

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

***Proceedings of the 6th Conference of Doctoral Students in Economic
Sciences***

**UNIVERSITY OF ORADEA
FACULTY OF ECONOMIC SCIENCES**

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

***Proceedings of the 6th Conference of Doctoral
Students in Economic Sciences***

No. 3 - December 2015

Editor-in-Chief: Prof.Dr. Alina Badulescu

**Oradea University Press
2015**



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Editura Universității din Oradea este acreditată de CNCSIS, cod 149 / Oradea
University Press is accredited by Romanian National Council for Research in
Higher Education, code 149

ISBN 978-606-10-1676-1

ISSN 2344 – 6617

ISSN-L 2344 – 6617

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Cover: Cătălin Zmole, Adrian Nicula

Text revision: PhD s. Diana Sava, PhD. s. Felix-Angel Popescu, PhD.s. Otilia
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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 37 papers selected from the scientific contributions of the PhD students, presented at the 2015 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 four panels, dealing with topics related to Microeconomics and Economics of the firm, Entrepreneurship and SMEs, Tourism and services, Macroeconomics etc. We release the 3rd issue of the journal *Emerging Markets Economics and Business. Contributions of Young Researchers. Proceedings of the 6th 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 23rd of November 2015 at the University of Oradea, and thus made possible the release of this volume.

Oradea, December 2015

President of the Symposium,
Professor Alina Badulescu

THE INFLUENCE OF CLIMATE CHANGE PRODUCED BY THE GREENHOUSE EFFECT ON WATER RESOURCES

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Abstract: *People are primarily responsible for climate change. The Earth warming and, therefore, the climate change, are due to human action. Climate change has led to the increase of the level and of the intensity of the precipitation, to heat waves and to droughts, as well as to intense floods. In this regard, this article presents aspects of climate change with reference to water resources. Thus, the article presents an evaluation of Romania's water resources, both surface and underground ones. Also, based on the information related to the gas emission of greenhouse effect, we can present the influence which these gas emissions of greenhouse effect have on the quality of water resources. The water is vital to human existence. Our future on this planet will depend on the actions that people will perform in order to preserve the water quality.*

Keywords: climate changes; water resources; green economy; gas emissions of greenhouse effect.

JEL classification: Q01, Q25, Q54

1. Introduction

When talking about the actions of obliteration of the extreme poverty and of hunger, we should consider the essential importance of water, of its quality.

However, the lack of water sources can lead to the outbreak of conflicts. For example, such cases have been reported in Sudan. Also, the lack of water sources may be the reason for the regional cooperation, such as cooperation between India and Pakistan. The UN Climate Commission has warned that, in 2020, almost a quarter of a billion people in Africa would not have access to water (United Nations Development Programme, 2015).

Ensuring food security is a conditioned by the water resources and by their quality. Food insecurity can be a source of conflict.

Through the increase of the temperature, the climate change can lead to reduced crop yields. The negative impact has an effect on animals, as well. The grazing areas reduction leads to the decrease of food production.

Due to the accumulation of carbon dioxide in the seas water, there is a danger in what concerns the interruption of food chains.

The change of the water characteristics and of its quality contributes to the decrease or even loss of the biodiversity. The reduced rainfall increases the risk of long periods of drought. If the quantity of rainfall will decrease, there may appear more and more sparse rains. These rains can have high intensities and can lead to frequent flooding situations.

The global warming produces a greater water evaporation. Through this, the remaining water has a higher salinity. Thus, a higher salinity may lead to changes in the production technology. The Water pollution is a huge danger for life on Earth.

2. The situation of water resources in Romania

According to the data published on the World Bank website (data.worldbank.org), since 1990, a growing percentage of the population had access to an improved water sources. Thus, the urban proportion of the population with access to an improved water sources increased from 93.5% in 1990 to 100% in 2015 (World Bank Group, 2015). For the rural population, the difference is far greater. Thus, this percentage increased from 51.6% in 1990 to 100% in 2015.

The water resources represent the hydrological potential composed of ground waters and ofundergroundwaters, inventoried at the beginning of the year, resources hence ensures the supply of various usages.

In Romania, the water resources are unevenly distributed. Also, the flow of water courses are not sufficiently regulated, and others are in various degrees of pollution. These issues are factors that determine the level of coverage areas with water sources (Ministry of Environment, Water and Forests, 2015).

Depending on the water source, the water resources of Romania, in million cubic meters, for the period 1992-2013, are presented in Table 1.

The data is taken from the website of the National Institute of Statistics (INS). The last year for which INS published this statistical information is year 2013.

Table 1:Variation of total water resources, ground water resources and the underground water, for the period 1992-2013

| Year | Total (million cubic meters) | Ground waters (million cubic meters) | Underground waters (million cubic meters) |
|-------------|--|--|---|
| 1992 | 43.472 | 37.849 | 5.623 |
| 1993 | 41.719 | 36.963 | 4.756 |
| 1994 | 42.898 | 37.163 | 5.735 |
| 1995 | 40.933 | 35.153 | 5.780 |
| 1996 | 40.153 | 34.336 | 5.817 |
| 1997 | 40.282 | 34.450 | 5.832 |
| 1998 | 40.066 | 34.234 | 5.832 |
| 1999 | 39.778 | 33.946 | 5.832 |
| 2000 | 39.791 | 33.959 | 5.832 |
| 2001 | 39.836 | 34.004 | 5.832 |
| 2002 | 39.960 | 34.012 | 5.948 |
| 2003 | 40.141 | 34.143 | 5.998 |
| 2004 | 40.141 | 34.143 | 5.998 |
| 2005 | 40.398 | 33.806 | 6.592 |
| 2006 | 40.398 | 33.806 | 6.592 |
| 2007 | 40.502 | 33.825 | 6.677 |
| 2008 | 40.132 | 33.825 | 6.307 |
| 2009 | 39.364 | 33.953 | 5.411 |
| 2010 | 39.364 | 33.953 | 5.411 |
| 2011 | 39.270 | 33.859 | 5.411 |
| 2012 | 39.270 | 33.859 | 5.411 |
| 2013 | 38.346 | 33.679 | 4.667 |

Source: conducted by the authors based on existing information on the website of the National Statistics Institute, 2015

The data presented in the table and in Figure 1, presents a decrease of approximately 11% of the quantity of water from the surface waters. Also, undergroundwater quantity has decreased during 1992-2013, with approximately 17%. Thus, the quantity of total water resources, for the period 1992-2013, in million cubic meters, has decreased by approximately 12%.

3. The climate change and the gas emissions of greenhouse effect

In what concerns the actions referring to the control of the climate change, it is important to mention that in Paris will take place COP21 (the Conference of Parties). The issue of climate change was tackled globally since 1992, at the same time with the adoption of the UN Framework Convention on Climate Change.

At European level, the European Union has committed to reduce, until 2020, the gas emissions of greenhouse effect with 20%, from the level registered in 1990 (European Commission, 2015). It is expected that in Paris will be concluded a global agreement on climate change, in order to limit the global warming for the period after 2020. It is wanted that, starting with 2020, this agreement to be applicable for all the countries (Sustainable Innovation Forum, 2015).

Some countries adopt its own standards with regard to the action against climate change. Thus, in Oslo (Norway) will be banned the access of cars in the city centre, and will be built bicycle trails. The goal is to reduce the gas emissions of greenhouse effect with 50% in 2020 compared to 1990. Another example is Sweden, which wants to become one of the first countries in the world without fossil fuels. In this regard, the electricity production will be achieved by using renewable resources. The budgets for solar and wind energy will increase with almost 800%. This will be achieved by increasing the taxes for the oil and fossil fuel industries.

The emissions of air pollutants are listed in two classes. The first class is represented by the gas emissions of greenhouse effect: CO₂ (Carbon dioxide), CH₄ (methane), N₂O (nitrous oxide), PFC (organic compound consisting of carbon and fluorine), HFC (organic compound consisting of carbon, hydrogen and fluorine), SF₆ (sulphur hexafluoride). The second class includes classic emissions of pollutants: SO₂ (sulphur dioxide), NO_x (nitrogen oxides), NMVOC (methane volatile organic compounds), CO (carbon monoxide), NH₃ (ammonia), PM₁₀ and PM_{2.5} (complex mixtures of very small drops of liquid).

One of the gases with the highest potential of generation of gas emissions of greenhouse effect is SF₆ (sulphur hexafluoride). Thus, a ton of SF₆ pollute the atmosphere in an extent that corresponds to approx. 23.900 tons of CO₂.

Based on the information available on the website of the National Institute of Statistics, it can be concluded that, compared to 2010, in 2012 HFC emissions increased by 33%. Meanwhile, SO₂ emissions decreased by 26%. For the same time period analysed, the other emissions (CO₂, CO₂-bio, CH₄, N₂O, PFCs, NO_x, NMVOC, NH₃, CO, PM₁₀, PM_{2.5}) had an approximate variation of plus/minus 2-3% (Boboc et al., 2015).

Considering these aspects, Figure 1 illustrates the changes in the emissions of SF₆, 2010-2012 (INS provides information until 2012).

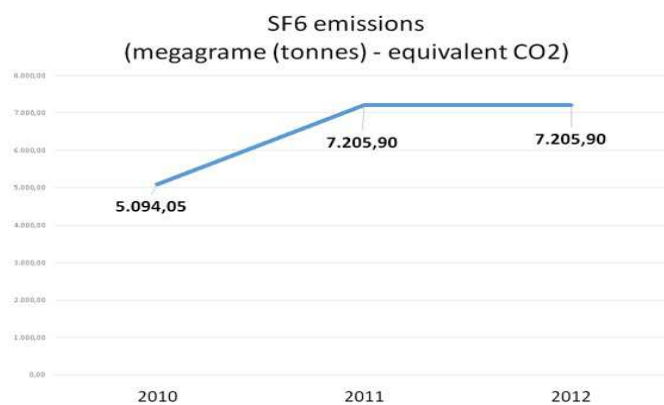


Figure 1: Changes in emissions of SF6
Source: Boboc et al., 2015

It can be observed that the emissions of SF6 increased with 41%. Surely, through the renouncement of the fossil fuels use, the transition to carbon-free economy will generate changes in the labourmarket. But, this aspects can be anticipated and the interventions can be made through education and training activities.

4. In conclusion

The climate change has led to the development, in the recent years, of the green economy. The goods and the services in the green economy have continued to grow annually. Because of this, these sectors have become dynamic and prosperous. There is a great opportunity for these sectors to continue to develop and to provide new jobs. The demand for green goods and services has led to the implementation of some measures for the support of the action against climate change. An important component is represented by the water resources and by their quality. From the presented data, it can be concluded that the climate change may affect the water resources, both ground and underground water. It was shown that the classical pollutant emissions have decreased or had a relatively small variation, and the gas emissions of greenhouse effect had an increase. Because of climate change, the rains have an increase quantity. Given these issues, it can be deduced that in the ground and underground water will be increasingly more compounds of gas emissions of greenhouse effect. They will change the water quality. For these reasons, all decisions made in climate change field must consider the need to initiate actions in order to preserve and to improve the quality of water resources of the planet.

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THE INFLUENCE ON THE COMPETITIVENESS OF THE LEVEL OF EDUCATION OF THE HUMAN FACTOR

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Abstract: *The development of human factor in order to support the increase of the competitiveness of the manpower involves the existence of an effective system of qualification. This qualification system needs to be developed in accordance with the actual and dynamic requirements of the manpower. Initially, the development of the human factor takes place both in school and in the family. Afterwards, at the same time with the entry of individuals into the labour market, the human capital development happens within the organization in which the individual works, but also through the individual study. Achieving a competitive economy, based on knowledge, involves individuals with a high level of training, which can provide innovative solutions to current technological challenges. This article presents the educational level of the population and its importance in enhancing competitiveness. It is also presented the situation of the expensed regarding the education. The labour market is characterized by high dynamics. A contribution to this dynamic is given by technological advances, by the demographic changes and by the globalization. Thus, the competencies that the individuals have after graduating some form of education, will not be sufficient for their careers. The need of lifelong training appears as a necessity. The development of the partnerships between organizations and educational institutions represents a viable solution.*

Keywords: human capital; competitiveness; education and training

JEL classification: J24, P46

1. Introduction

For the business to be considered competitive companies, it is necessary to have well-trained human resources. Although automation makes its way into many production processes, the human factor remains a valuable resource for any company.

The maintenance of the competitiveness of an organization involves the innovative use of all its resources. The human factor can be an expense, but it is also the most important production factor of an organization.

If a person is satisfied with the work that it performs, then its competitiveness increases. Also, the environment in which an individual works, contributes to its competitiveness in its workplace.

The employee health is a precondition for a company to conduct the business properly. But, without a certain level of education, the employees of a company cannot fully contribute to the business success. From this point of view, the investment in education brings a plus in what concerns the competitiveness.

2. Human capital from the perspective of education

The 2011 census results show that people aged between 15 and 64 years represent 68% of the population. The distribution by gender shows an equal percentage of women and men (34%). In terms of distribution areas, 39% live in urban areas and, in the countryside, about 29% of the population aged between 15 and 64 years. Regarding the education level of the people aged between 15 and 64 years, the percentages based on the graduated level of educational institution is given in Table 1.

Table 1: The education level of the people aged between 15 and 64 years

| Level of education graduated | Both genders (%) | Male (%) | Female (%) | Urban area (%) | Rural area (%) |
|--------------------------------------|------------------|----------|------------|----------------|----------------|
| Higher | 17,33 | 15,64 | 19,02 | 25,56 | 6,23 |
| Upper-Secondary and Post-Secondary | 32,95 | 32,12 | 33,79 | 38,94 | 24,88 |
| Vocational school and apprenticeship | 16,50 | 21,91 | 11,09 | 14,51 | 19,18 |
| Lower-Secondary (Gymnasium) | 27,52 | 25,06 | 29,99 | 17,94 | 40,45 |
| Primary | 4,45 | 4,14 | 4,76 | 2,33 | 7,32 |
| With no schooling | 1,25 | 1,14 | 1,36 | 0,73 | 1,94 |

Source: conducted by the authors based on existing information on the website of the National Statistics Institute, 2015

We can observe that in the urban area about 65% of people aged between 15 and 64 have at least a upper-secondary education or higher.

For the rural areas, the percentage is only 31% (half of urban areas). Also, in rural area about 69% of people aged between 15 and 64 years have graduated at most the vocational school.

At national level, 48% of males have at least upper-secondary education or higher. Also, for females this percentage is 53%.

According to the data published on the World Bank website (data.worldbank.org), in 1960, the urban population was of 6,296,818 inhabitants, representing around 34% of the total population. In 2014, the urban population was 10,830,188 people, representing approximately 54% of the total population (World Bank Group, 2015).

In 1960, the population at 65 years old and over represented approximately 7% of the total population. In 2014, the percentage increased to approximately 17% of the total population.

According to the estimates provided by the World Bank in 2013, about 51% of the population aged over 15 years was employed. At the same time, the International Labour Organisation estimates for 2013, a 52%.

3. The expenses regarding the educations and the competitiveness

At national level, through the Government Decision no. 775/2015, the National Competitiveness Strategy from 2015 to 2020 was approved. Among the aspects that this document presents in 2020, there are important the determination of the

identified sectors as being the future sectors for the national economy (Ministry of Economy, Trade and Tourism, 2015).

Thus, they listed the following sectors: tourism and ecotourism; textile and leather goods; wood and furniture; creative industries; auto industry; information technology and communications; food and beverage processing; health and pharmaceutical products; energy and environment; bio-economy, biopharmaceutical and biotechnology.

Considering these sectors, there can be made evaluations for each of them, in order to see the effects through the increase of the competitiveness.

The increase of the manpower competitiveness can be achieved through investment in the human factor. Worldwide, countries which have high economic performance are, at the same time, countries that allocate significant resources in education and health fields. In knowledge-based economies, the human factor has an increasing importance. Also, the investment in education is also a positive factor for the social cohesion (European Commission, 2015). The people who are highly qualified are able to work in various fields. Their adaptability is high. The local communities that have such people, who are more qualified or highly qualified, have economies prepared to respond to changes.

It can be appreciated that in order to increase the competitiveness, it is necessary to allocate, from the general budget, enough money for the education field (UEFISCDI, 2015).

General government expenditure on education (current, capital, and transfers) expressed as a percentage of GDP. From this point of view, Figure 1 shows the situation of education expenditure (% of GDP) for the period 1996-2012 in Romania.

The last year for which World Bank Group published this statistical information is year 2012.

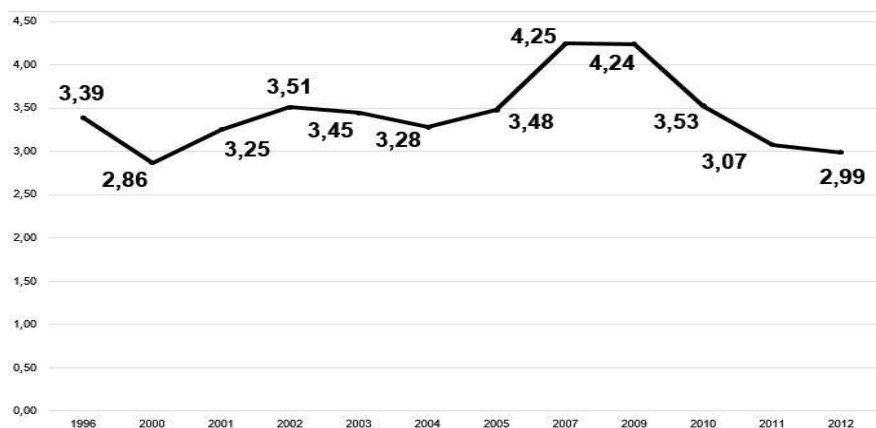


Figure 1: Education expenditure (% of GDP) for the period 1996-2012 in Romania
Source: conducted by the authors based on existing information on the website of the World Bank Group, 2015

Thus, it is observed that general government expenditure on education varies from year to year. For example, in 2012, they reached the value of 2.99% of GDP.

4. In conclusion

The condition that must satisfy any business in order to be competitive, is given by the preparedness of human factor.

Investing in education is vital for the community members.

It is true that the benefits of the investment in the human factor have not resulted immediately, but they may be seen over time.

There are certain risks in what concerns the investment in the human factor from the communities that have less developed economies. Thus, people who have benefited from training programs, improving their skills or acquiring new ones, are able to access jobs in other communities (United Nations Development Programme, 2015). The migration of these people to other communities can decrease the competitiveness of communities that have less developed economies.

From the data presented, it can be concluded that the level of education of human factor could affect the competitiveness of manpower. Also, the decrease of the expenses from the educational field has a negative influence for the competitiveness.

A solution for the prevention of such issues may be the promotion of the local entrepreneurs, the export of products made by them, and, also, the development of the local tourism and promotion for the tourists. They may be based on the existing local technologies, their adaptation to the local needs and the use of the human capital from that community. A competitive economy involves the investment in the human factor from that community.

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THE UNDERGROUND ECONOMY SEEN FROM THE JUSTICE-TAXATION BINOMIAL PERSPECTIVE

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Abstract: Taxation represents one of the determinant factors of the underground economy's activities. Taxation is not autonomous, it must be seen in the context given by politics, govern, justice or institutions. Most of the times, the underground economy is seen almost exclusively in terms of the economic variables: taxation, unemployment, inflation etc. As important in the analysis of the economic informality are the quasy-economic or noneconomic factors like economic freedom, fiscal morality, corruption or justice. As a result, to have a complete picture over the underground area, is required an interdisciplinary factorial analysis that should include taxation and justice seen as central pillars. In our opinion the justice-taxation binomial perspective has multifactorial valences capable to radiograph the etiology of the fiscal behaviour and the morphology of the underground economy. This way, the justice-taxation interaction can be seen as: 1. Advocate factor between the coercion exerted by the state and the moral obligation of payment of taxpayers. 2. Influential factor by maintaining an institutional frame capable to discourage illicit activities. 3. Transition factor from the informal area in the formal area through a settlement batch and viable laws accepted by citizens, emphasizing this way the "legalist" side of the formal-informal relationship to the detriment of the "dualists" and "structuralists" currents. As far as the used methodology, the current paper belongs to the category of the conceptual research and the conceptual aggregation of the research's subject targets the multidimensional aspects: fiscal, juridical and socio-psychological. In the first part of the paper, we have contextualized the underground economy through the agency of the trichotomy approach: distributive justice-procedural justice-retributive justice. Such a classification underlines the role of an equitable charging system seen as the interface between the state (regulator and coercive element) and the taxpayer (possible fraudster element). In the second part of the paper, we have studied the interpretation of the fiscal behaviour in the perimeter delineated by the penal justice (strategies of coercion) and the economic socio-psychology (motivational posts included in a tax conformation model). The current paper constitutes itself in an advocacy of the necessity of using the justice-taxation binomial as an analysis tool of the fiscal behaviour and the underground economy, discarding this way the wrong perception that justice and taxation represent simple collecting tools of rates and taxes.

Keywords: underground economy; taxation; justice; tax behaviour; economic psychology.

JEL classification: A12; K34; O17.

1. Introduction

The underground economy is characterized amongst other by fiscal noncompliance and tax fraud. In the underground economy equation we distinguish the tax elements and the judicial ones. The conceptual frame of the underground phenomenon in this study is founded by the justice-taxation bi-univocal relationship and it is supported by the concepts: distributive justice-procedural justice-retributive justice, penal justice and justice as an essential part of „the wheel of social alignments” theory.

2. The trichotomy approach: distributive justice - procedural justice - retributive justice

The distributive justice defines the exchange of resources, costs and benefits. In the area of fiscal conformity, the distributive justice has as conceptual benchmarks the taxpayers view regarding the balance between their share at forming public goods and the benefits that are qualified to receive, respectively others contributions comparing it to the benefits obtained by them (Kirhchler, 2013). From the fiscal perspective, the distributive justice is considering the proportional of the taxes. The procedural justice refers to the equity of the allocation process or resources distribution (Wenzel, 2003). In interaction with the state’s institutions, the citizens are also interested by the procedural aspects that are defined by trust, dignity and respect. The state-taxpayer networking is expressed by the conformity availability towards the law-marking regulations and the perceived equity of procedures. We can say that procedural justice represents a way of legitimating of the state. Studies dedicated to the procedural justice are important from the government and social cooperation perspective. Retributive justice refers to: the strictness of checkings and the responsibility of infringements, the rehabilitation process appropriateness of sanctions to the situations where the rules are broken. Studies made by Spicer and Lundstedt (1976) have emphasized the fact that the state by exercising excessive and unannounced controls and by setting up unfair sanctions has generated negative attitudes towards institutions and tax obligations. Torgler (2005) underlines the fact that in the countries in which it was a trust relationship between the taxpayer and the state exhibited by social cooperation and high tax morality, the individuals care for the application of strict sanctions. The motivation for these sanctions is given by the fact that the underground economy weakens the social cooperation, vitiates the cooperation standards and last but not least is seen as a major offence that needs to be punished. Niculeasa (2014) suggests in a section named “the tax philosophy” an analysis that has as its benchmarks (1) distributive and proportional justice (2) commutative and progressive justice (3) social justice. The distributive and proportional justice sees the taxpayer contextually in reference to the activity and contributory capacity of the taxpayer on a long term. Distributive and proportional justice it is indifferent the social inequity before the taxes because the perception of it is covered by different other means such as: the quality of the provided public services, stimulating investments etc. The commutative and progressive justice sees the taxpayer as an individual, has as methodological benchmark its own rating base; the interest is focused on what it can be obtained from it and less on what can be done with money; the purpose of the commutative justice is the social distribution of obtained incomes so that the social inequity perception over the tall can be reduced or

significantly diminished. In the contemporary actual context we consider that the social justice is synonymous with the distributive justice (UN, 2006).

