1985 till 1994 he was director and general secretary of *Telecinco*, a Spanish Channel.

3. The immigration era 1990-2014

After 1990 Romanians, for various reasons (economic, studies, love, explore and living in a new context) wanted to go West for a good life and Spain was the destination because of the economic perspective, the clement climate, and the temperament of the residents is very similar to the Romanian. More of them wanted to stay in Spain for few years and after to go back home. Depending on the circumstances, some have bought houses here, some still hope to return, some are already in Romania, and others are in other countries.

In 2010, people originally from Romania increased their presence in Spain by 24%, representing 18.9% of the total immigrants, as the *Plan Estratégico para la Ciudadanía y*

la Integración 2011-2014 informs, published by Minister of Work and Immigration (2011), that also explains why the Romanians are named immigrants, although Romania forms part of European Union: we consider immigrant population the foreign population that does not belong to European Union of 25 (that means, the nationals from Romania and Bulgaria are immigrants). The Spanish media observes and declares that the Romanians are living happy in Spain, that it is their home and ask to the society to eliminate them from the section of incidents and stop calling them immigrants. Sanmartín (2009)

Many studies say that the Romanian immigrants in Spain are predominantly from rural spaces and from certain regions in Romania that have created groups in function of provenience and predominate migrants with low education Nica (2013). The Spanish sociologists consider that Romanian workers are well prepared, although they don't occupy high positions: The Romanian immigration, and generally all East Europe, contributes well prepared workers. Thus, in most cases, it generates interest and predisposition to prefer this immigrants to others, as Moroccans, Asiatics, or even some of times Iberoamericans. Tamames (2013)

The same specialist recognizes the impact that Romanians have over the Spanish PIB, representing a percentage of 1.2: We can conclude that the Romanian immigration had positive effects over the conjoint of Spain and that is perceived by scientist studies and political valorations. Tamames (2013)

They live in a community, preserving their home and customs, but they mix also with the local residents. Nevertheless their settlement is not stable, they change the place according to the job's or study's needs and according to the couple's establishment: Romanians are the foreigner immigrant community with the largest number of mixed marriages. (...) Romanians, as a group, marry younger, 28 years old for the men and women. For the other foreigners in the media, it is 31 years for the woman and 32 for the man. For Spanish marriages, the women are 31 and the men 35. Tamames (2008)

They go home for holidays and nowadays they use the technical gadgets for maintaining contact with the people living in Romania.

The return proposed by the Spanish government has not registered massive dimensions. The home acquisition in Spain, the schools of the children, the thought that the crisis is temporary and that the situation in Romania is worse impede more Romanian from going back home: More Romanians benefit from the Spanish welfare, as if unemployment dole, gratuitousness of Spanish quality health system, economical dole of educational system, the possibility to work being unemployed, etc, are factors that stops the return. Viruela & Bernat (2013)

If some Romanians went home when the crisis began, they were again back in Spain or they are in other European countries.

4. Romanian students at Spanish Universities after 2008

Although many immigrants don't arrive at university level in Spain, the Romanians are the exception. Generally, the Romanian adults are one in the same with Spain with the ancient customs as far as school is concerned. The parents are aware that school is a must for the children' future. Also the majority of Romanian children go to public school, but there are some parents that can afford to pay a private school beginning in primary. An article

published in 2009 by *El país*, one of the biggest journals in Spain affirms that in the case of the Romanian parents, at least a member of the family had university level studies; nevertheless, the majority did works without qualification, Sevillano (2009). Also the Romanians don't abandon the school and I believe that is the parents' merit.

As far as the university level is concerned, the Romanians are very present at the Spanish faculties; also at master and Ph.D levels. Normally, the women are more visible than the men. The Romanian female adolescents are often enrolled in the Language Faculty and more of them speak many modern languages such as English, German and French very well. The majority receives scholarships for their results. They want to continue their studies in other European countries, as Andrea Preda declares in an interview in Spain. It is not surprising that the Romaninas won the scholar competitions in Spain (<http://www.abc.es/agencias/noticia.asp?noticia=553679>), as is the case of Doru George Loeca and Alexandra Chereches who has received in 2010 the Extraordinary Prize of the Madrid High School.

5. Romanian teacher at Spanish Universities or Research Centers

After consulting the page of the Departments of Romanian Language and Literature presented by Romanian Language Institute in Bucarest, I observed that there are two Spanish Universities that have benefitted from these kind of departments: University of Granada since 2011 and University of Barcelona. Since 2011, the native Romanian teacher assistant changed from Barcelona to Sevilla.

In 2014, a new department opened at Salamanca University. After Aurel Rauta, the place was occupied by a Spanish teacher till this year, when Romania decided to send a native Romanian teacher.

The Department of Language and Literature at University Complutense of Madrid founded by Alexandru Busuioceanu in 1942 was occupied by a native Romanian teacher since 1961, after Busuioceanu died. At the moment, this chair is shared since 2003 with a Native Italian teacher, that will occupy the Romanian teacher position.

The Romanians are losing their Romanian teacher positions. Two Spaniards are working at the present at Official Language School in Madrid as Romanian teachers. This position were occupied by a Romanian native teacher from 1978 till 2012.

Counted from the recent immigration, a Romanian teacher got to occupy a position of an English teacher at the Alicante University, that converted into English-Romanian translating courses. She got to introduce Romanian language as a D option at the same university enlarging the Romanian teacher's positions. Since 2007 one Romanian position has been occupied by a Native Romanian teacher. Also, both teachers taught Romanian at *Centro Superior de Idiomas* and organized official exams of Romanian in collaboration with Romanian Language Institute, –the unique centre in Spain that certifies the Romanian level for the foreigners or for Romanians second generation, certification recognized also in Spain and in Romania.

Since 1995, a native Romanian teacher, *Dan Munteanu*, has been in charge of the Romanian department at Las Palmas de Gran Canarias University (<http://www.eldigitaldecanarias.net/noticia43109.php>). His work is visible in more than 50

books of linguistics, grammar, dictionaries and manuals, more than 200 studies presented in chapter of books and articles and more than 60 notices and bibliographic notes.

If the Romanians lose Romanian teacher positions, they procure English teacher positions, such as at Alicante University (*Catalina Iliescu, prof. since 1997*;

http://www.icr.ro/encuentro_traductores), Salamanca University (*Viorica Patea prof. since 1987*; <http://english.usal.es/index.php/viorica-patea>), Official Language School in Parla, Madrid (*Dana Giurca, prof. since 2002*; <http://www.noiinspania.com/NS/323.pdf>), for obtaining only the high positions. At the Spanish College level there are many Romanians.

The science domain appreciates Silvia Marcu who has worked since 2007 as researcher (<http://www.cchs.csic.es/es/ficha1?apellido=Marcu%20&nombre=Silvia%20Florentina>) at the Human and Social Science Centre, department of Superior Council of Scientific Researches of Madrid.

There are also Romanian solicitors, doctors and engineers working in Spain.

6. The Romanians against the economic crisis in Spain

Since 2009, in Spain the crisis is present. Successful and middle companies transferred many departments to East Europe or Asia, where the costs are lower. Spaniards and Romanians are equally affected and they go to the biggest company, according to the Spanish joke, the Unemployment Services. Normally a maximum of two years of unemployment is conceded. In this case, if they contributed more than 7 years, they could receive unemployment benefits, that represent 70% of the salary. After this maximum 2 years, the government offers a 6 month unemployment compensation of 420 euro, if the person tries to get a job. There are is a big selection of courses on how to get a job: searching the internet. Especially for Romanians and Bulgarians, they were encouraged to visit and to search for jobs in Europe, in 2011, when they could not work freely in Europe. The Romanians complain about the manner of searching for jobs by internet in a country where having a job is preserved by *the mouth to mouth* system. Also they claim qualified courses, as they have a lot of experience, but do not have a certification such as: implementing and maintenance of the air condition's system.

In 2009, the Minister of Employment and Immigration, Celestino Corbacho, proposed to pay for 70,129 unemployed Romanians to fly to Romania in order to remain there. Besides, the people that were receiving the unemployment benefit (41,329 persons) could receive the money in Romania. Sanmartín (2009)

The Romanians and their situation have conquered the titles of the media in Spain because they represent after 2000 the most numerous community of foreigners in Spain with more than 700, 000 people registered. According to the data of Minister of Work, there were 258,141 Romanians registered to Nacional Social Assurance from a total of 18,034,183 occupied people, presents the Journal *El Mundo*, one of the biggest journals in Spain. The society forgets that the Romanians are so European –and also so efficient– as the Germans or the British. Sanmartín (2009)

In 2014, the Romanians could have free access on the work market again. Spain counts 903,964 registered Romanians, also the most numerous community of foreigners, 35.26% of all the foreigners. This presentation allows the journal *Periodista Digital* to entitle the

first issue from 2014: *How to explain that Romania has 8% unemployment and in Spain, with 26%, there are 900,000 Romanians?*.

Although the Romanians (205,026) are the fourth largest migrant community in Germany, after Polishes (532,375), Italians (529,417) and Greeks (298,254) and the Spaniards who are the seventh, Rosalía Sánchez entitles his article from *El mundo* journal, dated 26.03.2014: *Germany repatriated Romanians and Bulgarians that don't find a job in six months*. The title seems to say that only the Romanians and Bulgarian will be affected, not the Spaniards. In fact, the new German rules affect all the migrants, as expressed on the same date by the Spanish journal ABC: *Germany will expel European immigrants that don't find job a in six months*.

The question remains the same as the *Periodista Digital* posed: what are the Romanians doing in Spain? The answer comes through Viruela (2008) who declares that the Romanians continued for years in the submerged economy. Years ago, they were in an irregular work situation, because of the European restrictions, today their work is cheaper because the employers don't contract them, and this way the employers avoid the taxes. The worker is disadvantaged, because he does not have a lot of rights like unemployment, sick leave or retirement. Fortunately, the Spanish health system attends to all the migrants, whether or not they are paying social insurances. They continue to work, despite their superior qualification, not only in agriculture, construction and maid services, but also as specialists in different industries, in international transports, in certain activities in construction that require qualification and experience they possess. From 2007 till 2009 many Spanish banks, assurance or services companies contracted immigrants in order to enlarge the public target in Spain and in order to extend their business at new countries from Europe or South America, for example, the Spanish banks La Caixa, BBVA and Santander. After the 2009 decline began, the department for foreigners of many companies in Spain disappeared and the workers too.

Due to the economic crisis and the big rate of unemployment, the Spanish government has adopted a law, *tarifa plana* that allow the worker to be self-employed. That means a tax reduction from almost 250 euros, the minimal quota, till almost 50 euros during first 6 months, that represents an 80% reduction. The quota increases during each 6 months. The Romanians are the second largest group after the Chinese who opted for self-employment, with 2,000 new people in 2011, 681 in 2012 and 626 in 2013, until in August 2013 at 24,394 people; (Data provided by Self-employed Spanish Federation http://www.ata.es/sites/default/files/np_extranjeros_septiembre_2013_0.pdf).

These numbers are affected by the European restrictions of work access; being self-employed was one of the few possibilities to be regular in Spain. The principal activities are restoration and commerce, according to the same report made by Spanish Self-employed Federation in August 2013. Presently, more of the Romanian restaurants and small shops with Romanian products are closed. Romanian specialists think the pastry or tea-rooms will be an option for the Romanians that wish to taste Romanian cakes. There are others that want to go back home and apply what they learned in Spain in many domains and what they know to do. One idea of women is to carry out the same asylum for the elderly in their city. As for the concern of the private initiative, the Romanian men and the women are proactive; the Romanian men govern business of constructions and the women run businesses of Romanian sweets.

7. Conclusions

There are four phases of Spanish crisis supported by Romanian adults in the last years: the unemployment status with dole, the job search, including the return to Romania followed by the return to Spain, the job search in Europe after 2014, beginning a new start and forth, the acceptance of the situation of the job market and the acquisition of a new qualification. The young Romanians in Spain, second generation, either want to have a normal life in Spain or to leave Spain, getting more qualifications elsewhere and then a good job. A kind of depression compresses the Romanians surprised by a crisis at ages when the enthusiasm is not as it was years ago and the mobility idea takes charge.

Nevertheless some adults, aged up to 45, after decades of staying in Spain, decided to leave Spain, where they had nothing to do but tempt fate in France, Germany, Norway or United Kingdom where they had friends or relatives. They had to begin with the same process of title homologation, language exams, searching for a job, being always alert for catching a better job. Living in Spain and working in the same domain of qualification that they are prepared for, is a privilege reserved for the luckiest or after years of struggle. In many companies there is a loud secret to not contract the immigrants. Although we are in Europe, Romanians and Bulgarians are named immigrants.

There are also happy people that worked during the crises, as they have a titular place. However, it is possible that they experienced their salaries going down, as all the Spaniards did, working in public or private sector. During this crisis even the Spaniards go abroad to complete their studies and for getting jobs. The national and regional TV shows, *Spaniards in the world* or *People of Madrid in the world* emissions seem to invite them to go all over the world.

If the qualified Romanians lost the Romanian teacher assistant positions, the young Romanian students were not afraid and after obtaining qualifications in Spain, they want to get better European qualifications.

One aspect is evident: the Romanians that came to Spain after the Second World War were elite who were noted in a cultural Spanish context, while the current Romanians are economic migrants who are noted in a social Spanish context. I stated that between Romanians and Spaniards are good relationships whatever the period of time we refer at. If during the 50's the Spaniards attended the universities courses of Romanians, in the actuality, there are many Spaniards that became friends with Romanians, attending their parties, weddings, willing to speak Romanian and to know more about their culture.

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THE COMPETITIVENESS OF ROMANIAN DEVELOPMENT REGIONS IN ACCESSING REGIONAL OPERATIONAL PROGRAMME 2007-2013

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Abstract: Given that European Union structural funds for regional development will continue to prevail in Romania in a centralized manner, activities outside the operational programs in this area will continue to be at a marginal level. The current stage of regional development in Romania is reflected largely by the ability of the regions to attract funds allocated for the 2007-2013 Regional Operational Programme, through four simple steps: project submission, approval, contracting and completion. It is however worth noting that the above mentioned programme has shown a high degree of interest, especially given that a significant proportion of project beneficiaries are represented by county councils and other local public administrations of Romania. The share of regional-scale projects - with regional interest, with regional impact - is still low in all regions

Key words: regions; economic efficiency; competitiveness; development disparities; Regional Operational Programme

JEL Code: O – Economic development, R – Regional economics

1. Introduction

The paper analyzes relatively recent data from the period 2007 - 2013, in order to identify the extent to which the Romanian development regions are ready for the long debated topic of administrative regionalization, with two major consequences, decentralization and increasing the absorption of European Union structural and cohesion funds. The main topic of the paper addresses the competitiveness of Romanian development regions in accessing Regional Operational Programme 2007-2013, as a main indicator of economic growth, with focus on economic, administrative, infrastructure and business efficiency, applied to the author's interpretation of the statistics provided by the Monitoring Committee of the Regional Operational Programme of Romania.

So far, the Romanian development regions were involved mainly in the management of centralized programs of regional development – Phare, during the pre-accession period, Regional Operational Programme in the post-accession period. Although each region has developed a specific development plan, the implementation and monitoring of these plans is not an obvious activity in the regions, which means that carrying out regional

development plans is not clearly allocated to regional administration representatives and there are no direct financial allocations for the implementation of the Regional Development Plans. (Lantanzio e Associati 2011)

2. Brief considerations on the external and internal factors in accessing Regional Operational Programme 2007-2013 in Romania

Besides other important determinants of development, weak administrative capacity at local and regional level in Romania was often reported as a major factor for low absorption and ineffective management of Regional Operational Programme. At interregional level, in the absence of active policies to support less developed areas with low administrative capacity, they became relatively poorer and less developed. At intraregional level, there was the same effect: the less developed counties within regions did not have the capacity to absorb enough funds in order to reduce local development disparities.

As a consequence, regional disparities in Romania increased during the 2007-2013 period: the economic crisis, coupled with the inability to track real policy objective of reducing disparity has led to a situation where poor regions in comparative terms have become poorer and the rich, mainly the capital city, richer, with an emphasis also on the disparities within counties and smaller territorial administrative units. (Lantanzio e Associati 2011)

Although there were carried out national and regional development plans, the state has proved to be unable to make the necessary strategic documents for real projects at county and local level, demonstrating a lack of consideration on the guarantees that the targets of Regional Operational Programme through funded projects can lead to reducing disparities between regions, or to encourage regional economic growth.

As for the Regional Development Agencies, there was an insufficient capacity on the preparation of socio-economic data and SWOT analysis and some difficulties in formulating indicators and their target values in the absence of clear financial allocations. (Lantanzio e Associati 2011)

2.1. External factors

Among the external factors of accessing Regional Operational Programme, there are worth mentioning some economic and regulation factors.

Clearly, the 2007-2013 period has faced an economic recession interval, which generated consequences like reducing of consumptions and investments, project withdrawals, budget decreases, delayed payments, reduction of regional Gross Domestic Product, rising unemployment. Some of the banks' lending policies were and continue to be relatively stringent, becoming more and more difficult for some applicants to access necessary copayment funds. Budgetary constraints caused by some impairments of public finances in Romania, consisting of difficulties in recovering Value Added Tax, lack of multiannual budgeting and delayed financial allocations from the consolidated budget to the local public administrations had a major impact on the possibility of achieving co-financing. The exchange rate fluctuation, in some cases, had an immediate impact on projects where there was a need for imports of equipment or machinery, generating the increasing or decreasing

of the investment value, causing problems of making investments in the absence of other sources of short term financing to cover the difference. (Lantanzio e Associati 2011)

As for the regulation factors, there was a lack of correlation between the Regional Operational Programme and other relevant national legislation under public procurement law. Problems related to correlation caused delays and misunderstandings between different implementing structures of regional development policy. Also, the frequent reorganizations of the ministry responsible for regional development have affected the continuity and consistency of regional development process, delays in approvals and amendments to the documents for compliance with the new directions of management.

2.2. Internal factors

As an economic insight of the Regional Operational Programme, it can be stated that the costs allocated for implementation planning, managing and monitoring were insufficient in relation to the duties of the Regional Development Agencies, during the 2007-2013 period. There were also some regulation factors, in terms of delayed procedures, given by the high level of legal regulations and the existence of many interpretations of the laws, and the time and costs associated with obtaining permits in support of project applications, leading to slow proceedings. (Lantanzio e Associati 2011)

The lack of qualified staff and staff reductions affected the public institutions' capacity and ability to support beneficiaries and to assure fine project assesment procedures. In terms of administrative capacity of the Regional Development Agencies, there was a difficult coordination between the Managing Authority and Intermediate Bodies, generating more paperwork during the evaluation, selection, implementation and project monitoring.

The Audit Authority found substantial irregularities, such as: failure to comply on reducing deadlines for submission of tenders; imposition of stringent requirements on the qualification criteria by the tender documentation; using experts' experience as a criterion of evaluation factor; unequall treatment for bidders / failure of the winning bid to comply to the minimum qualification requirements and selection; use of illegal evaluation or selection factors; making addendum to the initial contracts by a negotiated procedure, without prior publication of a contract notice, without further work to be due to unforeseen circumstances; conflict of interests; non-compliance on advertising and transparency in the conduct of public procurement procedures. (Lantanzio e Associati 2011)

3. Interregional development disparities

The disparities between Romanian development regions and within them appeared as a result of concentration trends caused by the disappearance of the main industrial sites and the emergence of development and growth poles. Typically, these regional disparities consisted of differences in per capita income levels and determined an increase of unemployment rates, a decrease of purchasing power and an increase of food, non-food and living costs to a comparative level with other European Union member states. Figure no. 1 shows a comparative situation of development disparities among regions.

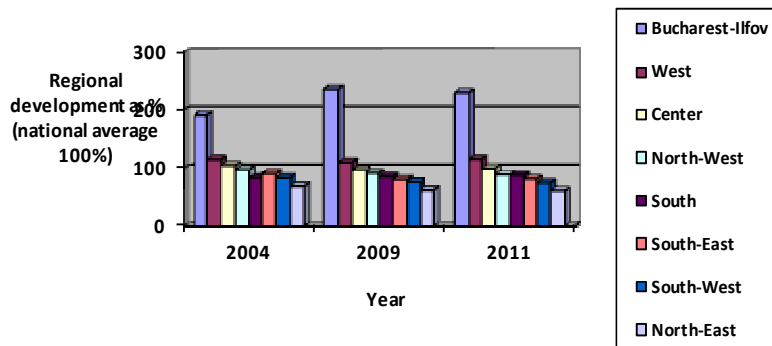


Figure no. 1. Regional development disparities evolution in Romania
Source: Own representation based on M.E.F. National Strategic Reports, 2009, 2012

As a matter of fact, the distribution of structural funds through the Regional Operational Programme 2007-2013 was done according to the Gross Domestic Product per capita in the region, areas with low Gross Domestic Product enjoying a higher allocation than more developed areas. Despite this principle, some underdeveloped counties receive smaller amounts than their development needs, depending on GDP per capita at NUTS 2 level - region and not at the unit level NUTS 3 - county. (Romanian Academic Society 2013)

Table no. 1. Statistics on Romanian regional development

Region	GDP / inhabitant	Regional GDP in TotalGDP	Average net wage	Inhabitants employees (as % total)	Unemployed inhabitants (as % total)	€ Mill. from central budget
Bucharest-Ilfov	14604 €	25.17%	2189Ron	47.01%	1.23%	2.24
West	7026 €	10.20%	1389Ron	27.51%	1.97%	35.03
Center	6053 €	11.61%	1333Ron	24.70%	3.05%	44.37
North-West	5162 €	10.65%	1262Ron	22.96%	2.19%	50.73
South	5135 €	12.65%	1368Ron	17.24%	2.93%	66.04
South-East	5023 €	10.66%	1331Ron	20.46%	2.90%	55.71
South-West	4802 €	8.10%	1386Ron	18.30%	3.82%	45.85
North-East	3884 €	10.95%	1230Ron	15.72%	2.48%	88.78

Source: Own representation based on C.N.P. 2013, I.N.S. 2012

In terms of economic performance, almost all development regions of Romania, except Bucharest Ilfov, fall under the category of modest budget implementation, which demonstrates the limited opportunities for income generation at local government level regional and demonstrating a fragile financial capacity.

There is a financial dependence between the central budget and the local budgets: most of the counties in Romania rely on subsidies from the state budget and budget amendments,

few counties being able to enjoy some financial autonomy, generally only those whose county seat represents an urban growth pole. Disparities in economic performance occur in regions where budgetary allocations, correlated with external financing fail to cover the budgetary deficit. Economic performance within a region depends, to a great extent, to the specific development disparities between other resident cities and towns of the region, the vast majority of them having a post-agricultural or a post-industrial background.

4. Competitiveness of development regions in implementing projects funded through Regional Operational Programme 2007-2013

Competitiveness of the regions can be assimilated to an economic environment characterized by structures, institutions and effective policy that manages its resources for increasing prosperity of the population. This means that enterprises depend heavily on the environment in which they operate.

So far, regional and local administrations managed to ensure the necessary financial resources needed to implement the ongoing projects, benefiting from support by a notable number of measures at central level, in order to maintain a sufficient level as not to cause significant problems to the progress of project implementation.

Table no. 2 shows a major discrepancy between the numbers of projects signed through the Regional Operational Programme and the numbers of finalized projects, although it must be taken into consideration the extended period of implementation of projects, e.g. the technical infrastructure type of projects. However, it is observed that for the Regional Operational Programme, all regions have managed to overcome the financial allocations for 2007-2013, based on the amount of contracts signed, even if the amount of sums paid to the beneficiaries in terms of pre-financing and repayments stagnated at levels ranging from half to third of the value of contracts signed in each region. There are worth mentioning North West, Centre and South West regions, in relative terms of stability.