3. Criminal justice

Criminal prosecution as a compelling strategy has been presented in the professional literature by reference to the motivational posts and regular strategies (figure 1) in the context of a tax compliance model (Kirkhler,2013; Braithwaite,2003).The compelling strategies (non-discretionary regulation, discretionary regulation, self imposed regulation) evolve depending on motivational posts (commitment, capitulation, resistance, disengagement). In the event that the taxpayers admit doing a crime, they fix their mistakes and start a bigger process of conformation towards the tax laws, the tax authorities' job sums up to education, keeping track and assuring assistance and advisers. In the event of an adversative behaviour of the taxpayer defined by resistance and disengagement, the tax authorities need to respond by harsh methods, respectively criminal prosecution.

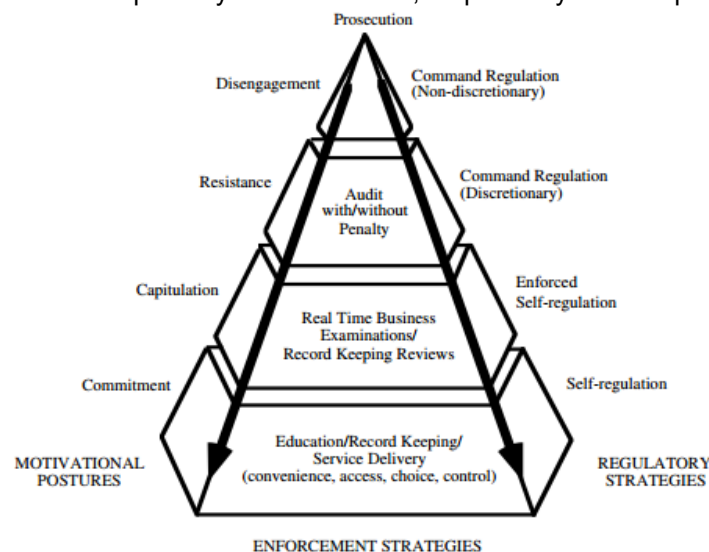


Figure 1: Example of regulatory practice with ATO (Australian Taxation Office) Compliance Model
Source: (Valerie Braithwaite, 2003, p.3)

4. Justice as integrant part of “the wheel of social alignments” theory

In the opinion of Braithwaite (2009) the multiple pressings that augment or diminish the tax fraud (and implicitly the underground economy) can be analyzed with the help of the “the wheel of social alignments” theory. The social alignment wheel indicates the segments that should be constantly monitored and improved by the tax authorities towards efficiently collecting the taxes. The exterior tape of the wheel represents the tax system made by laws, regulations and administration. The tax system’s purpose lies in receiving and answering the requests and petitions that came from the taxpayers on one side and practicing constraints by legal methods with the purpose of declaring and fulfilling tax obligations. The middle tape defines the way in which individuals deliberate and make choices

about taxation or fiscality, in general. The chances of a conflict with the tax authority appear around the benefits resulted from contributions, bond or constraints to make contributions and justice as an instrument of collecting contributions. Advocates of this theory position justice in a central area of major public interest. When it comes to conflicts regarding payment of taxes these need to be handled by most of the taxpayers in a rational manner, more friendly than hostile. The interior center of the "wheel" is represented by the concept of "others". This concept comprises the tax consultants, friends, family, work colleagues, celebrities, media and journalists, in other words, those who they can identify with. The taxpayer relates to the concept of "others" as a model.

5. In conclusion

The underground economy phenomenon cannot be fully understood in the absence of some complex connections between justice and taxation. The dynamic of the informal phenomenon is in a close correlation with tax noncompliance, tax fraud, tax legislation and last but not least with institutions and its attitude towards taxpayers. The current paper aims to be an analysis tool in the application of juridical or tax politics measures capable to diminish the social and economic negative impact of this scourge so called the underground economy.

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FROM ENTREPRENEURSHIP TO INTRAPRENEURSHIP. A LITERATURE REVIEW

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Abstract: *This article offers an overall picture of the main theoretical notions existing in the specialized literature, concerning entrepreneurship and intrapreneurship. The research methodology consists in a critical presentation of the main concepts and approaches of entrepreneurship and intrapreneurship. In a world that is permanently changing, the entrepreneurship's future is also different. Today's economic environment allows for the entrepreneurial spirit to manifest itself in different ways, one of these being corporate entrepreneurship or intrapreneurship. In the recent years, much is being said about the difference between being an employee and being an entrepreneur, or even a freelance, about the abilities an entrepreneur should possess, about his chances of success, whether entrepreneurship is something to be inherited, studied or whether good luck plays an important role. More often it has been proved that a successful entrepreneurial activity results from learning and experience, and that only in certain moments does luck contribute to a certain degree in achieving success. On the other hand, the entrepreneur loses the stability of an employee, who gets a monthly income, changes his responsibilities and preoccupations. In between these two positions, that of the entrepreneur and that of the employee, a new position has surfaced, that of the intrapreneurship. Notions like „entrepreneur” and „entrepreneurship” are a lot more known than „intrapreneur” and „intrapreneurship”, due to the fact that the recent decades have been labeled by certain economists as „the entrepreneurship era”.*

Key words: entrepreneurship; intrapreneurship; innovation; corporation, capital.

Jel classification: B30; L26

1. Introduction

What is the difference between entrepreneurship and intrapreneurship ? What are similarities and the differences between the two concepts: entrepreneurship and intrapreneurship? In order for us to find the answer to this question, first we have to come up with an answer to a different one: is it necessary that there be a new organization in order to implement a new idea or can this one be implemented in an already existing one?

Today, companies are extremely large, therefore the entrepreneurial spirit manifests itself in already existing organizations and there is no need to initiate a new one. Those who manifest their entrepreneurial capacities are not entrepreneurs in the proper sense of the notion, but rather they are specialists with exceptional training, being able to use the knowledge they have accumulated in

order to innovate and transform innovation in a success. These people are called intrapreneurs.

A creative, innovative person that is encouraged to use his personal qualities will feel motivated to remain in the company and therefore we will see less of this „phenomenon whereby valuable, open minded and innovative employees are being lost, disappointed by the organizations and bureaucratic processes present in the large companies” (Bădulescu, 2013).

2. The relationship between entrepreneurship and intrapreneurship

The concept of entrepreneur is first used in the 18th century, in the economist Richard Cantillon's paper, „Essai sur la nature du commerce en general”. He came up with a first definition of this concept: „an agent who buys production means at a certain price, in order to recombine them into a new product”. In Cantillon's opinion, „the entrepreneur concept includes tradesmen, wholesalers, industrialists of all sorts who purchase material goods in the countryside and then process and resell them, according to customers' demand” (Cantillon in Dodescu et al., 2010).

According to J. B. Say, the entrepreneur „stands for the industrialist, the farmer, the tradesman, therefore the person who undertakes direct responsibility, risk and the management of the activity, regardless of the fact that he uses his own capital or a borrowed one. A more suitable term should be „adventurer” (Say, 1880).

The Austrian economist Joseph Schumpeter gave a modern definition to this notion, the entrepreneur being „that person that destroys the existing economic order, by introducing new products and services, by creating new organizational forms or by exploring new raw materials” (Schumpeter, 1934).

According to the economic theory, entrepreneurship covers a wider area than that envisaged by Schumpeter, encompassing all the persons who initiate a new business.

Adam Smith, David Ricardo and John Stuart Mill have tackled the notions of entrepreneur and entrepreneurship in a much restraint manner, referring to this activity using business management terms (Michael in Dodescu et al., 2010).

According to Max Weber, the modern entrepreneur plays a crucial role in the capitalist economy. He is the one that takes central decisions in the company, stimulates the capitalist economy and counteracts the negative impact of capitalist bureaucracy (Swedberg, 1993).

For Mark Casson, the entrepreneur is a person with different abilities, allowing him to pass value judgements for a more intelligent use of rare resources (Bădulescu & Bădulescu, 2014).

William Baumol tackles the matter in a more detailed manner. For him, the entrepreneur has two functions: that of the innovator, as defined by Schumpeter, and that of the modern manager (Baumol, 2002).

3. Similarities and differences between entrepreneurship and intrapreneurship

The origins of intrapreneurship are to be found, no doubt, in entrepreneurship. The author who introduced the notions of intrapreneurship and intrapreneur is Gifford Pinchot III and they stem from the phrase intra-corporate-entrepreneur (Pinchot, 2010), and it concerned to aspects:

1. Intrapreneurship is a set of good business practice that gives full credit to people with entrepreneurial personality to innovate quickly in large organizations.

2. Intrapreneurship encompasses individual actions or/and team actions that behave in an entrepreneurial manner (Pinchot, 2010).

Nielsen et al. (1985) states that, although Pinchot is the one who invented the notion of intrapreneurship, economists like Chandler, Williamson and Baumol changed the classical and neoclassical principles of the market economy (Hathway, 2009). Antoncic and Hisrich (2003) offered a series of key elements pertaining to intrapreneurship: new ventures and new businesses, product/service innovation, process innovation, risk taking (losses, opportunity costs), pro-activeness.

Being led in their activities by the entrepreneurial spirit entrepreneur and intrapreneur have certain elements in common, such as initiative, innovation and risk necessary for the creation of added value. These elements are implemented differently, resulting, therefore, in a series of differences.

The next table offers information regarding the similarities and differences between the activities undertaken by the entrepreneur and those of the intrapreneur.

Table 1: Similarities and differences between entrepreneurship and intrapreneurship.

| Similarities | Differences |
|--|---|
| <ul style="list-style-type: none"> • Innovation: <ul style="list-style-type: none"> - innovation can represent a new product or service, a new technological process or an improved management method; | <ul style="list-style-type: none"> • Type of activity: <ul style="list-style-type: none"> - the intrapreneur's activity has a restoring character; - the entrepreneur's activity has a creative character; |
| <ul style="list-style-type: none"> • Creation of value: <ul style="list-style-type: none"> - alteration must be truly new and must come up with a different proposal; | <ul style="list-style-type: none"> • Encountered obstacles: <ul style="list-style-type: none"> - the intrapreneur's obstacle: company's culture; - the entrepreneur's obstacle: market; |
| <ul style="list-style-type: none"> • Undertaking risk: <ul style="list-style-type: none"> - the intrapreneur risks the company's money, focusing on new products; - the entrepreneur risks own money and time; | <ul style="list-style-type: none"> • Sources of funding: <ul style="list-style-type: none"> - the intrapreneur uses the company's resources, that can be very large; - the entrepreneur must look for personal funding sources; |

Source: Sasu 2003 (in Bădulescu, 2013)

The experience acquired by working in a large company may prove useful for the opening a personal business. One has to decide which alternative is most suitable, as both entrepreneurship and intrapreneurship have advantages as well as disadvantages.

4. In conclusion

An important part of this article underlines the relationship between entrepreneurship and intrapreneurship, as well as the similarities and differences between these two concepts. In order to be a successful entrepreneur it is necessary to possess a capital that allows you to bring something new on the market, for the companies who want to maintain themselves on the market, to resist competition, to enlarge and develop their business, innovation is mandatory. Big companies interested in innovation are becoming more and more preoccupied

with the creation of a true entrepreneurship/intrapreneurship culture. They want to convince employees, investors and managers that trying to promote new ideas is no loss of time, but on the contrary, it adds value to the company, that it is normal to make mistakes in the search for something new and that failure shall not be punished, if things do not go according to plan. Taking into consideration the high speed changes in today's business world, the big companies that are reluctant to innovation and intrapreneurship are likely to be left out of the race and therefore face drastic and rapid profit cuts and have less chances of surviving.

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ANNUAL FINANCIAL STATEMENTS - SOURCE OF INFORMATION UNDER THE ACCOUNTING INFORMATION SYSTEM AT TRADE ENTITIES

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Abstract: *During the time, the number of potential users of the financial statements has considerably increased, which led to a higher pressure regarding publication of financial information. Thus, the risk of conflict between entity's administrators and external users exists, and its presence implies the necessity of accounting rules and the audits of the financial statements in order to ensure the provision through financial statements/annual accounts, of data and information to be relevant, credible: complete and neutral, in all significant aspects. In other words, the position, financial performance and policies of an entity are reflected at the level of the financial statements. Theoretical framework brings together a number of concepts that are considered fundamental in order for the normativ or aplicativ applied at the level of the entity to have clearly specified the coordinates of the base and are able to achieve cohesion between the objective of financial statements as true and fair view, financial information and policy characteristics and estimation techniques as a form of expression towards the recognition and presentation of economic reality. Synthesis documents should provide useful information to investors and creditors decisions, although it should be noted that the financial statements should provide information to the same extent also towards the other users, such as managers, government, state employees. On the other hand, the content of synthesis documents is intended to help those who want to conduct business assessment, but this information not being intended for the direct use in the evaluation of the business. At the same time this information together with the information contained in the notes, assists users of financial statements with regard to the estimation of future cash flows of the entity.*

Keywords: the situation of cash flows, accounting information system, trade entities.

JEL classification: M 41

1. Introduction

Under present article my intention is to bring some clarification on the annual financial statements as a source of information from the trade entities, taking into account the fact that in article 9 of the Accounting law No. 82/1991 republished, with subsequent modifications and completions, it is stated that the official documents for the presentation of the economic and financial situation of the entity are the annual financial statements, set out according to the law, which must give a true and fair view of the financial position, financial performance and other information on the work carried out by the entity.

2. Financial statements - information support in management decision

The main source of accounting law from Romania, Law No. 82/1991 republished, stated in art. 9 that official documents presenting the economic-financial situation of the entity are the annual financial statements, set out according to the law, which must give a true and fair view of the financial position, financial performance and other information on the work carried out by the entity.

At the same time, in Order of the Minister of Public Finance no. 1802/2014, point 24 states that annual accounts must give a true and fair view of the assets, debts, financial position and profit or loss of the entity.

If the application of the provisions of these rules is not sufficient to give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity, in the notes to the financial statements to be provided additional information necessary to comply with this requirement.

As Radu (2009: 70) said, quoting Paraschivescu each part of the financial statements reflect a certain picture of economic transactions and events in the context of the current financial year as follows:

- *Balance sheet, as image of the financial position* reflects the ability of the entity to adapt to environmental changes by using economic resources (assets), the structure of financing (equity and debt), and with the help of economic and financial indicators of liquidity and the charge. Information about controlled assets are useful to predict the entity's ability to generate cash flow, and financial structure, for anticipating future lending and distribution of future cash flows between the entity's partners;

- *The profit and loss account*, as image of the performance of the entity, reflects the entity's ability to generate profit. The information is useful for anticipating the entity's ability to generate cash flows (revenues) through the use of existing resources (costs), as well as the degree of efficiency in the use of new resources (profit or loss);

- *The situation of cash flows*, as image of the financial solid item of the entity, reflects the entity's ability to generate and utilize the cash flows from operating activities, investing and financing;

- *The situation of own capital* changes as image of the value of the entity, reflects its ability to generate elements of equity (share capital, share premium capital, reserve, the result brought forward, the outcome of the exercise).

As Tabără said (2001a: 48), idea which I agree, the goal of true and fair view signifies the requirement to give the best description of the entity; annual accounts giving a true and fair view if they are not misleading, false if it does not provide a representation of reality. So it is necessary to communicate the information users complete, taking into account that their needs are different, and it changes with the changing economic and social environment (principle of relativity needs).

Considering the above, I am also of the opinion that it is important to know the users of accounting information, the purpose and requirements of these sides, because interests for accounting information are very numerous, all internal and external partners of the entity, such as managers, employees, shareholders, investors, suppliers, customers, public agencies, etc..

At the same time their concerns are, obviously, for different areas, which is materialized in the business plan by the adoption of separate decisions and in need of a suitable approach for their establishment.

Returning to the above, Pahone (2005: 46) quoting Demetrescu, defined the balance sheet, in general, as follows:

- the most representative instrument for recording and accounting control used for the realization of its main purpose, to characterize the work of the economic and financial situation analysis;
- an accounting document compiled on the basis of data from accounting, arising from the current records;
- the main instrument and characteristic of the consolidation and generalization on the basis of the principle of double representation of accounting data and information on the methods and sources of economic training, and the results of all the levels of the national economy: in general, budgetary institutions, subbranches, branches and the national economy as a whole.

In this way, according to the author, the balance sheet can be considered a guide for establishing the conditions under which economic entities in general operates, making use of the experience of the past, indicating the directions to be followed and specifying the deficiencies. As a result, I consider it important to give the some of the issues set out in europeanlaw as regards the balance sheet, which, clearly, off the idea that the entities in the trade they have unconditionally to be applied, thus the possibility of recording of their sources of funds and balance sheet at the same time being a work of synthesis for economic and financial analysis.

At the same time, balance sheet – management model-getting a higher level for information, expresses the sizes with productive character obtained postfactum.

Otherwise, the concept of annual accounts is defined by Directive of the European Economic Community (EEC), taking into account the balance sheet, the profit or loss account and the notes, which together make up one whole. All in the 4th Directive it is stated that, in principle, the structure of the balance sheet and profit or loss account cannot change from one exercise to the next, and if this principle is violated in exceptional circumstances, duly substantiated reasons shall be stated in the notes.

At the same time, Tabără (2001b: 74) shows that IV- European Directive States the following:

- posts from the general diagrams for balance sheet and profit or loss may be provided detailed with condition to follow the structure of diagrams;
- it may add new posts when their content is not in general diagrams, and also add may be required by the legislation of the national accounts;
- each element of the balance sheet or profit or loss account must show the size of the previous year in respect of this post;
- general diagrams for presentation of the balance sheet and profit or loss account may be changed by the national indices;
- compensation is not permitted between actions active and passive, respectively between the expenditure and the revenue.

Even so, as Pahone says, in the current economic legislation and practice of various countries, the annual accounts are known as abbreviated as "balance", considered the most representative recording and control tool used by the accounting department, useful for analyzing financial situation at economic entities in general.

Having in view of other approaches from the specialty literature, Voica (1994: 257) notes that the balance sheet is:

- the main element for the explanation of double registration;

- the way to reflect the situation at some point in the entity's money through the implementation of means and resources;
- Summary of accounting calculation, by presenting themselves at some point the economic situation from a perimeter of stock movements, valued in money, comparing assets with liabilities;
- accounting document compiled on the basis of accounting data arising from current records made in the accounts;
- specific accounting tool, which presents itself in a centralized manner and systematically grouped accounting data on the situation of economic value, the sources of funds for training and the results of an entity generally at some point.

3. In conclusion

In conclusion, we can say that managing trade entity, for instance, requires financial statements, balance sheet and, in particular, to satisfy multiple goals, complemented, information and control of economic activity, comparative analysis and justification of decisions.

At the same time the theory has demonstrated, and the practice has confirmed the financial statements as a decision-making tool for basic information-management entity.

Also at trade entities the goal of financial statements is to provide useful information on a wide range of users by presenting an image true to the financial position, performance and changes in financial position of the entity.

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THE ROLE OF ECONOMIC DIPLOMACY IN PROMOTING ROMANIA'S ECONOMIC INTERESTS

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Abstract: *This paper is a theoretical research on the role of economic diplomacy in promoting the economic interests of Romania. The foreign economic requires an extensive process that is in a continuous update and development in accordance with international standards. In terms of representing the interests of a country abroad, the role of economic diplomacy is in a state of permanent development. A good foreign policy is a major tool of promotion, abroad, of the business environment and economic interests of Romania. If diplomatic activity as a whole, refers to the totality of interstate relations, the fundamental objective of economic diplomacy is to ensure the economic growth and development of a country. In this context, we can say that the main function of economic diplomacy is to analyze economic goals through diplomatic means, which may or not be based on tools having an economic character. Diplomatic strategies aimed at an economic entity entail political results. Economic diplomacy is not a new concept, but it has become essential in relation to the dominant expression of Power that, in the current context, is economic. Thus, economic diplomacy presents new aspects in a society of information and knowledge, and the development of the activity in this area is dependent on the capacity of the state to foreshadow new governance principles, based on ineluctable trends, related to economic intelligence, globalization and, why not, the struggle for knowledge. We are currently witnessing a phenomenon where by companies live in a global world, while the states remain 'national', so the nationality of a "product" or of a "company" is increasingly relative. In the current context, the authority of the "national state" no longer has a monopoly character, the decisional core of economic diplomacy tends to be transferred from the state to various regional and international organizations, such as EU, IMF, WB, WTO, AEL.a.s.o., which are the real holders of power. However, the formal framework of legitimacy of power is the national state as it creates and negotiates the skills and policies of international organizations. The portrait of the "New Age" will have in the spotlight the "Knowledge", especially the scientific and practical knowledge, as the main means of production and development of the company. The main characteristic of every society lies in the potential of fundamental research and its scientific and technological resources as well as in the ability to develop scientifically and technologically. In this regard, information technology is the basis of intellectual technology, in which the theoretical knowledge and new information technology will be defining for the development of the "New Economy". The guiding principle will be the crucial importance of theoretical knowledge as a source of innovation and management.*

Keywords: economic diplomacy, national interest, business environment, foreign investments.

JEL classification: H7; O10.

1. General aspects

It is the function of foreign policy [MAE] that ensures the compliance of foreign policy approaches with the objectives of promoting the economic welfare of the citizens of a country. Its objective is the use of foreign policy instruments to support the economic interests of the Romanian state and Romanian entrepreneurs.

Economic diplomacy provides an effective framework for institutional cooperation to achieve concerted actions to promote Romania's economic objectives abroad and to support the attraction of foreign investments in Romania, respectively.

The main tasks for safeguarding the Romanian economic interests abroad: supporting and promoting energy security objectives; cooperation with international economic organizations; inter - institutional cooperation on economic issues; providing economic expertise with in the MFA.

According to art.3 of the Vienna Convention 1961, the functions of a diplomatic mission consist inter alia in:

- (a) representing the sending State in the receiving State;
- (b) protecting in the receiving State the interests of the sending State and of its nationals, within the limits permitted by international law;
- (c) negotiating with the Government of the receiving State;
- (d) ascertaining by all lawful means conditions and developments in the receiving State, and reporting there on to the Government of the sending State;
- (e) promoting friendly relations between the sending State and the receiving State, and developing their economic, cultural and scientific relations.

Nothing in this present convention shall be construed as preventing the diplomatic mission in exercising the consular functions.

2. The main directions of development of economic diplomacy

In promoting Romania's economic interests, the main directions of development of economic diplomacy include:

- Promoting bilateral economic relations with both EU member states, and other countries with growing economic potential;
- Coordination, supervision and evaluation of economic policy activities in order to achieve the objectives politically set;
- Promoting Romania's interests in new areas such as energy, climate change and technology transfer;
- Orientation towards new economic markets not capitalized so far (the development of some economic opportunities complementary to the European ones, opportunities locate diverse as, particularly in emerging economies);
- Collaboration with international economic organizations(OECD, WTO, international financial organizations);
- Supporting Romania's position in the actions carried out by specialized international institutions and organizations to which it is party;
- Attracting foreign investments,complementary with the expanding abroad of the companies with local capital;
- Involvement in a larger measure of the private sector in making decisions about the actions of an economic nature;
- Expanding the cooperation on economic diplomacy line with other states that have a very well consolidated segment and adapting to corporate diplomacy, in order to assume new ways to promote political interests through instruments specific to trade and investments.

Conclusions

In this case, the target of economic diplomacy is the promotion of national economic interest;

An important role is played by the diplomat, because he representing the country at all levels and in all aspects;

Diplomacy should be viewed in many ways not only at European Union level, but also in terms of bilateral, multilateral and global;

According to the Ministry of Foreign Affairs, the strategic partnerships and special relations within Romania's foreign policy open to cooperation with all states, certain bilateral relations stand out through solidarity and scope. These are states with which Romania has bonds sanctioned by partnership acts: French Republic, Italian Republic, Japan, People's Republic of China, Republic of Azerbaijan, Republic of Hungary, Republic of Korea, Republic of Poland, United Kingdom of Great Britain and Northern Ireland, United States of America, Republic of Turkey. Romania became a donor of official development assistance (ODA) in 2007, after having joined the European Union. Its development cooperation policy is coordinated in relation with Romania's foreign policy. As mentioned in the National Strategy on the international development cooperation policy adopted in 2006, Romania's development cooperation policy consists in supporting people in developing countries, including low- and medium-income countries. Poverty cannot be defined simply as the lack of financial resources but also as citizens' deprivation of food, education, health services, jobs, political involvement and infrastructure. As an EU member, Romania can provide development assistance to countries and territories mentioned in the [OECD-DAC list of ODA recipient countries](#), both through the bilateral-driven efforts geared at development cooperation and by joining the EU's efforts in the field. The overall objective of Romania's development cooperation policy is to support the partner countries' efforts to implement their own national development strategies. Romania signed the Millennium Declaration of 18 September 2000 and endorsed the main international engagements in the field of development cooperation.

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CONCEPTUAL DELIMITATION OF THE TERM EDUCATION

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Abstract: *The present work describes some concepts in terms of education or education seen in terms of investment as a first work analysis between some EU countries. When talking about education, at any level in any state, it is a form of effective communication between the „sender” of the information, naming it the educator or the receiver of information - „learner”, who is subject to the educational process, referring to the internal functioning of an institution of education. Education has no borders, no barriers to overcome at the informational level, it must be acquired, supported and assessed constantly to become increasingly competitive. Referring to communication, element of knowledge of some positive or negative aspects on educational plan, there must be known the aspect of supporting education nationally or globally, moreover, it must be acknowledged the important role education has related to economic growth and development of a country.*

When it comes to education, almost always we consider the theoretical aspect, but education itself is based on a practical, active activity - participative within some productive institutions.

Therefore, education is regarded as one of the most effective investments where human capital which is part of the education system must be connected to the reality of labor market requirements, so that nowadays education is effective for tomorrow's economy. It is necessary to form an active labor force participative to economic growth, ensuring financial remuneration in accordance with work performed, ensuring welfare, consumption, taxes duties to the state, etc.

Keywords: practical active-participative activity, investment, welfare, economic growth, self-education.

JEL Code: A1, K12

1. Introduction

Education is a way of shaping individuals who want to be part of a system of education or another. It is a mindset, a way by which the trained man will perceive some problematic issues he faces in his daily work more efficient, in addition education expands horizons of thinking upon everything surrounding us. Therefore I believe that, at random, education is part of us, as we represent education by ourselves, as culture, a way of expression, thinking and last but not least in behavior in the social environment.

2. Analysis of several concepts about education

One of the most appreciated French sociologists, Emil Durkheim, in 1911, defined education „as an influence from adults on those who are not ready for social life, with the aim to form their mental, moral and physical abilities corresponding to the requirements of society”(Durkheim, 1980, p.45). Equally known is the statement

of Roman Herzog (former President of FRG) in 1997, „Education Forum” in Berlin (...) "education is the key to labor market and still the best prevention against unemployment"(UNESCO –Education forum, 1997). A new definition by UNESCO as „organized and sustained communication, aimed to stimulate learning”(UNESCO-2011). I would define education „as a set of valued information, which is always in a conflictual relationship between one education system or the other, between value and non-value, opportunity and change, etc. Education as purposefulness should lead to the construction of a society conscious of everyone efficiency within the economic frame". The Europe 2020 strategy, the most important strategic document released by the European Commission for the next decade, defines education as „a priority needed to support the EU's economic growth potential and the states sustainability.

To support the EU's economic growth potential and the sustainability of our social models, the consolidation of public finances in the context of the Stability and Growth Pact involves setting some priorities (...). The structure and quality of public spending is also important: budgetary consolidation programs should give priority to „growth-enhancing fields” such as education and skills, research, development and innovation (...)" (European Commission, 2020 - (2010). During the development of science, education was defined by several authors in terms of some concepts described in (Tab.no.1). However, personally I would define education as the personal project which should reflect the individual's desire to educate. Where there is no willingness towards the educational project, the responsible factors from the social environment must identify the cause that determined the individual to not educate. Training a man supposedly involves an educational base, acquired and evaluated by the society where he manifests as social interest to be an eternal and vivid imprint.

Education is seen as the most cost-effective investment in human, which transforms the individual, society, and contribute to the economic system of a state by his work. It should be a concern of the whole society by the optimal use of its human and material resources available, but also beneficial at a certain point.

Table no.1. Analysis of some concepts about education

| Concepts on education | Authors |
|---|--|
| Education is a complex activity for the formation of a man prepared to meet the practical requirements of society and enhancing personal profit. | Locke (1662) |
| Education is developing natural, gradual and systematic of all faculties. | Johann Heinrich Pestalozzi |
| Education as an influence from adults on those who are not yet prepared for social life, with the aim to form their mental capacity, moral and physical adequate to society requirements. | Durkheim, (1980) Educație și sociologie, Editura Didactică și Pedagogică, București, p.45. |
| To educate means transformation of psychological consciousness of the individual related to the collective relations as a whole common conscience which assigns a common value. | Piaget (1983). |
| Education is a systematic activity exercised by adults on children and adolescents in order to | Planchard (1992) |

| | |
|--|--|
| prepare for a full life, in a determined environment. | |
| Education is a complex social activity that is performed by an endless chain of actions exercised consciously, systematically and organized in order to form an active and creative personality, to meet the social and historical present conditions. | Nicola (1993). |
| Education is the key to labor market and still the best prevention against unemployment. | Roman Herzog (fost președinte al RFG) în (1997), la "Forumul educației" de la Berlin, UNESCO, 1997, p.8. |
| Education is a psychosocial activity with general function of training - ongoing development of the human personality for optimal social integration (...). | Sorin Cristea (2000) |
| Education is natural development, progressive and systematic. | Pestalozzi, apud Panțuru, coord., (2008) |
| Education is help for life, stimulates intelligence, cultivates freedom and initiative of children. | Maria Montessori (apud Panțuru, coord., 2008) |
| Education is the action exerted by the adult generations on those who are not yet mature for social life. | Émile Durkheim (apud Panțuru, coord., 2008) |
| (...)priorities needed to support economic growth potential (...) | Strategia Europa 2020, |

Source: after Plancharde, Introduction in pedagogy, EDP, Bucharest, 1976, p. 45

Education as a social project must identify potential learners, to support them through all the levels of existence. Education as a government project must provide some legal stability forefront for all actors which are part of it. I would like to refer to the letter addressed to all governments by Maria Montessori in 1947. She carried out an educational research over 40 years, she found that in a child we can discover the force that is capable of creating human beings as he is as an adult „if education is to be reformed, it must rely on children” (Montessori, 1996,p.4). This issue was discussed also,, at the second General Conference of UNESCO (Montreal, 1960) that recommended governments to make adults education a priority as part of the respective systems of national education” . Certainly if we analyze the school dropout at all levels will find a mass of individuals who left the education system. These adults should be reintegrated in the education system as quickly as possible, given their role in economic development, statement made two years after conferring the General Conference of UNESCO” all men and women, during their life, to have the opportunity to follow various forms of education, consistent with their individual development, and participation in civic life and economic and social development of their country" (World Education Report, (2000), pp.56-58). Of existent definitions, I would opt for that which emphasise the development of person in education and fulfilling practical requirements. First of all, it should be mentioned the Europe 2020 strategy, the most important strategic document released by the European Commission for the next decade, which

defines education as „a priority needed to support the EU's economic growth potential and the states sustainability”.

3. In conclusion

In this paper I have tried to outline some of the conceptual boundaries of the term education. Of course they are more numerous, each author considers his concept to be the most important. But surely that education does not stop at defining concepts, it should be seen as a living organism that changes, changes and should be treated especially considering the socio-economic trend. Education will never die, it grows and becomes more powerful through us, by its role of perception as important, by mankind, namely the way that education is beneficial to individuals through educational programs profitable both for society and person itself. Therefore, I consider that education and investment must become not just two words beautifully spoken by those who are part of it. The expression „investment in education” must be a priority of all states, governments and more important available in the entrepreneurial environment.

Education at a certain time has to adjust to macroeconomic dynamics by increasing the level of education on the one hand, and the quality of education, where investment aspect is an undeniable one. Of course, quality supervision plays an important and decisive role exercised by institutions which is subject to, both as mentoring, evaluation and control, and by the main instructors. Summarizing, I shall refer to the statement of Andoulei Vassiliou: "Investment in education, training and research is the best investment we can do for Europe's future. In 2014-2020, Erasmus+, the new EU program for education, youth training and sport, will allow more than 4 million people to study at workplace or volunteer abroad. This experience enhances their skills and personal development, job prospects as well - and can contribute to overcome the crisis"

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EDUCATION – PART OF HUMAN CAPITAL. AN ECONOMIC APPROACH

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Abstract: *The present paper describes the concept of education as part of human capital, a determining factor in economic terms by the two forms of education exerted on individuals. Intellectual human capital within the education system is an integral part of economic heritage, that, by the value of work performed, can lead at some point in economic growth. On the reference frame of relationship between education development and economic growth of a country, the starting point may be to identify the appropriate or inappropriate workforce of a specific economic activity, identifying actors that can contribute to economic growth through their subsequent training in the education system, correlation of individual productive capacity with existing market capacity etc. Any individual can be formed in a particular area of activity within the education system, based on existing methodologies and personality development of an individual, it leads to the provision of more accountable activities, more thorough, which certainly will lead to growth and economic development. "Education is a continuous reconstruction of experience which adds meaning to a previous experience and ensures the development of the following one" (Dewey,1972,p.70).The term „education” is always heard, defined or redefined, the truth is that it is an integral part of each of us. Among the old and the newest definitions we have examples such: Plato defined education as „the art of forming good habits or develop native skills for virtue of those who have them.” Aristotle, in his work „Politics”, believed that „education should be an object of public oversight, not private”.Johann Amos Comenius, in his „Didactica magna” believed that at birth, the child is endowed by nature only with „seeds of science, morality and religiosity”, they become the property of every man only through education.*

Keywords: learner’s desire, paternal existence, productive human capital, investment, economic growth

JEL Code: A2, K12

1. Introduction

Education is the system in which a large mass of families is found, from educable to educated, which is a source of human capital and willy nilly is an integral part of the socio cultural and economic heritage of a country. The economic approach of education is currently a topic debated both scientifically and practically, where education is seen as a prime factor of progressive growth of economy. Any economic growth, be it an insignificant one at the time, it is done with a productive human capital, that must be based on education as a concept that will lead towards the formation of the future workforce. Education as a source of human capital helps to a potential opportunity of work commitments among educated individuals to find

employment more quickly. Education is a dynamic field, a field that depends on the achievement and attainment of the objectives pursued by a number of factors: economic, demographic, socio-cultural etc.

These factors are in a permanent relationship, maybe I could define it as one of „paternal existence” in terms of its institutional relationship. The interaction of these factors support each other within the education system, by the existing human capital at the time. Individuals are productive not only because of the existing technological process but also the process of education, where the training of human capital should be provided firstly within the education system.

Considering the statement of the European Commissioner for Education, Culture, Multilingualism and Youth, Androulla Vassiliou „It is a difficult time for national budgets, but we need a coherent approach of public investment in education and training, because they are essential for children's future and our economic recovery, sustainable on long term. If Member States fail to invest adequately in education and skills, it will remain even further behind our global competitors and will be difficult to combat youth unemployment". Human capital formation is based on education through information provided within education systems, where the effort of the educator to teach an educable at a certain time, must be found within the productive human capital of a country as an active labor force and beneficial to the social and economic environment. Therefore I believe that education has no borders, no barriers to overcome in the information area, it should only be supported more effectively for the formation of human capital aiming at the economic benefits from the activities performed by each individual. Education plays a decisive role in the formation of „human capital” by offering a chance to any individual to find himself at a workplace.

2. Education as economic value

The labour product of an educator is reflected on training of human resources within the institutional environment, to be useful to social and economic environment at a certain time. Education as an economic value must be the best supported asset by allocating the necessary financial resources to education system. Economic development is a sequence of activities that fulfill macroeconomic requirements on basis of transformations, economic changes where the role of education is vital considering the human factor that we have, subject to the process of formation of individuals aiming at the market work force opportunities. Therefore I believe that with the economic development of a country, schools are subject to new requirements of the labor force it needs to honor, by ensuring both sides of educational theory, but certainly more well defined by providing the practice. All countries of the modern world are seeking economic growth and development, we are in a constant competition in the world on economic growth because it enables people to consume more goods and services that lead both to the welfare of the population and economic growth. Each state develops its own strategies for economic growth and development, where investment in education is a national, strategic-investment priority, which can not be achieved just through financial and theoretical support, but rather by allocating a substantial percentage of the GDP for supporting education. Therefore, as Jacques Delors states, who, between 1992-1996, was president of the International Commission for Education in the XXI century (...) "education systems must educate in an innovative spirit, to promote capacity development, adapting to a world in

rapid change, each individual being able to assimilate”(Delors,2000,p.55). The economic growth of a country depends on human development by enhancing education level, reducing poverty and set individuals on social level, issues that can be achieved through the investment in education. Any economic growth is conditioned by the development of human capital, which is the most valuable heritage of a country.

3. Human capital–economic concept

Each stage of the economic thought from the occurrence of theories on human capital until nowadays takes on new forms of expression, but one of the forms accepted but which can be modified related to new trends of economic thinking and accepted is given by OECD and defines human capital as, 1), „stock of professional knowledge, skills and health habits that can lead a person to increase his creative capacities and hence the revenue expected to be obtained in the future; 2) the ability of people to produce goods and services efficiently”(Enche, C-tin and team, 2001.p.82). Studies show that countries investing more in human capital (education, research, health) are those experiencing the most significant economic performance (Mursa and Ignat, 2009,p.10).

People can be a resource of work, and they must be supported by some form of education so that every individual become a human capital. Long-term economic development can be achieved only through a thorough investment in human resources, those resources that are integral part of human capital. Human capital consists of the skills of the individuals who are their characteristics and remain the same in any social environment, which can be exploited in the labor market in exchange for economic resources of any kind. (Becker,1999,p.109). Human capital as an economic concept is the ability of individuals which can be exploited in the labor market to produce at one time income through work, thus calling him an economic productive person, socially and individually. Human capital has developed as a concept in economics, where it is regarded in particular as „an estimate of a person's ability to produce income through work” Human capital is a estimation of the ability of a person to produce labor income. (Annamaria Di Bartolo,1999,)The formation of human capital education knows two distinct forms: through a form of active participation to systems of formal education, on which some certificates, diplomas are acquired or any other knowledge skills and abilities learned during life, by his own efforts but also through contacts the individuals have among them in the social environment.

6. In conclusion

In previous sections, we described the importance of education as an economic reference framework, having an important role in the training of individuals through the education system, which is part of human capital, as an inexhaustible source, but it needs higher financial support taking into account the economic trend and technical-technological process which every employee has to deal with.

Each individual develops human capital by daily experiences, but the development of human capital through one or another form of education will lead to an aspect the individual himself will have to admit that the most beneficial improvement is through education. Any form of individual improvement automatically leads to formation of own human capital, where one can benefit from additional earnings, respectively, in terms of economic aspect it will automatically lead to economic

development of the country. I therefore consider that the formation of an individual in education can be beneficial at any time during his life, taking into account the trend of technological and economic development respectively, market needs of labor force that require new professional skills, man has a chance to adapt himself or even to affirm in several fields.

Viewed under economic aspect of amounts allocated as a percentage of GDP, where we note that investment in education is one below the EU average, human capital formation becomes a personal and governmental responsibility to be regarded as a future economic objective.

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THE RESULTS OF USING EU CROSS BORDER FUNDS - LESSONS LEARNED IN CASE OF COOPERATION BETWEEN ROMANIA AND HUNGARY

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Abstract: One of the European Union's priorities is to reduce disparities between border regions. This purpose requires a cohesion policy promoting constant improvements in competitiveness and employment. In this context, CBC Ro-Hu Program have stimulated the cross-border cooperation, by helping regions that are less prosperous or are suffering from structural problems to improve competitiveness and to achieve a faster rate of economic development in a sustainable way. The Romanian-Hungarian border has become much more permeable over the past years as formalities have been simplified and many new crossing points have opened. At the same time, cooperation in border regions has increased, thanks mainly to the EU programmes, to include a range of business, cultural and conservation interests. Cross border cooperation is not only about funding and creating infrastructure, but it is also set to strengthen cooperation: one of the key ideas behind cross-border cooperation programmes is to facilitate the joint development of areas that geographically belong together. At a time when regional policy has been generally weak, cross-border cooperation has contributed significantly to cohesion and it is a good indicator of stability in the region.

Keywords: Romania; Hungary; Cross border cooperation; Funds.

JEL Code: O19.

1. Introduction

The Romanian – Hungarian border region is characterised by differences in the level of infrastructure and economic development in that the Romanian border zone with Hungary is more developed than the average of Romania while the reverse is true in the case of Hungary. At the same time, the region has important resources, both human and natural, that can be tapped to promote growth in the border region.

2. Cooperation between Romania and Hungary from PHARE to structural funds

Location: Romanian – Hungarian Border region: Satu Mare, Bihor, Arad and Timis Counties, Romania and Szabolcs-Szatmar-Bereg, Hajdu-Bihar, Bekes and Csongrad, Hungary. The overall aim of the RO – HU CBC programme is to bring the people, communities & economic actors of the border area closer to each other in order to establish a sound basis for balanced economic & social development, assuring optimal development opportunities for the counties.

The evaluations made ex-post the program show that border region institutions, public and private, have a higher level of interaction than the respective average national ones and that cross-border relations eventually depend on the level of specialization and the size of the markets. The Phare experience also shows that

barriers to cooperation are important and can negatively affect the performance of border region institutional, professional social and economic infrastructure. Overall, people are less concerned about the quality of infrastructure and more concerned about the general or the financial conditions prevailing in each country, indicating that the best policy for cross-border cooperation, rather than improvements in infrastructure, may be the development of the economies in the region and the improvements in their economic environment.

However, the cross-border programs do have a major impact on the targeting regions at all levels, generating further development and sustainability in terms of accumulated skills. PHARE CBC Romania-Ungaria 2004-2006 was 15 million Euro investments only on the Romanian side of the border. The yearly allocation of funds was 6.334.000 €, out of which 4.750.000 € were PHARE CBC funds, as it follows: for investment projects 5.454.000 €, while for small projects „people-to-people” the allocation was of 880.000 €. There were 136 projects financially assisted within the 2004-2006 program, supporting the development of 40 cross-border partnerships in 2004 and 48 in each of 2005 and 2006 program

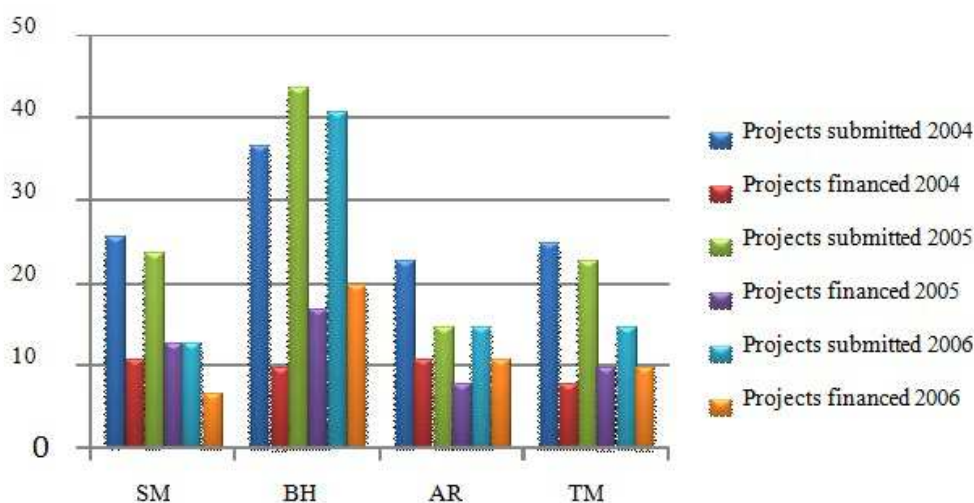


Figure no. 1 Progress analysis and achievements for period 2004-2006 PHARE CBC Program.

Source - BRECO Oradea.

The 2007-2013 CBC Hungary- Romania Programme, with a total budget of 275 million EURO, was adopted by the European Union on the 21st of December 2007. This programme aims the cooperation in the eligible area consisting of four Romanian counties (Timis, Arad, Bihor, Satu Mare) and four Hungarian counties (Csongrad, Bekes, Hajdu-Bihar, Szabolcs-Szatmar-Bereg) in fields such as the transport and communication infrastructure, environment protection, economic and social development through partnerships between actors on both sides of the border line.

During 2007-2013 a number of 472 projects were approved within the CBC Hungary – Romania Programme which were selected within five auctions, with a total of 211 million EURO being allocated.

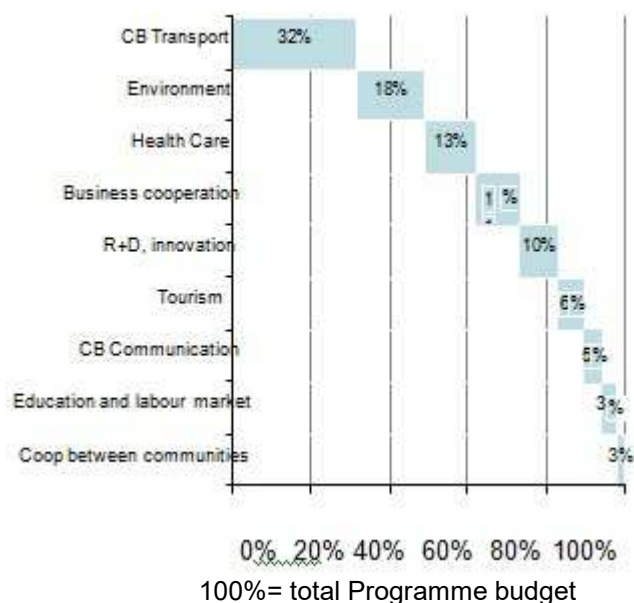


Figure no 2. Distribution of final allocated sums/areas of intervention, in percentage during the HU-RO Programme 2007-2013.

Source informatic system IMIS 31.12.2012.

For the 2014-2020 period, the funds allocated for the territorial cooperation will be decreased by approximately 15%. The distribution method of these funds, their prioritization and the main domains of intervention are some of the subjects which are still in debate and there is no consensus of the European Commission on this subject until present.

3. Lessons learned

The long duration of the programming and contracting process and other implementation delays may have reduced the achievement of assistance's objectives, impact and sustainability, in some cases.

There needs to be stricter requirements for evidence of project justification and viability; better understanding of the critical path of the contracting and implementing; stricter enforcement of document processing response deadlines; improved communication between beneficiaries, implementing agencies and the national authorities and encouragement of the beneficiaries not to wait for final approval before starting on the preparation of necessary documents.

Indicators of achievement, where they exist, have not been used adequately in the management of interventions. For example, better use of cost-effectiveness indicators could be made in investment assistance if they were defined before approving infrastructure assistance, and were monitored after the completion. Otherwise, the only measurement of success is the completion of the works, which is not an adequate indicator of effective spending of EU and Romanian funds.

In this respect, more intensive training targeting potential / existing beneficiaries is to be considered, as well as strict requirements concerning the development of project proposals.

Equally important, the staff involved in the monitoring & evaluation as well as control activities should be well aware of the matter.

Having a firm and steady legislative environment as well as a clear and strict set of applicable procedures in the implementation and reporting processes is of utmost importance. During the implementation of CBC Ro-Hu Program important legislation have been modified, affecting dramatically the implementation process. In this respect, it is worth mentioning the legislation regarding the public procurements.

In addition, it is very important to clearly establish and communicate the set of procedures affecting the life of a project, such as the monitoring and evaluation tools, the official language of the program's documents and all the other verification tools that occur.

Specifically, the cross-border programs include the necessity of harmonizing the legislations and the enforced procedures and it is mandatory to do this in the programming period, in a manner that shall not affect the potential beneficiaries and implicitly, the effectiveness of the assistance.

While material and financial resources are rather adequate in most cases, the human resources rarely are enough or properly qualified to implement EU projects. In this respect, there are several aspects to be carefully considered for further assistance: the project's team shall comprise at least a manager / coordinator and a financial manager, and as many further technical staff members as necessary, all staff members shall be carefully appraised during projects evaluation, based on program's requirements; the baseline is all management, legislative, financial and technical levels of a project have to be covered in terms of staff and time allocation.