Table no. 2. Allocations, value of contracts and value of payments on Regional Operational Programme 2007-2013 (mill. €)

Region	Allocations	Submitted Projects	Approved Projects	Signed Contracts	Finalized projects	Payments
Bucharest-Ilfov	310.06	795.89	352.21	314.37	22.90	59.23
West	361.87	941.85	487.35	430.24	57.93	124.16
Center	381.45	1014.89	465.95	411.71	74.41	158.56
North-West	423.11	897.73	502.95	465.75	74.75	153.45
South	497.98	1053.08	619.90	572.57	114.25	176.42
South-East	463.69	904.58	478.69	442.57	126.80	188.58
South-West	490.28	1000.62	487.35	512.39	104.39	208.48
North-East	571.15	1219.87	655.09	619.09	162.50	277.15

Source: Own representation based on ROP Monitoring Committee, 2013

Although the allocations of Regional Operational Programme funds was decent in almost all regions, the situation of absorption of European funds recorded relatively unsatisfactory

results because it does not take into account most often accessing bureaucracy related items: long waiting periods, absurd conditions or excessive regulations in certain projects on the priority axes, often discouraging potential beneficiaries. Also, there is worth mentioning the difficulty of debt repayments and significant risks triggering beneficiaries, in many instances, leading to the failure of a project, on the financial side.

Table no. 3 reveals that certain development regions were more determined to implement projects in transport infrastructure, such as the North East, South West, South, South East, others were concerned to business development, such as Center, South West and South, while some regions have developed urban projects, like West, South-West, North-East.

However, all regions denote low values in terms of attracting European funds to integrated urban development plans. Considering the significant development disparities between the poles of growth and urban development poles of Romania, plus major differences in smaller towns, it would have been useful for regions to insist on the implementation of projects that actually help the objectives of economic and social cohesion and convergence. Also, there were contracted limited amounts of money for implementation of tourism projects, which can indicate a lack of interest in investments on this specific area.

As for business efficiency, its impact on regional development delivers results towards reducing unemployment, creating new jobs, regeneration of productive industries, in terms of increasing demand for raw materials. It should be noted that the criterion of competitiveness correlates with the life of a business in a local environment, because the conditions offered to investors have a significant effect to the longevity of a business.

Table no. 3. Number (left col.) and value (right col.) of finalized contracts on Regional Operational Programme 2007-2013 (mill. €)

Region	Axis 1 Urban plans		Axis 2 Transport infrastructure		Axis 3 Social infrastructure		Axis 4 Business environment		Axis 5 Tourism	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Bucharest-Ilfov	5	10.10	95	12.79	-	-	-	-	-	-
West	13	7.58	7	28.07	12	7.01	118	13.93	2	1.35
Center	1	0.40	4	20.82	17	13.42	140	24.00	8	15.76
North-West	4	100	2	25.34	29	14.68	157	19.75	5	13.97
South	2	3.80	8	62.11	12	14.88	174	29.31	3	4.15
South-East	4	9.22	9	52.53	37	24.26	128	18.69	14	22.10
South-West	16	11.40	7	47.04	25	21.19	134	49.64	5	5.11
North-East	14	5.26	17	82.32	32	27.13	176	28.93	15	18.86

Source: Own representation based on ROP Monitoring Committee, 2013

The share of projects implemented in regional partnership under the Regional Operational Programme is still low. One of the factors contributing to this situation is the fact that there is still significant potential unused regions in terms of identifying regional-scale projects that would justify the use of the partnership.

5. Conclusions

As experience accumulates in economic development at the regional level, the main limitation of the centralized approach begins to be felt, that this approach does not exploit

the potential of Romanian development regions to manage regional development plans directly related to their specific needs. Therefore, supplementing centralized approach with a decentralized approach is a natural next step. (Lantanzio e Associati 2011)

The limitations of the centralized approach in the previous programming period 2007-2013 indicates the need to consider the possibility of developing operational plans at regional level, or operational axes dedicated to each region in a national Regional Operational Programme, as a prerequisite to ensure a viable mechanism for implementing the Regional Development Plans in regions. (Lantanzio e Associati 2011)

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BANK EFFICIENCY AND ECONOMIC GROWTH IN ROMANIA

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Abstract: In this paper we will examine the role and efficiency of the banking system in economic growth of Romania. Researches from literature banking sector performance attribute an important role in the growth and development of an economy. Being in a continuous development, the efficiency of this system is supported by way of adaptation of the banks. They must be competitive, and those who will not have this ability will be removed from the market. The economic crisis made its presence felt by slowing down the bank performance. Many banks have not been able to cope with this challenge themselves and have resorted to borrowing by main subsidiaries, and now have to self-finance to not disappear from the market in Romania. The Government has an important role in supporting the banking market by certain laws and rules that may limit or regulate certain types of financial transactions that term would adversely affect the economy. We can look towards consumer loans of of which population is now very strict regulation before the crisis but each individual will have easy access to such loans.

Key words: banks; economy; efficiency; market.

JEL Code: G2,A1.

1. Introduction

The historical, economic and social context of each state influenced along time the mode of operation and structure of the banking system and banking market. With the development of capitalism, industrial production and trade, commerce and banking systems national bank also experienced a remarkable development since the early twentieth century. The work done by banks is influenced the entire contemporary economic life. Basically there are no field of economic and social life that does not have ties with the bank. Restructuring and reforming the banking system must consider the utmost potency increasing its capacity to finance economic processes generating the economic growth, the only way to reduce the gaps between Romania and EU countries. The first chapter of this paper presents the reform of the banking system in Romania and how to organize it before the reform. An important aspect of this chapter is the share of banking assets in GDP.

The second chapter is the main factors leading to an efficient banking system and how it detrimental effect economic development. Pagano (1993) suggested three ways in which economic growth can be affected using our financial system.

In the last chapter, in the approach to demonstrate the idea that banking efficiency leads to economic growth data published by NBR have taken regarding the percentage of loans to GDP and classification of these types of loans by sector in which they were granted.

2. The reform of the banking system in Romania

The banking system in Romania was organized according to the Soviet model of mono-bank. In the center there is the Romanian state system to implement the central plan and control the flow of funds into the economy. National Bank of Romania exercises both functions of the bank of issue and some commercial bank functions. Besides NBR system comprises four specialized banks and four foreign banks (Manufactures Hanover Trust, Societe Generale, Banque Franco Roumaine and Frankfurt Bucharest Bank). They were authorized to conduct and operations in foreign currency.

In December 1990 was held the banking system reform in Romania. The specific mono-banking system with central planning economy was replaced by a system organized on two levels: NBR monetary policy leading exercise the functions of a central bank and commercial activities were transferred to a newly established banks: Romanian Commercial Bank.

The appearance of the new legal framework has encouraged the development of private banks in the domestic market allowing free entry of foreign financial institutions. The end of 2000, the Romanian banking system holds more than 90% of total assets in the domestic financial system. In 31 July 2001, the Romanian banking system included 41 banks of which 33 were Romanian legal entities banks, organized as joint stock companies and 8 were branches of foreign banks. In 2013, in the Romanian banking sector were operating 40 banking and finance mainly the Romanian economy, providing about 92% of total funding Romanian financial system. The banking system has proven resilient during the crisis, continuing to provide funding Romanian economy. The economic growth prospects of attracting European funds generated by the stake, the degree of financial intermediation and financial intermediation, nearly 40% and 57%, made in Romania an attractive destination for investors in the banking system National Bank of Romania (2013).

The banking system assets amounted to 83 billion euros, the share in GDP is 62%. The structure of the Romanian banking sector in 2013 included 2 banks entirely owned or majority state, 3 local private institutions with major stockholder , 26 banks with majority foreign capital, 8 branches of foreign banks and cooperative credit organization.

Institutions with foreign capital share of assets in total banking assets Romanian advanced from 83% in December 2011 to 89.8% in December 2013. In terms of the origin of the shareholders in terms of assets, the Austrian capital banks hold a 37.7% market share, followed by French banks owned 13.6% and 12.2% Greek owned by the share of the top five banks in total assets was 54.7%, in the lending business 54.4% of deposits in 54.9% of the equity in the 52.8% and in the government securities of 56.3%, according to the National Bank of Romania in 2013.

3. The efficiency of the banking system in economic growth

The market economy implies the existence of a banking system to ensure availability monetary mobilization and orientation of the economy towards effective development of

economic activities. The "Commercial bank" term, appeared in the early stages of development of banking activity, when money comptertul mainly supported the exchange of goods and payments. The main customers of these banks were traders. With the development of industry, emerged operations creditate short production cycle. Thus the term of "commercial" in notion of bank, lost the original meaning. Now this term assumes the character of business of the bank, its orientation towards service undertakings whatever sphere of activity. Bank Financial Institute that focuses its activities on deposit taking and lending, accepting deposits from households, companies or other banks, foreign currency operations for individuals and companies, placement of funds, financing of trade. The banking sector influences very much on economic activity and therefore its stability is extremely important for any economy.

In recent years, in all countries, was given high priority to the problems of the state banking system. This is because the financial sector, especially banking, are extremely vulnerable to systematic attacks that led to the creation of insurance schemes as a means of guaranteeing deposits accompanied by well-known moral hazard problems. It is now increasingly debated idea that there is some evidence that banks would be "black boxes" because of poor transparency and the refusal of banks to provide information Hyytinen (2002), Takalo (2003).

The financial systems are a fundamental feature of the process of economic development, there is a close correlation between the functioning of the financial system and long-term economic development.

Numerous theoretical and practical study demonstrates that a strong financial sector help economic development. For example, Schumpeter (1934) emphasized the role of the banking sector as a financier of productive investment and, thus, an accelerator of economic development.

Pagano (1993) suggests three ways in which financial sector development would affect economic development: investment can increase productivity; reduce transaction costs and thus can increase savings; financial sector development can either promote or reduce savings.

For the Romanian economy, the banking system is of particular importance as a key factor for our future development. The acceptance Romania in the European Union structures depended largely on the ability to create real economic development that is supported by a banking system able to respond to influences both internal and external ones.

The recent literature tries to explain bank performance using the notions of competitiveness, concentration, efficiency and productivity Bikker (2008). Special importance is granted to bank performance because banks are considered to have a significant role in the granting of credits to enterprises. The role of banking institutions in the reallocation of financial resources, it is even more important if other elements of the financial sector are insufficient. Thus, in this situation, banks contribute on a larger scale optimal allocation of financial resources in the real sector. More recent studies Dragota et al., (2011) provide evidence that companies in Romania where the bank loans are the main source of funding, significantly exceeding the funding sources of the capital market. Banking funds almost entirely all the companies on the BSE or the RASDAQ given that short term loans are the most common factor indebtedness, surplus values in the medium and long term loans.

At the microeconomic level, the construction of indicators that range from accounting profit is the most common demarche in the empirical literature. Recent studies by Kosmidu et al., (2007), Ben Naceur, Omran (2011), using indicators such as economic profitability, which measures the ability to transform the management of the banking assets in net earnings, net interest margin used to calculate profitability, determined as difference between interest income and interest expenses as a percentage of total assets, to measuring bank performance. An alternative approach is to explain bank performance using the concept of inefficiency. A bank can have lower costs and obtain higher returns if they used more efficiently input factors and output factors makes them the lowest cost. To survive, every bank must achieve a certain level of long-term efficiency. Method for measuring the inefficiency by using a border production possibilities curve analysis was first addressed by Farrell in 1957.

Efficiency means the "desired goal" with minimal effort. In defining efficiency must consider the combination of two sides, the quantitative and qualitative, and this combination will lead to the following relationship: economic efficiency = economy*effectiveness. In other words ensuring that action is effective to achieve the goal (effectiveness) in terms of minimal cost (economy). Banks are influenced by the following factors: the macroeconomic environment that is inflation, monetary and fiscal policy; regulatory environment that is liberalization and deregulation; market concentration on competition in the banking market, the level of foreign shareholding commercial banks and capital. In carrying out their activities, banks seek to gain profit considering and submitting to certain risks. These risks remind restrictions imposed by the Central Bank financial structure of the bank. Managing these risks is it necessary to be successful. In the card evolution banking operations that occur today at a pace accelearat is difficult to ascertain that risk management plays an essential role in the bank's strategy.

4. The role of banks in the economic growth in Romania

The efficiency of the government sector is closely linked to economic growth. The imposed taxes by government reduce investments. In 2014, NBR reduced estimates regarding economic growth of Romania in 2015 amid possible tax hikes. Estimating growth was reduced to 2.2% from 3% initially set by NBR (2014).

One of the crucial moments where there was a review of the role of banks in monetary policy and economic growth was in 2007 and had as its starting point the economic crisis. It is considered that the role of central banks is to protect the purchasing power of the national currency and to maintain financial stability. Regarding commercial banks is the most basic function of financial intermediation and credit granting.

The complex role that banks hold in the economy is materialized in three functions: to attract funds as deposits placement and fructification, their investment through loans and making payments and collections.

To observe the role of banks in the economic growth and development must look for is their contribution to the GDP (Gross Domestic Product). In 2011, with the installation of the economic crisis reached a maximum percentage of GDP is represented by loans management population ie 19.3% of total loans in that year. 22% were of foreign currency

loans and 19.2% were loans to non-financial companies. The most loans were in 2011, representing 40.1% of GDP. 21.3% of all loans were granted to the companies, and 25.4% were those in foreign currency. Loans representing population management reached the minimum after installing the crisis, was only 14.5%, compared to 20% in 2008 NBR, Banking Sector and Economic Growth, (2013). The percentages of GDP financial intermediation operations are an important contribution to the banking system functioning economy. According to data provided by NBR we can observe that the highest percentage of total loans in 2004 to 2012 is represented by the foreign currency and loans to financial companies.

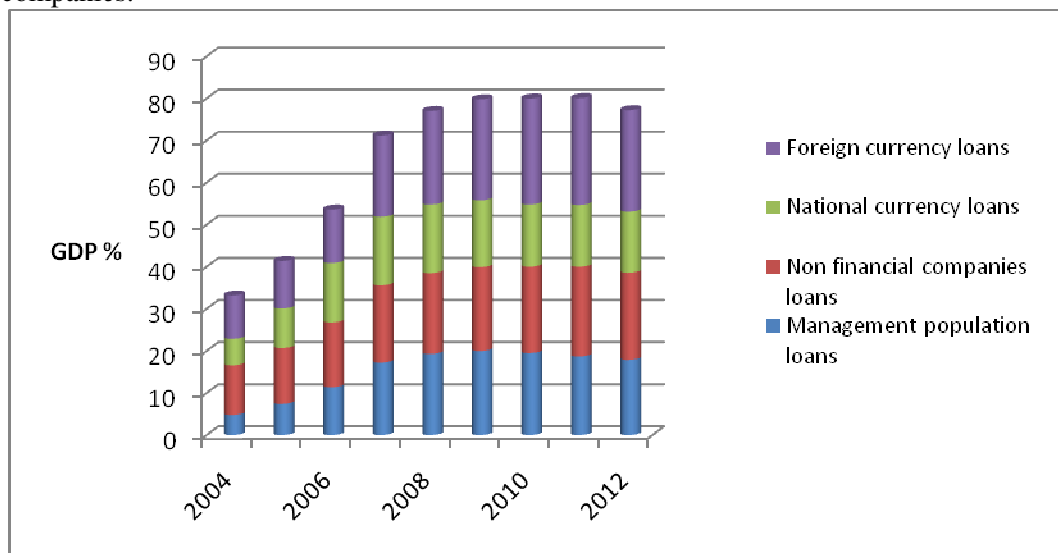


Figure no.1. Loans percentage of GDP

Source : National Bank of Romania, Statistics Institute

The loans granted of Financial Companies had meant to cover losses from non-performance of the business activity after the recession. Before the crisis Romanian banks could grant more loans by borrowing from parent banks from abroad.

After outbreak of the crisis in 2008, with a drastic reduction in bank loans, those loans from parent banks they did not have what to grow. On the contrary, they started to decline, because any loan must be repaid on time. Now parent banks abroad, also affected by the crisis, these funds needed to solve problems at home. There is a danger that parent banks to withdraw massive funds from Romania, to use them to strengthen the group situation in Italy, Greece and Austria, which would have drastically reduced resources for Romanian banks granting of new loans in the country. To this end was signed in Vienna Initiative to reduce exposures controlled foreign banks in Romania and other countries in the region. So over the past 5 years, from funding of 20 billion euros granted by parent banks to local subsidiaries before the crisis, around 8 billion has been repaid, meaning nearly half. This decrease funding from foreign banks affect the ability of Romanian banks to grant loans, as they were left with fewer resources. Governor of NBR, Mugur Isarescu (2014).

A third of profitable private companies have debts to banks. From the 650,000 companies only 450,000 are active, and of these only 250,000 reported profit. Regarding the

population, 18% of the active population is indebted to banks; the indebtedness level was 35%. Ionut Dumitru(2014).

5. Conclusions

The banking market has undergone substantial changes in recent decades, due to factors such as evolutions of the modern economy; changing attitudes beneficiaries of banking services; current and future monetary policies; changing banking legislation; modernization of the informatic and telecommunications system.

In the era of free-market banking market competition will increase. This will increase and competitive pressures on this sector. The degree to which banks will be affected by this type of competitive pressure depends on their ability to adapt and operate effectively in the newly created conditions. Banks that do not adapt will come on the market. Inefficiency banks affect economic growth in the short term, but long term diminishes degree of damage. In attempts to stay on the market and be competitive the banks developed different tools of risk management, branches of foreign banks present in Romania were borrowed from parent banks to cope with both the demands of the market and in order to cover any ineffective operations. Because efficiency of the banking system is detrimental to economic growth the government should install certain measures, rules and policies that aim to improve efficiency. Prudence determines banks to adopt new strategies and on the sale of new products in order to offset the loss of the other categories, such as credits.

A free market competition in the banking system helps in the long term growth through new ways to defend the competitive lending help banks to recover their independence from parent foreign subsidiaries.

In my opinion, financial development also depends on public policy. In many countries the markets for consumer credit have been repressed in several ways. In this way households will save more and the credits will be directed towards industrial rather than residential investment. This is a measure that will help countries with developed industrial sector.

Financial development has a positive effect on economic growth and it is known that the presence of more banks implies more opportunity for competition.

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THE DYNAMIC ROLE OF STRATEGIC HUMAN RESOURCE DEVELOPMENT AND ITS IMPACT ON OPERATIONS MANAGEMENT OF COMPANIES

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Abstract: At the current moment a vast array of companies start to look closer at the impact strategic HR decisions have on the efficiency of its operations. Finding the “right man for the job” is viewed as an assiduous task, impacting the group dynamics and the way deadlines are delivered. So, not only the background, know-how and experience are starting to be viewed as important criteria, but also the capacity of the individual to adapt to changes that take place in the work environment. Also, the psychological stamina to deal with scenarios that have a high level of uncertainty, and the way the future employee blends with the existing ones are starting to determine the efficiency of a group. On a macro perspective, the system of values of the potential candidate has to overlap with the values of the company and the business model. The more and more demanding screening process, for the middle and upper management positions it’s making the HR departments turn their eyes to a more adaptable approach based on the set of theories of the natural evolution process, in order that the impact of a certain change in personnel could be done more smooth and with the mitigation of anticipated discrepancies. These rather large categories are structured and narrowed down through HRM (human resource management) and HRD (human resource development), tools that will be correlated in this paper with an evolutionary approach to create a dynamic model in relation to an efficiency function in the operations of a company. This paper will deploy a new dynamic view of a company’s HR-strategy and create a more standardized relation between HR strategy and the company’s goals.

Key words: Human resources; strategy; dynamic HR model; stem cell employee; HR adaptation; operational HR efficiency; organizational inertia.

JEL Code: M100; O200; O150

1. Introduction

The concept of evolution, in human resource management, presented in this paper defines and describes a change in perspective that draws attention to core attributes of the change process that apply when shifts in personnel occur.

From an historic point of view, the utilization of what we now define as evolution theories in the social sciences, began with the seminal work "*The Origin of the species*" (Darwin, 1859), even though (De Monet De Lamarck, 1809) proposed that new abilities could be acquired and disseminated in a population through learning and adaptation processes of its individual members, the utilization of the Darwinian way of thinking introduced and developed the concept that new species come into existence as certain traits are inherited through evolutionary processes that are intergenerational.

The concept of intertwining evolution with the social spectrum began with (Spencer, 1876) when the notion of evolution was used for the first time to describe and explain social change until (Hannan & Freeman, 1977) fruitfully promoted the utilization of the evolution theory in order to explain and describe the process of change in populations of organizations. This step forward in the promotion and application of the evolution theory and the concept of distinction of variation, selection and retention in the contemporary social sciences was explained by (Campbell, 1965).

As (McKelvey & Aldrich, 1983) used further the concept of evolution in order to describe a certain change of particular „organizational competencies" or comps as they defined it, as problem a solving routine and (Weick, 1979) used evolution theory in order to better explain the process of change of collectively unconsciously shared mental maps in organizations, work which was further developed by (Burgelman, 1991) which applied the premises of evolution to clarify the process of strategic change as strategic processes in organizations are modeled as variation, selection and retention of competing strategic concepts. The application of evolution theory, in the collective papers of the established authors presented beforehand buttressed the hypothesis that some organizations ceased to exist as they were unable to adjust their structure to the requirements of a new environment, this lack of capabilities of a company to fight off the organizational inertia resides in the flexibility of their organizational blueprint which may or may not fit the social blueprint of a certain timespan.

As this surpassing of old and new organizational blueprints happens (Klimecki & Rensch, 1998) used evolution theory in order to describe and define the process of internal change of 'Human Resources' and to grasp a more specific role that Human Resource Management (HRM) has in the organizational change process and future performance of an organization.

The orientation of HRM in order to encapsulate a certain unpredictability and mutability of its fundamental concepts in relation with the shifts in the environment has created a typology that combines HRM-strategy with the adaptive requirements of organizations and their operational environment. This higher degree of adaptability that is required by companies may be viewed as a tool of categorizing the HRM status quo and their HRD policy. Further we will dwell into the dynamic characteristics of HRM and the evolutive management of this particular type of resource.

2. Dynamic View of HRM

In the context of a rising new view on the structure of organization, the prominence of the human resources gained attention as the main source of competitive advantage for organizations. The embedded flexibility present in the nature of such a resource has created a shift from the “quantifiable resource based view” of previous generations and has been recognized as a particular type of resource which contributes to the development of an organization as an effective “collective actor”.

To correlate the effects of this “collective actor” to the consolidated set of observations of the biological evolution systems, the capacity to adapt stands out as one of the main competitive advantages of the individual as well as the overall system in which he or she functions.

From this approach we can extrapolate a set of attributes each candidate must possess, and we can define the potential employee that fits the bill as a new “*stem cell employee*”, one which can function more freely inside the organization, and tackle the problem zones as a liaison between departments.

This so-called position of internal balance, may or may not be limited in time, and will act as a second level competency (after the initial mandatory training), so the new additions in the organization will get better accustomed to the business model and understand the functions of their peers.

The disruptive effect of such positions may be high in respect to their peers on more stable functions, and the “injection” of stem cell employees on every level will be carefully calculated from an operative and financial perspective, but the creation of an alternative medium that can react faster when social blueprints change and can add a response regarding the flexibility of the internal structure to the changes generated by the operational environment will overpass the initial resistance to change.

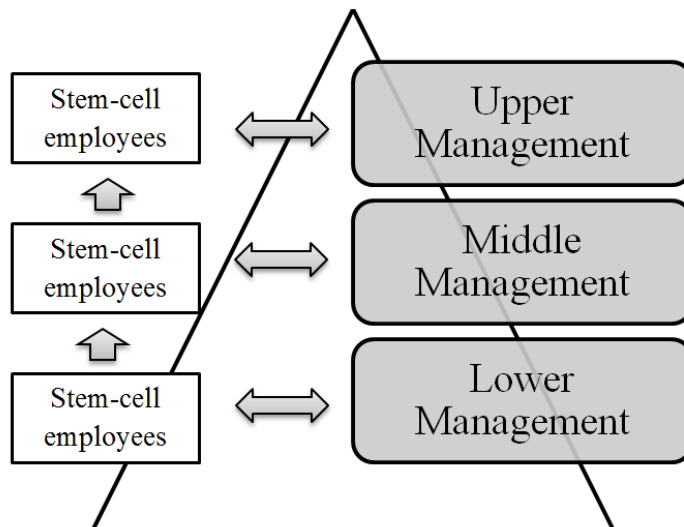


Figure no. 1. The positioning of the stem-cell employees concept

Source: Răzvan Rădulescu, 2014

The position in the organization of this new concept of employee must be in tune with its desired function, so the exact and immediate location of such a concept/function must not be determined. The fact that in the structure of a collective actor some zones may lack the level of abilities necessary to balance the operational inputs and to generate the necessary output in the planned amount of time may suggest the need of such a reparatory agent in the different layers of the organization, the evaluation of this amount depends on the specificities of each company.