4. In conclusion

The cross-border cooperation impact does not have an abstract character and can be measured at several levels. While we can count the partnerships at institutional level or the number of kilometres of new or rehabilitated infrastructure, new publications or number of participants to cross-border events, there is also a qualitative dimension of the measured impact.

The conceptual character of the cross-border cooperation, the precedent created in each project implemented, equally in those that have become success stories as well as in those that emphasised the difficulties encountered. A common ground has been developed for further cooperation. Related legislation has been identified; a common language and contractual agreements have been written and adopted.

Considered a real success, the Romanian-Hungarian cross-border cooperation has the advantage of building on a natural tendency, given the numerous Hungarian ethnics living on the Romanian side of the border. However, while we do not want to discourage such cooperation, the character of this particular program is not based on the development of the ethnic dimension and thus the inter-ethnic character of the partnerships must be a condition for sustainable cooperation in the region.

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<http://www.uniuneaeuropeana.ro/>

THE DEFINITION OF SMALL AND MEDIUM ENTERPRISES IN THE IMPROVEMENT PROCESS OF THE BUSINESS ENVIRONMENT

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Abstract: *The enterprise or the company is the form through which the economic activity is developed. We cannot consider a national economy or a market economy without defining Small and Medium Enterprises (SMEs). The SMEs sector is the predominant in a market economy being the largest and comprising most part of employees stimulating innovation and creativity. Once with the development of global economy, of trade, each country tried to define SMEs. There is no definition agreed by all national economies when it comes to SMEs. This article includes a summary of several definitions of SMEs in different continents. If in the 70s most of the national economy didn't have a clear definition of SMEs, today is practically impossible not to have a defined this term. In the current context of the global economy, a universal definition would help all national economies and especially help investors. The complexity of national economies as the diversity of global trade relations leads us to harmonize the definition of the term Small and Medium Enterprises (SMEs). Due to the different criteria applicable to SMEs there has been a process to harmonize the definition in the European Union through the model recommended by the European Commission. Because some countries use both qualitative and quantitative criteria when it comes to Small and Medium Enterprises it leads to a resistance to accepting a universal definition. With this summary of the definition of SMEs watched observing differences on the establishment of turnover and number of employees when defining an SME. In this article I will try to define small and medium enterprises and also their evolution in time.*

Keywords: Small and medium size enterprise; market; employee; harmonization; turnover; balance sheet.

JEL Classification: A14, L20, O10

1. Introduction

Market economy by its nature needs offer and demand representatives. These within the market economy are best represented by economic agents or by enterprises. Their role is to manufacture products and to provide services.

The Enterprise according to the Romanian Dictionary represents any form or organization of an economic activity, patrimony autonomous and authorized according to the applicable laws to establish acts and deeds of commerce in order to obtain profit by manufacturing products and by selling these on the market or by providing services when having competitors (DEX 2009).

According to the definition used by the European Court of Justice in its judgments, an enterprise is "any entity engaged in an economic activity, irrespective of its legal form" (European Commission, 2003/361/EC, art.3). The determining factor is the

economic activity, and not the legal form. So when we define an enterprise we do not only consider large enterprises but small enterprises, self-employed, family firms or associations involved in an economic activity.

The enterprises represent the motor of every economy. Without enterprises, without economic agents we cannot talk of a free market economy. They are the ones that through their nature offer employment for the population bring welfare and also represent the main national budget source. We can divide enterprises in two main categories: large enterprises and small and medium enterprises (SME).

2. SMEs definition around the world

Small and medium enterprises represent the backbone of every economy. Peter Drucker said that "small enterprises represent the main catalyst of a growing economy" (Drucker, 1999). SMEs represent the most common form to organize a business. SMEs represent an important source for entrepreneurial capabilities, of innovation and creating new job openings. Small and medium enterprises are confronted sometimes with market imperfections. From time to time they have difficulties in obtaining financing or loans especially in the startup phase.

In the EU they represent 99% out of all the enterprises. In the last five years there were 85% new job openings and offered 2/3 out of the total workforce in the EU private sector according to a European Commission report. The EC considers SMEs and the entrepreneurial spirit to be the key elements to ensure economic growth, innovation, creating new jobs and social integration in the EU (European Commission, 2005). That is why several programs were created like Horizon 2020, COSME, Small Business Act (SBA) to increase competitively, innovation and the access to SME's financing. In the Europe 2020 strategy SMEs play an important role because they can contribute to the economic health of the EU economy.

The SBA for Europe, elaborated in 2008 and modified in 2011 reflect the political will of the Commission to recognize the central role of SMEs in the EU economy. This initiative had the lead principle "Think small first", in other words give priority to SMEs.

The SBA initiative considered reducing bureaucracy, facilitating the SMEs access to financing, helping SMEs in their attempt to penetrate new markets, ensure healthy competition, promoting education and entrepreneurial competencies, intellectual property protection, encouraging research and development and helping SMEs in a regional context (European Commission, 23.03.2011).

Each country, each group of countries tried to establish their own definition. That is why in 1975 the Atlanta Georgia Technology Institute (USA) centralized, compiled, the definitions given by several countries of the world for small and medium enterprises. Their purpose was to try to develop this business segment and also to find universal indicators that will help measure them. So they put together a document that had 72 answers received from the countries. The interesting fact is that most countries did not have a clear definition, one that would be established by law, for SMEs (Auciello, 1975).

In 18th July 1958, in the US Public Law 85-536, regarding the Small Business Act was issued. That is how a definition for small businesses was established. This act stated that *the essence of the American economic system of private enterprise is free competition* (PL 85-536, Sec.2). The law defined the small businesses concern as shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation (PL85-536, Sec 3). SBA defined the size of a small business for each industry, and the general criteria used are 500

employees for most manufacturing and mining industries and \$7.5 million in average annual receipts for many nonmanufacturing industries.

In Australia, SMEs are defined as an enterprise with up to 200 full time equivalent employees. In their legislation have 3 categories of small business: micro businesses that have less than 20 employees, medium businesses who have between 20 and 200 people and large business with more 200 employees (ABS, 2001).

In Japan, SME Basic Act, enacted in 1963 and revised in 1999, define the SME by industry type, stated capital and number of employees. They have two conceptions, one is from SME Basic Act, which I presented and definition in the Corporation Tax Act, where the difference is just stated capital 100 million of yen (SMEA-METI, 2013). Once with the establishment of the European Economic Community, through the signing of the Rome Treaty in 1957, the importance of the development of SMEs was considered. In the European Commission recommendation in 3rd April 1996 SMEs were defined by size, turnover and independence. This represented the first joint definition of SMEs.

In 6thMay 2003 the European Commission issued a new recommendation that takes into consideration the economic progress since 1996. This is applicable since 1stJanuary 2005. This new definition is adapted to the new categories of SMEs and is applicable to the existing relations between enterprises. This was required to help stimulate innovation and partnerships so that these could be facilitated through public support systems of SMEs. The new standards that are applicable starting with 1st January 2005 are shown in the table:

Table 1 Classification standards for SMEs

| Company category | Employees | Turnover | | Balance sheet annual Total |
|-------------------|-----------|------------------|----|----------------------------|
| Micro-enterprises | < 10 | < 2 million Euro | OR | < 2 million Euro |
| Small enterprises | < 50 | <10 million Euro | | <10 million Euro |
| Medium enterprise | < 250 | <50 million Euro | | <43 million Euro |

Source: Commission Recommendation 2003/361/EC of 6 May 2003

Through this new definition the European Commission wants to establish equity when it comes to SMEs regardless of their activity. An EU statistic reveals that in 2010 more than 9 organizations out of 10 were in the microenterprise category.

A study made in 45 countries targeting 91 banks reached the conclusion that most banks (85%) define SMEs in terms of annual sales (Beck et al, 2011). On average, the banks consider small enterprises the ones that have a turnover between \$2– \$16 million.

The first Romanian definition of SMEs was in the Law 133/1999. This defined SMEs as companies that manufacture products and provide services and divided them by the number of employees. Companies that had no more than 9 employees were considered microenterprises, the ones that had between 10-49 employees – small enterprises, the ones that had between 50 and 249 employees were considered medium enterprises. Law 346/2004 changed the definition but kept the classification. An SME was a company that fulfilled the following 3 criteria: had an average number of employees less than 250, had an annual turnover less than 8 million Euros, or the annual balance sheet does not exceed 5 million Euros and the company is independent, meaning that a company that is not an SME does not hold more that 25% of the social capital of an SME.

Through the OG 27/2006 approved by the Law 175/2006 the definition of the SME changed and also the criteria to classify these. By these modifications the definition is harmonized to the European Commission one. An SME is a company that fulfills the following 2 criteria: has an average employee number less than 250 and has a net annual turnover less than 50 million Euros or have total assets that do not exceed 43 million Euros.

In Romania, microenterprises, from a fiscal stand point has a different definition that was modified almost annually. The microenterprise in 2015 is a private company has revenues less than 65.000 Euros and the revenues from consultancy and management do not exceed 80% from the annual turnover (HG 77/2004).

In Romania when we try to determine if a company is a microenterprise or not, we have to specify if the criterion is from a fiscal or statistical stand point.

3. In conclusion

Having in mind that SMEs are considered the engine of any national economy and also being the instrument through which entrepreneurs can implement their innovations or inventions, attention should be paid to this sector. SMEs are most flexible to market change and react much faster to the events from the global economy. Maybe this is why a harmonization has been attempted, at least at a European level, of the definition of SMEs, so that there are no differences when it comes to financing, or access to different markets in the context of the global economy. The place and the role of SMEs in the national economies is one that requires special attention from all governments.

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MARKETING COMMUNICATIONS ON THE DIY MARKET IN ROMANIA

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Abstract : *By using the concepts and analytical tools for computing, marketing is directly related to the quantitative methods of economic research and other areas where the performance and efficiency of a system are studied.. As asserted by NEIL H. BORDEN, professor at Harvard Business School, marketing is still an art for market introduction, and the marketing manager, as a chef, must creatively levy all its marketing activities with the purpose of promoting the short and long term interests of its company. The role of marketing is to build the "personality" of a product such as it is harmonized with what the consumer wishes from that product – and in order to do so it is necessary to become familiar with the consumer in depth, with his needs, preferences and consumption habits, with all the factors that influence its behaviour. Within modern companies, marketing communication has become an extremely important phenomenon by its importance and implications on the life of organizations and on society in general. DIY penetrated Romania in the early years, but abroad, and especially in America, the DIY concept called „do it yourself" has had a long history.*

Keywords: *marketing, DIY, performance, promotion, consumer, marketing research*

JEL classification: M31

1.Introduction

Nowadays the consumer is bombarded with a lot of promotional impulses, coming through various channels, from traditional television, radio, internet and newspapers, bus stations etc. everywhere we hear and see promotional messages. The manufacturers and retailers help at this, increasing by number, who are trying to use as many channels as they can so their message could reach the consumer and become more creative.

Just from the multitude of messages that companies send to various partners (stakeholders), that it is about actual or potential customers or collaborators came the concept of integrated marketing communication.

Generally speaking integrated marketing communication (Pelsmacher, Geuens, Bergh, 2005) gives a new perspective on the entire mix communication (consisting of advertising, public relations, sales promotion, personal promotion, etc) from the point of view of the consumer, ie the flow of information from a source. Without necessarily giving a definition of the integrated marketing communication, Ph. Kotler (2010, 429) explains this concept

2. The *DIY* market in Romania

DIY market has been facing again a difficult year, 2014 probably being the most hectic year of the "12 years of *DIY* local market history" with two significant transactions involving 42 stores, an exit (OBI) in which the reductions were up to

70% and troubled the market prices, investments of over 60 million Euros in new stores and the emergence of a new brand and concept - Brico Depot which replaced up to now eight Bricostores.

After four consecutive difficult years, the Romanian *DIY* retailers have sought to restructure or relocate, last year bringing three large transactions.

First, the British Kingfisher, Europe's biggest retailer of products for house arrangement and also the third worldwide, took over the 15 stores in Romania of French Bricostore, for which they paid about 41.5 million euros. Then, Praktiker announced that the company sold 27 stores in Romania to the building materials distributor of Search Chemicals, a company owned by businessman of Turkish origin, Omer Susli. The list of acquisitions was completed, the French company Leroy Merlin, acquiring, through a transaction in shares, the 15 stores that Austrian *DIY* retailer Baumax was holding in Romania.

The *DIY* market is estimated at 2 billion euros, currently being dominated by the Romanian players Dedeman, Arabesque and Ambient. Among the other players present at the local level we can also mention Leroy Merlin, Praktiker, Hornbach, Brico Depot and Mr. Bricolage.

3. Marketing communication on DIY market

In order to describe and understand the perceptions, attitudes, motivations and consumer opinions on the marketing communication concept on the *DIY* market, it was established a qualitative marketing research (focus group). The qualitative study is exploratory, having the goal to express the problem in a correct manner, using the building tools for quantitative research and identification of the junctions that can materialize the hypotheses tested using quantitative study.

The research examined the following three aspects regarding:

1.The DIY market: the significance (definition of *DIY*, additional knowledge), identifying the players on the *DIY* market (preference) identification of the current situation on *DIY* market, the performance (*DIY* representative retailers, factors of success).

2.DIY promotional marketing techniques: current promotional techniques (evaluation, suggestions). Establishing strategies for success depending on choosing a particular brand of *DIY*. (the hierarchy of companies)

3.The Local Aspect: the personality of the Brasov market (features); Strengths, weaknesses; Market attractiveness for *DIY* retailers (characteristics, advantages, disadvantages); *DIY* market performance of companies from Brasov (factors); Promoting the future market from Brasov for *DIY* retailers.

The qualitative research was based on theoretical sampling. The focus group was conducted on a sample of 10 people, with the criteria for the selection of participants: age, occupation and education level. The focus group was conducted with participants from relatively homogeneous socio-professional categories to avoid the inhibiting effect or the monopolization of the discussion.

To this end, a recruitment questionnaire was conducted in advance in which it was examined whether subjects meet the necessary requirements. The duration of the focus group was 2 hours; it was done in one series due to the nature of the project. The main limitation of the qualitative research derives from the nature of the method used, which makes the results and conclusions not to be representative at the population level, they, remaining "hypotheses" that can be validated or invalidated by future wider research.

Qualitative research results reveal the "knowing" of the general aspects regarding the DIY, of the main categories of DIY products. For example, respondents associate the concept of DIY with non food, building materials, gardening equipment or auxiliary products which help the man to carry out daily activities but there was few information of the specific elements related to the concept of "do it yourself" with numerous terminological confusions. Most respondents said that until now they had at least one experience in various DIY centers in the Brasov county, they bought various categories of products such as construction materials, interior design products, gardening products, electronics etc.

They argue that most DIY retailers operating on this market, currently offer quality products and services. The best known DIY retailers mentioned by the participants are: Dedeman, Praktiker, Hornback, Brico Depot, Arabesque, Leroy Merlin. The Internet is by far the most popular source of information and the first choice for those seeking the latest news, exceeded the average with a much longer history: television, newspapers and radio. More than half of respondents said they have heard of the DIY stores from the internet. Another way to get informed is by the commercials broadcasted throughout the television and radio.

Other means of information are the street posters or outdoor advertising (outdoor) frequently defined as street advertising and the recommendations from friends. From the results of the qualitative research resulted in a set of criteria that are highly important when choosing a brand of DIY. Respondents detect the fact that an important criteria in choosing a brand of DIY pertains in the quality of the purchased goods. Another important criterion for participants is the price of the products. This, if in the past the main factor for the decision making process was the design, today the DIY products purchaser is focused primarily on the quality-price ratio of the products.

Dedeman has been associated with the following words: quality, superiority, offers, promotions, cheap. Respondents consider that the retailer Dedeman offers an extremely generous line of products which meet the demand from construction materials to interior design. The superiority of this shopping center is given on the one hand by the quality of the services that they offer, and on the other hand by the promotions and offers of the store, participants also believe that the prices are very good. Instead, the retailer Praktiker was thought as being specialized in gardening equipment, this is a store accessible in terms of location. Praktiker is perceived as an expensive store with high prices. The retailer Arabesque is perceived as being specialized in sanitary items and building materials. Brico Depot is a warehouse associate specialized in construction materials as well.

In terms of promotional methods the respondents consider that for accomplishing the objectives, DIY companies must use all promotional activities: advertising, public relations, brand, promotional events and sales force. Notice the common interest of the respondents in terms of their main complaints against the existing stores in the DIY market, which refer to personnel, the low quality of the products, transportation, high prices.

Following a market survey conducted to identify consumer opinions and preferences of the people in Brasov regarding DIY market, it has shown that growing number of people are purchasing DIY products.

In the compiling of this study it was used a quantitative research method that was based on a survey using the questionnaire, as the main instrument. For the

composing of the questionnaire there will be formulated a series of questions about the views of the people from Brasov regarding the DIY market of Romania.

The research was carried out with the aim of finding out the opinions, attitudes and behaviors of the people in Brasov regarding the DIY market. The population studied targets the people over 18 years from Brasov. The studied population is composed of both males and females. The size of the population of Brasov is 227.961 inhabitants, of which 53.3 % women and 46.7 % men.

Following the research results we have seen that 94.8 % of respondents have heard at least once the DIY concept and 5 % have not heard. Of the 364 people who have heard of the concept of DIY the majority answered they know it throughout the television and the Internet. Of this percentage 67.4 % bought DIY products from retailers.

Another important aspect is related to the number of views of the commercials, a percentage of 74.5 % of respondents saw commercials on various DIY products, and the remaining 24.5 % saw running ads in DIY shopping centers.

Following present search results, a percentage of 41.0 % had heard of the new offers of the company Dedeman and the remaining 59 % have not heard of these offers.

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From the results we can see that 58.1 % of respondents consider it necessary to open a new store while 41.9 % think it is not necessary.

Another aspect is related to the image of DIY companies on the market. The people from Brasov appreciate the image of the company Dedeman as very good, ranking first place in their preferences, followed by the company Practiker occupying 2nd place, the company Brico Depot 3rd, Hornback is No. 4, and the company Bricostore on 5th .

From these results we can see that the first place in terms of the main issues that respondents took into account when purchasing DIY products are product range, followed by value for money and professionalism.

Conclusion

Given the extremely fierce competition on the DIY market in Romania, firms operating in this market are seeking ways to find the most attractive methods to promote their products. In addition to product quality, the Internet as a promotional channel, is more appreciated today than traditional means of promotion through television and press.

There are many aspects that differentiate the DIY companies from the traditional business trade of construction materials that exists in Romania. It is the concept of "multiple stores under one roof", where you can purchase all the products needed for construction, whether it is interior or outer buildings. It is not only a huge variety of items, but a huge variety of products in the same range, starting from the *economic type* (i.e. lower prices) to luxury products.

If from the point of view of the products, prices and distribution there is some uniformity to the competitors for the same class of goods or services and no

decisive differences between the competing firms, the center of gravity of the differences seems to locate in the promotional policy area.

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ACCOUNTANCY IN THE CONTINENTAL SYSTEM VS. ACCOUNTANCY IN THE ANGLO-SAXONE SYSTEM

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Abstract: *This thesis focuses on outlining the similarities and differences between the two international accounting systems, the Anglo-Saxon pattern and the continental one. The Anglo-Saxon pattern is known for facilitating the information towards shareholders and for disconnecting from taxation, while the continental accounting system is based on advertency and on the protection provided to the shareholders of the business entity and revenue authority. In the globalization conditions, all the activity fields confront with the necessity of an attunement at the international norms which should allow the specialists to speak the same language. The accountant professionals sphere does not make a deduction, thus imposing the necessity of a general valid system of financial reporting. Nowadays the signal word which the accounting profession is guided after all around the world is globalization. Hereby, it is important to know the differences between the accounting systems of each country and the factors which determine these discrepancies, in order to blur them in the more or less near future. The annual financial situations in Romania according to OMFP 1802/2014 and in USA (US GAAP) have been more accurately analyzed, noticing the existence of a series of similarities, but also a high number of differences which will be forgotten in time in the situation in which the attunement process will arrive to an advanced stage. In the last months, in Romania a series of improvements afferent to the financial situations took place, but these must be complemented especially from a qualitative point of view in order to consider an attunement process closure. In this way, the outlining of an international accounting doctrine is attempted, which does not mean the export of the national accountancy, but rather the integration of the national accounting cultures in a normative theoretical base which should function as a guide in the attunement of the accountancy at an international level.*

Keywords: annual accounting situation, international accounting differences, continental pattern, Anglo-Saxon pattern, balance, profit-and-loss account

JEL classification: M41, M48.

1. Short history of accountancy

Nowadays, the information is accessible everywhere, regarding all the activity fields. The accountancy, economy's alcove which the businesses are expressed through, uses the information in its proper manner, giving it a public or private status. The most important information which is as a base of the accounting process is the financial situation, which constitutes the financial report core.

The economy has developed within each nation directly proportional with these. Also, the economical language constantly evolved, keeping its bond with the features specific to the culture it belongs to and corresponding to a group of

people. In spite of the cultural differences which exist between the accounting systems of each states, between countries there is a series of similarities which allow the division of the national accounting systems in two international patterns. Thus, the continental accounting system is outlined, used in countries as France and Germany and the Anglo-Saxon pattern initiated by England and USA. Between the two patterns there is a series of differences regarding the economic and social media and the accounting objectives but also within the two systems there are several national accounting regulations which the accounting of each state differs from the other country's through (Feleagă, 2000).

1.1. Continental system vs. Anglo-Saxon pattern

The content and the application system of accountancy are different for each nation, these consisting in national laws, orders and directives which apply to all the business operators in a country. Moreover, the differences between the accounting systems belong to the particularities specific to each country from the social, cultural and economic point of view, to the objectives which regards the financial reporting and to the used accounting principles.

These discrepancies may appear either in presenting the accounting information, or in their perception and interpretation (Feleagă, 1996). Therefore, when the users of the information are both internal and external, the financial situations of the companies must be filled according to the European and international norms in order that the potential investors may take an optimal decision, avoiding unpleasant situations, as the ones faced by Rover or Daimler Benz in the '90s.

In order to see the differences between the two accounting systems at an international level, we must understand which the differences between the national accounting norms are, because the accountancy is expressed through a language proper to each country, regarding taking the decisions in a unique economic media. Therefore, the accounting discrepancies which may appear between states have, according to Flower (2002), four determining causes: the organization and functioning of the state; the financing sources of the business; the organization and the influence of the accounting profession; other diverse factors (inflation, colonialism, etc.).

From the other specialists' point of view, the accounting systems of each country and the cultural values are determined by five media factors: economic system, socio – political media, legal system, educational system and religion (the most important media factor in Moslem countries). The five factors influence the cultural values of the country they apply in, having an impact on the accounting profession and implicitly on the financial – accounting systems. The differences between the accounting norms of the countries may be explained in several ways. Thus, the influence factors which may lead to differences between the national accounting systems are classified, according to Choi (2005), as it follows: financing sources; legal system; the relation between accounting and taxation; political limits; inflation; the level of economic development; the level of educational development; culture. In conclusion, we may notice that the differences between the national accounting system at an international level are caused generally by the cultural values, political systems, legal and economic systems, financing sources, by the relation between accountancy and taxation, by the values of the accounting profession and by the other external factors specific to each state (religion, history, education).

2. Similarities and differences between the Romanian and USA system

Within this thesis I have chosen to outline the similarities and the differences between the financial situations carried out in Romania according to OMFP 1802/2014 and the ones carried out in USA according to the Anglo-Saxon accounting system, taking into consideration the reference period, the form, structure and the content of the financial situations.

The reference period is the period of time at the end of which the financial situations are drafted in order to synthesize the activity of the business entity satisfying the need of information regarding its performance and economic administration. In Romania, the period of reference has the length of a calendar year, while in USA the period of reference, known as fiscal year may differ from a business entity to another. More exactly, in USA, the Anglo-Saxon accounting pattern allows the financial situations to be closed at any time considered as being adequate by the business entity in question, provided as the reported period to represent almost a calendar year and to be constant from a year to another. Therefore, the most of the American companies choose to close the fiscal year in the moment the stocks and their activity register the lowest level in a year having the advantage of decreasing the effort necessary for drafting the financial situations (Malciu, 1998).

Referring to the financial situations form, a similarity between the regulations in Romania and those in EU and also in USA is noticed. Thus, the financial situations in Romania enacted by OMFP 1802/2014, do not differ from the financial situations drafted according to US GAAP, having a vertical form preferred in EU, excepting Germany and Italy which use the horizontal format, but less for the profit-and-loss account.

From the financial situations structure point of view a difference between the native and the ones from abroad may be noticed. Therefore, in Romania, within the balance, the assets are ascending classified from the point of view of liquidity, and the liabilities are in an ascending rank of their eligibility, while according to US GAAP, the assets are in the balance in a descending rank and the liabilities in an ascending rank.

Also, referring to the financial situations structure, differences regarding the profit-and-loss account are registered, which according to the national legislation comprises all the financial incomes and outcomes classified by their nature and alternatively disposed, while in USA the processing expenses are ranked according to their nature and also their economic destination and the incomes and the other expenses are cumulatively presented.

Another component of the balance "Cash flow statement" represents a common point between the Romanian variant of the financial situations and the American one. This has the same structure being achieved according to the norms indicated by IAS 7.

On the other hand, "The Equity records" differs between the two states. The native variant presents the equity records during the period of reference which reflects the increase or decrease of the net assets, and the American variant comprises the situation of allocating the profit and the shares.

The last part of the balance known in Romania as "Explanatory notes for the annual financial situations", appears in the Anglo-Saxon pattern as "Other elements", this being the only difference between the Romanian pattern and the USA one, regarding this component. Regarding the explanatory notes form, in both

patterns they have as objective the providing of additional information as complete as possible regarding the financial position and the results obtained by the business entities during the period of reference.

3. In conclusion

No matter the area of carrying out its activity locally, nationally or internationally, any business entity must conclude periodically financial situations designed to analyze the performance during the specific period and to certify its position.

Due to the fact that the globalization subject is more and more on every professionals' lips, in any field, the accountant specialists must reach a common denominator between the financial situation of the states, facilitating the potential external investors the correct understanding of the accounting information from the financial situations. For example, if a company in Romania is targeted by an American investor, this has to provide not only the financial situations drafted based on the native law, but also on the financial situations drafted based on regulations US GAAP. In the case when talking about a country which is not EU member, this would have to draft a set of financial situations according to the European accounting norms, reaching a number of three sets of different financial situations.

Here the notion of attunement intervenes, which would reduce the large number of financial situations sets which a business entity should draft in the event of wishing to enter the international capital market.

In my opinion, it is important to know the differences between the Anglo-Saxon accounting pattern and the continental one in order to understand the non-concordances and the manner these may be blurred. I think that this paper is useful to approach the Romanian accounting pattern to the Anglo-Saxon one and to lead to a finalization of the attunement process.

4. Acknowledgements

This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/187/1.5/S/155656 "Help for doctoral researchers in economic sciences in Romania".

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COMPLYING WITH THE CORPORATE GOVERNANCE GOOD PRACTICES CODE IN THE COMPANIES FROM THE BUSINESS ENVIRONMENT

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Abstract: *In this study we intend to understand the corporate governance systems in the companies from the business environment which are listed at The Bucharest Stock Exchange (BVB – Romanian) in order to identify and implement the good practices for insuring compliance with the BVB Corporate Governance Good Practices Code, in order to ensure the company's success under competitiveness circumstances. We wish to use the experience of successful companies from the Romanian business environment in order to improve the corporate governance systems. At the basis of this analysis there is the BVB Governance Code for listed companies, which represents an instrument for guaranteeing the competitiveness of the companies from the business environment.*

Keywords: corporate governance systems; BVB Corporate Governance Good Practices Code; business environment.

JEL classification: M10; M14.

1. Introduction

The company management structures have the final responsibility over the “good working” of the firm and so of its process to comply with the applicable regulation framework, respectively the legislation in the field, with the conduct codes and the corporate governance practices, as well as with its own policies and procedures. At the same time, each employee is obliged to fulfil the legal demands and the established objectives in his activity, observing the company's internal policies and procedures.

The main instruments which ensure the passage from legal compliance to the culture of integrity are based on the internal compliance policies and procedures which are developed at the level of the company and which ensure the compliance with the legal norms, standards, regulations and recommendations which are applicable to its activity and which must be respected. Among these the most important are: the mission statement and the ethics or conduct code, the ethics training, interest conflict prevention (Farell Cobbin, 1996).

Besides developing compliance internal instruments at the level of the company, respectively the passage to the culture of integrity, supposes that all the members of the organization should adhere strongly to the values and the principles which define the company. Putting into practice the values of all stakeholders creates favourable conditions for obtaining long-term performance, respectively ensuring the competitive advantage.

2. Study regarding the compliance to the good corporate governance practices code

Many successful companies perform their activities on the basis of complying with the stipulations of some business principles codes elaborated on the basis of good corporate governance principles promoted and accepted at international level.

To analyze the corporate governance systems a study was made on a sample of 28 firms listed on the Bucharest Stock Exchange, from the business environment, in which were used both explicit methodologies for process evaluation and implicit methodologies, in which the researcher creates their own vision on the practices in the field, which may constitute starting points in evaluation (for example the specialized literature can offer good practices in the field, considering that the authors try to support and impose their own point of view about corporate governance). The detailed approaches of many authors in the field can also be considered models for the evaluation of corporate governance with the specification that there are many works which approach more the legal and financial-accounting aspects and less the management aspects which greatly influences the efficiency of the corporate governance system.

The analysis of the corporate governance system was made on a sample of 28 companies which provided information on the basis of valid questionnaires (administered to 37 respondents, out of which 82.40% were people in leading positions in the Board, 9.30% were company executive managers and 8.30% were specialists from consultancy firms.) We also added other information sources which were published officially such as the annual reports published on the companies' sites.

In order to obtain homogeneous data, we included in the sample companies from the business environment which provide goods and services. We did not consider the banks and the companies which perform financial activities. The companies from the chosen sample, according to their manufacturing sector, are divided as follows (fig 5.1): metallurgy/siderurgy products (10.71%), plastics products (14.28%), residential and non-residential constructions (3.57%), raw petrol extraction (3.57%), manufacturing tools for extraction and construction (29.30%), transportation through pipes (3.57%), chemical products (7.14%), pharmaceutical products (7.14%), food products (7.14%); electrical products (3.57%).

In this study we intend to understand the corporate governance systems from the business environment which are listed at BVB, in order to identify and implement good practices, to ensure the success of the company, in competitive conditions.

We also wish to use the experience of the successful companies from the Romanian business environment in order to perfect the corporate governance systems. At the basis of this analysis there is the BVB Governance Code for listed companies, which represents an instrument for guaranteeing the competitiveness of the companies from the business environment, knowing that, to a great extent, the compulsory liquidation cases are caused by bad administration of the company (over 51% of the companies), 44% of the companies use human resources without adequate skills (without preparation for a specific position) with effect on low competitiveness (over 44% of the firms), lack of transparency in management (over 32% of the firms) (CILEA, 2013, p 12).

We should also show that the studies on emerging economies such as Romania which analyze the impact of implementing the corporate governance principles upon the company performance have emphasized the fact that the firms with a

higher governance index registered superior operational performance and stock yields because good corporate governance is correlated with good operational performance and higher market (Black et al., 2006, p 361-379), (Feleagă & all, 2011, p. 3-15). The study of the current policies regarding the implementation of the corporate governance principles in the companies from the business environment and the management structures (Board and Supervisory Board members, executive managers, shareholders).

Even though the application of the “apply and explain” principle is linked to the formal observance of the BVB code and the quality of the explanations is not so well appreciated by the specialists in the field, the empirical study, respectively the respondents to the questionnaire, see in the last 3 years an improvement of the companies’ concern for the identification and implementation of good corporate governance (72.72 % of the respondents confirm this opinion)

In order to analyze the compliance degree of the companies which were part of the initial sample (50 BVB listed companies) in applying the corporate governance principles, in regard to the stipulations of the BVB corporate governance code, we used the information published in the “apply or explain” statements, issued for 2014. We must underline the fact that the firms tick the fulfilment of these stipulations without bringing clear and conclusive proof, especially if we refer to social and environment responsibility activities, for which there is little and less convincing information on the company sites. Regarding the stipulations of the BVB governance code, to which the compliance degree is reduced, the most significant are the following:

The firms in proportion of 92 %, are managed on the basis of a unitary system and not a dualist one, invoking the fact that this system corresponds to the current stage of evolution of the firm, which corresponds, at the level of the sample, to a non-compliance degree of 98% for this criterion;

In proportion of 34% the companies do not have their own corporate governance code/regulation which would describe the main corporate governance aspects invoking the fact that they apply the BVB stipulations or they will adopt this code in the next stage;

38,78% of the companies, within their Board, do not have the support of consultative committees (commissions) for examining specific topics chose by it and for counselling in specific problems. Their role is taken by Board members.;

The quality of the explanations provided by the companies regarding the degree and modalities of complying to the corporate governance code, through the “apply or explain” statement, emphasize very little the progress and the problems which appeared after applying the stipulations of the BVB corporate governance code, and the degree of compliance with it (the respondents to the questionnaire assess this aspect with a medium score of 3.17), for which reason we did not make a global evaluation of the compliance degree.

Regarding the compliance degree concerning the applicability of the BVB corporate governance code stipulations, respectively of the way of implementing the corporate governance principles, based on the respondents’ assessment, we have a score of 3.71 which corresponds to a compliance degree of 74.20%.

3. In conclusion

Among the solutions for improving the quality of the “apply or explain” corporate governance statements the most important should refer in our opinion to:

- Perfecting the mechanisms for imposing the corporate governance good practices codes under the circumstances in which the new code will contain many elements;
- Respecting the corporate governance code by a specialized body (as it is in France, for example);
- Introducing compulsoriness by imposing minimal standards of corporate governance;
- Elaborating standards specific professional competences, for the Board members.

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FORMS OF YOUTH TOURISM

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Abstract: *In the last decade, youth tourism has undergone fast such as increasing demand and supply, gathered new markets, diversifying youth tourism. Tourism currently is considered to be the most developed industry across Europe, with considerable economic impact, with the highest annual growth rate. Youth tourism market is a market for a particular purpose; They do not want common products and common activities generally offered to the population; they try to discover new adventures in this sector, to find out new things. WISE (The World Youth Student and Educational) defines youth tourism as a form of tourism that include independent travelers (young people are not accompanied by a parent or guardian personally) for periods of less than one year, with ages between 15 and 29 years, individuals have the motivation for such movement willingness to accumulate vital experience to try new culture and to benefit from new formal or informal learning opportunities in an unknown environment, different than what they do every day. The most popular forms of tourism for young people are: - holidays - independent travelers spend their leisure time in a certain place or stay abroad; educational tourism; Working Holiday (young people who choose to travel for a period of time between three months and a year and a holiday combining a temporal job); voluntary collective (this type of travel is growing very focused on humanitarian work and community service); tourism practiced to learn a foreign language; international camps; cultural tourism. These forms are just a few that I chose to analyse, with many other forms. Educational tourism aims to enrich the educational process by providing the scholarships abroad, trips, courses, summer schools, national camps or internationally themed programs for youth, university and training to some of the most prestigious universities in the world. Young travelers occupy an important place in the global tourism market.*

Keywords: young travelers, youth tourism, Work and Travel, educational tourism, travel, holidays.

JEL codes: M31, L83.

1. Introduction

Tourism currently is considered to be the most developed industry across Europe, with considerable economic impact, with the highest annual growth rate: between 2 to 4.5 % in terms of turnover. Youth tourism market is a market for a particular purpose; They do not want common products and common activities, generally offered to the population; they try to discover new adventures in this sector, to find out new things. WISE (The World Youth Student and Educational) defines youth tourism as a form of tourism that include independent travelers (young people are not accompanied by a parent or guardian personally) for periods of less than one year , with ages between 15 and 29 years , individuals have the motivation for such movement willingness to accumulate vital experience to try new culture and to

benefit from new learning opportunities formal or informal in an unknown environment, different than what they do every day.

2. General considerations

According to forecasts by the World Tourism Organization (UNWTO), 2020, the trips number of people under 30 years old will be about 300 million international trips, so that the youth market will be one of the major growth opportunities for the tourism industry. Tourism potential of this segment could grow even more if there will be developed specific and effective marketing campaigns.

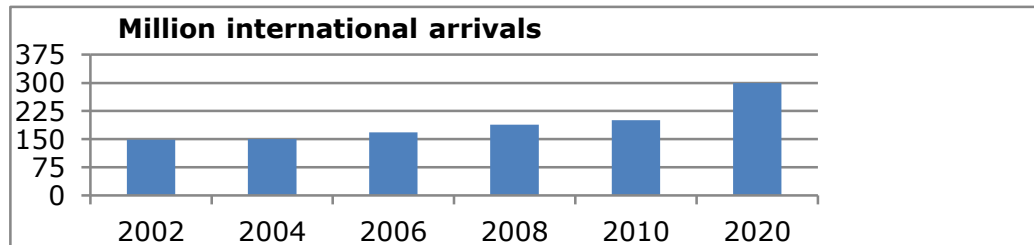


Figure 1: International arrivals

Source: UNWTO

The most important forms of youth tourism are:

- Holidays - independent travelers spend their leisure time in a certain place or staying abroad;
- Educational tourism;
- Working Holiday (young people who choose to travel for a period of time between three months and a year and a holiday combining a temporal job) ;
- Voluntary Collective (this type of travel is growing very focused on humanitarian work and community service);
- Tourism practiced to learn a foreign language;
- International camps;
- Cultural tourism.

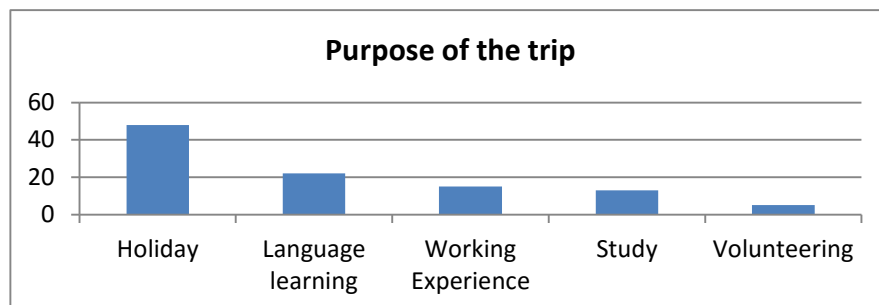


Figure 2: Purpose of the trip

Source: <http://thepienews.com/news/student-travellers-increasingly-common-biggest-spenders/>

Young travelers are considered to be poor in terms of money but rich in terms of the time they have available. Even though they spend less money on trips, the expenditure is higher than that of other age segment of travelers. Also, young

travelers tend to spend money directly to local suppliers, which increases their economic impact locally. These young people are sensitive to environment concerns and tend to interact more closely with the communities they visit. They think in a creative way, so try everything new.

Among the most important factors influencing youth tourism market include:

- Increasing the distance they travel coaches for trips for young people;
- Employment contracts of a short period of time;
- A growing number of suppliers for specific products or youth students traveling;
- Global development of the Internet with which young people learn the latest information about new destinations are promoted so places will want to visit and will recommend to others;
- A desire of young people to obtain travel funds for studies or those who choose to work.

Educational tourism aims to enrich the educational process by providing the scholarships abroad, trips, courses, summer schools, nationally camps or internationally themed programs for youth, university and training to some of the most prestigious universities in the world. These programs allow young people to interact with peers who have another nationality, allowing them to know new things. In Romania, this form of tourism develops imposed by the society. They need to know at least two languages and be familiar with different cultures.

International Camps are also a form of tourism practiced by young people. Participants are housed in international camps, campuses, apartments, hostels, hotels, depending on their preference, program type or age. These camps are the best schools for youth as it facilitates learning by imitation and repetition. Activities are educational, cultural, sporting or social.

More young people want to travel to learn a foreign language. The age of these young people is decreasing, period required for this trip is 5-6 weeks. Britain is considered the most important destination for studying a foreign language. It has a highlighted market dominance of English. Other destinations chosen by young people are: Spain, Australia, Japan, France, Germany or Brazil. This form of tourism is particularly important for those countries which have as their official language one of the international languages like English or Spanish. It is expected that the number of young people who want to study a foreign language will increase from 1 million in 2003 to 2, 6 million in 2020 (Richards, G., 2006).

Young tourists have also the possibility to know other places, countries, cultures, through volunteering programs. The period of activity for these programs varies from a few weeks and can reach up to one year. During this period, the young receive accommodation, food and pocket money. They can get language training, health insurance and days off each month. The amount of money allocated to young volunteers varies from country to country. In Romania the foreign volunteers receive 80 euros, while in Italy the amount received is 162 euros. A recent study showed that the number of volunteers worldwide is 1.6 million per year and the amount received by these is between 1.7 and 2, 6 billion dollars (Richards, G., 2008). The areas where the volunteers can work are diverse: environmental protection, culture, sports, recreation, art.

In Romania, various voluntary organisations offer language courses, IT or average youth who can not have access to adequate education. Romania Association of Youth Peace Volunteers organise courses for disadvantaged young people to acquire new knowledge. These camps volunteer help the young people involved to

develop their communication interacting with local communities or simply to know things and new people. In Romania should be adopted and implemented policies to stimulate volunteerism, volunteering must be promoted and citizens should be more involved in such activities. Work and Travel is a form of tourism also quite common. It is a form of developing globally. It is very popular in certain regions such as North America, Western Europe and Australia. Dominant place is occupied by the United States followed by Australia, Britain, France, Spain or Greece. Young people who choose to participate in such a program have the opportunity to gain experience by working in a different cultural environment, improve their knowledge of foreign languages, establish new contacts with people from all over the world, visiting new places and have the opportunity to earn a certain amount of money. Holidays are a form of tourism practiced by youth tourist. These holidays are an important way that meets the specific needs of young people regarding their leisure. These trips help personality development of young tourists, give them the opportunity to discover new lands, different cultures and ways of life. Holidays are a little bit of freedom, a little bit of history, culture and relaxation. They help to develop communication skills and the ability to accommodate to specific places. According YTI Magazine in July 2010, Southeast Asia is and remains the number one destination for young people.

3. In conclusion

In the last decade, tourism has undergone fast such as increasing demand and supply, gathered new markets by diversification of tourism for young people. Educational tourism aims to enrich the educational process by providing the scholarships abroad, trips, courses, summer schools, nationally camps or internationally themed programs for youth, university and training to some of the most prestigious universities in the world. These programs allow young people to interact with peers who have another nationality, allowing them to know new things. Young tourists have also the possibility to know other places, countries, cultures, through volunteering programs. Holidays are a form of tourism practiced by youth tourist. These holidays are an important way that meets the specific needs of young people regarding their leisure. These trips help personality development of young tourists, give them the opportunity to discover new lands, different cultures and ways of life. Holidays are a little bit of freedom, a little bit of history, culture and relaxation. In conclusion, young travelers occupy an important place in the global tourism market.

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CHILDHOOD DISABILITY WITHIN THE FAMILY AND SOCIAL INCLUSION: A CASE STUDY IN BIHOR COUNTY

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Abstract: *The overall objective of the research is to investigate the process and issues of social inclusion of children with visual impairments in Bihor County, in view of the need for inclusive social action. The main aim is to investigate the ways to optimize services for the protection of families and children with visual disabilities. To achieve this, the research is discussing the following dimensions: family environment and needs; characteristics of family socialization; educational opportunities; factors that cause dependence on the social environment and opportunities for achieving the capability to lead an independent life; objective and subjective dimensions of quality of life and opportunities for improvement; the way society relates to children with visual impairments and their families and how they perceive this way of reporting; the system of social services, educational, occupational, family and community inclusion; accessibility and efficiency of services; community life characteristics. The research is based on qualitative methods: the case study of a family with three children having visual impairments in the village of Albis (Bihor County), and semi-structured interviews with people involved in the local social services. The paper concludes that in order to alleviate or eliminate possible disadvantaging effects, social actions and policies undertaken by the family, school, civil society and community should be linked as parts of a coherent action strategy.*

Keywords: childhood disability, social inclusion, social services, family case study, Bihor County

JEL classification: I14; I24

1. Background and Research Methodology

In the specialist literature, disability is perceived and addressed mainly through the prism of two models: the individual (medical) and social. "From the perspective of the medical model, people are disabled as a result of their individual, physiological and cognitive impairments. The answer of medicine consists in treatment or rehabilitation, establishing the objective of coming back to "normal", i.e. that of being valid." (Manea 2006). The social model is promoted by the European Union and emphasizes the fact that social environment is inadequate for the needs of people with disabilities, hence the difficulties they face. Studies conducted in different countries demonstrate that social and family environment exerts the most important effects on educational achievement, which is, is then reflected in subsequent levels of income (Giddens 2008, p. 454-455). The social model does not perceive disability as an individual problem, but as a social fact, concerning overall policy, practice, attitudes and environment. (CNDR 2013) The latest EU policy document in this regard, the European Disability Strategy for the 2010-2020 period (European Commission 2010) provides eight main areas for action: accessibility, participation, equal opportunities, employment, education and training, social protection, health and social intervention.

Families who have a child with visual disabilities face a number of difficult issues. These children have difficulty in making detailed, carefully coordinated physical movements and develop slower the ability to get things done, as they cannot learn by watching others (Gherguț 2006, p. 176). Such families need counseling in particular. For most of parents, it is difficult to accept that their child has a disability, In case of rejection the child can shut itself, or rejection can facilitate the way to the development of aggressive behavior. Encouraging the child also will give parents confidence.

Based on the considerations mentioned above, the objective of our study is to investigate the ways to optimize services for the protection of families and children with disabilities in the context of available resources, so that we can mobilize the community to support families where the parents assume the role of educators of children with disabilities.

Our research is based on qualitative methodology. We conducted a case study of a family with a child with visual impairments in the town Albis (Bihor county) and carried out semi-structured interviews with people involved in the local social services (local Social Welfare, a social worker foundation) in direct connection support to that family. Data was collected in December of 2014.

2. Main characteristics of the family

The family has a house composed of two rooms, kitchen and annexes. The house is located near the outskirts of the village. The family owns 0.60 ha land. Family income consists of mother's salary, state allowance for three school children and scholarship for children in grade IX and XII. Net monthly income per family member is 160 -230 euro. In the garden located next to the house grow vegetables and fruit, but they cover only a small part of the needs of the family. The family grows animals: chickens and rabbits and had a cow. Family members are supported financially and with food by maternal grandmother of children. The family was included among the beneficiaries of the foundation for diaconal services of the Reformed Church.

Mother, AE is aged 40, and was born in Buduslău. Studies completed: middle school (8th grade), and continued his studies there. She married at 17, had their first baby at 18. Occupation: committed in 2013 as a laborer in a shoe factory in the nearby city of Marghita. She has heart problems and is under treatment.

Father, AF is aged 52, and was born in the village of Albis. Studies completed: secondary school. He has been married 29 years. He was never hired. He worked and currently works as a laborer in the neighborhoods. He is alcoholic in advanced stage, addicted to nicotine, and diagnosed with congenital cataracts in both eyes, has low vision (sees only shadows).

Children:

1. A.E aged 22 years old is the first child. Studies completed: secondary education at the local school, baccalaureate in Agricultural School Group in Valea lui Mihai. It has a commercial technical profile. Today she is housewife, but attended training course for elderly people caretakers. He was diagnosed with hyperthyroidism, operated with inherited congenital cataracts at the age of 12 and 17 years. His eyesight recovered quite well, wearing glasses.

2. A. Er. aged 20 years is the second child. Studies completed: baccalaureate in Valea lui Mihai, the business profile. He lives with his family of origin. He was

diagnosed with congenital cataracts and operated at the age of 12 and 14 years. His eyesight recovered quite well, wearing glasses.

3. A. F. is aged 15 years. Studies: secondary education at the local school. She is a student in ninth grade at agricultural high school from Bors. He was diagnosed with congenital cataracts and operated at the age of 9 and 10 years. Early childhood ophthalmic interventions made her visual ability largely recovered.