The *stem cell employee* will be defined as the employee that acts as a bridge between departments, and is fully employed in an certain department when the organization is under stress in that particular area, in this process he/she will offer an expertise limited in time until the gap is filled or the treated is adverted.

For example if a certain department has a shortage of staff due to migration of employees, the stem cell employee will act as a reparatory agent and fill that gap much like a stem cell transforms itself in the kind of cell the body needs.

The stem cell employees will be positioned on different levels in the organization in respect to their qualifications, on a broader sense they will function in distinct low, middle and upper management and low, middle and upper operation positions.

3. The Required Set of Characteristics Needed To Balance the HRM Structure and Strategy

For the application of such a concept we must identify the components which determine the functional utility of the workforce, the collective papers on HRM as in most definitions propose that the two major factors are: qualification and motivation.

In a rather abstract perspective the two factors define the human resources capabilities inside of an organization and can be explained as follows:

- Qualification can be defined as a batch of capabilities, documentation (for fluid intelligence), experience and knowledge of the subject at hand and the institution in which they function or may function in the future. The sum of individual qualification, draw up the collective qualification status of the group, developing the environmental action course of the „collective actor”.
- Motivation can be defined as a factor that drives and directs the human action towards certain ends (Rüdiger G. Klimecki, 2001, p. 106). The second concept is the catalyst for the first, and the importance or the proportion in which they impact the HRM of an organization, may be perceived as equally important.

Basing our hypothesis on the basic principle of evolution theory we must assert that the pair of factors is prone to change over time, due to exterior influences and their internal reaction to adapt to them. Thus, the structure of the workforce and the organizational problem solving process will therefore change over time.

Having in mind this interdependency, the change in qualifications (abilities) and motivations can be modelled as an evolutionary process in order to structure the process of change itself.

The elements that influence the human resources capabilities inside of an organization, besides the two intrinsic factors that define HRM, may be summed up as the variation of the

environment, the perception of change (and the selective filters that act in this process) and the capacity/quality of retention of information that spring up from the two latter influences.

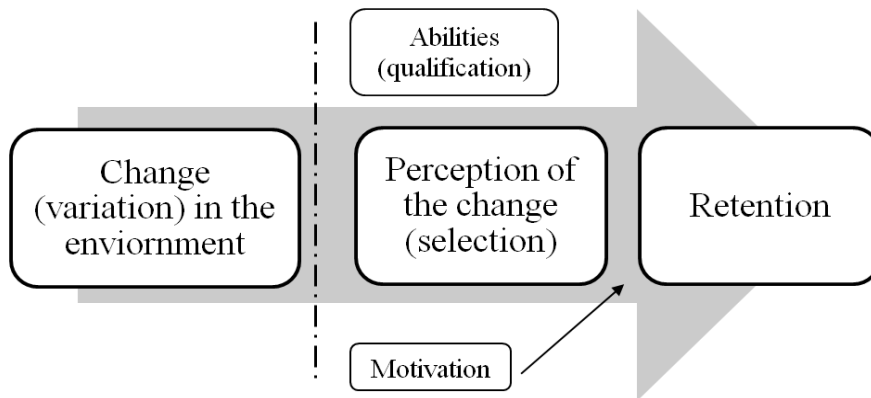


Figure 2. The consolidated HRD process supervised by the stem-cell employee concept

Source: Răzvan Rădulescu, Florin Tîrla, 2014

The concept of variation is defined as departments or deviations from a formed routine or institutional configuration (which may be perceived as a tradition in some organizations), as shifts occur in the level of resources at the disposal of the company. The higher the degree, fervency and goal of variations the higher is the level of expected change of the organization, as variation are in essence an external influence, the internal construct will respond in similar fashion, this means new kinds of qualifications and motivations from the employees.

Selection, or perception of the variance (change), is the internal process that happens after the external-internal line of information transfer is crossed, and is responsible for selecting (and thus eliminating) certain variations from the operational environment and promoting the ones the “collective actor” perceives as being important for the good functioning of the organization.

This borderline process is the filter which can prevent relevant batches of information to reach the decision makers and by doing so creates the premises for the informational permeability of the structure. The balance in the setup of this permeability must be designed with the amendment that a higher degree will utilize more resources in the same way a lower degree will deprave the organization of valuable inputs.

Also, this setup of permeability must be aware of the change cycles that some sections of the organization have, as the perceived information and its degree of impact may need larger sections of time to be processed and the change to be generated.

The retention, from the evolutionary perspective is the manner in which the selected variations are preserved, duplicated and reproduced inside the organization. This mechanism of retention and its fruition time ensure that the structure is not instantly impacted by negative selection and the workforce may adapt to the change in the composition of its abilities set (qualifications) and motivations.

The role of the stem-cell employees' structure is to act as a catalyst in the two transfer zones found between the three major sequences and to balance the qualifications and motivations of the "collective actor".

The process that is undertaken by the stem-cell is circular in nature, as it equilibrates the setup of the perception to the variance and the available human resources qualifications as well as calibrating the standards for the retention. The iterations of this cycle influence the levels of motivation from the previous cycle and generate the underlay for the next one. Here can be discussed the lag in response of the motivation of the "collective actor", if we previously stated that qualification and motivation are equally important in the functional activity of the organization, the fruition time of the two may be in a certain offset as one determine the other in relation to the variance and the effectiveness of the retention process.

4. Conclusions

This paper proposes an evolutionary perspective of HRM and a new concept of employee in order to describe, explain, control and contain the processes of change inside the organization, as well as the intervention in the emergent process of human resource strategy formation.

Being argued that the task of HRM could be to intervene in the emergent evolution process, in order to influence it to ensure organizational development by employing flexible concepts like "stem-cell employee", the HRM and HRD can foster the adaptation of the workforce's qualifications and motivations and hence the organization's problem solving capability.

The capacity of anticipating the external pressure through effective external perception, in terms of a two-way internal and external selection process (Weibler & Deeg, 2000, p. 166) is one of the main points on which the link between strategic management models and HRM models has to focus and be strengthened.

The possibility to bundle HRM practices according to the primary impact on the sequences of the evolution process, and to deliver the right response into the organization; a feedback capable to reshape the structure in a sustainable manner has to be generated beforehand in the overall architecture of the organization.

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THE MANAGEMENT OF PERCEPTION THROUGH THE APPLICATION OF A CIRCULAR MODEL – FUNDAMENTAL ANALYSIS

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Abstract: The importance of transferring a batch of information the right way, inside an organization and between its members, is at the beginning of the 21st century one of the cornerstones for an efficient operational and strategic management business model. Being faced with a growing volume of information, the decision-makers tend to underestimate the manner in which peers perceive the information, and the importance this perception has on the core meanings present inside any batch of important information. In this paper, I propose a model that researches the bilateral relation between the recipient and his/hers value systems, and the balance between the inner works generated by the self-image and self-consciousness when it comes to processing information from a qualitative point of view. I will propose a theoretical model that analysis the nature of the relation between two recipients of information, the environment in which the information is propagated, and the characteristics of their inner filters used in the process of perceiving the intended message. The fundamental analysis encapsulated in this paper will buttress the circularity and the limitations of such a construct, and the fact that the inner-workings of perception respect the application of Gödel's uncertainty principle.

Key words: Perception management; fundamental analysis of perception; triggers of perception; circular psychological model.

JEL Code: B400; D830; D860; D810

1.Introduction

Due to the fine lines that bound the relations of qualitative nature concerning the manipulation of information inside an organization, and the unpredictable nature of the human perception (in regard to the potential utilization of information), the research inside the adaptable mechanisms of perception and the way to manage it have been scarce.

The management of perception is regarded in this paper as the ability and capacity of the decision makers of an organization to distinctly analyze the repercussions certain pathways of information have inside the structure of the respective company, to mitigate their effects and to control the development patterns, which may arise.

The usage of the term “management of perception” should not to be confused with “perception management” which is a more specific domain of research that analysis. Perception management is containing “*actions to convey and/or deny selected information and indicators to foreign audiences to influence their emotions, motives, and objective reasoning, ultimately resulting in foreign behaviors and official actions favorable to the originators objective*” (US Department of Defense, 2014).

The common elements in managing the perception inside a business organization and the perception management of foreign subjects are the tools used and the study fields implied, as both combine “*truth projection, operations security, cover and deception, and psychological operations*” (US Department of Defense, 2014), the end scope is of different nature and has a different goal.

Going back to the root of the discussion, the paper analyzes foremost the information relation between two subjects, the most common pathways the information is passed, and the qualitative grade that the subjects are using for labeling the information (through the employment of perception filters and their value system).

The conscious or unconscious manner of selecting the information from the operational environment and the protocols used are inducing the level of usability of that information. Therefore, a clear view of the inner workings of the selection mechanisms of each individual will create the overall capabilities of an organization to select the right sets of information and to label them accordingly.

The importance of setting up a clear selection mechanism can be seen in the nature of the effects it generates, as Stan Moore summed up: “*Just because truth has been omitted, does not mean that truth is not true. Just because reality has not been perceived, does not mean that it is not real*”.

2.The Model of Bilateral Exchange of Information through Individual Perception Filters

The basis for establishing a bilateral relation regarding the transfer of information between two subjects is to define the concepts and processes that are related, and are describing, the function of perception. The overall perspective over perception is the organization, identification, and interpretation of sensory information (or other kinds of inputs in the case of collective subjects) in order to represent and understand the environment (Schacter, Gilbert, & Wegner, 2009).

The processes responsible for identifying, organizing and interpreting the batches of information have their retention in the *schema* (organizational patterns) of the individual, which is modeled by the past influences of experience and knowledge, which on an another hand may be viewed as the abilities of that certain individual. This basis of already formed informational patterns is impacted by the motivational state of the subject (the value system, the needs and desires) and the mood (or state related to the direct environment) of the subject.

Those two soft-factors: motivation and mood can be defined as the circular iteration of two basic constructs: self-consciousness and self-image in direct and immediate feedback relation to the operational environment.

The relation of the subject with its inner structural elements is the result of circular interaction between the image and consciousness of its own structure and the inputs retained from the environment.

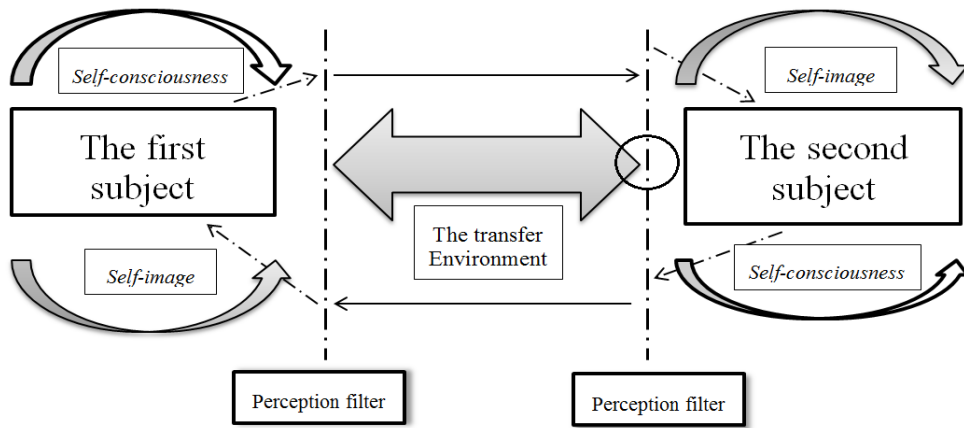


Figure no. 3. Theoretical model that analyzes the relation between two recipients of information

Source: Răzvan Rădulescu, 2014

As the first subject is forming its schema, the perception filters responsible for discerning the input of information are starting to be structured. The self-consciousness and self-image are being formed as a result of the constant input overlapping the schema of the individual and thus creating certain internal protocols or processes in direct relation with the nature of the transfer environment.

This adaptation impacts the perception of oneself as well as of the transfer or operational environment, and creates on the basis of this perception the adjustments it feels they are required to disseminate the information through the environment to the receiver for a precise response on the receiver's behalf. But, the same inner workings apply to the receiver (or second subject) as well, as the information batch travels through the second's subject perception filter.

The formation of the second perception filter is respecting the same patterns of development but obviously has a different construct, as the entire structure of its schema had in its evolution a different set of inputs.

Therefore, the capacity of adapting ones outputs to match the fervency of the receiver, in the respect that the qualitative nature of the message would not be modified by the perception filter or/and the transfer environments sine-qua-non characteristics.

The application of this model, presented in a nutshell in this paper, are not resumed to inter-personal communication cases, as the receiver may be an organization or a different kind of collective subjects, that receives the information through a network of feedback loops and not directly as a basic human verbal interaction protocols would dictate.

In fact both the first subject, as well as the second may be human or collective, as the inner workings of the model will apply in all four situations.

3.The Pathway Information Undergoes from the Transfer Environment to Its Retention

The inflexion point of the model is represented by the zone of interaction between the transfer environments and the perception filters of the two subjects. These points where the sets of information reach the permeability zone of the perception filter are defined by the variation of the environment, the selection processes and the retention ability of the subject (Rüdiger G. Klimecki, 2001).

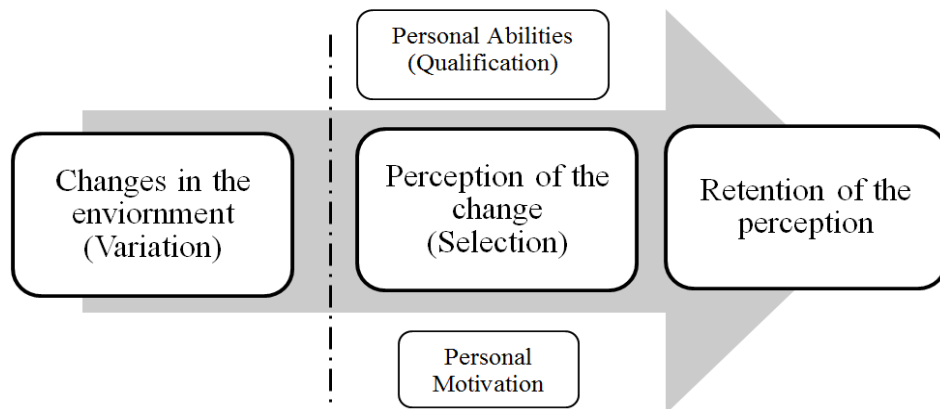


Figure no. 2. The pathway of information from the operational environment through the filter of the individual and/or collective actor

Source: Răzvan Rădulescu, 2014

Variation is defined as the change in the environment on which the second subject takes notice, this change in the environment is generated as the output of the first subject travels the transfer zone (operational environment) and reaches its designated receiver. In addition as an extrapolated version, it may be defined, in the case of collective actors, as a deviation from a formed routine or institutional configuration as shifts occur in the level of resources at the disposal of the company (Klimecki & Rensch, 1998).

The selection stage is the borderline processes that implies the usage of the perception filter by the subject and is influenced and influences the process of perception of the message and the environment in which it travels. And finally the retention of the information is the manner in which the variations that are previously selected are being preserved, duplicated and reproduced in the internal zone of the receiver.

The three elements are buttressed by the qualification degree of the individual and its personal motivation, as in the case of the larger model the two factors act as self-consciousness and self-image for the formation of the retention protocols.

The validity of the perceived information is assessed in relation to the former schema and the nature of the information that is passed through the environment. For this model to function properly, as part of an axiomatic system, and to have logical consistency it must obey Gödel's Uncertainty Principle or Incompleteness Theorems. As both subjects must validate the relation between self-consciousness and self-image (and the formation of the

schema) through the usage of an alternative environment in which both of them can relate, environment, which is entirely different from the operational one.

4.The Application of Gödel’s Uncertainty Principle and Incompleteness Theorems in the Model

Gödel’s First Incompleteness Theorem: *“any effectively generated theory capable of expressing elementary arithmetic cannot be both consistent and complete. In particular, for any consistent, effectively generated theory that proves certain basic arithmetic truths, there is an arithmetical statement that is true, but not provable in the theory”* (Hirzel, 2000)

Gödel’s Second Incompleteness Theorem: *“for any formal effectively generated theory T, including basic arithmetical truths and also certain truths about formal provability, if T includes a statement of its own consistency then T is inconsistent”* (Hirzel, 2000)

From a synthetic perspective, Gödel’s Uncertainty Principle or Incompleteness Theorems rephrase the fact that as much as we know from a certain set of information that are generated from a system, the whole batch of information and its relative validity to that system will not be known.

Applying this paradigm for managing the perception, in a two subjects relation, gives us the following input: the relation of one subject to variance in the environment is needed to create its own schema, as the schema is known for creating its relation to the environment. Thus, the reaction of validating one’s self-consciousness and self-image has to be done by relating to an exterior subject’s self-consciousness and self-image.

In every logical driven system the process of selecting information that is exterior from the individual schema is a functional must for that system to function, as without the external input the internal construct would have no reason for being.

Applying furthermore to the proposed model, the second incompleteness theorem the internal structure could not evaluate itself in such a manner in which it would know if its perception filter would have the highest permeability to a certain construct of information (message and the proper transfer environment). The other way around the premise is also valid, as the first subject would not know exactly if the outputted construct of information would have the highest level of permeability of the receiver’s perception filter.

Therefore, from the first incompleteness theorem we can state that an internal system is either consistent or complete. In addition, from the second theorem if the internal system of the subject tries to prove its own consistency, through its own schema, then it is not consistent in itself and has to reach for a set of external information to reach a stable or balanced state in itself.

The act of accessing external information is rooted deep in the logical constructs of one’s own identity, as it is needed to maintain one’s self-consciousness and self-image.

5.Conclusions

The validity of the theoretical model that analyzes the nature of the relation between two recipients of information is in co-dependency with the environment in which the

information is propagated. The relation between the characteristics of the inner filters used in the process of perceiving an intended message can give a clearer image of certain aspects of perception for individual (employees) or collective members (companies) of a certain interactional system.

The fundamental analysis encapsulated in this paper buttress the circularity of the two fundamental elements that compose the schema (self-consciousness and self-image) and the two elements that regulate the inflection point in the perceiving of information (qualification and motivation).

The limitations of such a construct are given by the fact that the inner-workings of perception respect the application of Gödel's incompleteness theorems, as they are to be constructed on the fundamental mechanics of mathematical logic.

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THE CONCEPT OF CREATIVE ECONOMY

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Abstract:Information, technology and human resources are known as today's most valuable assets, this high value being given by the unlimited potential of creation. This limitless potential is based on creativity, the process of generating new ideas and therefore new products and services. Even if creativity was always related to the quality of the human capital, in this new economic trend, it could appear as a distinct production factor in those fields where creation power is compulsory. Thus there comes the need of separating the creative industries from the rest of the economy, even more, to make a distinction between the creative class and the other persons involved in the process of work. The creative economy has its distinct aspects, advantages and also limits. The official reports show that the creative industries have proved their wealth creation potential in terms of generated incomes, export earnings and job creation. The creative economy comes out as the new way of presenting the current economic reality, where information, knowledge and original creations – products of individual labour – are the driving force to economic development.

Keywords:creativity;creative economy; creative class; export earnings; research and experimental development.

JEL Code: J440

1. Introduction

The concept of creative economy is relatively new and there is still little known about it in the academic field. The appearance of this new concept redefines old economic theories, the whole economy will be considered having four main sectors and not only three, beside agriculture, industry and services' sector, will be mentioned the creative sector, which actually was a part of the old services' sector.

This paper aims to present generally the creative economy, the determinant factor for its existence, its advantages and wealth creative potential.

2. Creativity – factor of production

Nowadays, on the matter of fulfilling their needs and desires, consumers have access to a large variety of products and services available on the market. Without taking into

consideration the most important criteria in choosing what to buy, the selling price, what exactly makes a product or service more attractive for a customer? The quality of products or services, the preferences of the consumers, fashion and many other factors. In order to be competitive on the market, to offer goods better than the competitors, plenty of work and expenditures are involved in finding new ideas, turning them into reality and creating always something new for the more and more demanding clients.

The key for new ideas is creativity. For a long time, creativity was associated with the quality of the human resources, the labour production factor, but there are branches within a highly efficient labour can be realised without requiring too much creativity; thus, in this case, it can not be said that the human resource is not of a high quality just because its work has nothing to do with creation of something new or working in a personal way.

Creativity is a mental process which generates new ideas, new concepts or links between the existent ideas, even more, creativity implies the rearrangement of the information known in order to find out what is not known (Kneller, 1965). Thereby the concept „can be defined as the ability to produce work that is novel (original) and adaptive with respect to task or situational constraints” (Lubart, 2006). Also, John Howkins, the one who exposed the concept of creative economy, describes creativity as a ”process of using ideas to produce a new idea(...) a person says, does or makes something that is new and interesting, either in the sense of something from nothing (which is relatively rare) or in the sense of giving a new meaning to something” (Howkins, 2013).

In a holistic approach of the economy, all the creative labours were included in the services sector; regarding the increasing importances of creativity, the compulsion of splitting the creative activities from the other types of services is obvious. This is the way a new sector of economy materializes, the sector of the creative economy.

3. The concept

Creativity had a major impact on the development of technology, thus on the economic development. Nowadays creativity represents the new economy’s engine, based on technology, talent and tolerance (Florida, 2002).

The concept of creative economy was highlighted by John Howkins in his work „Creative Economy: How People Make Money From Ideas” and presented as a synergy of creative industries: publicity, architecture, design, film, music, television, publishing, etc. This sector implies the transactions of creative products, each transaction requiring two complementary parts: the intangible one, which is regarding the intellectual property and the material part. There are different situations when one of these parts is more valuable than the other, e.g. a movie recorded on a DVD: the customer pays a higher price than the value of the playback because the price is charging the artistic creation as well, a proof of the unlimited economic potential of the creative sector.

Howkins’ exhaustive definition received numerous critics, considering the way he presented the creative activities, any economic activity could be regarded as specific to the creative economy due of the added value they create, thus there was no difference made between the new creative industries and the old ones.

Also, in an official report of Great Britain's Government, the creative industries were associated with those activities "which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property" (Cunningham, 2002).

Another economist, Richard Florida, also considers that today's economy is fundamentally creative and the most developed economies of the world are based on knowledge, creativity being the main factor. Florida stresses out the employees of the creative sector and calls them the creative class. Person with a high level of creativity act differently than others in many situations; they find easily solutions for difficult problems and challenges are perceived rather as opportunities than threats; creative people are good observers and they are always seeking for innovation, they express themselves through their workings and routine has a negative impact on them. The creative class outstands not only with the nature of the production, but also with the way this production is realised, average time spent and personal time allocated for it. The nucleus of the creative class is represented by scientists, engineers, architects, designers, artists, teachers and entertainers, and their economic function is to create new ideas, new technologies, etc.; beside the nucleus there can be found professional activities such as finance, law, health care and related fields.

Other synonyms for the creative economy are the information economy, immaterial economy, knowledge economy, etc. (Bouquillion, Le Corf, 2010).

In other official reports, the reports of UNESCO, appears the concept of cultural industries as a part of the creative industries. According to UNESCO, the cultural industries embrace activities such as music, film, television, radio, art, design, fashion and publishing, meanwhile the creative industries embrace a larger range, beside the cultural industries, the creative industries include activities of research and innovation (UNESCO, 2013).