4. AR, nine years old, is the fourth child. Studies completed: secondary education at the local school, currently student in the third. State of health: healthy. He is the only child who may not inherit father's illness.

3. Community Network in Assisting the Family

Identifying disability of children in A. Family occurred after the entering of the first child in the education system. Several years passed until the eldest child's sight problem reached the attention of institutionalized social helpers: "The case came to my attention during 2003-2004. I was engaged in a diaconal foundation of the Reformed Church. The school has detected E.'s vision problem and the school asked local support from the Reformed priest. "(Social assistant of a diaconal foundation)

Family relationships with teachers, with the priest was good. They helped the family to enter in contact with the foundation that could provide moral and financial support. Thus, over the years, the family has benefited from the following social services by a social worker:

- Finding a sponsor to cover costs of specialized medical interventions, medicines, medical devices, necessary travel costs to medical specialist;
- Accompanying the family members to doctors, hospitals, various clinics and social centers;
- Effective communication between family, health professionals, schools, state institutions, sponsors, etc;
- Support in resolving conflicts, resolving misunderstandings between individuals and institutions involved in the case;
- Children's school orientation and support for their continuing education;
- Counseling family members during surgery, or in some crisis situations.

The social worker assigned by the Foundation considers that "it is a special case with periods which regularly require more active involvement (operations, new school year etc.), but there are also quiet periods." The doctor makes an annual control of the children's sight and the results are communicated to the mother. Everyone's life has changed, even if family members currently experience negative opinions of neighbors criticizing mother's decisions related to surgery and the schooling of children: "In vain she sends children to school, they always remain disabled, will not achieve anything in life. Better if they stay at home and work as possible." With the support of teachers, of the priest, and especially of the social worker, mother has reached a very important decision, which is to enter into employment. Today every child is attending school, and the first child, after finishing her elderly caretaker course, has now much better employment opportunities than her mother in the past. She has good chances of being hired in Marghita Home of Elders, where she currently works as a practitioner.

4. In conclusion

The main problems faced by the family studied occurred due to lack of adequate professional help, and the lack of early diagnostics of disability. All this was exacerbated by increased economic vulnerability. Without professional help, financially and morally offered through local community resources and directing them to the competent service representatives in this case, the family could not make any decisive step to solve problems. In particular, childhood disability which is due to genetic factors would require greater collaboration between the social worker and family doctors in the prevention or timely detection of disability. The necessary professional relationship partnership has four basic pillars: 1.effective communication, open and collaborative learning; 2.the role of all actors are well established, defined; 3.there is a relationship of trust between all stakeholders; 4.there is a "leadership team" consisting of mother, social worker, representatives of foundation and sponsors, who make decisions and take responsibility.

We believe that it takes more active mobilization of political forces, institutions, specialists at central and local level, civil society and the scientific community towards a stable legislation; allocation of additional resources; improving the education system and providing vocational guidance; development of services and therapeutic activities, improving vocational training and supporting independent family life; stability and professionalization of staff, creating a motivational system for experts in the field; enhancing the involvement of professional organizations and the joint action of all important community stakeholders.

5. Acknowledgements

This work was supported by the project "Interdisciplinary excellence in doctoral scientific research in Romania - EXCELLENTIA" co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013,contract no.POSDRU/187/1.5/S/155425.

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E-GOVERNANCE AS A WAY OF INNOVATION IN PUBLIC ADMINISTRATION

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Abstract: *The 2020 Lisbon Strategy for Growth and Jobs in 2000 has strengthened the European economies to face the contemporary challenges. Nevertheless, innovation and use of modern ICT services can facilitate knowledge sharing, skills development, transfer of e-government innovation and capacity building for sustainable development between the countries. Therefore, public institutions have recognized the importance of investment efforts and prioritize development of e-government solutions, given the central role of these technologies in supporting the current trend of increasing efficiency, both in the public and private sectors. The public administration was obliged to assume the leader role in innovation, promoting more dynamic and efficient working methods in providing high quality services. Consequently, e-governance and providing on-line public services are increasingly considered in the region as means to reduce costs, while providing better service and easier to use by citizens, but also as a part of government efforts to protect the environment. The strategies for e-governance in the 28 Member States of the European Union and, to some extent, those of non-member states in the region are influenced by the DAE pillars of the Digital Single Market: interoperability and standards, trust and security, quick and ultra-fast internet, research and innovation, strengthen digital literacy skills and inclusion, potentiation benefits for society.*

Keywords: public administration, innovation, e-governance.

JEL classification: H41; L33.

1. Introduction

The introduction of the Lisbon Strategy for Growth and Jobs in 2000, has positively impacted sustainable economic growth, both for the EU as a whole, but also for the Member States. The objectives of the Lisbon strategy are to strengthen the European economies and relaunching them to reap the benefits of globalization and to cope with the challenges facing contemporary society: an aging population, problems of education, environmental challenges and sustainability, competitiveness and efficiency, and technology challenges.

Through innovation and broader use of ICT there can be achieved efficient platforms to facilitate knowledge sharing, skills development, transfer of e-government innovation and capacity building for sustainable development between the countries, generating tangible benefits, such as new jobs or health and education services better and more efficient.

For this reason, government institutions have recognized the importance of investment efforts and prioritize development of e-government solutions, given the

central role of these technologies in supporting the current trend of increasing efficiency, both in the public and private sectors. Therefore, the public administration was obliged to assume the leader role in innovation, promoting more dynamic and efficient working methods in providing high quality services. Public administration has also tasked a new approach, market-oriented to service delivery that minimizes bureaucracy and reduce the administrative burden on citizens and enterprises / businesses, thus increasing their satisfaction, and the efficiency and effectiveness of government services.

The way in which countries of the world and particularly European ones, have understood the need for the development and implementation of large-scale e-government is suggestively surprised by the periodic surveys and studies included in UN reports on global e-government. In these reports it is defined and pursued an index of e-government (E-Government Development Index - EGDI) based on three important dimensions: (i) the availability of online services, (ii) telecommunications infrastructure and (iii) human capacity (each criterion entering the global index with a share equal to 33.33%). This approach, with a clear holistic and integrative profile, has enabled to reflect the evolution and success of e-government strategies in 2003 and so far, the pioneering practices and innovative solutions to address common challenges of sustainable development.

Thus, according to the latest available report - United Nations E-Government Survey 2014, E-Government For The Future We Want, world leaders in eGovernment are Korea, Australia, Singapore, France and the Netherlands (see Table 1). Noteworthy is that the average first 25 countries in e-government ranking is 0.8368, almost double the global average of 0.4712.

Table 1. Global leaders in e-government (2014)

| No. | Country | Region | E-governance development index EGDI (2014) |
|-----|-----------------------------------|---------|--|
| 1. | Korea | Asia | 0.9462 |
| 2. | Australia | Oceania | 0.9103 |
| 3. | Singapore | Asia | 0.9076 |
| 4. | France | Europe | 0.8938 |
| 5. | Olanda | Europe | 0.8897 |
| 6. | Japon | Asia | 0.8874 |
| 7. | US | America | 0.8748 |
| 8. | UK | Europa | 0.8695 |
| 9. | New Zealand | Oceania | 0.8644 |
| 10. | Finland | Europe | 0.8449 |
| | Average of the first 25 countries | | 0.8368 |
| | World average | | 0.4712 |

Source: United Nations E-Government Survey 2014, Department of Economic and Social Affairs, New York, 2014

In regional terms, for the year 2014, Europe, with an average index of 0.6936, continues to be ranked first, followed by the Americas (0.5074), Asia (0.4951),

Oceania (0.4086) and finally Africa (0.2661). Moreover, the analysis of the previous rankings shows that there is no change in these regional positions between 2003 and 2014.

Europe continues to be a global leader in e-government development, even that in 2014 only four countries are present in the top 10 (versus 7 initially, in 2003). The financial crisis, the relatively low growth and the aging population had its say in this dynamics, leading European countries to actively seek innovative solutions in order to remain competitive, resume growth and to continue to provide a wide range of public services to citizens. Despite of the difficult times, most governments in the region have reduced expenditure on e-governance, and some countries such as Estonia, Germany, Belgium, the Netherlands, Slovakia, Slovenia and Switzerland even increased their investment in e-government. This can be interpreted as a clear sign of understanding of e-governance as a strategic tool crucial to achieve broader public governance, to support economic recovery and to serve the citizens.

E-governance and providing on-line public services are increasingly considered in the region as means to reduce costs, while providing better service and easier to use by citizens, but also as a part of government efforts to protect the environment. There is a renewed emphasis on the impact and profitability of e-government in the region: countries such as Britain, the Netherlands and Denmark have implemented ambitious plans to streamline and become effective of e-government, reduction of direct costs of e-government, while to increase its impact. The Netherlands has already achieved the ambitious target proposed in 2004 to reduce the country's total administrative costs by 25%, and the government believes that there is room for a new economy in government spending of about \$ 1.8 billion by 2018, through an extensive process of expanding e-governance. An important element of e-government program of the Netherlands is the Digital by Default (Default digitization) designed to shift online as many services to citizens and businesses. A similar strategy, addressing a digitization default, was also adopted by the UK Strategy Governance Digital 2012 (Government Digital Strategy 2012) and is guided by the principle of redesigning online services to make them more direct and more convenient for everyone (Government Digital Strategy, 2014).

On regional level, Europe is concentrating its e-governance related efforts to face the difficulties in the economic and financial areas, through the European Commission's Digital Agenda for Europe - DAE and the eGovernment Action Plan 2015). The strategies for e-governance in the 28 Member States of the European Union and, to some extent, those of non-member states in the region are influenced by the DAE pillars of the Digital Single Market: interoperability and standards, trust and security, quick and ultra-fast internet, research and innovation, strengthen digital literacy skills and inclusion, potentiation benefits for society. DAE success and Action Plan can be attributed to long-term approach to developing e-government, incorporation into larger frames of socio-economic development, avoiding understanding of e-government as a technical activity of its own. Also important is the voluntary commitment of the EU countries to work together in a competitive form of mutual support and cooperation in achieving common goals. The results of these coordinated efforts is noticeable: most EU countries have a good place in the ranking of e-government, while 15 of the 28 EU member states are in the top 30 worldwide.

The concerted and holistic efforts in Europe, both at regional and national level, have helped to strengthen Europe's position as a world leader in eGovernment. While there is some change at the top of the regional rankings (Europe), between the western or northern Europe - the five Nordic countries (Finland, Sweden, Norway, Denmark and Iceland) are in the top 20 (overall) and the first seven of the top 10 (European), there is significant progress in the performance of countries in other sub-regions (e.g. Spain, Ireland, Italy, Lithuania, Montenegro, etc.) (Avanza 2 Plan).

A typical feature of European e-government strategies is to provide government information portals distinct, respectively, online services for citizens. Increasingly more countries in the region are engaged in providing open government data portals and e-participation and online government services for businesses. This increases the number of sites for e-government "basic" one country, going beyond the idea of unique portals ("one-stop-shop"). This approach is helping to provide more targeted services, easy to use and linked to different users, increasing the amount of information and services provided by public authorities.

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E-GOVERNMENT - BETWEEN EXPECTATIONS AND OPPORTUNITIES. A LITERATURE REVIEW

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Abstract: *Since the emergence of e-government, the public administrations around the world, as public service providers, have realized the importance and the opportunity to make, through e-governance, the services more efficient and accessible to citizens. Meanwhile, the world of ICT (computers, Internet, fast communications, etc.) has transformed citizens into demanding and experienced people, but, at the same time, permeable and interested in good quality of electronic services. Although the first services of this kind came from the private sector, individuals and companies, as citizens or taxpayers, begin to expect the same high standards for services provided by government agencies. In this paper we propose to highlight the importance and the huge potential of e-governance implementation and expansion, through a review of the main definitions, concepts and approaches of e-governance.*

Keywords: e-governance; public services; concepts; processes

JEL classification: H11; O33; O38.

1. Introduction

E-government aims (implicitly or not) to compete with the private sector, providing quality public services, more efficient, transparent and accessible to citizens and businesses. E-government benefits and advantages are obvious, but the implementation and adoption of the concept was very different in scope, pace, enrollment, both in developed and developing countries

Even though e-government has increased the transparency, has improved communication and access to information for citizens, however at the level of public administration and government agencies the distribution of this services is achieved with (still) considerable costs and efforts. Moreover, a lot of countries and, inside of them, an important part of citizens, do not experience the same interest, satisfaction and ease access to e-government services. The complex relationship between service delivery and their usage is still under discussion. Often, essential dimensions of e-governance, such as efficiency, availability and accessibility, ease of use, awareness, transaction security, reliability, specific legislation, expectations etc., differ significantly from user to services provider.

2. The importance of e-government for public authorities and their beneficiaries: citizens and businesses environment

The '90s, marked by the expansion of internet and information and communications technology has altered the profile of the economy and contemporary society, centering it on technology, efficiency and virtual

transactions, generating a wave of innovation and revolution in electronic commerce (e-commerce) in private and multinational organizations (UN, 2008), and, not long after that, in the public sector. The latter, adapting the principles of electronic business (e-business), initiated the national introduction of electronic government (e-government).

During these years of transformation, ICT has played an increasingly important role in changing and transforming the traditional and bureaucratic models of governance in a new model, the e-government, where the public services are specifically delivered, based on the citizen's needs. While developed countries have implemented sophisticated but advanced forms of e-government (Accenture, 2005) based on transactional level services, the most developing countries are still at the beginning (Kurunanda and Weerakkody, 2006) (Al-Shafi, 2009) in e-governance implementing.

Whatever the stage or the ambitions or comprehensive are the authorities' propose goals, most researchers consider that the implementation of e-governance is increasingly achievable, not only because of continuous developments in telecommunications, Internet and Information Technology (IT) (Frank, 2004; Siau and Tian, 2004) but also, due to the existence of models, best practices and, where is the case, due to the national and regional plans for accelerated implementation of e-governance.

3. The main theoretical approaches and definitions of e-governance

The literature shows that e-government interpretation stems from several conceptual directions (technological, benefits and needs, processual, opportunity, or a single access point):

The most important and widespread is the technological approach, centered on highlighting the role of ICT in the e-government provision. Thus, for the World Bank "e-governance" refers to the use of ICT by governments to transform relations with citizens, to improve the business and management skills. The technologies serve the administration to improve delivery of public services to citizens and businesses, access to information and thus empowering citizens, and a more efficient management of public funds (WorldBank, 2011). For Gant and Gant (2002) although governments may use a variety of information technology, Internet usage has become a key component of service delivery improved.

Finally, ITC provide support for governments activities (Scholl, 2005), to deliver government services (Cook et al., 2002), or to access government information (Lambrinoudakis et al., 2003).

The approach underlining the benefits of e-government services for citizens or businesses, refers to benefits such as cost reduction and integration services (Whitson and Davis, 2001), or continuity and speed: "E-government involves access to government information and services 24 hours a day, 7 days a week, in a way that is focused on the needs of our citizens and businesses. ... to receive and deliver information and services easily, quickly, efficiently and inexpensively" (Ke and Wei, (2004).

The process approach is centered on the idea of transactions, changes and iterative improvements of interactions between supplier and user. Aichholzer and Schmutzer, (2000) analyzed the focus on transformation on governance itself,

meanwhile Aldrich et al.,(2002) consider the power of information is used to improve the accessibility and interest for the services.

E-governance approach as a phenomenon, event and an alternative method in providing government services gets a significant literature. Focusing on the role of the delivery methods, of the social, economic and political implications, Riley, (2001) consider as "... indeed, e-government is a concept that exists without a firm definition, ... an alternative delivery method for government services, ... a social, economic and political phenomenon, or an opportunity for governments to re-organise or to re-engineer themselves", or, according to Margetts and Dunleavy (2002) to get closer to the citizen and co-operate with a variety of societies. In a comprehensive approach, the European Commission definition also talk about "the use of information and communication technologies in public administrations - combined with organizational change and new skills - to improve public services and democratic processes and to strengthen support to public policies" (EC, 2003). Finally, we can mention a less common explication, the single access point approach, which focuses on Internet as a medium for single point of access for delivery of service (UNDPEPA, 2002), Mitchinson, 2001).

Without claiming completeness, or as unique point of view on the facets of e-government, the above mentioned approaches, both as distinctive elements and as factors, have the objective of transform the public service delivery from a bureaucratic paradigm into one based on (personal) citizen's needs.

4. In conclusion

The expectations of public authorities (as providers), but also, the expectations of the citizens and businesses (as beneficiaries) are as the e-government to turn into an effective mechanism for increasing productivity and efficiency, in a citizen-centric services environment.

In order to achieve this ambitious, but achievable goal, it should be carefully considered, a whole series of specific organizational, technological, political and social elements, to spur the positive changes and avoid errors.

In this paper we stressed by reviewing the main definitions and categories of e-government, that the facilities and capabilities offered by the ITC (on one hand), and the availability and interest of users for fast, comprehensive, cheap and reliable public services (on the other hand) are opportunities which public authorities, as well as the society as a whole, cannot afford to lose.

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INTANGIBLE ASSETS VALUATION IN INTERNATIONAL ARBITRATION

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Abstract: *Intangible assets are very different from tangible assets, in substance but also in their nature. Their valuation is more sensitive than the tangible assets' valuation. Some of them, the ones acquired, are easier to value because there is always the solution to use their book value. But when we talk about goodwill, the things radically change. Usually, the International Accounting Standards – IAS - do not allow companies to record in their books the value of goodwill. This is only recognized when a company is acquired by another company, and the price paid in this transaction is higher than the acquired company's assets. In cases of international arbitration things are also different; there are some cases judged at International Centre for Settlement of Investors Disputes in which the arbitrators decided to calculate the damages by taking in account the intangible assets of the damaged part. The methods used in intangibles assets valuation are: income approach, market approach and cost approach. In the income approach we can talk about discounted cash flows generated by the intangible asset being valued or about the royalty relief. In international arbitration damage valuation we can also find a global method. This present paper is a brief description of these methods and of their use in some ICSID cases: Siemens v Argentina, Sedcov v NIOC Iran. Amoco International Finance v Iran. The underlined idea of this paper can be summarized like these: by compensation in international arbitration, the damaged part should arrive in the same financial position as if the breach wouldn't have place. In order to get to this scope, the damages calculated must take in account the whole value of the business of the damaged party, and this is composed from tangible and intangible assets, even if some of the last ones are not record in the books of the company. There are cases where the value of intangibles' value is a few times higher than the tangibles' value. Specially, the goodwill value can be very significant. International Accounting Standards defines goodwill as: "An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised." (International Financial Reporting Standards®, 2014:1389)*

Keywords: valuation methods, goodwill, patents, damages, ICSID

JEL classification: F510, F370, K220

1. Generally Introduction

The intangible assets valuation came in attention of specialists after the business combination development: acquisitions, mergers, and also after the increase in number of international investment disputes.

The International Accounting Standards (2014:1010) defines an intangible asset as an identifiable non-monetary asset without physical substance and divide the intangible assets in different categories: acquired, acquired in a business combination, internally generated and internally generated goodwill. The internally generated goodwill is not recognized in the company books, it will only be valued in case of business combination or in case of litigation.

The other intangible assets can be measured at their cost and calculating the amortisation and the impairment loss, or they can be revalued by using the fair value. The fair value is given by an active market.

While talking about goodwill acquired in a business combination, this will be calculated as the difference between the sums of: consideration transferred, amount of non-controlling interests, fair value of previous equity interests, and net assets recognized. Each year the good will is tested for impairment loss.

These are the guidelines offered by the international accounting standards, but in practice there are many other implications besides these lines. For example, there must be done some evaluations before arriving at the sum of the consideration transferred in a business combination, or in order to determinate the damage amount in case of a legal standard breach.

2. Valuation methods used in practice for intangibles' valuation

In valuation practice there are three main methods used: income approach, asset approach and market approach. Beside these there is also a global method that can be used. Each of these methods has some steps that must be followed in order to obtain the value of the intangible being considered.

2.1. Income Approach

2.1.1. Royalty relief

This is a straightforward method, we should calculate the amount that the company should have paid to other company if they did not own the intangible asset in discussion, and they should have rent it from other company. The total amount of the royalties that should have to be paid are to be discounted to the net present value, and after deducting the profit tax we will find the asset value.

The best image of this method can be obtained by studying the next figure:

| | | 1 | 2 | 3 | 4 | 5 | 6 | Terminal value |
|----------------------------|-----|---------|---------|---------|---------|---------|---------|----------------|
| Qualifying revenue | | 125,000 | 143,750 | 165,313 | 190,109 | 218,626 | 251,420 | |
| Reasonable royalty | 5% | 6,250 | 7,188 | 8,266 | 9,505 | 10,931 | 12,571 | |
| Taxation | 25% | (1,563) | (1,797) | (2,066) | (2,376) | (2,733) | (3,143) | |
| Post tax royalty | | 4,688 | 5,391 | 6,199 | 7,129 | 8,198 | 9,428 | 94,282 |
| Discount factor | 10% | 0.91 | 0.83 | 0.75 | 0.68 | 0.62 | 0.56 | 0.56 |
| Present value of royalties | | 4,261 | 4,455 | 4,658 | 4,869 | 5,091 | 5,322 | 53,220 |
| Total asset value | | 81,876 | | | | | | |

Figure 1: Royalty relief in practice

Source: FTI Consulting, Recognising the value of intangibles.

2.1.2. Discounted Cash Flow

There is one important condition that must be accomplished in order to apply this method: we must be able to separate the cash flow generated by this asset alone, separate from the entire business.

There are some examples in the paper "Valuing a business" written by Shannon Pratt and Alina Niculita: if a seller holds some patents and patent applications, he will sell more products due to the advanced features of his products, that are protected by the patents and the competitors won't be able to copy. In this order the seller will have a greater market share and he also can charge a higher unit price. There is also another example: a skilled negotiator in the person of the materials buyer of the seller can obtain a 20 percent discount below the market price and give favourable supply conditions for the seller.

2.2. Market Approach

This is a straightforward method: the evaluator should search on the free market, other similar intangible assets and use their price.

For example, a company developing a new software, in order to evaluate this intangible, they will search on the market for a similar featured software and calculate the cost that the company will incur with the acquisition and use of that specific software: acquisition cost, implementation cost and training. The value of the internally developed software will equal the amount obtained.

2.3. Cost Approach

This approach can follow two lines: replacement of the intangible or recreation of the intangible. In replacement of the intangible the evaluator will follow the market approach, looking for the price of a similar intangible that is available for purchase. When looking at the attainment of the intangible, the evaluator will look at expenses incurred in the development of the intangible: salaries, social contributions, research and development, marketing, etc.

2.3.1. Global Method

There is a global method used to estimate the value of the intangible assets of a company, without evaluating separately each item but by difference between the company's earnings in one year and the yearly earnings the company should have incurred without the intangibles. This amount, after taxation, divided by the weight average cost of capital, represents the value of the intangible assets of the company.

This method can also be used in order to estimate the value of goodwill. In this case the value of the intangible will be first determined using some other method and then the difference between the yearly earnings, after taxation and discounting, will be considered the value of the goodwill.

3. Intangible assets valuation in ICSID cases

Many of the disputes between foreign investors and states are judged at the International Centre for Settlement of Investment Disputes. In the last years the number of cases has increased, and the amount of the damages discussed is increasing as well. These are the reasons why many authors have turned their attention on these cases.

The intangible assets were recognized as part of investment from the ICSID arbitrators in the following cases: Siemens v Argentina, Sedco v NIOC Iran, Amoco International Finance v Iran.

“In Amoco International Finance v Iran, the Iran-US Claims Tribunal identified the main problem of the book value method: “[i]n the case of a going concern, the value of the enterprise as a whole is greater than the sum of the discrete elements which constitute it, Net book value does not capture this additional value (goodwill).”

In Sedco v NIOC & Iran, the Iran-US Claims Tribunal stated: The theory that net book value is the appropriate standard of compensation in all cases of lawful expropriation overlooks the fact that a nationalized asset is not only a collection of discrete tangible goods (equipment, stocks and, possibly, grounds and buildings). It can include intangible items as well, such as contractual rights and other valuable assets, such as patents, know-how, goodwill and commercial prospects. To the extent that these various components exist and have economic value, they normally must be compensated, just as tangible goods, even if they are not listed in the books [...] The fact that the expropriated assets form a going concern certainly cannot be disregarded at the time of the valuation [...]” (Sergey Ripinsky with Kevin Williams, page 222-223).

These cases represent legal precedent and they can be mentioned in any other further case, sustaining the importance of valuing the damages by including the intangible assets.

4. In conclusion

Intangible assets are a very important part of the business and their valuation needs a very careful approach. In international disputes the quantum of damages are directly influenced by the intangible assets valuation.

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THE INFLUENCE OF GENETIC BACKGROUND UPON THE EVOLUTION OF AN ABSTINENT ALCOHOLIC

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Abstract: *One of the frequent questions asked about alcoholism is that if it is hereditary or not. Up until now the performed studies showed that it is not hereditary in the actual meaning of the word. This study is meant to analyze the possibility of a connection between the length of abstinence or the relapse during rehabilitation of an abstinent alcoholic, and the existence of relatives with similar problems. The studied group was made up of 112 men, abstinent alcoholics, and the results suggested that in the case of abstinent alcoholics who did or didn't have first or second degree relatives with similar problems, this very fact doesn't influence their success in maintaining abstinence on long term, nor the fact that they had relapses or not.*

Keywords: alcoholic, abstinent alcoholic, relapse, heredity

JEL classification: I12; I19

1. Introduction

To be drunk doesn't mean to be ill, it is an induced – disrupted - state achieved through the abusive consumption of a substance called alcohol. But from that point there is only a small step to becoming dependent, it is easy to make permanent and regular consumption a habit, especially given the circumstances of it being legal and the most popular and known *party drug* in our country as well.

Recent research have shown that in the case of alcoholism we are not talking about a uniform illness but about a *complex physical-psychological disease*. The process of alcoholic illness takes place in 1 out of 10 or 15 people who start to consume alcohol (ethanol) periodically. *Abstinent alcoholics* are alcohol dependent people who gave up the consumption of alcoholic drinks or any other kind of products that contain alcohol. Abstinence is an indispensable prerequisite, and when someone has chosen an abstinent life, they have to be able not only to live without alcohol but also to handle its proximity. (Schneider, 1999). *Relapse or recurrence* means that a person, who decided to live an abstinent life, resumes the consumption after a period of success, during which other changes of their behavior have also taken place. (Schneider, 1999). However, it being an illness, we ask to what extent can it or can it not be inherited, can the causality be inherited?

2. Alcoholism-Heredity

In the strict sense of the word, alcoholism is not hereditary, however all the people who are aware of the existence of an alcoholism problem in their family, should approach alcohol with the same caution as a diabetic whose illness is hereditary, approaches sugar. But it is known that in certain families the cases of alcoholism are more frequent.(Schneider, 1999)

Alcoholism is a family related disorder caused by the dysfunctionalities in a family. Studies have repeatedly shown a high prevalence of alcoholism among alcoholic

relatives. However, "family" is not a synonym for "hereditary". (Goodwin & Guze, 1974) In a study related to the evaluation of the risk of appearance of alcoholism among the children of alcoholics, the conclusion shows a sensitivity of 85% and specificity of 85.9% regarding the prediction of alcoholism in cases of the children of alcoholics. (Schuckit & Smith, 1997) For those who still doubt the role of genetic makeup in the appearance of alcoholism, we remind you that 40% of the alcoholics have an alcoholic parent and that monozygotic twins show a higher correspondence in alcoholism than dizygotic twins. (Vraști, 2001)

The biological heritage can't be changed but it is accompanied by something called "social heritage", as in certain learning processes that we are never aware of. As an observation related to this genetic heritage, we can observe in many cases of alcoholics who have do have this information, that they use it as an immature shield, self-pity being very strong in their cases: „it's not my fault that I'm ill, I was born this way...I inherited it". They make themselves comfortable this way and they go on with their self-destructive way of life.

3. The Research

This study is meant to analyze the way the duration of abstinence respectively the existence of a/some relapse/s may be linked to the existence of close relatives with similar problems. So I'm looking for answers for the following questions: a) can a period of abstinence of more than 5 years be associated with the lack of relatives with similar problems? b) is relapse caused (also) by the existence of relatives with similar problems? c) in case of an abstinence of more than 5 years without relapse can the lack of dependent relatives be identified?

The studies from specialized literature show high chances to maintain and stabilize abstinence during the first 3 years. Among people with a period of abstinence of more than 5 years, the risk of relapse decreases to 14%. (Dennis, Foss, & Scott, 2007)

The data was obtained after interviewing 112 male gender persons, abstinent alcoholics, between March and September 2015 at events and manifestations organized for and attended by abstinent alcoholics (meetings of former patients at specialized centers, post-therapy camps, anniversaries, AA groups). They reported abstinence periods between 3 months and 38 years. On the date of their interviewing all of them were abstinent for at least 3 months from the start of their abstinence or their last relapse. They were between 26 and 73 years old (the average being 47,46 years).

As work instruments of this research the items of interest (A2, A4, A8, F1) were processed included in a sociologic survey for alcoholics (at request at the author).

NOTE: based on the reported data, I will talk about the relatives as dependent persons. Item A8 "Did you have relatives in your family with such problems (abuse of alcohol)?" – answers 1. Yes, I Degree; 2. Yes, II Degree; 3. No

42,9% of the total participants reported first degree relatives and 30,4% second degree relatives.

Table no. 1 presents a synthesis of the results obtained following the application of the chi-square test for the part of the study which considers the connection between duration of abstinence and the existence of relatives, respectively the situation of relapses and existence of relatives.

Table 1 – The correspondence between duration of abstinence / relatives - relapses / relatives and results of the chi-square test / Fisher's Exact

| | | Relatives | | | χ^2 | Asymp.Sig. (2-sided) | Exact.Sig. (2-sided) |
|-------------------|-------------------|-----------|----|-------|----------|-------------------------|-------------------------|
| | | Yes | No | Total | | | |
| Abstinence | less than 5 years | 37 | 10 | 47 | 1.253 | .263 | .288 |
| | more than 5 years | 45 | 20 | 65 | | | |
| | Total | 82 | 30 | 112 | | | |
| Relaps | No | 38 | 18 | 56 | 1.639 | .200 | .286 |
| | Yes | 44 | 12 | 56 | | | |
| | Total | 82 | 30 | 112 | | | |

Regarding the persons that have been abstinent for more than 5 years without relapse (35 persons), in comparison with the persons who have been abstinent for less than 5 years with relapse (22 persons), the results of the chi-square test are presented in Table 2.

Table 2 – The correspondence between abstinence of more than 5 years without relapse / abstinence of less than 5 years with relapse and results of the chi-square test / Fisher's Exact

| | | Relatives | | | χ^2 | Asymp.Sig. (2-sided) | Exact.Sig. (2-sided) |
|-------------------|---------------------------------|-----------|----|-------|----------|-------------------------|-------------------------|
| | | Yes | No | Total | | | |
| Abstinence | more t. 5 years without relapse | 21 | 14 | 35 | 1.814 | .178 | .251 |
| | less t. 5 years with relapse | 17 | 5 | 22 | | | |
| | Total | 38 | 19 | 57 | | | |

4. Conclusions and discussions

The reported high percent of relative with similar problems (42,9% I degree and 30,4% II degree), concur with the data from the specialized literature.

The results (Table 1) indicate that the number of those who were abstinent for more than 5 years and had dependent relatives, is 45 (the highest value), the anticipated number of probability being 47.6, respectively the number of those who were abstinent for less than 5 years and didn't have dependent relatives, is 10 (the lowest value), the anticipated number of probability being 12.6, and that in the cases of alcoholics that have been abstinent for less than 5 years and those that have been abstinent for more than 5 years there is no significant difference between the observed values and the expected values regarding the existence of relatives with similar problems, because $\chi^2 = 1,25$ and the value $p = 0,263$ (value higher than 0,05), and the Fisher test for the exact bidirectional probability indicates a $p = 0,288$.

The number of the abstinent persons with relapses who had dependent relatives is 44 (the highest value) the anticipated number of probability being 41, respectively the number of the abstinent persons with relapses who didn't have dependent relatives is 12 (the lowest value) the anticipated number of probability being 15. The statistical analysis (Table 1) shows that regarding the existence of relatives with similar problems, in the cases of abstinent alcoholics without relapse and the cases of abstinent alcoholics with relapses, there is no significant difference

between the observed frequencies and the expected ones, because $\chi^2 = 1,64$ and the value $p = 0,2$ (the Fisher bidirectional probability $p = 0,286$).

The statistical analysis shows that regarding the persons that were abstinent for more than 5 years without relapse in comparison with the persons who were abstinent for less than 5 years with relapse and relatives with similar problems, there is no significant difference between the observed frequencies and the expected ones, because $\chi^2 = 1,81$ and the value $p = 0,178$ (the Fisher $p = 0,251$).

In general, the obtained results suggest that the fact that an abstinent alcoholic has or does not have first or second degree relatives with similar problems, doesn't influence their success in maintaining abstinence (duration, stability, durability). The connection between the fact that an abstinent alcoholic has or doesn't have relapses and the fact that they have such relatives was not statistically demonstrated either. Regarding exactness, the items were formulated clearly, but I didn't separately take into account the kinship degree, and in accordance with the previous note, I considered the relatives as being "dependent". So, even if the participants were (abstinent) alcoholics and this means they have extended knowledge about dependence, the answers may be subjective when reporting relatives with similar problems. The fact that someone abuses alcohol more often doesn't necessarily mean that they are dependent. Thus, this assessment may have repercussions on the validity and I consider it a limitation of this study.

Other important limitations of this study are the fact that the participants were only men, the relatively low number of the sample group, respectively it doesn't take into account the date of the last relapse.

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"This work was supported by the project "Interdisciplinary excellence in doctoral scientific research in Romania - EXCELLENTIA" co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no. POSDRU/187/1.5/S/155425."

DOES HYDROPOWER STILL DOMINATE THE RENEWABLE ELECTRICITY PRODUCTION?

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Abstract: *In this work I wanted to investigate the evolution of the share of hydropower in the total of electricity produced from RES-E renewable energy sources and how this ratio has changed in recent years in Romania under the influence of national and European economic policies on E-RES promotion. In the past 10 years, the global hydropower in the world, European Union and thus in Romania straddle among energy from RES-E renewable sources. This is mainly due to hydro plants with a production capacity of over 10 MW owned in public system. National and European reports of relevant authorities confirm this although European and national policies encouraged by the support schemes other types of investments in production capacity for renewable energy such as photovoltaic energy or energy from biomass, giving a greater number of green certificates to such types of investments compared to hydropower. The support schemes apply only to investments in capacities of production from renewable energy with an installed power of up to 10 MW and yet the level of these investments has not grown enough at the level of 2014 to bring down the supremacy of hydropower. In Romania, although still in insolvency proceedings, Hidroelectrica SA is a company with majority state capital, being the main supplier of hydropower without being under the subject of support schemes because the hydro plants from its patrimony have an installed capacity of over 10 MW. Due to the strategic role held in the Romanian Energy Strategy Hidroelectrica SA aims to invest in small hydro plants under to enter the support scheme by granting green certificates. Thus all the targets assumed by Romania in terms of the share of renewable energies in the total of electricity produced nationwide will be achieved, the hydropower maintaining the leading position among the energies produced from renewable sources.*

Keywords: renewable energy, hydropower, support schemes, green certificates

JEL classification: Q52, Q53, Q56, Q57

1. Global Framework

The sharp rise in environmental pollution, the reduction of classical energy resources and the safety in energy supply, globally, have been projected since 1972 in *The Limits to Growth* report of the Club of Rome. The projections of this report were confirmed in the decades following both on the oil market and in terms of intensification of environmental issues so that the talks continued at conferences in Rio (1992) and Kyoto (1997).

Among renewable energy sources, the International Energy Agency Statistics (International Energy Agency - IEA) shows that since 2005 hydropower holds supremacy among hydropower renewable energy resources. At the end of 2010, globally, there were over 450 000 MW installed power in hydropower schemes,

more than half being in Europe and North America. The same statistics show that up to 2050, the hydropower capacities will more than double to 2,000 GW installed power.

Hydropower is both renewable and **clean** and available when consumers demand it.

2. European Framework

In order to promote the electricity production from renewable sources in the European Union there have been issued a series of laws that were later transposed in the national legislations of the Member States.

Directive 2001/77 / EC on the promotion of *electricity* produced from *renewable energy* sources set as indicative target at the level of EU and for each Member State, to ensure 22% of the gross national energy consumption from renewable sources by 2010.

In the European Union **in 2000** from the intake of energy production from renewable sources by 14.9%, the **hydropower was the main type occupying a percentage of 83.22%**.

Directive 2009/28 / EC to promote the use of energy from renewable sources provides the need for support schemes and the promotion of these sources to achieve the Community and national targets. The target set for Romania by this Directive is that the share of energy produced from renewable sources in the total gross national energy consumption to be 24% in 2020.

Analyzing the evolution in the European Union of the energy from RES-E renewable sources in the period 2003-2013 we find that hydropower is the absolute leader among renewables. This is highlighted in the table below according to Eurostat.

European Directive 2001/77 / EC on the promotion of energy from renewable sources has been transposed into the national legislation by GD 443/2003.

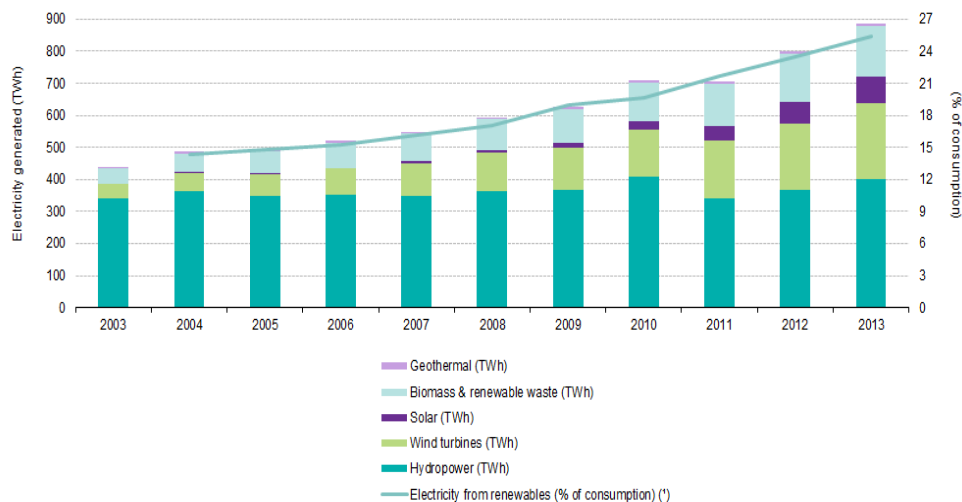


Figure 1. Renewables percentage in electricity consumption 2003-2013.

Source: Eurostat

3. National framework

GD 1535/2003 approved the National Strategy for the use of renewable energy sources and by Government Decision 1069/2007 was approved Romania's energy strategy for 2007-2020. These programming tools determine the weight that the energy produced from renewable sources must have in the electricity production as follows: 33% in 2010, 35% in 2015 and 38% in 2020. Of the total forecasted in 2007 for 2010 of 33% of energy from renewable sources a significant percentage of 92.62% was hydropower objective which has been achieved (see www.sistemulenergetic.ro/statistics).

However these strategies seek to promote and encourage private investment in the field of renewable energy. In this respect the Law 220/2008 for the establishing of the system for promoting energy from renewable sources established at the time **the support schemes by granting green certificates** to investors that produced energy from RES in production facilities with installed power of up to 10 MW. In developing the promotion investment were taken into account the costs of investments for MW depending on the type of resource used: wind, solar, hydro, biomass etc. Thus, according to Law 220/2008 the renewable energy producers benefited from a number of green certificates for the electricity produced and delivered including for the amount of electricity produced during the trial of groups/power plants working, as follows: 3 green certificates for each 1 MWh produced and delivered for the electricity from **hydroelectric** plants with installed capacity of 10 MW if the the hydroelectric plants were new; 2 green certificates, until 2017, and one green certificate starting with 2018 for each 1 MWh produced and delivered by producers of electricity from **wind** energy; 3 green certificates for each 1 MWh produced and delivered by producers of electricity from **biomass** and 6 green certificates for each 1 MWh produced and delivered by producers of electricity from **solar** energy.

Analyzing the data provided by the annual reports of ANRE in 2008 and 2009 we found that in Romania the private investments in RES-E were oriented exclusively to hydro and wind sources although the most promoted investments were those in the solar (photovoltaic) energy given also the fact that at the time these investments had the highest cost for obtaining a MW. Due to technological developments and consequently the decrease in prices of photovoltaic panels the investment costs for obtaining MW from solar power has fallen considerably. And because of this aspect Law 139/2010 reduced the number of certificates granted by changing the investment promotion scheme in achieving RES-E from 6 to 3 green certificates for each 1 MWh produced and delivered by producers of electricity from **solar** energy.

In 2008 "E-RES was practically produced almost exclusively in hydroelectric plants. The share of wind power plants was insignificant." (V. Vaida – 2012)

The dominance of hydropower in 2008 is confirmed by the annual report of the Regulatory Authority for Energy ANRE for 2008. The same report states that hydroelectric installations with an installed capacity of up to 10 MWh are insignificant compared to large hydroelectric plants: *"The electricity in hydroelectric plants is produced at a rate of 95.5% in hydroelectric plants with installed capacity exceeding 10 MW, 3.9% in plants with an installed capacity of maximum 10MW, and 0.6% in plants with an installed capacity of maximum 1MW."*

The dominance of hydropower in Romania is maintained in 2010 too, according to the 2010 annual report of ANRE. The distribution by types of renewable sources in 2010 was 74% hydro, 22% wind, 4% biomass and 0% solar (Figure 2.).

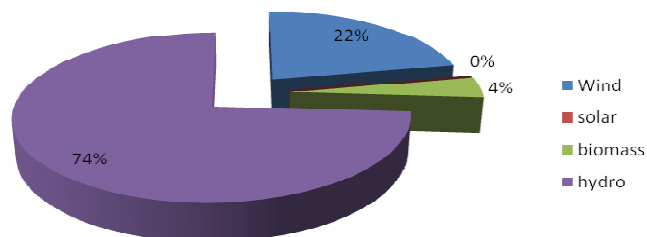


Figure 2. The distribution by types of renewable sources in 2010

Source: ANRE, 2010

Starting with 2012 has grown the importance of cogeneration which is the simultaneous production in the same process of electricity and heat. Thus, Law 134/2012, OUG 57/2013 and Law 23/2014 provide the granting of additional green certificates for each MW produced in cogeneration from renewable sources. The most important source in this view is **biomass**, Law 134/2010 providing the granting of an extra green certificate for using wood waste. In this way it is encouraged the production of E-RES from biomass, which resulted in the 2010-2014 period in the growth of the investment in power plants that use this source. However at the end of 2014, in the annual report of ANRE, in Romania **hydropower** is still the leader among renewables.

In Romania this supremacy of hydropower is due to Hidroelectrica SA, a company majority state share ownership. Although in insolvency since 2012, through its installed capacities it has a strategic role in the national energy policy expressed in the Energy Strategy of Romania project for the period 2011-2035. Under this project, national authorities through Hidroelectrica SA will continue to make hydroelectric plants commissioning of about 1400 MW by the year 2035. Economical due to the support schemes, investments in production facilities with installed capacity up to 10 MW being exclusively promoted, the trustee of Hidroelectrica SA has set as target to invest 130 million Euros in the construction of small hydropower plants with installed capacity up to 10 MW to benefit from the state support scheme given to renewable energy producers.

4. Conclusions

From the research and analysis carried out, we found that in the last 10 years the global **hydropower** in the world, European Union and in Romania straddle among the energy from RES-E renewable sources. This is mainly due to the hydroelectric plants with a production capacity of over 10 MW owned in public system. National and European reports of the relevant authorities confirm this supremacy although European and national policies promoted, by support schemes, other types of renewable energy such as photovoltaic energy or energy from biomass, giving a

greater number of green certificates to such types of investments compared to hydropower. The support schemes apply only to the investments in production capacity of renewable energy with installed power of up to 10 MW and yet the level of these investments did not increase enough to knock the supremacy of hydropower. In Romania, although still in the insolvency proceedings, Hidroelectrica is the main supplier of hydropower without coming under the scope of support schemes but because hydropower plants in its patrimony have over 10 MW installed capacity. Taking a strategic role in the Energy Strategy of Romania 2011-2035 project, through the investments in small hydropower plants with capacity up to 10 MW, Hidroelectrica SA will help maintain the supremacy of hydropower among renewable energy nationwide.

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OPENING OF CURRENT BANKING MARKETS AND ROLE OF REGULATIONS IN AVOIDING FINANCIAL CONVULSIVE ACTIONS

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Abstract: *After each financial seizure financial, analysts and policymakers focus on regulation, as those which can avoid in the future other unpleasant events on the financial side. Yet those events appear in a repetitive manner. We are wondering where are we wrong. Is the market truly under-regulated? It is overregulated? We believe that the crisis we have gone through in recent years, and which from our point of view still exists now albeit at a much smaller scale, showed a much larger gap in the system. Many of the harmful elements that led to the onset of the crisis and which upset the financial system have been known from the very beginning. We cannot hide this truth. They were allowed to circulate on the market even though they knew clearly they were very risky and not regulated. The regulations could be introduced along with the detection of risks and yet they have been delayed deliberately. Let's not forget that even in America's Congress, the commission fired a warning since the beginning of derivatives that they were very risky and would cause major problems. And they reacted at these warnings. The committee's chief was dismissed. And over the years, before the Congress the chief of the American market said with "innocence" that these instruments were not tested to see if they are sure enough. This is why we consider that not the lack of regulations is the main cause of the financial disasters, but their introduction long after they destroy the market. Just like in sports. The Prohibited List is complemented with new elements often after they have already been used on the market. And when they complete it other new substances are tested. With this material we intend to realize in short radiography of modern banking market and try to propose some elements which might confer a greater strength and stability, the proposed study being mainly a qualitative analysis based on comparisons.*

Keywords: regulation; deregulation; the financial crisis; free market; credits

JEL classification: G18, G01, E51

1. Introduction

Banks vitally support modern economies. We cannot currently imagine an economic system without the connecting link - the bank. Their initial role was to take surplus funds from companies or individuals and redirect them through credit to those who needed on the short, medium and long term. But banks have rapidly

exceeded this level and have become the ones dictating the economic lifetime, both nationally and especially globally. Even if on the market we find other types of financial intermediaries, the most consistent slice of this market of financial intermediation is owned by banks.

We recognize and fully agree with the theory that a healthy economy develops only in the conditions of an open, free, competitive market, but we must admit that such a market refers more to an ideal situation than to reality.

Our today's reality clearly proves that any attempt to relax the financial regulations leads to major excesses with devastating effects especially in economically less developed areas. But excesses occur in the area of overregulation too being supported especially by financial giants, institutions influencing the market and which have spread almost everywhere under the umbrella of globalization.

In this study we chose the qualitative side because in recent years we made an excessive mathematization of the economy, the mathematical models being nearly generalized in economic studies. These models, however, often supra-sophisticated and difficult to understand in terms of language, managed to disrupt the financial market through the products created and it would be enough to give the example of derivatives.

We do not dispute the value of these models, but we are reluctant to give them credit altogether. Their limits are reflected in the decrease of the elements of traditionalist nature of various financial markets, elements that leave a mark on the behaviour of consumer of financial and banking products and services.

Useful in the analysis were the diverse opinions on the current banking markets made by authors such as Minsky, Arena, Ingves, Dinu Marin, Joseph Stiglitz, Kindelberger.

We found that the devastating effects of the current financial crisis opened a controversial topic in economics. What is the best option for a stable economy: a regulated economy or a deregulated one?

2. Financial innovation and its effects

The events of the last 6-7 years have shown us how fragile banking markets are, even though at first glance they appeared in a total expansion. We say, expansion especially considering the stress on the innovational banking area, an area which for many years has been conservative, even rigid.