4. The creative economy's performances

The creative economy became a major force having the ability to transform, due of its high potential for development. It represents one of the the most fast growing sectors, this development being remarkable in the generated incomes, export earnings and also in job creation. Even more, the creative sector makes more possible the quantification of the intellectual capacity and creativity of the human resource, the problem of evaluation of the human resources as intangible assets, being well-known. According to other researchers "creativity and innovation management is extremely important in today's changing social, economic, technological and cultural environment and may prove to be the right key to increased competitiveness and market responsiveness" (Suciu, Iordache Platiş, Ianovici, 2009).

In an official report of UNESCO, datas about the creative economy are presented in a way that could make someone conclude that the creative industry's contribution in job creation is greater as the economy is more developed. The figure below shows that is 2013, Switzerland had the highest share of population working in the cultural industry (6.51%), meanwhile Romania registerd only 1.54% of the population working in this sector, one of the lowest results in the ranking. Comparing Romania with Hungary, Poland or Slovak Republic, three other countries which have also been under the communist regime,

Romania seems to be the slowest in developing the cultural sector. Noticing that Hungary has a percentage of cultural employment almost as high as France proves that the negative impact of the communist past of this country has no influence on the current possibility of developing the cultural sector in ex – communist countries. If we still compare Romania to Hungary, it can be supposed that Hungary had a greater interest than Romania to develop the cultural field due of its poor natural resources.

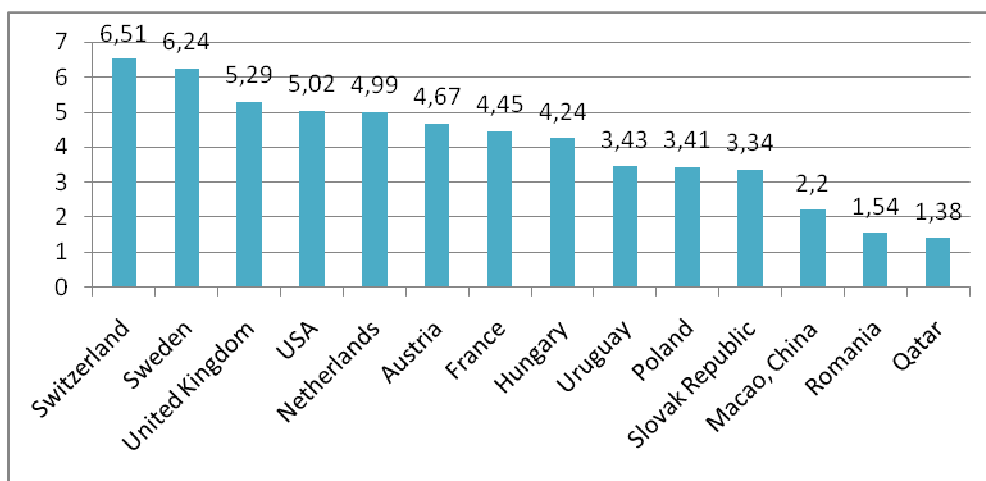


Figure. no. 1. Share of cultural employment in total employment (2013)

Source: <http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf> accessed at 08.11.2014

An economy has substantial benefits from the creative sector, one of these being represented by the export earnings. In the following table are presented the global export earnings of creative goods between 2003 and 2012. During this period of time, the total value doubled, the Audio Visuals goods registering the most significant evolution. Globalization is main positive factor for the increasing earnings; globalization provided wide access on the international market and, considering that audio visuals and design goods registered the most significant evolutions we could motivate this fact by the the easiness and availability for consumers of all ages of watching movies or buying clothes rather than buying and reading published works.

Table no. 1. Total export earnings of creative goods (million USD)

Goods / Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
ALL CREATIVE GOODS	223,795	259,047	287,517	313,108	364,423	417,285	375,306	416,323	489,814	473,791
Art Crafts	21,315	24,031	25,878	27,931	27,278	30,236	26,629	30,429	35,732	34,339
Audio Visuals	12,165	13,963	15,502	15,263	36,867	38,294	34,407	35,407	36,149	32,054
Design	127,989	150,415	168,560	183,769	189,199	221,026	207,605	238,881	298,225	284,888
New Media	9,386	10,189	12,582	16,056	35,827	46,631	40,191	40,357	40,392	40,873
Performing Arts	2,841	3,417	3,582	3,726	4,029	4,549	3,917	4,621	5,189	5,052

Publishing	33,613	37,229	39,347	41,369	43,492	47,499	39,641	40,175	42,897	38,260
Visual Arts	16,487	19,804	22,066	24,994	27,731	29,050	22,452	26,454	31,230	38,325

Source: own representation based on information from <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=14772> accessed at 09.11.2014

5. The creative economy in Romania—research and experimental development field

Regarding Romania, the number of population working in the research and experimental development field fluctuated during 2003 to 2012 due of the economic consequences. Also, there are more headcounts, partially employed human resources, than full-time employees, this fact showing the poor importance given to this sector, making its jobs highly unstable. The instability of this kind of profession determines the decrease in the number of persons interested or passionate about research. The main feature of the human being is sense, seeking to act rationally, a person would not choose to persevere in a field characterized by insecurity, thus great value human assets can be lost.

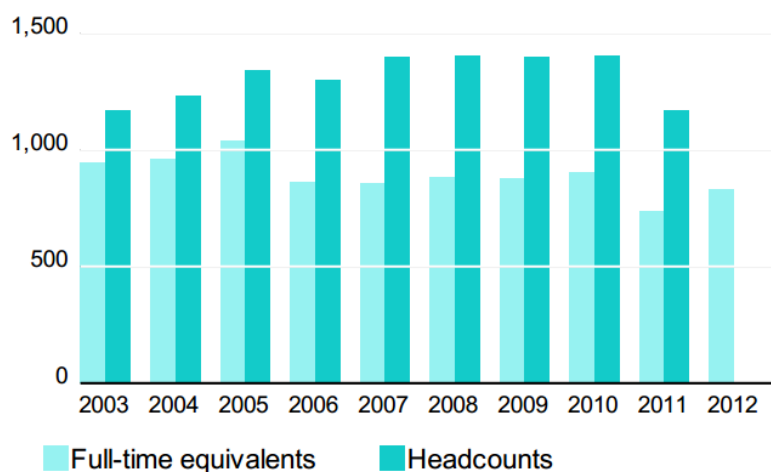


Figure. no. 2 Researchers per million inhabitants (Romania)

Source: <http://www.uis.unesco.org/DataCentre/Pages/country-profile.aspx?regioncode=40530&code=ROU> accessed at 07.11.2014

Table. no. 2. Human resources full-time and part-time employed in the research and experimental development field in Romania

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Researchers full-time employed</i>									
Per million inhabitants	944	959	1038	862	854	883	879	905	737
% female	44.6	44.6	46.2	45.2	43.8	45.6	44.8	44.5	46

<i>Researchers part-time employed</i>									
Per million inhabitants	1170	1230	1339	1298	1396	1405	1398	1405	1169
% female	43	42.7	45.3	44.3	44.7	44.8	44.7	44	46.1

Source: own representation based on information from <http://www.uis.unesco.org/DataCentre/Pages/country-profile.aspx?regioncode=40530&code=ROU> accessed at 07.11.2014

Probably, this high instability of the jobs can be justified by the major modification of the employers interest in this field. The below table comprise data wich show that the private sector lost its interest in research and experimental development, meanwhile the institutions of higher education got more and more involved in this kind of activities, and so the National Budget finances the most of the research and experimental development in Romania. One of the possible reasons why the private sector left the research area, could be the the aim of costs reduction.

Table. no. 3. Employers of human resources in research and experimental development (%)

Employer / Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Researchers by sector of employment full – time employed (%)</i>										
Business Enterprise	47.3	42.8	44.9	40.5	41.2	32.5	31.8	29.6	21.9	27.5
Government	28.8	29.8	30.8	29.4	30.9	31.8	29.8	28.3	36.4	35.4
Higher Education	23.6	26.6	23.5	29.7	27.1	35.3	37.9	41.7	40.9	36.6
Private non – profit	0.3	0.9	0.7	0.4	0.7	0.4	0.5	0.5	1	0.5
<i>Researchers by sector of employment partially employed (%)</i>										
Business Enterprise	38.8	34	35.9	28.1	25.9	21.5	20.8	20.1	16.2	-
Government	24.1	24.2	24.5	20.5	19.8	21.2.	19.6	19	24	-
Higher Education	36.7	41.2	28.8	51	53.7	57	59.2	60.4	59.2	-
Private non – profit	0.3	0.7	0.7	0.5	0.5	0.4	0.4	0.5	0.6	-

Source: own representation based on information from <http://www.uis.unesco.org/DataCentre/Pages/country-profile.aspx?regioncode=40530&code=ROU> accessed at 07.11.2014

The most of the researchers work in engineering, even though, during the time, the number decreased. Contrasting engineering, other fields, such as natural sciences, social sciences and medical sciences had a positive evolution, involving more and more human resources. The positive evolutions prove the great potential in creating new products and innovation.

Table no. 4 Researchers by filed (%)

Field / Year	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Natural Sciences</i>	12.6	14.8	13.7	17.1	21.2	15	13.5	13.7	21.4
<i>Engineering and technology</i>	59.4	54.8	53.3.	45.8	48.9	46.5	46.9	47.2	39.7
<i>Medicial sciences</i>	9.5	12.1	11.4	9.2	7.4	9.6	11.9	9.5	11.8
<i>Agricultural sciences</i>	6.2	6.6	7.5	8.8	7.1	6.7	5.7	6.6	5.1
<i>Social Sciences</i>	9.1	8.1	12.6	16.3	11.7	15.1	15.2	16.8	16.1

Source: own representation based on information from <http://www.uis.unesco.org/DataCentre/Pages/country-profile.aspx?regioncode=40530&code=ROU> accessed at 07.11.2014

Beside the advantages of the creative economy, there are also some negative aspects. These aspects regard the subjective evaluation of the creative goods, the satisfaction felt in the consumption of these is linked more to emotions, preferences, customs, etc. and not to the pragmatic efficiency in fulfilling the existing needs.

6. Conclusions

The creative economy represents a futuristic view on the economy, today's more developed economies being already based on research, information and knowledge. Thus within the creative industries could be seen unlimited resources for development due of their high potential of generating substantial incomes, job creation and export earnings.

Creativity becomes a crucial factor in producing high quality products and services.

Also the human resources employed in the creative industries split in a specific working class, the creative class, their main features being knowledge and creativity.

In the last years, the creative industries generated wealth and the past provides only an optimistic view of the more wealth that these industries will create.

The creative economy's potential in Romania is even greater due of the low interest in this sector. The research and experimental development area involves full-time and part-time employees, the later being the more numerous because of the high uncertainty of the jobs, little interest being shown for this field.

The creative economy is about translating the benefits of cultural – creative into economic benefits in a successfull way.

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EFFECTS OF THE ECONOMIC CRISIS ON NOMINAL AND REAL CONVERGENCE OF ROMANIA -BEFORE AND AFTER 2008-

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Abstract: The article examines the repercussions of the global financial and economic crisis on nominal and real convergence criteria in Romania from the perspective of access into the euro currency. The year 2008 was used as a reference, when the effects of the crisis were felt upon Romanian territory. The article emphasizes exactly those aspects that have changed after this year and how the process of adopting the euro currency was delayed. The recent economic crisis has been attributed to several causes, each of them have deepened or brought to the surface old issues of contemporary economies, which is why the recovery decisions were different. The objective of this article is to answer some questions that many people have asked themselves in a certain period of time, what actually happened in 2008, and more importantly, which were the repercussions in this context on Romania as an European Union member state which plans to adopt the euro currency in the shortest time possible. Regarding Romania, the most important aspect is how the internal and external effects of globalization, in this case the economic crisis, can or cannot influence the nominal and real convergence on long term.

Key words: economic crisis; nominal and real convergence; European Union; monetary policy; economic globalization; credit

JEL Code: E 50, F60

1. Introduction

The phrase "When the US sneezes the world catches cold" best describes the events on recent economic and financial crisis. The end of 2008 brought back to the vast majority of world countries the black memories of the Great Depression, the result being several million jobs lost, the collapse of the stock market indexes, the bankruptcy of multinational institutions and banks, several countries on the brink of entering in the incapacity of payment, based on the principle that every economy receives only the punishment that they deserve (Krugman, 2009). First chapter is dedicated to the beginning of the financial crisis, especially in identifying the causes and consequences in the US. The chapter "Different causes, Different effects" brings in the spotlight precisely those economic policy mistakes

which have become a real threat to the long term development and objectives of the actual and future Member States of the economic Monetary Union). The third chapter the main aspects discussed are the challenges brought on by the economic crisis on nominal and real convergence criteria from the perspective of Romania.

2. The beginnings of the economic crisis: First it was the US

Before looking for the causes that led to the 2007 economic crisis, the natural question arises: what is actually an economic crisis? Some experts (Ciobanu, 2009) define the economic crisis as a phenomenon appeared due to a combination of adverse selection factors and moral hazard to that level at which the market is no longer moving funds available to the economic agents (they represent the best investment options) or simply as a disturbance in the economic balance of a country (Berca, 2011). Another approach is that the economic crisis is just a normal phase in an economic process based on cyclicity (expansion, crisis, depression, refreshing) marking the fact that the world is in the boom since 2005 and the next phase was only a matter of time before it became reality. The crisis was also defined as a global depression phase (Dragan, 2010) of a Kondratiev cycle started 30-35 years ago. From the perspective of certain authors (Stiglitz, 2010) the difference between this crisis and all other crises is the tag "Made in USA", referring to the US economy being characterized (Stiglitz, 2010) by market deregulation, low rates of interest, speculative bubble of the real estate market, an accelerated rhythm of crediting and fiscal deficit to the US trade, thereby the economic crisis has become an "export product" which quickly spread all over the world.

The US economy, in the middle of the last decade, has two main components (Krugman, 2012): a variety of real estate projects and a sustained level of consumer spending, both based on ever-growing high prices, all culminating in a speculative bubble in the real estate market. It also should be noted that the real estate loans (Lybeck, 2012) were equivalent to 75% of GDP in the US.

The main cause of the outbreak of the economic crisis has its origins in the real estate bubble bursting which involves a loan by people with previous debt or income that does not cover the amount of the loan and as guarantee was brought the value of the acquired property (obviously the chosen method to explain this phenomenon is simplistic, designed to be accessible to all readers, but in fact things are more complicated and involve a range of forces). The income from loans was then converted into bonds, which in turn were bought by other institutions around the world. The institution bonds have a higher yield than government bonds, making them attractive for anyone who was willing to invest in the US or other countries alike. When the value of the assets of the real estate market began to decline, the effect was devastating to the bonds buyers, which began to be owners on something worth almost nothing. Twelve million people with huge debts had their homes worthless than the remaining unpaid loans (Prisecaru, 2011). According to Krugman (Prisecaru, 2011) in the summer of 2006 the housing prices were over valued by 50% and the collapse of the real estate boom led to a loss of approx. 8.000 billion dollars, buyers (owners) being most affected losing 7,000 billion dollars and then investors with 1,000 billion dollars.

If we look at Figure no.1 (Median price of homes in the United States between 1981 and

2010), we can observe a steady increase in the sale price of the house (including the landsale) since 1981, the peak being reached in 2007, where a house worth approximately \$ 250,000.

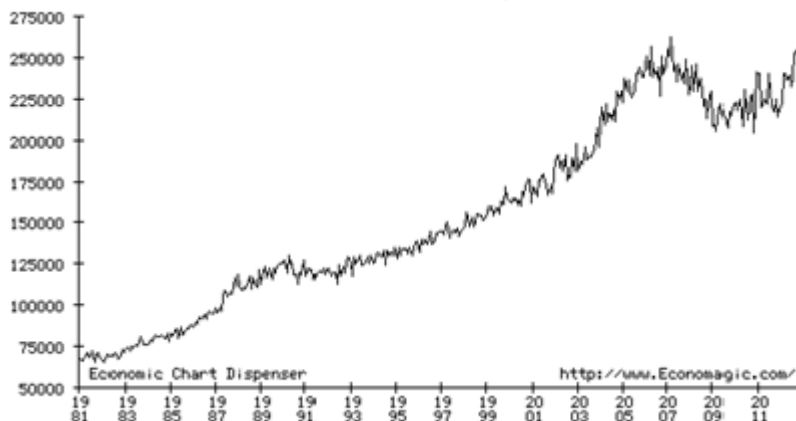


Figure no. 1. US: Median Price of Houses sold including Land Price

Source: Economagic Time Series, <http://www.economagic.com/emcgi/daychart.exe/form>, first accessed 07.11.2014

If we conclude the main causes of the current financial crisis (Prisecaru, 2011 quotes Greenspan, page 24) they were:

- a. Negative practices in the mortgage loans
- b. Securitization without judgment of loan products
- c. Use of excess short-term borrowings to finance long-term assets

We were able to highlight some of the reasons that supposedly formed the basis for the emergence of the economic crisis, the next natural question is “Now what?” We know what happened, we know that is not a good thing, we know that history has offered us a similar situation in '29-33, we know that we cannot learn from history and persist in mistakes, but “Where are we going now?” Solutions (Prisecaru, 2011) like spending stimulation, injecting capital into the banking system, increasing restrictions on excessive risk, reducing taxes, more aggressive measures on financial derivatives, could be the ones who can save us? Regardless of the chosen method, the complex issues of the economy cannot be considered on a unitary national level, but must be treated globally, the idea of “unity in diversity” should be most clearly evidenced in the economic policy effective in all states whether they are from the American continent or “old Europe”. Global organization efforts are being supported by regulations and measures at national level, but these efforts are becoming increasingly difficult to accomplish if we take into account several negative aspects found in some countries in Europe, for example bureaucracy, waste of funds, tax evasion and corruption, lack of institutional management, etc (Prisecaru, 2011).

3. Different Causes, Different Effects: Europe

Current globalization process has increased interdependencies between economies through free movement of goods and factors of production but also the vulnerability to external shocks. The shock wave of the crisis was felt in all corners of the world made by the very US

border investments that acted as a "virus" on the economies of the world and as expected, Europe was not avoided. Taking advantage of the vulnerability on the financial and banking system of community space (Poladian, Banking and financial crisis, the Institute of World Economy) (the absence of those uniform but flexible regulation which should promptly resolve the problems caused by the crisis), the "American cold" was installed in Europe with rapid strides, finding countries with large budget deficits and public debt, the rumor on the end of the European Union and the euro area being only a matter of time. The first affected countries were Ireland, Portugal and Greece, where terms such as "sovereign debt crisis" could be heard increasingly often and more seriously. Regarding the title of this chapter "Different causes, Different effects" the focus is on Greece, where the old economic problems, exacerbated by the global economic crisis have caused a series of chain reactions in 2009 which culminated with protests and strikes by Greek citizens. One of the oldest members of the European Union, Greece, adopted in 2001 the euro currency, may be completely unprepared for this change. The authorities and the population were engaged in a risky loan process, and spending more than the income they had (Dragoi, Institute of World Economy). In 2009, Greece's budget deficit was 12.7% of GDP, which is why concerns about leaving the euro area became an increasingly discussed topic since the budget deficit should not exceed 3% of GDP according to the Maastricht Treaty. Greek authorities' response was a series of severe austerity measures that they have taken increasing the retirement age, "freezing" wages, higher excise taxes, public sector layoffs, restructuring certain state institutions and companies. However, the results failed to appear, the negative GDP growth rate increased, unemployment has reached alarmingly high level (17.7% in 2011). The intervention of the European Central Bank and International Monetary Fund has managed to avoid a possible bankruptcy of the Greek state. Why is it important to bring up this event? For Romania, is a clear example of a state that was not completely ready to adopt the euro currency and therefore influences brought by globalization mechanisms, have had a negative effect on the Greek economy, and the European Union, which was placed in front of a new challenge to support the single currency and not let a state go bankrupt, which could take away an entire banking system and other states as a domino game culminating with the end of 'euro zone'. The subject can be continued with other examples such as Italy, Portugal, Ireland, etc., analyzes and empirical data giving us a lot of opportunities to see what really happened in the economies of Europe and beyond, but this article will further focus on the situation of Romania.

4. New and old challenges of real and nominal convergence criteria

From the Romanian perspective, things are a little more difficult and hard to solve, our economy is in a permanent state of "renewal and adaptability". The channels (Isarescu, 2009) through which the effects of the economic crisis were felt are not necessarily related to the banking system, but rather to the commercial aspect: reduced exports, reduced access to external financing (with repercussions on the lending volume), currency depreciation and speculative attacks on it, etc. Besides all these "troubles" created by the global crisis, Romania was already an economy with emerging monetary policy whose aim was to fulfill the necessary conditions that enable adoption of the euro currency in 2014 and which was heading on a slippery slope: the expansion of the real estate sector has known in Romania

a considerable momentum, (causing later labor shortages in constructions), making economic growth on unsustainable economic and financial imbalances both internal and external. Under the Maastricht Treaty, states that aim to adopt the euro currency must achieve certain standards of sustainable convergence, and the extent to which these standards are achieved is by reference to the following criteria: (Isarescu, 2013)

- “Price stability: inflation does not exceed 1.5 percentage points of the average inflation rate of the three EU countries that recorded the best results in terms of price stability
- The sustainability of the fiscal position: budget deficit not exceeding 3% of GDP and public debt at 60% of GDP
- Exchange rate stability: compliance of the normal fluctuation boundaries provided for ERM II for at least two years, without devaluing
- Convergence of long-term interest rates: their average does not exceed 2 percentage points of the average rate of the three EU countries that registered the best results in terms of price stability”

The four criteria mentioned above are called the nominal convergence criteria. If we analyze Table no. 1, in 2008, the public debt (13.6%) was the only indicator who met the nominal convergence indicator.

Table no. 1 The degree of fulfillment of the Maastricht criteria in 2008

Nominal convergence indicators	Romania in 2008
Inflation rate (percent, annual average)	7.85% (average of the three best performing EU members 4.1%)
Interest rates on long-term	7.7% (average of the three best performing members in terms of price stability 6.5%)
The exchange rate against the euro	+ 9.7 / - 14.6 (+/- 15 percent appreciation / depreciation against average maximum two years)
Consolidated budget deficit (percent of GDP)	5.4% (less than 3%)
Public debt (percentage of GDP)	13.6% (below 60%)

Source: NBR, Romania's economic policies in order to adopt the euro, Florin Georgescu, 2009

In 2013, paradoxically, if we analyze the nominal convergence criteria (Table no. 2), there is an improvement in the achievement of these criteria, the only problems remaining were related to the inflation rate (+ 1, 7%) and long term interest rates (+0.6%).

Table no. 2 The degree of fulfillment of the Maastricht criteria in 2013

Nominal convergence indicators	Romania in 2013
Inflation rate (percent, annual average)	3.7% (<1.5 pp above the 0.5% average of the three best performing EU members)
Interest rates on long-term	5.7% (<2 pp above the 3.1% average of the 3 best performing EU members in price stability)
The exchange rate against the euro	1,5/-6,3
Consolidated budget deficit (percent of GDP)	3 %
Public debt (percentage of GDP)	37,9%

Source: Retrieve, Romania and the euro area, Acad Isarescu, International Conf Espera 2013

Real convergence criteria are aimed to reduce the disparities between EU countries, regarding

the living conditions, the level of development and the consumer behavior. As there are no such conditions in the Maastricht Treaty, indicators like (Georgescu, 2009) GDP / capita, labor costs, foreign trade or the degree of openness of the economy are economic realities that can place Romania in the hierarchy of European countries. One of the most important criteria of real convergence which is mentioned in all specialized studies is GDP / capita (expressed in PPS- purchasing power standard). In 2008 this value was 43.5% of the EU25 average (NBR, 2008). As a response to the economic crisis, in 2009 Romania's GDP fell by 7.1% (Figure No. 2) (NBR, 2009). Recently, the GDP / capita has registered modest increases.

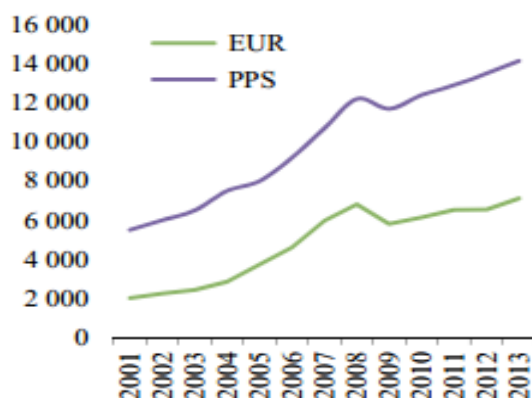


Figure no. 2 Evolution of GDP / inhabitant

Source: NBR retrieval, Annual Report 2013, p.150

What has happened to Romania after 2008? The answer comes naturally: We have not adopted the euro currency in 2014; the reasons (2014-2017 Convergence Programme, April 2014, page 6) are numerous:

- Significant depreciation of the leu currency against the euro, which led to a decrease in foreign investments;
- A low level of financial intermediation below the average of the euro area, etc;
- Simultaneous failure of both nominal and real convergence criteria.

The challenges Romania must respond as soon as possible are related to the fiscal issues (which proved insufficiently stringent), further restructuring of state companies, increasing employment in the labor market, ensuring a sufficient level of high GDP / capita relative to the EU average, by avoiding internal problems that may occur in the context of presidential elections and beyond, reducing the budget deficit in the current economic context, taking into account the risks associated with extending the time in which the international economy will recover.

5. Conclusions

Whether we refer to the United States or to the European Union, the economic and financial crisis highlighted contemporary issues which modern society is facing, proving once more that the economic and financial market is very interconnected. Regarding Romania, the great challenge in the way of real convergence is the "institutional convergence". Romanian

institutions align with those of the EU as a process that is slowly carried out, old ways excelling instead of development and modernization of these structures. Perhaps it is easier to predict the evolution of an economy over a large period of time, for instance 15-20 years. It remains to be seen whether the Convergence Programme 2014-2017, as ambitious, will result in the change to the euro currency on 1st January 2019. The political aspect of this period cannot be ignored, as the presidential, parliamentary and local elections in 2016 could exceptionally influence the fate of Romania.

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THE INFLUENCE OF INCREASING GAS TAX ON THE STATE BUDGET

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Abstract: We have appreciated that this paper can be structured in four chapters, meant to clarify, as much as possible, the effects the increase of the gas tax has, a tax that has been introduced by the Romanian Government beginning with April 2014.

In Romania, fiscal and budget income are dependent of taxes and indirect tariffs while in most European Union member states, the contributions of the three great taxes and tariffs categories (direct, indirect and social contributions) in creating the budgets are relatively close. It is known that taxes generate multiple effects, but the financial, economic and social effects play the most important role on the social-economic environment.

Among the most important problems in ensuring the supply of finance to the public budget system with the minimum sums necessary, besides the setting strategy for taxes, there is the improving of methods and procedures used by the fiscal apparatus in charging and controlling the taxes.

The analysis made on the evolution of VAT charges, compared to 2008 when the effects of the global economic crisis were not yet fully felt, shows that trying to bring more money to the budget by increasing VAT has brought just one basis point of GDP, but it has temporarily increased inflation, discouraged consumption and has decreased internal demand – implicitly internal production.

As such, in the case of increasing the tax with 7 cents, instead of earning money (which was the aim of this measure), there will be a loss of money. This increase could have a destructive effect for the transporters of Romania.

In practice, those who supported the increase of VAT were those who paid their taxes in time, while fiscal evasion maintained, in some cases even being increased by the crisis and it seems it is harder and harder to fight back against it.

Keywords: taxes, VAT, earnings, fuel, fraud.

JEL classification: E62, H21;

1. Introduction

Although all the information available on the market pointed out that introducing a 7 cent increase to the price of the liter of fuel will lead to a decrease of 1-3% of gas and diesel sells, starting with April 1st 2014, the fuel distributed at the Romanian gas stations became more expensive because of this increase, introduced by the Government Emergency Ordinance no. 102/2013 – Modifying and adding to the Fiscal Code and regulating some financial-fiscal measures.

This increase should have brought more money to the State budget. The authorities declared that from the extra money highways were going to be built, which will lead to an increase in the economy, contributing to the creation of new jobs in Romania. The authorities figured out that an extra 50 mil. euros will be added to the budget each month, because of this increase in tax.

Initially authorities tried to send out the idea that there will be no increase of other prices because of this measure, followed by a declaration of the Ministry of Finance saying that the impact will be of about 30-40 bani per liter. Later it was found out that an inflationist impact was expected, meaning an increase of all the prices, with about 0.2 base points. In the first phase, it was announced that the impact of the tax will have “an insignificant, close to 0 effect”. After so many statements, the official declarations stirred controversies. The introduction of the tax brought negative effects even in the most favorable scenario, in which it was thought the prices would not increase at all. Even in the situation where this scenario would be plausible, meaning that the prices would not grow, the statement that the public will be unaffected is false. The explanation is simple: if the price of fuel is constant, let us say because the price of the barrel on the world market decreases and compensates the increase we are talking about, then the consumers will certainly be at a loss. The loss here is related to the fact that they have to support the entire burden of the tax, even if the price of the barrel decreases. The consumers will not be able to enjoy this decrease, as they did in previous situations. Even if petrol will be cheaper, this decrease in price will not be seen in the price of gas and diesel, because it will be compensated by the tax increase. Because of this, consumers will not be able to save from this decrease of price because of the increased tax, the difference that could have been saved going to the State budget. In the situation of price increase, this will be because of the tax increase. In fact, in all situations when a tax is introduced, it has effects on the income of the population, the purpose of taxes being to add money to the State budget from a part of the financial resources of the population.

2. Tax

This tax is a special consume tax, which is owned to the State budget for the following products that come from internal production or import: ethylic alcohol, wine, beer, other fermented drinks, intermediary products, processed tobacco, energetic products and electricity. In the case of energetic products, these are taxed in the situation in which they are destined to be used, sold or used as fuel for heating or for engines. The level of the tax is fixed based on the destination, at a certain level for the respective period in which fuel is

used for heating or for engines. Energetic products are taxable when: the products are made with the purpose of being used as fuel for heating or engines or they are sold as fuel for heating or engines.

According to the normative act Governmental Emergency Ordinance no. 102/2013 Modifying and adding to the Fiscal Code and regulating some financial-fiscal measures, the following changes have appeared in relation to the selling price of fuels for engines:

In title VII "Taxes and other special tariffs", annex 1, no 10 – Leaded Gas – the level of the tax mentioned in column 3 has changed, becoming 637.91 euro/ton, respectively 491,19 euro/1000 liters. In title VII "Taxes and other special tariffs", annex 1, no. 11 – Unleaded Gas – the level of the tax mentioned in column 3 has changed, becoming 557.91 euro/ton, respectively 429,59 euro/1000 liters. In title VII "Taxes and other special tariffs", annex 1, no. 12 – Diesel – the level of the tax mentioned in column 3 is changed and will be of 473.85 euro/ton, respectively 400,395 euro/1000 liters. In title VII "Taxes and other special tariffs", annex 1, no. 16 – Kerosene, column 2, point 16.1 – used as engine fuel, the level of the tax mentioned in column 3 is changed and will be of 557.39 euro/ton, respectively 445,91 euro/1000 liters.

For all taxable products, at the date of releasing the products to be sold on the territory of Romania, the tax becomes exigible, meaning that once the fuel is paid for engines, the tax is paid too. Besides the effects on the income of the population, the increase of the tax becomes interesting from the fiscal fraud point of view.

Specialized groups in fiscal obligations fraud activities, used successfully in the European Union space in the last years, will use methods for frauding petrol trade, especially intra-communitarian acquisitions or the import of lesser taxed products with physical and chemical properties close to those of the fuels on the market and then selling them as superior fuels, as well as intra-communitarian acquisitions or other forms of buying lesser taxed products, and selling that product as fuel with a greater price. This type of fraud – successive buying and selling operations, made especially on the Romanian territory, by economic operators that are, under what seems to be a legal activity, exploiting the differences of the tax levels practiced by EU member states, with the purpose of "reducing the price of products" and, by doing this, they create a competitive advantage on the market, based on the selling price, through "ghost" companies in the banking and documented circuit.

3. Effects on the state budget

As we have shown above, the increase of the fuel tax with 7 euro cents per liter has become active since April 1st, leading to an increase in the price of fuel sold by economic agents and companies of 0.41 lei/liter. These companies transferred the tax in the price of the fuel, which made the buyer spend more. Initially, authorities hoped that through fuel tax they will be able to increase State budget revenue with approximately 2.5 billion RON in 2014. It is worth mentioning that certain comparisons made to the year 2013 or 2010, since the price of diesel rose with 56% are not relevant, especially because the price of diesel in December 2008 was of 3.2 RON/liter, and in April 2014 it was of 6.4 RON/liter, meaning that it doubled. Until January 1st 2014, the level of taxes was settled on the

exchange rate communicated in the first working day of October of the previous year, published in the Official Journal of the European Union. Because of this, in 2014 an exchange rate of 4.4485 RON/EUR should have been used, announced on October 1st 2013. The Government decided to use the 2012 exchange rate of 4.5223 RON/EUR, which they indexed with the annual inflation of 4.77%.

As we have shown above, since April 1st 2014, the level of tax has risen to 473.85 euro/ton for diesel from 391 euro/ton and to 557.91 euro/ton for unleaded gas, from 467 euro/ton. In January 1st 2013, the tax for diesel was increased with 4.54%, according to the calendar agreed with the EU, from 374 to 391 euro/ton. Moreover, all taxes were calculated in 2013 based on an exchange rate of 4.5223 RON/EUR, announced on October 1st 2012, by the Central European Bank, with 5.16% higher than the one used to calculate tax in 2012, of 4.3001 RON/EUR. The increase of these taxes and decreasing of the RON/EUR level meant that from the State budget point of view, the gas prices have remained unchanged, as well as decreasing the amount of fuel sold. According to the National Statistics Institute, in 2013 fuels have gotten marginally cheaper, compared to the previous year, with 0.37%, and the fuel sell has fallen with 3.3% (Raport asupra inflației august 2014, Anul X, Nr.37, BNR).

The evolution of the price was determined firstly by the price of oil on international markets. The medium spot price for Brent oil fell with 2.75% in 2013, as compared with 2012, from 111.63 \$/barrel to 108.56 \$/barrel.

The increase of more than 5% of the RON/EUR exchange rate used in calculating tax, as well as the increase of the diesel tax with 4.54% have led to an increase of budgetary income from gas tax with 13.2%, from 8.411 billion RON in 2012, to 9.524 billion RON in 2013, despite the decrease of the volume of fuel sold and its price stability. According to the last year's budget execution, the State budget has gathered 9.885 billion RON, with 12.5% more than in 2012 (8.789 billion RON). The large amount of these taxes came from gas and diesel sells. From taxing them, the state has gathered 9.524 billion RON in 2013, with 13.2% more than in 2012 (8.411 billion RON). Income from taxing diesel has risen last year from 6.762 billion RON, being greater with 18.7% as compared to those of 2012 (5.697 billion RON). In the case of unleaded gas, the increase of the tax income was of only 1.8%, from 2.711 billion RON in 2012 to 2.761 billion RON in 2013 (Raport asupra inflației august 2014, Anul X, Nr.37, BNR).

The freight transporters have warned the Government before it applied the new tax that they will buy fuel from other countries, because fuel sold in Romania will be more expensive than in neighboring countries. Moreover, this tax increase is added to the effect of the tax increase throughout the EU, the two leading to a decrease in company buying power and to a diminishing of fuel sold. The expectancies regarding income, as it was expected, have not come true. The NSI data show that the volume of consumed fuel in April 2014, when the tax was introduced, was smaller with 18.7% than in the previous month (Raport asupra inflației august 2014, Anul X, Nr.37, BNR).

The reaction of the consumers and especially of the freight transporters was not late to come. Many transporting companies announced that they will fuel from outside Romania. The NSI show that after April 1st the selling of fuels has fallen with 6.5% as compared to the previous month (www.capital.ro/exclusiv-supraaciza-la-benzina-are-efect-de-bumerang-).

By reducing the level of consumption, the real income to the budget was with 5.7% smaller for this segment. The same thing happened when VAT was increased from 19% to 24%, when income fell, because of the bankruptcy of many companies and the increase of fiscal fraud. The same happened in the case of the environment auto tax, which did not led to an increase to the State budget, but to the decrease of auto transactions, meaning the decrease of State budget. Generally, an increase of prices always leads to a decrease in consumption and to the reduction of State budget related to consumer goods circulation, proving once again that buying and selling goods in an economy brings money to the State budget directly proportional. Because of the decrease of fuel selling, the State gathers less money from the tax. As it was expected, the budget should have increased, but the over-tax of 7 euro cents did not have the desired effect. The National Fiscal Administration Agency (ANAF) data show that income in the second semester of 2014, after the tax was applied, were smaller than in the first three months of the year, with over 387 million RON(www.capital.ro/exclusiv-supraaciza-la-benzina-are-efect-de-bumerang-).

From the comparative analysis made, it was shown that the introduction of the 7 euro cents tax in fuel sells is equivalent to the increase of the flat income tax to 17%.

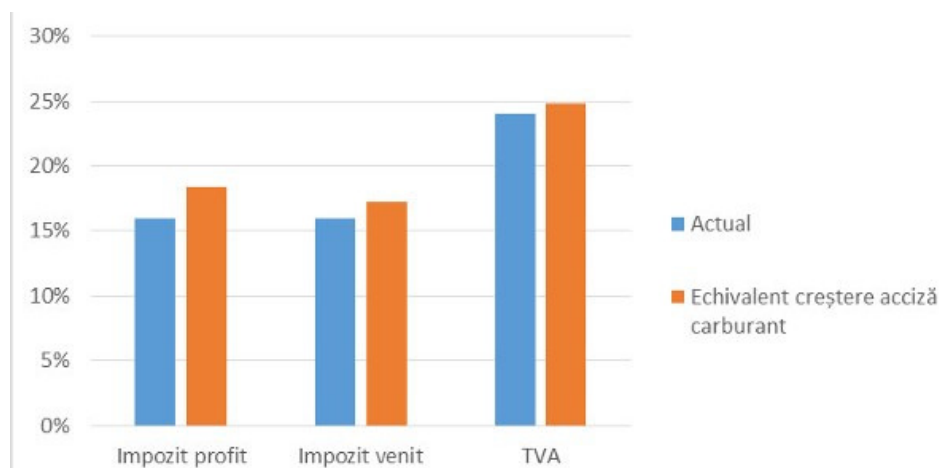


Figure no.1: Equivalent introducing fuel duty 7 cents in relation to the main taxes

Source:<http://logec.ro/acciza-7-centi-cat-de-mult-doare-cuiul-batut-de-stat-in-talpa-economiei/>

In the months of January and March 2014, income from fuel tax was of 2.557 billion RON, and in the second semester of 2.170 billion RON. The decrease of the second semester is over 387 million RON, but the over-tax was the second wave of the tax increase series. From January 1st 2014, the price of a full tank was already greater because of the changes in the exchange rate at which it is calculated. Referring to the multiplier effect, which the increase of the tax could have in the economy, the fact that the new tax will have a de-multiplier effect was not taken into consideration, meaning that it would lead to the destruction of jobs. The fact that this tax is aimed at consumption, which could have brought incomes of 2.7 billion RON, shows that it is a short-term decision, to fill a hole. Because any tax or tariff brings money to the budget at start, when you implement it, but

following this, the income decreases, because the people and economy adapt. The fact that the Government says it will give back to the transporters half of it shows that it is not a fiscal policy meant to balance the budget on a long term. Seeing the ease with which income from this tax are given away, it shows that the money was needed at a certain point(www.capital.ro/exclusiv-supraaciza-la-benzina-are-efect-de-bumerang-).

According to EUROSTAT, in August, Romania registered the greatest decrease in trade from all EU states. Moreover, Romania is the only EU state that has registered a decrease in retail sells for two consecutive months, in July and August. Actually, since May (we have eliminated March and April because then the statistic would be erroneous due to the “buy before it gets expensive” effect), the retail market has decreased in Romania, compared to the EU average or to the situation of neighboring countries.

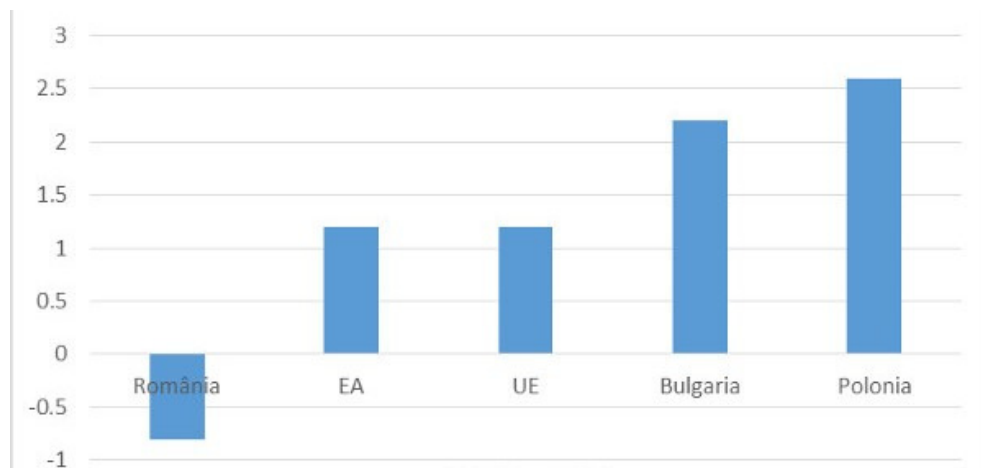


Figure no. 2: Trade, from August to May, seasonally adjusted

Source: <http://logec.ro/acciza-7-centi-cat-de-mult-doare-cuiul-batut-de-stat-in-talpa-economiei/>

The diesel tax is reduced with 40 EUR/1000 liter as compared to the 47.34 EUR/ton, which means a reduction of 4 euro cents/liter, according to GEO no. 14/2014, for completing art. 176 from Law no. 571/2003 on the Fiscal Code. The normative act mentioned and published in the Official Monitor, part 1, no. 241 April 4th 2014, when it came into force. In these conditions, the rate of the tax is of 360,395 euro/1000 liters for diesel used as engine fuel. According to this recent Ordinance, the decrease of diesel tax is applied for the following purposes:

- Road freight transport for a personal reasons or for other persons, with cars or articulated car assemblies for road freight and with a base authorized mass of at least 7.5 tons.
- Passenger freight, regular or occasional, exclusively public transit, with a vehicle belonging to the M2 or M3 category, defined in the European Council and Parliament Directive 2007/46/CE from September 5 2007, for setting a frame for homologating vehicles and their trailers, as well as the systems, components and separate technical units destined for those respective vehicles. These categories refer to vehicles built for passenger

freight, have more than 8 places, the difference being that those belonging to the M2 category have a mass of up to 5 tons, while M3 vehicles have a mass of over 5 tons.

The lack of a procedure for giving back the extra tax further highlights the decrease of diesel in Romania. NSI confirms that the decrease of fuel starting with April 2014 – 18.7% less than March 2014. There are good practice measures for EU member States that are applied to reduce the effects of those two causes on freight companies. In this way, Romanian transporters mention the case of Hungary, a country where the reimbursement procedure of extra tax began in 2011. At that time, the trimestral reimbursement of the 2 euro cent/liter tax was being made for diesel, and, at present, the reimbursement of the 5.5 euro cent/liter tax is made monthly, giving the chance to compensate other taxes owed to the state.

At the same time in Hungary, the reimbursement procedure for the extra tax is really simple, being made by the initial registration of the companies and the electronic sending of reimbursement requests. Most trucks in Romania work with a driver. Because of the underdeveloped road infrastructure, a driver can go a maximum of 10.000 km/month and uses 3000-3500 liters of fuel, and at a 0.04 Euro/liter reimbursement, the sum of about 120-140 Euros/truck would be given back. We have to mention that the tax is paid in advance to the State by the companies that distribute fuel, which are extremely interested in charging these sums from the transporters, to which they deliver fuel on credit, with collateral guarantees.

4. Conclusions and proposition

Contrary to the expectations of authorities, that have gambled on the new tax, there has been a loss of about 11 billion Euros, instead of a 50 million/month increase, as it was stated initially. These data are from an analysis made by the economic magazine Capital. Not only the state lost in this event, but also the companies that sell fuel and even the common citizen. Because more and more transporters chose to fill up in other states where it is cheaper to do so, be it the case of freight or passenger transporters.

According to the declarations of the largest transporting companies from Romania, they mostly buy fuel for their vehicles from abroad. Even if this was not the general idea at first, finally it was proven to be advantageous, because the price of fuel in other countries is nearly 20% cheaper than in Romania. In this way, the transporting companies work with an intermediary. With the help of a card given by them, they can fill almost anywhere. Also, the increase of the tax made transporter increase their prices in order to survive on the market, seeing as their losses were starting to pile up.

The changes in fiscal policy should be made public after they have been thoroughly analyzed and their impact on the economy has been estimated. Fiscal consolidation should aim the increase of fiscal income and the accelerated European fund absorption could reduce from the pro-cyclical character of fiscal consolidation. Developing and implementing a modern and predictable fiscal strategy for a medium and long term would be essential in the context of the competition manifesting between European states, to attract new investments and to create new jobs. Lastly, it is necessary to negotiate a minimum political consensus as to what equity and social solidarity principles will be

respected, in order to have parliamentary support as well as popular support, necessary when implementing any changes in the fiscal environment.

The fiscal policy of Romania must be rethought. The promise made by all governmental teams was to simplify the fiscal apparatus. Romania still has over 130 taxes, out of which 35 are new. Fiscal policy does not stand on this tax. Fiscal policy stands on still higher taxes, such as VAT, social contributions, base income tax etc... If we think that from a medium wage we take what the employer and employee pay, we reach somewhere around 45% out of the total wage. It is a great fiscal burden in any country, but especially in Romania. Everything has gotten to a point where it fights against the fiscal system, a fight from which we all lose eventually, because there will be less and less money to redistribute and administer by the state.

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TRANSPORT INFRASTRUCTURE AND EU FUNDS

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Abstract: Romania needs very good transport connections in order to boost commerce and also to create new jobs. The transport infrastructure is crucial for a country to develop. There is a biunivocal relation between one country's transport infrastructure and its economic development. The transport infrastructure is one of the most important factors of national or regional economic competitiveness along with fiscal regime, technological and research infrastructure and training level of the labor force. Economical growth determines an increase of the transport requirements, even more emphasized, creating an additional pressure on the already existing infrastructure. At the European Union level, the transport infrastructure related policy implies integrated networks at the level of the member states in order to ensure economic growth and competitiveness. In order to align the national transport system to the European policy in the field, but also for supplementing the European policy with priorities specific to the need of national development, Romania has elaborated The General Transport Master Plan (GTMP) for the period 2020 – 2030. The main source of financing the investments in the transport infrastructure on national level is represented by the European funds. The aim of this research is to highlight the importance of absorbing the European funds for modernizing the transport infrastructure, in order to ensure a sustainable economical development.

Key words: Transport infrastructure; funds; economic growth; Romania; the European Union

JEL Code: R 4; O 10

1. Introduction

The development of the transport infrastructure in accordance with the increasing transport necessities must remain at all times one of the priorities of the central or local authorities irrespective of the economic or budgetary constrain. Romania, although a country with potential, is a relevant example of a country whose economic development is impeded by

the poor transport infrastructure, too. The deplorable state of roads and railways and the historic delay in the development of the state-of-the-art transport systems discourage strategic investments. The goal of this paper is to show the importance of accessing European funds for the development of the transport infrastructure.

2. The current state of the transport infrastructure

On 31.12.2013, the total length of public roads summed up 84.887 km, of which:

- 17.110 km (20,16 %) national roads;
- 35.587 km (41,92 %) county roads and
- 32.190 km (37,92 %) village roads.

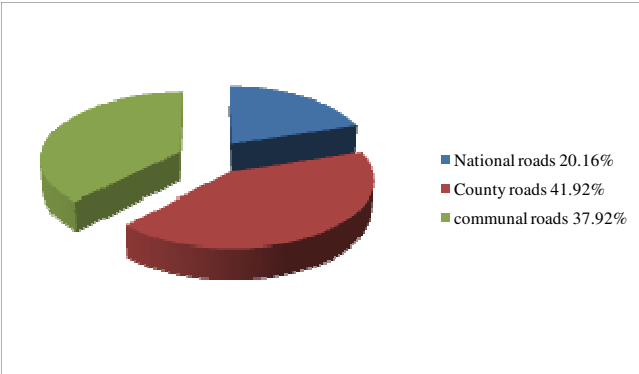


Figure no. 1. Repartition of Public Road Network in Romania

Source: Own representation of the author based on the information from the study following the model shown on Press Release no. 97 25.04.2014 National Institute of Statistics

Considering the type of topcoat in the structure of public roads we have:

- 29.153 km (34,34 %) of modernized roads (about 90,10 % modernized roads with heavy and middle type asphaltic surfaces);
- 22.191 km (26,14 %) traffic roads with light surfaces and
- 33.543 km (39,52 %) gravel and dirt roads.

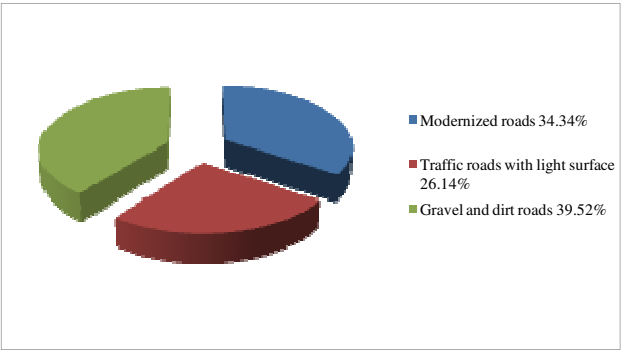


Figure no. 2. The Structure of Public Roads considering the type of topcoat

Source: Own representation of the author based on the information from the study following the model shown on Press Release no. 97 25.04.2014 National Institute of Statistics

Of the total national roads, 6.269 km (36,6%) were European roads, 644 km (17,1%) were highways, 270 km (1,6%) represented 3 lane roads and 1.704 km (10,0%) were 4 lane traffic roads. The length of highways in 2013 registered an increase of 94 km as compared with 2012.

The railway lines for public use in service on 31.12.2013, gathered 10.768 km, out of which:

- 10.630 km (98,7%) railway line with normal gauge;
- 4 km railway line with narrow gauge and
- 134 km (1,3%) railway line with wide gauge.

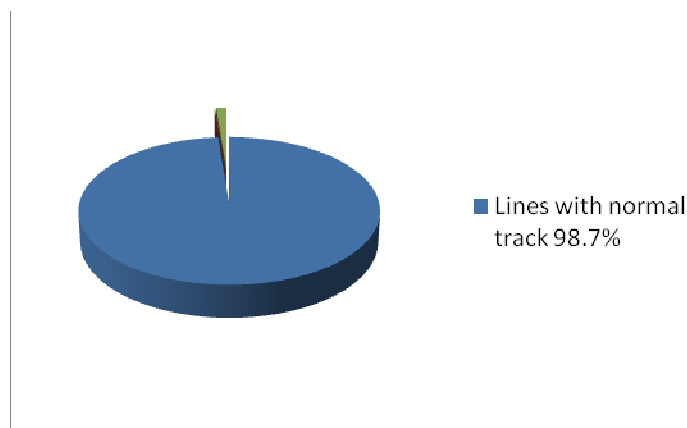


Fig no. 3. Repartition Public Railway Lines in Romania

Source: Own representation of the author based on the information from the study following the model shown on Press Release no. 97 25.04.2014 National Institute of Statistics

By the end of 2013, the length of electrified railways lines was 4.029 km, representing 37,40% of the railway network in service.

3. European tendencies

At present, the transport infrastructure at European level is not equally distributed. In several countries that have recently joined the EU, there is no high-speed rail links and highway system in these countries is less developed than in the case of other Member States Trans-European transport network (TEN-T) is a long-term project aimed at upgrading and connecting national networks to create an interconnecting network linking all European regions, through a more efficiently use of the various means of transport.

The TEN-T network is composed of two layers: a central network that is to be completed until 2030, and a vast, extended tributary network, which is to be completed by 2050. TEN-T is intended to form a primary network up to 2030, supplementing the missing cross-border links in order to achieve a more intelligent network.

European financing in the field of transport, having regard to the new policy related to infrastructure for the period 2014-2020, will triple, reaching the 26 billion Euros. The central network will constitute the backbone of transports within the single European

market, preventing jams, modernizing the infrastructure and simplifying the cross-border operations for the transport of people and goods. The aim is that, gradually, by 2050, most citizens and companies in Europe to be no more than 30 minutes away, as travel time, from this global network.

The central TEN-T network will be supported by a global network of routes at regional and national level. The development of the central TEN-T network will be accelerated by creating nine major transport corridors, which will connect the member states.

The corridors of the central network are:

- The Baltic – Adriatic Corridor
- The North Sea – Baltic Corridor
- The Mediterranean Corridor
- The Orient – East/Med Corridor
- The Scandinavian – Mediterranean Corridor
- The Rhine – Alpine Corridor
- The Atlantic Corridor
- The North Sea – Mediterranean Corridor
- The Rhine – Danube Corridor

Until 2020, TEN-T will include 89.500 km of routes and 94.000 km of railways, including approximately 20.000 km of high speed lines. The TEN-T network will also include over 500 maritime and fluvial harbors and 366 airports. The completion of the TEN-T network will have a significant impact in reducing travel-time for passengers and goods and, at the same time, will result in mitigation of pollution.

4. Financing sources for the transport infrastructure

The principal sources of financing for the development of the transport infrastructure are:

- European funds;
- Funds allotted from the state budget;
- External credits for investments.

4.1. The Operational Program for Large Infrastructure 2014– 2020

The financial allotments of the program are of approximately 9.4 billion Euros, out of which 2.483.527.507 FEDR and 6.934.966.977 Cohesion Fund. The program's eligible area is the entire Romanian territory.

The Operational Program for Large Infrastructure 2014– 2020 is structured on priority axes comprising the fields of intervention where transport infrastructure projects may be financed from:

AP1 – Development of TEN-T network on Romanian territory – allotted amount 3.164.893.617 Euro

- building highways that are within the TEN-T network;
- building railway transoms that are within the TEN-T network.

AP2 – Increasing regional accessibility by connection to TEN-T – allotted amount 1.842.141.155 Euro

- rehabilitation and construction of national roads including variants of by-pass to ensure connection of economic development poles to TEN-T;
- modernization of rail freight and passenger railway transport services by rehabilitation of the inter-operational national network's railway connections to the priority TEN-T corridors, including the acquisition of rolling stock.

AP3 – The development of a safe and environmental friendly transport system – allotted amount 460.535.289 Euro

- investments in the channel and sailing lines, modernizing the Danubian and maritime harbors;
- investments in the infrastructure of the intermodal terminals placed on the TEN-T network, investments in modern equipments for handling the intermodal transport units;
- investments in the newly built underground infrastructure, including acquisitions of electrical metro trains;
- investments in implementing programs and equipments specific for identifying and preventing causes of accidents, of risk areas, of critical points along every transport modes through the TEN-T network and identifying the optimal means of intervention.

4.2. The Regional Operational Program 2014 – 2020

The Regional Operational Program (POR) 2014-2020 proposes to assure the continuity of the strategic vision on regional development in Romania, by competing and developing the guidelines and priorities of regional development contained in the National Plan of Development (PND) and in the National Strategic Reference Framework (CNSR).

In the scheduling period 2014-2020, approximately 7,9 billion Euros are being pledged to the Regional Operational Program, out of which, 6,7 billion Euros (including the performance reserve) represent the EU support, through the European Fund for Regional Development, i.e. about 1,2 billion Euros national contribution, provided from national public funds (state budget, local budgets).

One of the main axis of POR 2014-2020, namely AP 6 is the road transport infrastructure with a budget of 900.000.000 million Euro FEDR.

Types of activities

- rehabilitation and modernization of county roads network to ensure connectivity, direct or indirect, with the TEN-T network.
- construction / rehabilitation / modernization of belt roads assimilated to county roads, placed on the route of the respective county road.

4.3. The Romanian – Hungarian Cross Border Cooperation Program 2014 – 2020

For the scheduling period 2014 – 2020, until the date of drafting the present report, the constitutive elements of the Operational Program have not been settled yet. Thus, by September 2014, the Program has not been submitted to the European Commission.

Up to this date it is known that the Program's Management Authority will be located in Romania, within the Ministry of Regional Development and Public Administration. The area of eligibility will remain unchanged from 2007 – 2013 period. The program budget is of approximately 190 million Euros, diminished by 15% as compared to the previous period.

So far, during the Romanian-Hungary negotiations, the following priorities of eligible investments for the period 2014 – 2020 have been discussed and agreed upon:

- Promoting the adaptation to climate changes, prevention and management of risks by: promoting investments assigned for addressing specific risks, securing resistance to disasters and developing certain disaster managing systems;
- Conservation and protection of environment and promoting the efficient use of resources by making investments in the waters sector in order to fulfill the requirements from the EU acquis in the field of environment and for answering certain needs identified by the member states for investments exceeding such requirements;
- Conservation and environmental protection and promoting the efficient use of resources by preserving, protecting, promoting and developing the natural and cultural patrimony;
- Promoting the sustainable transport systems and eliminating blockages within the major networks' infrastructure by stimulating regional mobility through secondary and tertiary nodes connected to the TEN-T infrastructure, including multimodal nodes.
- Promoting the sustainable transport systems and eliminating blockages within the major networks infrastructure by developing and upgrading certain environmental friendly transport systems, including those of low noise and low carbon emission, including inland sailing channels and water transport systems, ports, multimodal links and airports infrastructures, with the scope of promoting the sustainable mobility at a regional and local level.
- Promoting sustainable and qualitative labor force occupation and supporting the mobility of the labor force by developing the endogenous potential as part of a territorial strategy for certain zones which to include the reconversion of the industrial regions in decline, as well as increasing the accessibility and development of the specific natural and cultural resources.
- Promoting social inclusion, fighting poverty and any form of discrimination by investing in the sanitary and social infrastructures which contribute to the national, regional and local development, diminishing health related discrepancies, promoting social inclusion by improving access to social, cultural and recreational services, as well as passing on from institutional services to services rendered by local collectivities.

- Promoting social inclusion, fighting poverty and any form of discrimination by offering support for the physical, economical and social revitalization of underprivileged communities from urban and rural areas;
- Consolidating the institutional capacity of public authorities and of interested individuals, and of an efficient public administration by actions meant to develop the institutional capacity and the efficiency of the administrations and public services aimed by the implementation of FEDR, as well as by supporting the actions within FSE of reinforcing the institutional capacity and efficiency of public administration.

From the data existing up to the date of the present research report, the total financial allotments will be smaller than during the period between 2007 and 2013.

As a novelty for the period 2014 – 2020, it is desired by both countries involved in the Program the allocation of 50 % of the total funds for carrying out a number of 4 strategic projects, one for each county involved. This may be possible only with the approval of the European Commission, only upon submitting the Operational Program to the Commission.

5. Conclusions

Romania, although considered a country with potential, is a relevant example of a country whose economic development is impeded by the poor transport infrastructure, too. The deplorable state of roads and railways and the historic delay in the development of the state-of-the-art transport systems discourage strategic investments. Under the economic crisis conditions, the funds allotted by the European Union in the form of nonrefundable financing are the most important source of financing for the development of the Romanian transport infrastructure. Non-reimbursable funding beneficiaries should receive financial support and should be granted consistent down payments and technical assistance in implementing projects, in such way that funds absorption to be as high as possible and the result as expected. Both national legislation, as well as bodies involved in its implementation hinders the process of allotted funds' absorption but this vast subject will surely make the object of another debate.

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THE IMPACT OF ECONOMIC CRISIS IN THE WESTERN PART OF ROMANIA'S TOURISM

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Abstract:

The purpose of this paper is to study the Western region of Romania, according to its general development and tourist activity. Tourists themselves can be seen as a valuable source of information for analyzing the tourist traffic indicators. However, for a deeper level of comprehension of the actual and potential role of tourism in the development of policies, the upgrade of systematic data is important to the economic and social aspects. Tourism is also a fundamental factor of social life: it develops the intellectual potential at a national level and human capital, it creates, through assessment of cultural diversity, an open society aware of its national identity.

As related to economic growth, the intangible cultural heritage enriches life quality, attracts investments it also helps the development of touristic activities, it creates new markets and it defines economic functions of regions.

The present article is currently trying to present the impact of the economic crisis, to make a correct diagnosis of the phenomenon and its implications in tourism. Despite all the predictions of the analysts, no one can tell precisely when the crisis will end, as no one had anticipated when it would begin. The paper examines the impact it had on offer regarding tourist accommodation, demand for tourists' arrivals and overnights in order to establish a better understanding of changes and trends in the Western region of Romania.

Key words: economic crisis; tourism; Western part; tourist traffic indicators

JEL Code: A120

1. Introduction

Tourism activity can stimulate the internal development of a region, reduce the regional imbalances and geographically redistribute the welfare from the metropolitan areas towards the poorer, peripheral ones. The development of tourism can also enhance other economic related topic, aspect which is known as the multiplier effect of tourism. Thus, the respective sector contributes, directly or indirectly, to the economic growth.

Tourism is a part of the economy that can be capitalized especially in developing countries, for different socio-economic reasons: it is a guaranteed source for income, a chance of new jobs, thereby reducing the unemployment rates and creating real opportunities for improved living standards and for the development of the communities directly and indirectly involved in tourism activities.

Tourism in Romania must be a part of the sustainable regional development, together with other components of the local economy such as services and GDP. This situation is mainly explained by the fact that tourism is a clean industry, which does not affect the environment and requires small investments. The expenditure becomes even less if a sustainable development project is very well integrated in the frame of a regional development program.

Scutariu (2012) considers that the investments in tourism and culture will allow the developing areas to benefit completely from the advantages offered by their tourist potential and their cultural heritage. In this way, unique regional identities will be acknowledged and consolidated.

Capitalization of tourist attractions from various areas of the country can contribute to the economic growth of certain declining areas, by helping new local businesses and transforming areas with low economic potential into ones which are attractive to potential investors.

The debut of the global economic crisis, which occurred only a few years ago, has affected and continues to affect a large number of industries. Concerning this situation I have decided to focus on the western region of Romania to exemplify the impact of the financial crisis and its repercussions on the tourism traffic indicators.

2. The impact of economic crisis in Romania

Păun (2013) considers that starting with 2007, mankind began to face a severe economic crisis of unprecedented magnitude in a society that has never been before so closely intertwined. The impact of the global crisis on tourism is visible especially in national tourism. Knowledge of how individuals make their decisions and how these choices have altered after the economic crisis might offer important advantages in business practice and can help form policies that may lead to the development of the west region of Romania.

The effects of the financial crisis regarding Romanian tourism occurred as a stagnation or decline in the number of tourists who used to favor certain forms of tourism, for example seaside regions, practiced in September and in the first part of October 2010. A reduction of attractiveness of standard tourist service offers (lodging, meal, transportation) was also noted, favoring customized supplies. Popescu and Nisuleşcu (2013) think that due to the economic crisis, in 2010, changes appeared in the structure of the basket of products, both for clients natural persons, and for corporate clients, who became more careful with their finances and more receptive on promotional supplies.

The research of Iftime and Podina (2013) also showed that in 2010, in the background of the economic crisis, the structure of the tourist products were modified both for the individual and the corporate clients, who became more careful with their finances and increasingly receptive to promotions.

Accessibility to cultural and educational resources can contribute to a better cohesion and community development by reducing the poverty while simultaneously promoting social

integration and raising awareness over stereotypes and prejudices directed towards certain social and cultural groups, everything occurring in an intercultural environment.

According to Results of documented analysis, Cultural heritage and touristic field in the last 10-15 years a certain degree of decline in the cultural aspects of Romania was visible, on the background of the continuously reduced funding, both from the public budget but from private investors.

In tourism, the capitalization of any heritage is expressed in the latest analysis by the number of visitors, the volume of services offered and used as well as the income of the activities provided.

Through the assessment of the targets regarding tourism development we will reach its magnifying effects. The advantageous outcomes will be noticed in population earnings and in other external areas of the tourist activity. The development of tourism also leads to the growth of other related domains.

Partal (2014) considers that in this context, capitalization depends on the collaboration between providers of touristic services (tourism agencies, accommodation units) which manage cultural landmark. The association and collaboration between partners that develop cultural tourism is backed up directly by motivation and appeal to various segments of tourists.

Zelenka and Kacetyl (2014) think that the receiving capacity application has the highest potential in conservation areas, in often visited cultural and natural attractions, and in correlation to maintaining the lifestyle of the local community and tourism destination potential in general.

3. Analysis of the tourist traffic indicators from The Western region of Romania

The Western region encompasses the overlapping of three historical regions: Banat, Crisana and Transylvania. This suggests that various traditions, beliefs, lifestyles developed in this region, all united in a rich cultural heritage acquired over centuries by the Romanian people.

Over the years, the region was influenced by numerous populations, each of them taking part in forging the current architecture, economy, landscape and their particularities, most of which are visible today. Specifically, the Austro-Hungarian Monarchy, people of German and Slavic descent playing a larger part while Turkish and Greek had a smaller influence.

In order to have a clear visual of the tourist activity in the region, we will analyze the evolution of the following indicators: supply for tourist accommodation (establishments of tourists' reception with functions of tourists' accommodation, existing places, tourist accommodation capacity in use), tourists' arrivals and overnight stays in the establishments of tourists' reception with functions of tourists' accommodation (tourists' arrivals, tourists' overnight stays), average stay duration.

The indicators of tourist flow as part of the tourist indicator system convey in synthetic and mathematic expression information pertaining various aspects of touristic activity allowing the interpretation of its occurrence, evolution, structure and intensity. Furthermore, they can be utilized in order to predict the evolution of tourism and for substantiation of development policies.

Establishment of touristic reception with functions of touristic accommodation—any building or settlement which permanently or periodically offers tourist accommodation and other tourist-related services.

According to Breviar statistic (2013) *established touristic accommodation capacity* means the number of touristic settlement places documented in the last reception, homologation or document of designation of the establishment of touristic reception with functions of touristic accommodation, the supplementary beds that can be fixed if necessary.

Touristic accommodation capacity in operation (by places-days) encompasses the number of available settlement places for tourists in establishments of touristic reception with functions of touristic accommodation, multiplied with the number of days the establishments are opened during the specific period. The places in rooms or establishments temporarily closed because of tourist shortage, for maintenance or other reasons, are omitted.

Minciu (2007) defines the following indicators:

- *Arrivals* encompass the number of foreign visitors registered when enter in the country.
- *Tourist number* –acquired by processing primary accounts: from accommodation units, travel agency.
- *Number of overnight stays* (day-tourist)—determined by processing the information from accommodation units’ statistics and calculated by adding up the number of tourists multiplied by the duration of touristic activity in days.
- *Average stay duration* – represents the average number of staying days in a certain area, it is calculated dividing the overnights stays by the number of tourists.

$$S_j = N_{zt} / N_t$$

S_j – average stay duration

N_{zt} - average number of staying days in a certain area

N_t - overnights stays by the number of tourists

Table no. 1 Supply for tourist accommodation

Region	Establishments of tourists' reception with functions of tourists' accommodation(number)				Existing places(number)				Tourist accommodation capacity in use(beds-day)			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
West-total	497	513	600	611	23257	23671	26080	26949	5950545	6354503	7116557	7325435
Of which hotels	123	136	148	157	13464	13584	14340	15132	3715243	3983298	4389265	4543523

Source: Tourism of Romania-Breviar statistic 2013, 2014

From the total number of establishments of tourists' reception with functions of tourists' accommodation we can see that hotels play a large part, having a positive evolution in the latest years. Likewise, there has been a simultaneous increase in the tourist accommodation

capacity in use, concluding that the financial crisis did not have a negative effect on the western region tourism in 2010-2013.

Table no. 2 Tourists' arrivals in the establishments of tourists' reception with functions of tourists' accommodation

Region	Tourists' arrivals (number)							
Year	2010		2011		2012		2013	
West Romanians/Foreigners	426442	116359	506859	132798	528805	146176	543674	140709
Of which: hotels	291610	103872	355948	118585	354962	127142	364579	122056

Source: Tourism of Romania-Breviar statistic 2013, 2014

Table no. 3 Tourists' overnight stays in the establishments of tourists' reception with functions of tourists' accommodation

Region	Tourists' overnight stays (number)							
Anul	2010		2011		2012		2013	
West Romanians/Foreigners	1254705	250238	1404924	277871	1382868	289354	1469292	285857
Of which: hotels	935351	219732	1076271	247537	1016856	250553	1089136	244982

Source: Tourism of Romania-Breviar statistic 2013, 2014

From both graphics(1 and 2), we can observe that the financial crisis has a strong influence in this domain, for example we can see a good evolution both in arrivals and overnight stays, which had a slower annual increase.

Interestingly, the number of foreign tourists has been approximately constant, while the higher overnight and lower arrival indicators suggest shorter stays compared to local tourists.

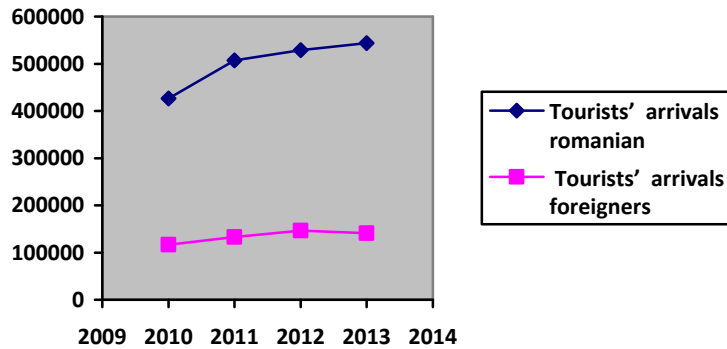


Figure no. 1. Tourists' (Romanians and foreigners) arrivals in the establishments of tourists' reception with functions of tourists' accommodation
Source: Own representation

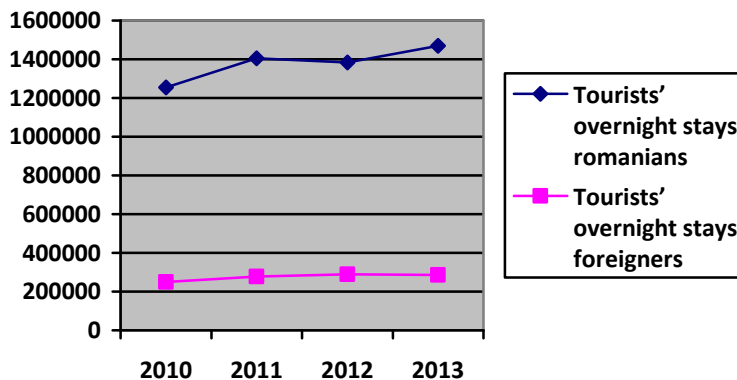


Figure no. 2. Tourists' (Romanians and foreigners) overnight stays in the establishments of tourists' reception with functions of tourists' accommodation
Source: Own representation

Also to observe the evolution of Romania and foreign tourists in accommodation: hotel, I calculated the average stay duration. We can see that the economic crisis hasn't had a large influence in 2010, as opposed to 2011, when there were certain fluctuations due to economic crisis.

Tabel nr. 4 Average stay duration

Region	Average stay duration							
	2010		2011		2012		2013	
West-Romanians/Foreigners	2.94	2.15	2.77	2.09	2.62	1.98	2.70	2.03
Of which:-hotels	3.21	2.12	3.02	2.09	2.86	1.97	2.99	2.01

Source: Own representation

4. Conclusions

Intangible cultural heritage development will determine the impact it ultimately has in the multiple areas which are affected by it, being an important part of tourism and of both local and national economy. The positive results will be reflected on people's income and on the other sectors of activity that are not directly related to tourism.

The development of tourism leads to the boost of other sectors connected to it. The effect it has will be determined by the revenues / expenditures in tourism, being relevant as long as a significant number of sectors benefit from the tourism activities.

In conclusion, the Romanian tourism market was not severely affected by the financial crisis and since 2011, a reorientation of tourism investors was possible, stimulating and reiterating the consumption of touristic products and services, while under the pressure of economical hardships which determine the investors to act quickly to capitalize this market.

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AN ANALYSIS OF THE DEVELOPMENT OF ROMANIAN SMEs BETWEEN 2008-2014

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Abstract: This paper presents the evolution of SMEs in Romania from the beginning of the crisis until today. Issues that affect their development and their influence on unemployment and GDP are important details that each country seeks. To manage economic recovery and avoid in future a new collapse it's a priority. To highlight this evolution it has have been used a number of statistical data, processed in such a manner to shade the influence of the external environment on companies in the given period. It seems that the trend of the indicators that were analyzed is to growth, in 2015 estimating that their values exceed the level of 2007/2008. That means we can think back to development, innovation and learning from the past, we can make long term business plans. EU Grants and Romanian Government projects are levers that must use them without hesitation.

Key words: SMEs definition; evolution; growth; strategy

JEL Code: L00

1.Introduction

Small and medium enterprises represent a sector in constant motion and development globally. Romania, encouraged by the European Union, has a high potential for development in this area on long term. Romanian entrepreneurs have succeeded by removing borders, to focus to foreign markets especially those in proximity to Romania. However, political instability and banking sector crisis affected a lot SMEs in the last 6 years. Evolution of SMEs in the last period and the problems encountered will be presented in the following, looking specifically to the numbers of the SMEs and not much to the sector they are operating. Although it is very important to think how does the number of enterprises influence the economical growth. Is it possible that a lot of small enterprises to suffocate the enviroment of the big ones ?

2. Conceptual delimitations

For an organization to be defined as SMEs must meet several requirements: it must be primarily an enterprise, an entity engaged in an economic activity. Regardless of its legal form, the determining factor is economic activity."The category of micro, small and medium enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual net turnover of 50 million and / or total assets of up to

43 million "(Extract from Article 2 of the Annex of Recommendation 361/2003 / EC). It is universally accepted definition at EU level because is absolutely necessary standardization of conceptual boundaries to support SMEs through various funds and projects. Recommendation 361/2003 of the European Commission came into force on January 1, 2005 and will be applied to all measures initiated by the Commission and SME policies and programs launched. Under this new definition, there are three types of SMEs, as follows:

- 1) autonomous enterprises: are the most common; are either independent or have one or more small partnership (owning less than 25% of the shares / voting rights in one or several companies). Enterprises still remain autonomous those that have exceeded the threshold of 25%, but not more than 50%, in relation to the following categories of investors: public investment corporations, venture capital companies and business angels, universities or research centers non –profit, institutional investors, including regional development funds or autonomous local authorities with a budget of less than EUR 10 million and less than 5,000 inhabitants.
- 2) partner companies: in this situation there are partnerships with other companies in which voting rights / share of capital is below 50%
- 3) related companies: with more than 50% of the capital or voting rights of partner companies

Another structure of enterprises is looking for the number of employees and turnover / total assets of the entity. In case the enterprises exceeds the thresholds set it will retain the status of SMEs. Overcoming thresholds requested over two consecutive financial years the company will be affected.

The following table presents the three types of entities and thresholds required by law

Enterprise category	Number of employees	Turnover	Total assets
Medium			
Small			
Micro			

Fig no 1 : SMEs Thresholds

Source : www.aippimm.ro

3. Challenges faced by SMEs in recent years

In Romania over 700,000 SMEs provide jobs for about 60% of employees while in the EU 21.6 million SMEs provide over 88.8 million jobs. Although they are over 99.7% of total enterprises, SMEs influence on economic development of the country is much lower

(approx. 55-56% of GDP). Businesses play a role in the formal economy, the informal sector still covering a large portion of it. Indigenous SMEs are considered more "bundled" with large companies when external influencing factors (such as the recession proved to be the period from 2009 to 2011) and strongly affects overall economic activity and social stability. The imbalance created politically affect investor confidence in the state's managerial capacities reason that increases evasion (<http://ec.europa.eu>).

Currently, there are several financing instruments business from internal and external financial sources but are generally inaccessible to SMEs. For example, to access European funds on a project basis, many SMEs do not meet the eligibility requirements as lacking the necessary funds to co-finance the project, own participation mandatory is more than 15% of eligible costs, which can sometimes be a considerable amount, prohibitive. In general, SMEs have access to microfinance offered by a lot of IFNs and partly from bank loans granted by a number of commercial banks, but both forms involve high costs of debt relative to the rate of return on business carried out. Regarding bank loan, commercial banks often impose too restrictive lending conditions to be met by SMEs, which are thus considered non-bankable. In addition, the bank loan is guaranteed by business owner either by FNGCIMM SA - IFN, which charge a significant fee for granting guarantees required by the lending bank

In a study by Danis Consulting in 2014 shows that entrepreneurs experience a number of negative factors affecting the smooth running of business, as follows:

- 75.9% of those questioned say that the major challenge is the economic climate
- 71.4% are disappointed with the quality of the workforce
- 67.8% have problems with ensuring the flow of monetary
- 61% are faced with the need to reduce costs to remain on the market

In addition to the above, SMEs face the following challenges:

- a) proper management of cash flow of the company;
- b) adequate capitalization of the business depending on the stage of development of the enterprise and foreseeable prospects for its development;
- c) upgrading the company and increase the capacity of attracting and retaining creative talent within the company individual;
- d) reducing barriers to entry for new businesses and respectively exit barriers in the market for companies found to be non-viable (very negative financial results thereof);
- e) strengthening networks of entrepreneurs and disseminate relevant market information among them;
- f) the internationalization of the company's business.

4. Evolution and estimates

The various projects and strategies developed at national level of economic recovery appear to have been effective. This is the reason why since 2011 the number of enterprises with 10 to 49 employees started to increase (fig 2) registering at the same level and an increase in net investment of 3500 billion lei (fig 3). The crisis has been overcome by the SME sector in Romania, feeling a revival in the economy. Areas of activity that contributed to this increase are: trade, agriculture and manufacturing. This development is highlighted in the following:

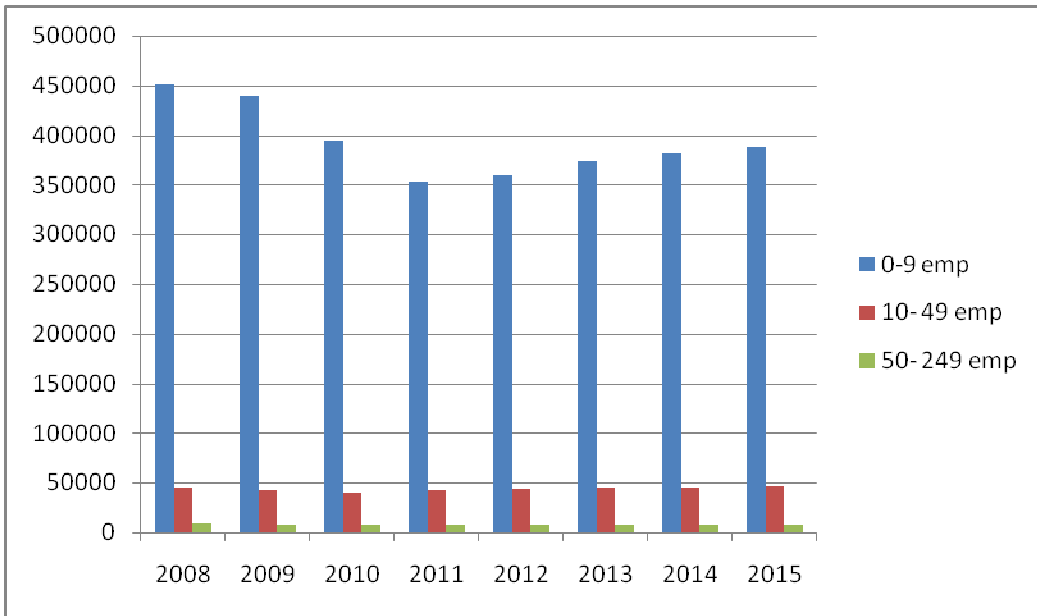


Fig. no 2 Number of enterprises in Romania during 2008- 2015 including estimates
Source : EUROSTAT SES- data processed by the author

Investment in construction, which represented a significant category determined most lower level of this indicator, entrepreneurs strictly limited to the investments necessary to conduct business, without taking into account the extension.

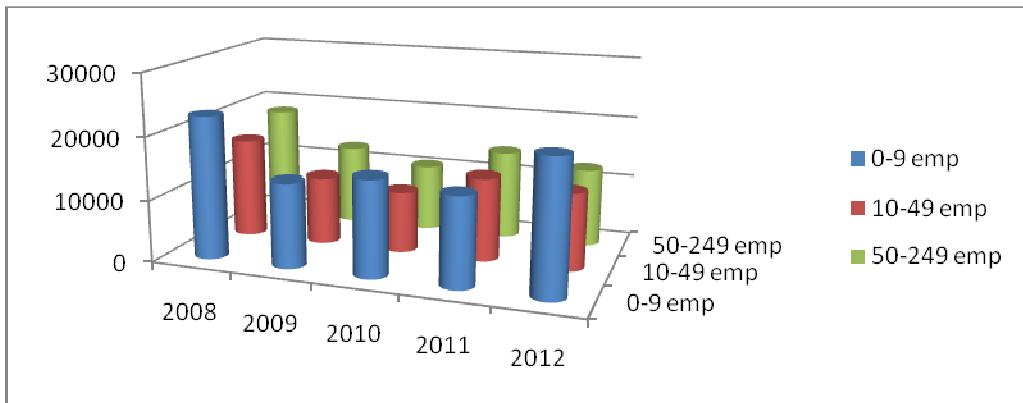


Fig. no 3 Net Investments of SMEs (billion RON)
Source : EUROSTAT SES- data processed by the author

European Commission estimates for the year 2015 are optimistic, expecting to increase both the number of enterprises as well as the turnover registration. From 2013 there is an increase at every level and this can only encourage us.

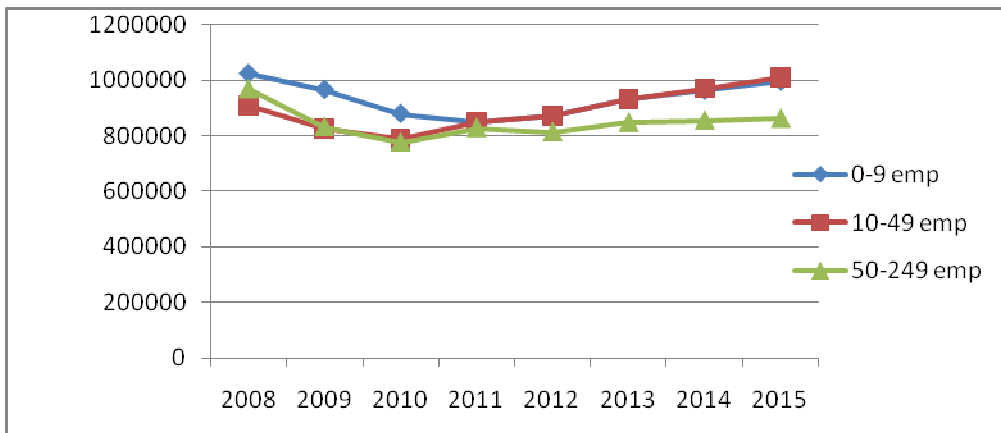


Fig no 4 Number of employees in SMEs in Romania

Source : EUROSTAT - data processed by the author

The turnover of the SMEs, both for micro firms and small and medium enterprises estimates by the European Commission for 2015 are very similar to those made in 2008, before the start of the economic downturn. This is encouraging, expecting and relaunch of the construction sector, too.

Turnover is one of the most important indicators of a company, it is reflected in its productivity, sales structure and quality of workforce.

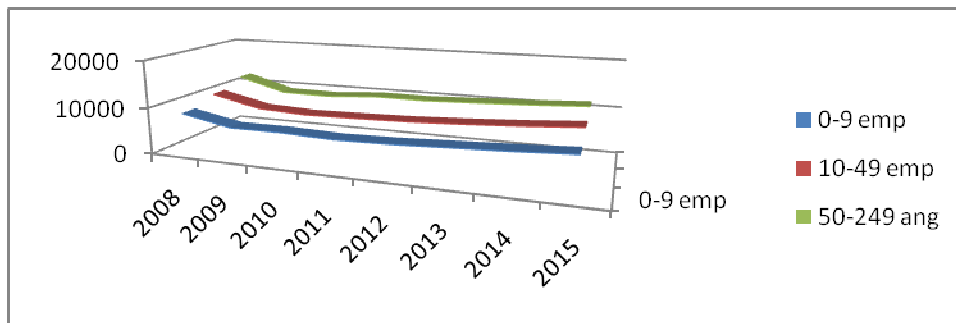


Fig. no 5 Turnover (million eur)

Source : EUROSTAT- data processed by the author

5. Conclusions

Romania's economy went through a difficult test since 2008 but as evidenced by the above it seems that the test was passed. That does not mean that there is no risk of entering again into recession. Entrepreneurs created vulnerability to corruption, inflation, excessive bureaucracy, the decrease in demand and supported by political instability may at any time turn down what was created so far. Difficulties faced by entrepreneurs lead to a significant reduction in the number of enterprises but since 2011 there were increases in the indexes analyzed, it is estimated that by 2015 to reach 2008 values. If the number of the SMEs is

growing, the number of employees is growing too that means that the consume is bigger wich lead to a bigger turnover. But what is more important is to create a secure enviroment for the investors and equal chances to development as the European countries have already.

The new funding measures that come along with projects to support economic sector will encourage innovation and the establishment of new companies, create new jobs and not least help the national economic recovery.

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THE IMPACT OF THE COHESION POLICY ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF ROMANIA

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Abstract:The EU cohesion policy aims reducing disparities between EU regions, knowing that there are major development levels among all member states. Through the financial instruments of the regional policy, certain incentives are sustained in order to generate economic growth, competitiveness, job creation, all of them having the same goal, namely to increase the life standards of EU citizens. Regional policy is also the expression of the EU's solidarity with less developed countries and regions, concentrating funds on the areas and sectors where they can make the most difference. Regional policy aims to reduce the significant economic, social and territorial disparities that still exist between Europe's regions. Leaving these disparities in place would undermine some of the cornerstones of the EU, including its large single market and its currency, the euro. The actual stage of research underlines that regional solutions should be implemented for regional problems and therefore nowadays it is considered necessary to build a model of regional development. The regional development policy is financed from the EU budget, in that regard the article tries to make an analysis on the financial allocations between the financial perspective 2007-2013 and the new financial framework 2014-2020.

Key words: cohesion policy; development; EU budget; GDP; region

JEL Code: O1, R1.

1. Introduction

The European Union is one of the most prosperous and competitive areas of the world, both in terms of level of economic development and potential for development. However, disparities in prosperity and productivity of the Member States and their regions are a

major structural weakness. Cohesion is the process of reducing economic and social disparities.

Economic and social cohesion is one of the priorities of the European Union, along with the Single Market and Economic and Monetary Union (Moagar-Poladian, 2014).

Economic and social cohesion policy covers all EU actions aimed at achieving harmonious and balanced economic development, in particular through promoting the reduction of disparities between different regions / states of the European Union, equal opportunities and sustainable development. This will increase the EU's competitiveness and generate revenue growth, benefiting the entire EU economy (Molle, 2007). The European structural and cohesion policies are one of the key EU policies, to strengthen economic, social and territorial cohesion, and supports primarily the weaker regions in economic development. In the Single European Act of 1986 was defined for the first time that cohesion policy is to reduce "the distance between the various regions and the backwardness of the least favored regions". The Treaty of Lisbon, the objectives of cohesion policy, the social and economic cohesion, were supplemented by a third objective, namely the territorial cohesion, which is to promote cooperation between regions and reduce territorial imbalances. (Kupper, 2013)

2. The cohesion policy in the European Union

Economic and social cohesion policy of the European Union is a solidarity-based policy. Its purpose is to create jobs and increase the competitiveness by providing support countries in less developed regions and those facing structural difficulties. EU enlargement to 27 members since 2007 is an unprecedented challenge for the competitiveness and internal cohesion of the European Union (Bornschier, 2013).

Enlargement has increased the differences in economic development between old and new Member States whose level of development is much lower. With the entry into the European Union (EU) new members, Gross Domestic Product (GDP) medium / capita of the EU fell by 12.5 %. Also, one of four regions NUTS II EU has a GDP / capita less than 75% of the Community average.

Table no.1 GDP per capita for European Union

Country	GDP per capita
Bulgaria (BG)	47
Romania (RO)	53
Croatia (HR)	61
Latvia (LV)	64
Hungary (HU)	67
Poland (PL)	67
Estonia (EE)	71
Lithuania (LT)	72
Greece (EL)	76
Portugal (PT)	76
Slovakia (SK)	76
Czech Republic (CZ)	81

Slovenia (SI)	84
Malta (MT)	86
Cyprus (CY)	91
Spain (ES)	96
Italia (IT)	100
United Kingdom (UK)	104
(EA18)	108
France (FR)	109
Finland (FI)	115
Belgium (BE)	120
Germany (DE)	123
Denmark (DK)	126
Sweden (SE)	126
Netherlands (NL)	127
Ireland (IE)	129
Austria (AT)	130
Luxemburg (LU)	263

Source: own representation based on information given by Eurostat

Beyond GDP statistics, there are complex inequalities between Member States and other regions, due to differences in terms of:

- Infrastructure
- Environmental quality
- Unemployment and labor skills relevant to development
- The size and diversity of business
- Levels of innovation and use of technology in business

In this context, the policy is considered the main instrument will be modernizing the EU economy (Genosko,1997).

Within the current financial framework, spending on regional policy amounts to an average of almost €50 billion per year, which is more than one third (35.7%) of the total EU budget. Regional policy spending is channelled through three funds – often called 'Structural Funds'. These are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. The three main objectives of the EU's cohesion policy are: Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation.

Convergence: Over 80% of the cohesion policy budget is allocated to the poorest regions, which are those where the GDP per capita is less than 75% of the EU average (or slightly above this level). This money is spent on measures to boost economic growth, including transport and other infrastructure projects. A total of 100 regions receive funding under the Convergence objective, which was known as 'Objective 1'. These regions have a combined population of some 170 million people, which represents just over one third of the total population of the EU. Most of the so-called 'Convergence regions' are to be found in the 'new' member states in Central and Eastern Europe as well as in Greece, Portugal, Spain and southern Italy.

Regional Competitiveness and Employment: Around 16% of the money – or €8 billion per year – is shared among the approximately 170 regions that do not qualify for support under the Convergence objective. The ‘Regional Competitiveness and Employment’ objective was previously known as ‘Objective 2’. European money is used to co-finance projects that contribute to the strengthening of economic competitiveness by promoting innovation and entrepreneurship, protecting the environment, improving transport links, adapting the workforce and investing in human resources.

European Territorial Cooperation: The remaining 2.5% of the cohesion budget – around €1.25 billion per year – is used to promote cooperation among regions in different member states by means of joint projects and exchanges of experience. Most of this money is spent on building closer links between border regions.

2.1. The cohesion policy in Romania

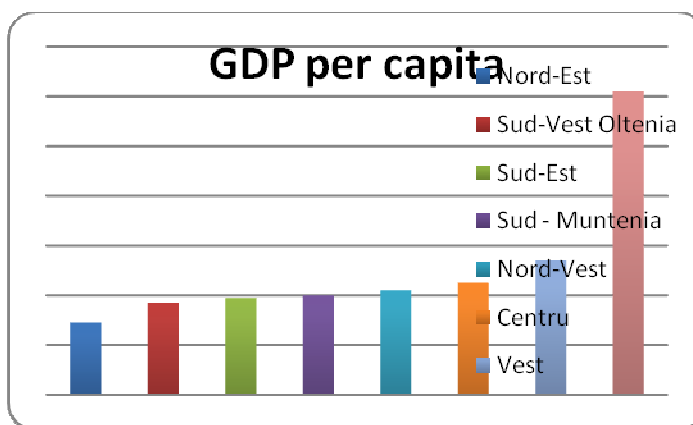


Figure no.1. GDP per capita for the Romanian regions

Source: own representation based on the information given from Eurostat

For Romania and beyond, one of the priorities of cohesion policy is to avoid excessive disparities between regions. If we refer to average level of GDP /capita, purchasing power parity, the only region in Romania exceeding the EU-27 is the Bucharest- Ilfov, respectively the poorest is the Nort-East region.

In the period 2007-2013, in Romania, 5.3 billion Euros were allocated to improve transport and accessibility, including construction of 1,400 kilometers of new roads, 2.6 billion Euros were allocated for research and development, 1.2 billion were directed to education and training, which include funds to support 15000 PhD students and improvement of 75,000 teachers, 1.2 billion to support disadvantaged groups looking for a job, 570 million business support, small and medium enterprises (SMEs), and of these, about 5000 received funding. Allocation of funds designed to achieve the objectives set in The National Strategic Reference Framework 2007-2013, to reduce social and economic development disparities between Romania and the Member European Union Member States and reducing disparities with the Union European through sustainable economic growth.

Table no.2. Amounts allocated for the Romanian regions (2007-2013)

Region	Allocation (Mill. Euro)	Submitted projects (Mill. Euro)	Approved projects (Mill. Euro)	Completed projects (Mill. Euro)	Payments (Mill. Euro)
N-E	571.15	1,186.41	561.47	100.06	204.59
S-E	463.69	868.92	402.50	86.44	153.77
S	497.98	1,054.48	465.71	58.08	136.99
S-V	490.28	884.73	478.72	56.44	156.77
V	361.87	922.24	393.70	40.98	88.75
N-V	423.11	865.73	425.67	29.53	113.58
Centre	381.45	964.22	349.89	46.85	127.74
Bucuresti- Ilfov	310.06	789.68	230.01	17.07	38.38

Source: own representation based on information given by Ministry of Regional Development

The analysis undertaken resembles the fact that the effectiveness of the policy cohesion in Romania is very low. The performance in fundraising European has multiple causes: uncertainties of the business environment, legislative dynamics, bureaucracy and corruption (Pârgaru, 2006). In order to streamline the process of absorption of the European funds, Romania should use technical assistance funds to support beneficiaries of funds Europe by ensuring proper management of projects in progress, but also for proper development of reimbursement requests (Drăgan, 2006).

3. Future programmes for Romania for the period 2014-2020

According to the European Commission, in the further period, there will be allocated 23 billion Euros in total for Cohesion Policy funding, 15.06 billion Euros for the less developed regions (all except Bucharest); 441.3million Euros for more developed regions (Bucharest); 6.93 billion Euros under the Cohesion Fund; 453 million Euros for European Territorial Cooperation; 106 million Euros for the Youth Employment Initiative. In order to reach a modern and competitive economy and strengthen the regional and urban development, Romania identified in the Partnership Agreement with the European Commission five challenges to be tackled through Cohesion Policy:

People and society, through improved employment, social inclusion and education policies, contributing to reach the national EU 2020 targets - increase the employment rate to 70%, reduce the number of people at risk of poverty with 580 000 by 2020, reduce the early school leavers down to 11.3% and increase the tertiary education participation to26.7%.

Infrastructure, especially in transport, through improved accessibility of the less developed regions in Romania and connectivity with the international market, a more sustainable transport mix, improved traffic safety and travel time and a more sustainable urban transport.

Economic competitiveness, through a more compact and modern R&D environment focused on businesses' needs and Romania's competitive sectors, and transformation of the traditional sectors through innovation and market development, targeting the increase of the GDP to be invested in R&D with 1.5% by 2020.

Resources, through the shift towards a low-carbon economy, including energy efficiency in the built-environment, promoting climate change adaptation, risk prevention and resource efficiency and protecting the environment, contributing to the national EU 2020 targets: reduce the green house emission and energy intensity with 19% and increase the share of renewable energy to 24%.

Administration and government, through optimising the institutional environment and improving the quality of public services by the administration and the judiciary.

4. Conclusions

The performance of a territorial cohesion policy in Romania is low. Obstacles in attracting European funds are numerous: from inadequate management of projects submitted to the inability to develop eligible projects. At the regional level there is not enough information on the submission of projects to attract European funds, or bureaucracy is too high and discourages the potential beneficiaries. Competitiveness level of the Romanian is low, below the EU-27, except for the Bucharest- Ilfov region. Among the indicators calculated, the technology indicator is that makes the difference, while social indicator is relatively balanced for all regions. The most affected regions are the North-East and South East. To reduce development disparities priority for Romania, European funds remain the best opportunity. To improve fundraising European, measures should be taken to simplify management procedures funds, their transparency and using technical assistance from specialized bodies should be clear. Attracting European funds represent a chance for Romania to overcome the crisis by boosting investment and job creation to sustain economical growth and development.

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OPPORTUNITIES FOR ECONOMIC COOPERATION BETWEEN ROMANIA AND RUSSIA

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Abstract: Russian businessmen control the major companies in the Romanian economy in key sectors of production, especially in metallurgy and hydrocarbon resources. Amid the crisis in Ukraine, Russian economic influence is used as a political weapon. According to the Russian Embassy in Bucharest, citing customs statistics in Romania, in 2013, the Romanian-Russian trade volume was 4.986 billion dollars, up by 12.8% from the previous year.

Russia has trade surplus in relation to Romania: imports made by Romania were in 2013 of 3.147 billion dollars, up by 2.5% from the previous year, while exports of our country in Russia were 1.839 billion dollars, increasing with 36.1%. The negative balance for Romania decreased by 24% , reaching 1.307 billion dollars. In terms of investments, in 1998-2008, Russian companies have purchased massive assets in Romania, reaching a total investment volume of over \$ 2.1 billion, according to figures from the Russian Embassy.

Key words: Romania; Russia, Economic cooperation; Opportunities; Agrifood products.

JEL Code: Q1, P32

1. Introduction

Romania is one of the largest countries in Eastern Europe in terms of area, population and economic potential. Opportunities for trade and economic Russo-Romanian cooperation are far from being exhausted. This is why there is objectively a common interest to further expand mutually beneficial relations in this area.

In the period 2010-2013 the situation in bilateral trade has continued to improve, severely affected by the global economic crisis, continuing with the orientation towards raw materials exports from Russia to Romania. In 2013 deliveries of crude oil, natural gas and coal accounted for 84% of exports. The share of Russian machinery and equipment delivered to Romania barely exceeded 1%.

Romania traditionally exported to Russia certain types of vehicles, machinery and technical products, pharmaceuticals, rubber, furniture, textiles, wine.

A record trade between Russia and Romania registered in 2008, when the trade volume has exceeded 5.9 billion USD. Russian export volume reached 5.01 billion dollars, while imports from Romania were \$ 0,900 billion.

According to Romanian customs statistics for 2013, Russian-Romanian trade volumes were 4986.8 mln. USD, representing an increase of 12.8%, of which exports from Russia increased by 2.5%, as of 3147, 1 mil. dollars, while imports were 1839.7 million USD, an increase of 36.1% compared to the same period in 2012. This positive balance for Russia in bilateral trade decreased by 24.0% and was 1307.4 mln. USD. It was recorded a record number of Romanian exports to Russia.

2. The influence of Russia in the Romanian economy

2.1 Russian influence in the Romanian industry

Factories Mechel. Since 2003, the Russian company was left to raise in her portfolio, aggregate Plain Turda, Targoviste, Ductile Steel Mill Otelu Rosu and Braila. In 2010, Mechel had approximately 7,000 employees in Romania. Under Putin's pressure regime, currently, Mechel has come to be labeled by the Russian business circles as a "zombie company", in which no financier would place money.

In 2008, Mechel's CEO Igor Zyuzin, clashed with Vladimir Putin, then prime minister of Russia, which has accused the Mechel company that exported coal at a lower price than it was sold in the Russian market and that they made tax evasion. Called at the Government, Zyuzin missed because he said he was ill. Mechel shares collapsed then with over 30%, the company's capitalization dropping from 15 to 10 billion dollars.

In November 2013, the Central Bank of Russia had to announce that the bonds issued by Mechel were no longer accepted as collateral loan.

In February 2013, Mechel had awarded its assets from Romania to an apartment company, for 50 euros. Closing plants reduced by 15% Romania's steel production, strongly affecting the construction sector, considering that in May 2010 the company provided 80% of the reinforcing steel industry of the country.

Alro Slatina. Aluminium Plant is 80% owned by the company Vimetco, controlled by Russian businessman Vitaly Mashitskiy. Alro it is the largest energy consumer in Romania, with a request of 8% of the Romanian market.

Gazprom sends its gas in Romania through intermediate Conef company, controlled by Vimetco group (formerly Marco), owned by the Russian business man Mashitskiy Vitaly, who holds Alro Slatina.

Alor Oradea. The compound of alumina was purchased in 1998 by Russian oligarch Oleg Deripaska, through the company Russkiy Aluminii, at liquidation prices. In 2001, however, the Russians have announced plant closure, on the motivation that it was no longer profitable.

TMK. The Group controlled by Russian billionaire Dmitriy A. Pumpyanskiy owns in Romania two compounds: Pipe producer TMK Artrom Slatina (ART) and TMK Resita steel mill. TMK Artrom Slatina budgeted for 2014 a turnover of 250 million euros, 25.4% higher compared to the level of 876.7 million lei registered last year.

In return, TMK Resita had a turnover of about 180 million euros in 2012. Dmitriy Pumpyanskiy, Chairman of the Board of Directors of TMK, noted as a supporter of Russian president Vladimir Putin.

2.2 Russian influence in Romania's energy resources

Lukoil. In Romania, the Russian company, the second largest in the federation, operates Petrotel- Ploiesti refinery. In 1998, the Russians acquired the majority stake of the refinery Prahova. According to the official website of the company, the total value of investments in the period 2003-2009 exceeded \$ 350 million. Amid the economic crisis, the refinery faced losses, the board chairman, Oleg Durov, being replaced by Thomas Frederick Mueller, a former vice president, at the end of 2013. In 2012, Petrotel- business had a turnover of 6.93 billion lei with a loss of over 270 million lei. In 2012, the refinery had 500 employees, half of the staff it had in 2007.

In 2011, during the Boc government, Lukoil has started, as a financier, service contracting procedure for achieving data center of the National Authority for Mineral Resources of Romania for the management of natural resources, including information with different levels of classification. Former chief ANRM Alexander Patruti explained in 2013, that it was a normal practice that private firms from specialized market, to fund various projects of the agency, but Lukoil will not have access to data in the system funded.

In 2012, Lukoil was assigned two blocks in the Romanian waters of the Black Sea: EX-29 East Rhapsody and EX-30 Trident. Initially, Lukoil had to explore concessions with the Americans from Vanco International LTD (80% Lukoil, Vanco 20%), but in November 2012, ROMGAZ took a 10% stake in the two projects.

Lukoil has private shareholders, at least in sight. The largest shareholder is the billionaire Russian-Azerbaijani Vagit Alekperov, CEO of the company, which owns 20.4%. Lukoil is the second largest shareholder in the American company ConocoPhillips, with 20%.

Gazprom. The largest Russian gas extractor owns oil concessions in Romania through its Serbian subsidiary, NIS Petrol. It has oil concessions Jimbolia (Timis) and Tria (Bihor). NIS has 12 stations in Romania and at the end of 2015 the number will increase to 150.

State company Gazprom is the main foreign supplier of gas from Romania, providing about a fifth of the country's gas needs.

In addition, in March 2013, Gazprom announced acquisition of Marine Bunker Balkan, which supplies fuel to ships in the Port of Constanta. Marine Bunker Balkan operates with two bunker ships, a storage vessel with a capacity of 4,000 tons and two berthing barges. The company has a lease contract that runs a warehouse at Oil Terminal Constanta, with a capacity of 1,500 tons.

Gazprom is run by two people of trust of Russian President Vladimir Putin: Alexey Miller, CEO, and Viktor Zubkov, Chairman.

3. Romania's exports of agricultural products in Russia

Only 2.2% of food products which Romania exports arrive directly in Russia, according to estimates which are based on statistics of the Romanian authorities. In these conditions, the direct impact of restrictions which Moscow announced on imports from the EU in response to the bloc's sanctions on Russian traders and producers is very low, considering that the total agri-food products is only part subjected to restrictions. The shares may suffer some changes, given cyclical and seasonal evolutions, but reflect an order of magnitude that can be considered conclusive.

According to data available from the National Institute of Statistics, in the first four months of 2013 Romania exported in Russia goods in value of 447.3 million euros from all sectors of the economy. Exports to Russia have a share of 2.8% of Romania's total exports (in the reporting period).

In terms of agri-food and tobacco, Romania exported to Russia in the first four months of 2013 to just 23.7 million euros, meaning 2.26% of total Romanian exports in this sector.

In 2013, Romanian exports of agri-food products in Russia has seen a slight increase compared with 2012: from 11,747.9 tons to 10,494.7 tons, according to data from the Ministry of Agriculture.

Agriculture Minister Daniel Constantin, said recently that Russia's decision to ban most food products in the EU will affect, however, indirectly, Romanian producers. He explained that exports from Europe might redirect the continent, including the Romanian market, creating pressure on farmers.

Sanctions against EU member affects Romania, even if food exports to the Russian market were not very high. In 2013, Romania exported food in Russia of 41 million euro. Romania could be affected, however, because a number of other EU countries, which exported masively to Russia, will have to find another marketplace and thus create pressure on the Romanian producers through aggressive competition.

It states that it is required a quick discussion at EU level and firm action must be taken against a situation in which, naturally, each State will try to protect their own industry.

The concern of the minister of agriculture is to offer Romanian producers a market that is not altered by productions that are no longer sold in Russia. He said that in trade relations with Romania, Russia was "dishonest" in past years, when Romanian food was rejected on grounds of quality standards.

After the ban of imports from countries such as Moldova, Romania and Poland, on different grounds, Russia now certifies that those were political decisions.

Russian Prime Minister Dmitry Medvedev, announced that Russia will enact a "ban" for most food products from European countries and the United States in response to Western sanctions against Moscow.

The ban refers to beef, pork, poultry and fish, as well as cheese, milk, vegetables and fruits from the United States, European Union, Australia, Canada and Norway.

4. Romania is preparing to resume the export of food to Russia

For two weeks, starting November 5th, 2014, several specialists from the Federal Service for Veterinary and Fitosanitary Inspection of the Russian Federation will inspect 12 units of production and processing of meat from Romania interested to export to the Russian market. It is for the first time in 16 years when Russia does something concrete approach to importing foods of animal origin from Romania. It is considered that because of swine fever, the neighboring country has banned imports in 1996. The visit will include evaluation of 12 units of red meat sector, meat products, poultry and the dairy units and processed dairy products.

4.1 Lifting the embargo

Russia lifted on July 13th last year the embargo imposed on January 1st, 2007, embargo on imports of live poultry, eggs, poultry and poultry products, but actual purchases were not resumed. It was agreed that Russian economic agents to come in the next period in Romania to participate in the accreditation of slaughterhouses, which is the procedure for all countries exporting to the Russian Federation, as there are no problems, all Romanian sectors being at the European Union level.

In the first six months of 2011, the export of food products to the Russian Federation increased twice over the same period last year.

4.2 Perspectives for Romanian producers

According to an analysis performed by the Romanian Center for Trade and Investment, in 2010 Russia ranked 18th in the hierarchy of imports in the international market, with a share of 1.45% of total imports worldwide. And among the main categories of products that Russians needed it is included the meat. Moreover, in 2010 imports from Romania to this country have grown exponentially, with 53.8% from the previous year, ie 1347 million dollars. The year 2009 was a poor year in terms of Romanian exports to the Russian Federation, registering a decline of 13.9% compared to 2008.

Regarding food products, taking by the 2010 data, the latest available, Russia can "swallow" imported products worth over 6.5 billion dollars. For example, the Russians bought from abroad beef worth \$ 2 billion, fresh, chilled or frozen pork of 1.92 billion dollars or fish meat of 320 million dollars. Also, Russia has imported milk and milk products, eggs, honey or other edible animal products worth over two billion dollars.

4.3 Food products exported to Russia

Despite the restrictions, the period 2004-2012, Romania has yet exports of animal products to the Russian Federation. From the data submitted by the Ministry of Agriculture, the best year in relation to the Russian Federation was 2006, when we exported animal products worth 945 million euros. Also in 2008 we sold to the Russians in amount of 174 million, while in 2010 the domestic producers charged on goods exported 72.6 million euros. In the first seven months of this year, Romanian exporters have managed to collect only 19.4 million euro from "Other prepared or preserved meat, meat offal or blood." In total, in the last eight years we have exported in worth of 2 billion euro.

4.4 Romanian food products demanded by the Russians

The analysis of MARD, products exported to Russia which collected the most money are "Other prepared or preserved meat, meat offal or blood." In total sales in the eight years there were about 387.8 million euro. There were demanded Romanian cheese, and butter. Also, we have exported beef, fresh, chilled or frozen pork, fresh, chilled or frozen milk and cream, sausages and eggs.

5. Conclusions

The "black" scenario for Romania if the EU will apply to Russia harsh economic sanctions, will decrease economic growth by 0.6 percentage points.

Future EU economic sanctions on Russia will have a negative impact of up to 0.6 percentage points in 2014 on the economic growth of Romania, in the worst scenario, according to the assessment made by the European Commission.

The European Commission has sent to all EU Member States individual assessments on the impact it would have any economic sanctions that the EU would apply to Russia. The document, which in the case of Romania is based on primary data collected by the government in Bucharest, considering three scenarios, depending on the intensity of possible EU sanctions on Russia.

In the first scenario is taken into account a medium negative impact, in which Romania's economic growth will be slowed by 0.1 percentage points in 2014 and no point in 2015. This would mean that Romania's economic growth forecast, made by the European Commission, will drop from 2.3% to 2.2% in 2014 and will remain at 2.5% in 2015.

In the second scenario, taking into account a negative impact on the Romanian economy average of 0.3 points and 0.1 points in 2014 to 2015. This would mean that Romania would have a growth of 2 % in 2014 and 2.4% in 2015.

In the third scenario, taking into account a large negative impact, of 0.6 percentage points in 2014 and 0.3 in 2015, which would mean that Romania would have economic growth of 1.7% this year and 2.2% next year.

Romania has, however, a "limited exposure" to potential sanctions on Russia, estimates, overall, European Commission.

This is the first stage of European assessment on possible sanctions which would be decided against Russia. The assessment takes into account the impact on growth of each Member State, on exports and on imports, on different scenarios.

Based on responses of Member States, the European Commission is going to prepare a document that will form the basis of any common decision or national sanctions on Russia.

In the EU there are three groups of countries, depending on position towards Russia: countries that require fast and tough sanctions, moderate countries and countries that are opposed to tough sanctions.

At the end of 2013, 395 joint ventures were registered in Romania with Russian capital.

In the last three years has increased activity of Intergovernmental Russo-Romanian Commission for Economic, Technical and Scientific Cooperation.

According to the results of X and XI session of the Russian-Romanian Intergovernmental Commission for Economic and Technical-Scientific Cooperation (Moscow, October 4 to 5, 2011 and Bucharest, 18 to 9 April 2013) identified the main areas of cooperation, including in the energy sector industry, agriculture, transport etc. During the sessions, in order to give new impetus to innovative direction in bilateral cooperation, the Commission presidents signed a joint declaration on partnership for modernization of the economies of the two countries. Thus, Russia and Romania, were driven by the desire to create a long-term basis for the transition to a qualitatively new level of partnership business, including the innovative and the atmosphere of a business climate for investment projects.

Russian companies are actively involved in investment and privatization processes in Romania. In 1998-2008, following the acquisition of local industrial objectives (primarily by businesses in the steel and non-ferrous metallurgy, chemical industry, refineries, oil equipment manufacturing company), "Lukoil", "Russkiy Aluminiy" "Vimetco", "Mechel", "pipe metallurgical company" etc entered Romanian market. The total volume of Russian

investments in the Romanian economy exceeds \$ 2,100,000,000. Russian companies are actively involved in investment and privatization processes in Romania. The presence in Romania of large companies from Russia meets the interests of both parties.

An important area of cooperation remains the complex of fuel and energy. Romania is a consumer of Russian gas (up to 6 billion cubic meters per year before the crisis and up to 1.5 billion cubic meters in 2013) and the carriage of transit to Bulgaria, Turkey, Greece and Macedonia. The startup in 2002-2004 the third route of the pipeline with diameter of 1220 mm and length of 190 km has allowed increasing transit capacity from 10 to 18,700,000,000 cubic meters per year. In 2012, Romanian authorities gave approval for conducting detailed technical exploration for gas pipeline "South Stream" in the EEZ and territorial waters of Romania.

A prominent place in the energy sector in Romania is occupied by "Lukoil" - owner of the refinery "Petrotel-" with a processing capacity of 2.5 million tons of oil per year and a fleet of 330 refueling stations. In addition, "Lukoil" continues the work related to exploration and development of two oil blocks in the Romanian Black Sea shelf, in Sulina (in 2010, the Russian company in a consortium with the American company "Vanco International" won that auction).

Russian company "Gazprom Neft", together with Serbian company "NIS", is actively involved in the creation of a network fuel distribution stations in Romania (currently there are 12, and at the end of 2015 their number will increase to 150). The company also plans to issue concession contracts for exploration and production of hydrocarbons in four blocks of land in the territory of Romania.

Remains topical attracting Russian companies to rebuild and modernize termic and hydropower plants in Romania, the Romanian territory building a warehouse for storage of gas underground "Roman Mărgineni", establish cooperation in chemistry, oil machinery, creating the Russian regions of joint ventures in the field of woodworking, light and food industries. It is not lost the actuality of development of cooperation in industry, transport, agriculture, military, tourism, IT.

It continues the development of scientific and technical cooperation on the line of chambers of commerce and business councils. Russian Business Council - Romania, created in 2010, under the patronage of the Chamber of Commerce in Russia, is intended to support the establishment of mutually beneficial relationships between the business communities.

One of the most promising directions of economic and trade cooperation is intensifying regional component, which contributes to a more efficient use of existing potential in the regions and counties of Romania from Russia, and cooperation within the BSEC in environmental protection, transport infrastructure improvements and highway construction around the Black Sea and others.

To this end was involved the potential of regional Chambers of Commerce and Industry, the Employers Association of the Russian Federation. To expand areas of economic cooperation with regions, areas and industrial cities of the Russian Federation established direct links with administrative and business circles, Chambers of Commerce in Romania and its counties, with associations of businessmen in Romania.

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Appendices

Table No. 1. The dynamics of trade turnover between Russia and Romania

Mil. USD

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Trade:	3568,8	4396,1	5000,0	5909,0	2810,9	3796,9	4343,9	4422,1	4986,8
Of which	+50%	+23,2%	+13,7%	+18,2%	-52,4%	-52,4%	+14,4%	+1,8%	+12,8%
Export	3338,2 +49,7% %	4022,0 +20,5% %	4417,2 +9,8%	5011,6 +13,5% %	2094,6 -58,2%	2701,2 +29,2% %	2926,9 +8,4%	3070,8 +4,9%	3147,1 +2,5%
Import	230,6 +90,6% %	374,1 +62,2% %	582,8 +55,8% %	897,7 +54%	716,3 -20,2%	1096,7 +53,1% %	1417,0 +29,2% %	1351,3 -4,6%	1839,7 +36,1% %
Balanc e	3107,6	3647,9	3834,4	4113,9	1378,3	1604,5	1509,9	1719,3	1307,4

Source: Embassy of Russia. Russia-Romania Trade

Table No. 2. Exports to Russia in January-April 2013

Periods / countries	Tones	Values (thousand EUR)
January-April 2013		
RUSSIAN FEDERATION	133948,1	447348,5
in which:		
FOOD PRODUCTS	6078,3	23779,0
VEGETABLES, roots and tubers	18,8	10,9
EDIBLE FRUIT	16,2	41,0
CEREAL	5452,1	20560,7
Seeds and fruits, medicinal plants; Straw and fodder	301,4	2344,4
Seeds and fruits, medicinal plants; Straw and fodder	0,0	0,1
MEAT AND FISH	22,5	124,3
Sugars and sugar confectionery	39,3	276,4
COCOA AND COCOA PREPARATIONS	92,2	146,1
PREPARATIONS OF CEREALS, FLOUR, STARCH,	52,2	134,2

pastries		
PREPARATIONS OF VEGETABLES, FRUIT KERNELS OR OTHER PARTS OF PLANTS	17,2	88,2
MISCELLANEOUS EDIBLE PREPARATIONS	66,6	52,6
Alcoholic and soft drinks, vinegar	6078,3	23779,0

Source: Data processed by the author according to the National Customs Authority
Table No. 3. Romania's export of agri-food products to Russia, in 2012 and 2013

Code	Specification	export -to-	
		2012	2013
0701	Potatoes, fresh or chilled	-	125,080
0702	Tomatoes, fresh or chilled	19,004	-
0704	Cabbage, cauliflower, kale, kohlrabi and edible products	20,150	-
0707	Cucumbers and gherkins, fresh or chilled	95,378	27,050
0806	Grapes, fresh or dried	133,313	-
0809	Apricots, cherries, peaches (including without fuzz)	1.200,070	1.287,283
0813	dried fruit	16,214	-
1003	Barley	19,000	-
1005	Corn	7.512,070	8.948,249
1205	Colza seeds, whether or not broken	-	4,870
1206	Sunflower seeds, whether or not broken	785,563	424,650
1602	Other prepared and preserved meat, meat offal or blood	1,248	0,002
1702	Other sugars, including lactose, maltose, glucose and fructose	-	0,037
1704	Sugar confectionery (including white chocolate)	98,473	108,977
1806	Chocolate and other food preparations containing cocoa	69,035	108,460
1901	Malt extract, food preparations of flour, groats, wheat	-	0,683
1902	Pasta, whether cooked or stuffed	-	39,859
1904	Cereal foods obtained by the swelling or frying	-	0,049
1905	Doughnuts, pastries and biscuits, even with addition	44,550	209,007
2001	Vegetables, fruits and other edible parts of plants	0,021	-
2003	Mushrooms and truffles preserved or otherwise prepared	-	0,007
2005	Other vegetables prepared or preserved otherwise than by vinegar	-	0,005
2006	Vegetables, fruit peel and other parts of plants	56,391	38,886
2007	Jams, jellies, marmalades, fruit pastes and purees	3,256	5,085
2008	Fruit and other edible parts of plants, otherwise prepared	111,330	111,934
2103	Preparations for sauces and prepared sauces; spices	49,894	43,570

2104	Preparations for soups, broths	-	0,118
2106	Food preparations not elsewhere specified and included in other part	19,213	8,434
2201	Waters, including natural or artificial mineral waters and Gaseous	19,686	0,094
2202	Waters, including mineral waters and aerated waters	59,678	73,801
2204	Wine of fresh grapes, including fortified wines	135,404	154,953
2205	Vermouth and other wine of fresh grapes flavored	-	0,005
2206	Other fermented beverages (for example cider, perry)	-	0,018
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%	0,005	0,008
2401	Raw or unprocessed tobacco, tobacco waste	41580	-
2403	Other manufactured tobacco and tobacco substitutes, processed; tobacco	0,360	-
TOTAL	-	10.494,705	11.747,900

Source: -import-Intrastat, Data processed by the author according to NIS.

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