Suddenly around the mid 30s, when among other things they issued the corporate law in the US, banks have started to put a particular emphasis on technological innovation side, entering an uncontrolled spiral of innovational risk. In fact innovation is a complex process that ultimately results in innovation.

Some authors highlight the distinctive features of services that make it difficult to transfer knowledge from the production area in services area. Fitzsimmons and Fitzsimmons (2008) believe that the differences arising mainly relate to the particular characteristics of services such as intangibility, simultaneity, perishability and heterogeneity.

The theory of innovation in services area initiated by Gallouj and Weinstein (1997) and then continued by Drejer (2004), Windahl (2004), DeVries (2006), Lega and Howells (2007) is a joint research on product innovation and services innovation. According to the authors, the innovation service combines several dimensions: the service provider's skills, the new or improved service features, customer skills and technology options.

The features of the new or improved service include a new idea ready to be offered to the market that can incorporate new technologies or just suffer changes of certain structure elements of a pre-existing service. These characteristics are influenced by the other three components (client, provider, technology options). The service provider brings new knowledge with new skills, the client provides information on stock or their involvement in the operation of service provision and technology options include IT systems, new procedures, new machines, which decisively contribute to increased efficiency and effectiveness of information.

The increased instability in financial markets, evidenced by the volatility of interest rates are contributing to the development of the innovation capacity of the banking and financial institutions.

The decrease of the appetite of consumers to classic products, the thin capitalization of financial institutions and the problems generated by the insolvency of developing countries are other causes of boosting innovation in the financial sector. Technological progress has a direct effect on innovation by lowering transaction costs, the speed of dissemination of financial information, increased degree of integration of the markets.

Yet all this technological progress has caused a tsunami in recent years in the banking system. This dominance of money and the unbridled desire to gather it brought the world economy in recent years in the most serious crisis in its history. A generalized, long economic crisis which would radically change the face of the world. The dimensions of crisis are global. The previous crises were geographically limited, affecting countries or regions, but never the financial systems of most countries simultaneously.

The comparison of the current crisis with other periods of crisis encountered in the world economy (especially with the one in 1929) remains only at the level of rhetoric, relevant being the speed with which old lessons were forgotten (N. Pop, 2008). Or maybe those lessons were not forgotten but they wanted a new redistribution of income and capital accumulation. Financial difficulties which occurred for some within the crisis are opportunities for others, the redistribution of money being made rapidly.

One of the lessons of this period of crisis is highlighting the shortcomings of the international financial system that affected its stability.

The crisis has shown that the financial system instability is transmitted very quickly on the real economy and causes serious disruptions on economic growth and employment.

Yet where were the germs of this financial tragedy cultivated?

The leaders of the pre-crisis financial markets, as well as today, were the US and the European Union. Their financial - banking systems were those who initiated and led the process of financial globalization, have innovated and disseminated these innovations through major cross-border banking conglomerates. Their financial strength allowed them to weaken the national banking systems by creating an oligopoly. These great actors were those who handled the national banking markets especially in less developed countries, and when the financial crisis occurred they destabilized those economies through the financial innovations implemented or by massive capital withdrawals.

We underline both versions because we Romania's example where up to the occurrence of crisis it has a classic, simplistic banking system based on elements of traditional lending. But boosted by various banking actors in Romania they

borrowed excessively from parent banks to indebt the market as much as possible and created a dependence on external financial resources, a dependence which, as we have seen, destabilized the economy when the capital withdrawing began by closing credit lines between banks in our country and parent banks.

Internationally they stimulated the strengthening of the process of short-term debt by increasing financial leverage, they stimulated the securitization of base assets by creating the complex and opaque structured products. As a Romanian author rightly says the economy of greed was stimulated, through the practice of perverse incentives instead of common sense economy (Dinu, 2012). The loss of control of how the banking market grows we see that can have adverse consequences on the stability of financial systems.

3. The risks related to innovation and lack of regulation in the field of financial markets innovations

Because of the development of the model "creating for distribution purposes" the credit generating institutions were exposed to new risks. The new risk was their inability to distribute the secured assets on the disorganized market (a new risk that now has a name - "pipeline liquidity risk"). Banks lent long-term loans, hoping that they will be able to sell them quickly. Which meant that if they were unable to sell them, the banks were exposed to funding risk. They granted support by liquidities to SIVs, vehicles not included in the balance sheet, without making an appropriate impact assessment. Given the effervescence of liquidity in the market due to macroeconomic conditions, banks have assumed that they would be able to cover or to sell existing positions in the event of changes, ignoring the possibility that many market participants may wish to sell at the same time or a "strike" of customers might occur.

Another perverse impulse that had a boomerang effect on the banking market was the risk stimulation. Business management systems have not limited risk-taking and the bonuses and pay schemes have increased the short-term risk to the detriment of long-term soundness of financial institutions and investor's interest.

The great challenge was the exposure of institutions' leadership to the risk of losses while the success was rewarded. The granting of shares or "options" contracts at their own institution was seen as a way to align the interests of managers and shareholders. Although there was a benefit of this way of thinking, it led to excessive risk. In Lehman Brothers, many bonuses for employees were paid in shares. The result is that managers are encouraged to take too many risks. If things go well, bankers' gain is considerable, but if things go wrong, losses are borne by the creditors of the bank. As things were applied in most situations after the start of the crisis.

Worthy of note in the reasoning of this idea is the principle "to big to fail" applied widely in the US. By this, the initiative the financial loss incurred by private entities was passed on the taxpayers' shoulders. The same entities that gave astronomical bonuses for their managers, even if it was known that losses were recorded. But motivating that the market would be destabilized if some of the big banks went bankrupt, the state imposed the covering of losses by taxpayers. And so the eternal taxpayer took part only in the dispersal of losses and not in the division of earnings. In fact a system where profits are privatized and losses are socialized. And the Basel Committee has drawn up a document which lays emphasis on systemically important banks (A framework for dealing with domestic systemically

important Banks - final document). And at EU level committee the European Systemic Risk Board (ESRB) was established.

There were gaps in regulation. We totally agree. Excessive banking market liberalization has led to proportional risk taking. But we still ask ourselves the question: does this deregulation follow a natural, uncontrolled course or were much of the known risks kept hidden? It is difficult to give an answer. The degree of sealing of information on this market is very high.

The Supervisory Special Committee appointed by the American Congress with the purpose of analyzing the crisis and the situation of the financial market concluded: "Structural and organizational issues are undoubtedly important. ... But in essence, the issue that led, in terms of regulation, to the financial crisis was not one of philosophy and structure. In too many cases, the tools required existed, but they were not used. And where they lacked tools, regulators have not requested the authority to create them." (US Congressional Oversight Panel, 2009).

Financial Times points this aspect in a great manner. Analyzing those innovative tools recorded in 1995 that they are "like a razor blade. You can use it to shave and make yourself attractive to your beloved. You can cut her throat with it. Or you can use to commit suicide." (Dolgu, 2009).

And so we come to our dilemma. To what do we tip the balance - to the regulator or deregulation. Or if we recognize that a regulation dose is welcome, which should be the ideal concentration of this dose? Hard to say.

In a nice manner, in one of his works, Mugur Isarescu said by quoting Haldane and Madouri that the first Basel agreement had only 30 pages. The desire for modernization has led to a 347-page document in Basel II version. The desire to cover the risks incurred during the last financial crisis has made the Basel III have 616 pages. Similarly, the Glass Steagall Act was only 37 pages and Dodd – Frank Act from 2010 no less than 848 pages of primary legislation. And if we add the 400 regulations issued by different US authorities necessary to implement the law in question, the document may exceed 30,000 pages.

Another risk of switching from deregulation to regulation is that by the new trend of tightening of regulations, norms and standards they increasingly introduced the idea that global issues can only have global solutions. And so international bodies gain an increasingly important weight and importance (G20, the IMF, the Basel Committee of European Coordination, the Financial Stability Board).

However in this scaffolding the independence of financial national markets is lost, everything being imposed on a regional or global level. Also, by the indicators considered relevant for the financial system stability and quantification of negative externalities large banks are offered a slight advantage.

These indicators reflect: bank size, the degree of substitutability both as market participant and as a service provider, the bank's global activity, its complexity.

4. In conclusion

The responsible institutions have been overtaken by the innovations that markets, stimulated by excessive liquidity at inopportune times, produced to meet the needs of income of investors.

Moreover, the recent financial crisis has shown us that development does not mean aiming towards sophisticated financial products, the simplicity and the protection of investors and consumers being essential

How can we protect a little bit the banks in less developed countries such as Romania to create fair competition?

We advance the following ideas: decreasing the degree of financial dependence on external financing; increasing the share of deposits nationally to the detrimental of loans from parent banks; increasing the level of lending in domestic currency; improving measures to renegotiate loan contracts with customers who have outstanding credit; designing banking products and services to take account of local conditions; reducing foreign currency loans and especially those in exotic currencies; specific macroeconomic tools needed to protect against systemic risk; improving transparency through a more active dissemination.

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MACROECONOMICS AND MACROECONOMIC STABILITY: A LITERATURE REVIEW

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Abstract: *The present paper summarizes the history of macroeconomics, the way macroeconomics has developed over time, the influences and trends which appeared during these years. In order to understand what is needed from macroeconomic stability, we need to follow the evolution of the concept, of the limits reached by a certain model and of the approaches which define the macroeconomic models. The complexity of the problems arisen during economical recession has led to a continuous enhancement of the macroeconomic models, meanwhile looking for a model which would respond as much as possible to the identified problems. Also, I have approached macroeconomic stability starting with concepts, with the way it is conceived to work, with the policies which come to support macroeconomics and, implicitly, macroeconomic stability. I have approached the role of macroeconomic stability in resolving financial crises and also the way macroeconomic policies should work or be used both during economical growth and during recession periods. On a short-term, the settling role of fiscal policy is based on the efficiency of automatic stabilizers and on the ability of the governments to create a fiscal stimulus in due time. The governments can deliberately modify public expenses and public fiscal instruments in order to compensate the fluctuations of the business cycle, but, ultimately, the structure of the fiscal system has to be designed for maximizing economical efficiency and market flexibility, thus increasing the endurance of the economy when facing shocks.. During the past two decades and until the initiation of the 2008 crisis, the specialty literature regarding monetary and macro-prudential policies has recorded a diversity of opinions, but is still far from a consensus regarding its objectives. Generally speaking, macro-prudential policy is seen to focus on financial stability, but there is no clear definition of financial stability.*

Keywords: macroeconomics; macroeconomic stability; macroeconomic policies.

JEL classification: E51; E61; E62; E63.

1. Introduction

The recent financial crisis has highlighted the lack of frameworks defined in order to find the predictability of recession start-up and, in the mean time, to be able to face the build-up of financial disbalances, this sudden relaxation seeming to have major macroeconomic consequences, affecting the entire international economy (Catte et al., 2010).

Trusting the self-adjusting ability of the financial system has led to underestimating stock build-ups and, accordingly, the increase of debts (which were the result of

expansion of assets and given loans - specially in the field of real-estate) (Gabriele Galati, 2012)

Regarding macroeconomic policy, the recent financial crisis has highlighted the need to go beyond an approach based on a micro-approach of financial regulations and surveillance. (Clement, 2010)

This is exactly the approach we have chosen in the present paper, starting with the history of macroeconomics and then debating the macroeconomic stability.

2. Macroeconomics – Origins and History

Macroeconomics is a branch of Economics which deals with the performance, structure, behavior and decision-making of an Economy as a whole (Blaug, M 1986).

At first, there were two distinct approaches:

The theory of economical cycles - presented by William Stanley Jevons, Clément Juglar and Wesley Clair Mitchell and

Monetary Theory - taken from the works of David Hume, Knut Wicksel, David Ricardo, Henry Thornton, Irving Fisher, corroborated with the theory of circular flows of François Quesnay and Karl Marx (Dimand, R W. (2008),(Durlauf, et al 2008).

The real establishment of the word 'macroeconomics' came together with the approach suggested by John Maynard Keynes in his book, "The General Theory of Employment, Interest and Money" (1936), (Snowdon, B et al 2005) and then, specialists in Economics like Paul Samuelson, Franco Modigliani, James Tobin have developed the model initially suggested by Keynes and presented new approaches.

During 1970 - 1980 the monetary trend developed, its fundamental exponent being Milton Friedman, by which another approach of macroeconomic terms took place, mainly demonstrating a direct connection between high unemployment rate and the increasing of inflation (Blanchard, O 2011).

Another approach came from the Neo-Classics, especially through the approach of the theory suggested by Robert Lucas, namely that of rational expectations, which basically is based on the assumptions that people make decisions in the future based on their experience from the past, on the information had and on a rational vision, taking this trend towards the idea that present economical expectations are equivalent with the future in fact status of the economy (Snowdon, B. et al 1994).

Starting from the paper of Lucas (Lucas R.E, 1976), Edward C Prescott and Finn E. Kydland, the exponents of Neo-Classicism, have created a new macroeconomic model, RBC (Real Business Cycle), by which this theory promotes the idea that the cycling fluctuation of business is actually the efficient response of the changes which appear in the real economic world (Blanchard, O 2011).

Towards the end of the 90s, a new approach, Dynamic stochastic general equilibrium (DSGE), tries to explain the connection between different economic phenomenon (economic growth, production cycles) and the effects of monetary and fiscal policies.(Huw Dixon, 2001; Blanchard, O, 2011).

3. Macroeconomic stability

The concept of macroeconomic stability has suffered important changes during the economic course of the previous decades. During the years after the war, period dominated by the keynesian concept, macroeconomic stability actually meant a

combination of external and internal balance, which would mean a full labor occupancy and a stable economic growth, accompanied by a decreased inflation. During time, fiscal balance and the establishment of prices became the center of attention, replacing the keynesian focus on real economic activity (Ocampo A.J, 2005).

This change of policy has led to minimizing and, in accordance with some more radical opinions (Stiglitz, J.E, 2003), even to a complete suppression of the anti-cyclic role of macroeconomic policy.

There is now undeniable proof regarding the fact that pro-cyclic financial markets and pro-cyclic macroeconomic policies did not encourage growth; these actually increased the volatility of developing countries (Prasad et al 2003).

This fact has generated a renewed interest in the possible role of anti-cyclic macroeconomic policies in decreasing the intensity of production cycles in developing countries.

Macroeconomic stability acts like a reserve margin (buffer) against foreign exchange and fluctuation of market interests. It is a necessary, but insufficient measure. Facing foreign exchange fluctuations, excessive debts and inflation which cannot be kept under control can create economic crises and can even lead to a collapse of the gross domestic product.

According to the Maastricht Treaty, macroeconomic stability is measured through five variables (Hubbard,G and Kane,T. (2013)).

- Low and steady inflation - which shows a healthy market demand. Nevertheless, high or unstable inflation can lead to the alteration of the value of contracts on a long term. Also, it creates a certain lack of safety in the market - which, implicitly, leads to an increase of risk premium (Walter J. Wessels,1993);

- Low interests on a long term - which leads to a perception of stability of the inflation in the future. As long as these interests on long term maintain a low value, the idea of stable economy is created and, probably, this aspect will remain the same also in the future.

- Low debt in connection with the gross domestic product - which shows that the government will have to shape the incomes which are about to be received (from taxes) in a way in which there will be no need for loans from foreign creditors.

- Low deficit - which would allow the countries to assure a sustainable growth on a medium term.

- Monetary stability, which would allow both importers and exporters to create a long term strategy for development, without being highly influenced by the fluctuation of the foreign exchange.

Macroeconomic policies can be based on monetary policies and on fiscal policies. The Economists prefer to rather use monetary policies than fiscal policies due to two main reasons.

The first one would be that monetary policies are implemented by the central banks and not by political institutions which control the fiscal policy and, accordingly, central banks should not make decisions based on political reasons.

Secondly, monetary policies can have immediate effect, while in the case of fiscal policies, results can be seen later (Mayer and Thomas 2002);(Snowdon et al 2005).

The different approach come from trends expressed by two distinct groups.

The first group defines financial stability based on the solidity of the financial system when facing external shocks (Padoa Schioppa, T. 2003); (Allen and Wood, 2006)).

The second group describes financial stability in regards with resistance to shocks created in the framework of the financial system (Schinasi, G. 2004) or vulnerability to financial stress, as a response to normal sized shocks instead of large shocks (Borio and Drehman, 2009a).

Brunnermeier, M. and Sannikov, Y. (2009) promoted that the key objective of macroeconomic stability is that it should work as a counter-balance during the periods in which the macroeconomic indicators start to have decreasing values (during economic growth), while during crisis periods it should work as a lever in order to increase the value of these macroeconomic indicators.

4. Conclusions

The recent financial crisis showed us that regardless of what was accomplished until then in the field of macroeconomic stability, of macro-prudential policies, these facts were not enough for foreseeing and preventing what has happened. Therefore, the reassessment of macroeconomic policies had to be rethought in order to find measures which can be taken during economic growth, precisely to be able to limit the effects of possible future crises and to be able to have reserves (from periods of economic growth) which can be used if needed.

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THEORETICAL AND EMPIRICAL APPROACHES OF SOCIAL ECONOMY IN EUROPE

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Abstract: *Since its emergence in 1830 until today, social economy has been perceived differently by the European countries and has taken many forms. During the last decade it has gained a momentum especially due to the economic crisis Europe has gone through, being seen as an alternative in solving this global crisis. All the more so, it was born from the need to set the production of goods and services towards meeting all the requirements and not only some countries' interests. There are three categories of relevant actors of social economy: the organization forms of social economy, the relevant competent institutions and beneficiaries of social economy activities. The social economy organizations were divided into four categories: business cooperatives, mutual societies, foundations, and associations whose legal form can vary considerably from one country to another. From a conceptual standpoint, social economy is understood differently by EU countries. Thus, in some countries such as Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland and the United Kingdom, the concept of social economy enjoys a medium level of acceptance. In countries such as: Austria, Estonia, Germany, Lithuania, the Netherlands, Czech Republic and Slovenia, the concept of social economy is less well known and is at an early stage. The term tertiary sector is mainly used in English-speaking countries to describe non-profit private sector consisting largely of foundations and associations, a term used as a synonym for social economy. A definition of social economy was proposed during the European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations in 2002: "The organizations of social economy are economic and social actors active in all sectors, characterized mainly by their goals and specific form of entrepreneurship. The social economy includes organizations such as cooperatives, mutual associations and foundations. These enterprises are particularly active in certain areas, such as social protection, social services, health, banking, insurance, agricultural production, neighborhood services, education and training, culture, sport and leisure activities". (Charter of Principles of the Social Economy, CEP – CMAF European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations, 2002). The social economy is understood differently, from a theoretical standpoint, both in European countries and cultural beliefs according to their development of each country. The research methodology is based on the theory basics, which is used to examine barriers and stimulating factors management development of social economy.*

Keywords: social solidarity; participatory democracy; non-profit sector; cooperative; corporate responsibility.

JEL classification: A14; M31.

1. Historical evolution of the concept of social economy

The term of social economy first emerged in the economic literature in 1830, when the French economist Charles Dunoyer published a *Treatise on Social Economy*, which advocated for a moral approach of the economics.

Social economy witnessed a deeper shift in the latter part of the 19th century, being influenced by two great economists: John Stuart Mill and Leon Waltras.

In the 20th century, the development of social economy was hampered by two world wars and the communist regime. The European Union recognized its role and importance at the end of the 80s, and the first country to legislate social economy was France in 1981.

The term *tertiary sector* is mainly used in English-speaking countries to describe non-profit private sector consisting largely of foundations and associations, a term used as a synonym for social economy.

Levitt was the first to use the term *tertiary sector* in the US, identifying it with the non-profit sector. In Europe this term began to be used later in order to describe a sector between the public and capitalist one, having a closer meaning to the concept of social economy.

Addressing the modern concept of *non-profit sector* was widely known throughout the world by means of an international research project, initiated in 1990 and led by Johns Hopkins University (Baltimore, USA) to reveal the size and structure of the sector and to assess its impact on the society.

Social added value of social economy can be seen clearly in regulating the imbalances on the labour market, helping to create new jobs and exploring new professions and establishing routes for admission to employment, especially for disadvantaged groups and socially excluded people (*Danièle Demoustier, CIRIEC, 2000*).

A consequence of the cooperation between the state and social economy, given how it allocates and distributes the resources, can give the latter a guarantee that government funding for various policies, especially for social ones, will not be embezzled and appropriated by political interests (*Vienney, C.(1994) L'économie sociale, Paris: La Découverte*).

According to the authors Chaves R. and Lévasque B. there are three predominant models of society in which the role of social economy is different:

- in the first model of "*traditional social democracy*", social economy is considered to be a legacy of the past and it has a residual role. Social problems require investments solely supported by the state;
- In the second model, "*the neo-liberal model*", social economy is precluded from determining the key challenges and contributes to economic and social duality of two sectors: in commercial activities and the informal economy (Chaves R.,2005);
- In the third model, "*the model of social and economic democracy*" or "*the plural economy*" social needs are addressed simultaneously by the state and society; the state is still the main organ of regulation and redistribution whilst social economy is involved both in commercial and non-commercial activities. According to this model, encouraging the involvement of social economy requires appropriate mechanisms to assess its potential and limitations in the generation of social added value, on the one hand, and major socio-economic and institutional changes, on the other hand (Lévasque B., 1997).

In the European Union in 2010, the associations had 8.6 million employees, representing 4% of GDP, and 50% members of the European Union citizens, according to Luis Monzón, in his *Report on social economy in the EU*.

In various European countries, the associations of social economy have created some platforms that represent credit cooperatives, labour and agricultural cooperatives, mutual insurance companies, complementary insurance companies and associations and other NGOs of social action. Social economy has played a historic role in different EU policies since the Treaty was signed in Rome, when EUROCOOP, the organization representing consumer cooperatives in Europe, was founded and in the process of developing mutual agricultural policy. The Permanent European Conference of Cooperatives, Mutual Societies, Associations and Foundations is the most competent body within the European social economy in relation to the European Institutions.

In the current context of rationing the credit and of increasing financial exclusion, social economy has proven its ability to meet social requirements. Microcredit banks, founded by the economist Muhammad Yunus from Bangladesh – a Nobel Peace Prize laureate in 2006 – are a classic example that gives women the opportunity to express themselves, purchasing power and negotiating ability in countries where their financial and social position is currently marginal.

2. Major players in the field of social economy

Given the role of different entities in the social economy, we can identify three categories of relevant players: the forms of social economy, competent institutions in the field and the beneficiaries of social economy activities (*Research report on social economy in Romania, 2010*).

Social-economic organizations have been grouped into four categories: business cooperatives, mutual societies, foundations, associations whose legal form can vary considerably from one country to another.

European regional and local institutions have been identified that have the responsibility of complying with the national decisions with an impact on the social economy.

From a conceptual standpoint, social economy is understood differently by EU countries. For example, the countries where the concept of social economy enjoys a medium level of acceptance are: Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland and the UK. In these countries, the concept of social economy coexists with other concepts, such as the non-profit sector, the voluntary sector and social enterprises or social firms. In the UK, the low level of awareness of the social economy is in contrast with the government's policy to support the social enterprises (CIRIEC, p. 36).

The countries where the concept of social economy is less well known and is at an early stage, form a group consisting of Austria, Estonia, Germany, Lithuania, the Netherlands, Czech Republic, Slovenia and Hungary, a group consisting mainly of Germanic countries and those which joined the European Union in 2004. Related terms in the non-profit sector, voluntary sector and non-governmental organizations enjoy a relative recognition (Social economy. Benchmarking in eight member states of the European Union, 2011).

Table 1: Forms of organization of social economy in different European countries.

| No. | Forms of organization | Austria | Belgium | France | Germany | Ireland | Italy | Luxembourg | Spain | Great Britain |
|-----|-----------------------------|---------|---------|--------|---------|---------|-------|------------|-------|---------------|
| 1 | Association | X | X | X | X | X | X | X | X | X |
| 2 | Foundation | X | X | X | X | X | X | X | X | X |
| 3 | Consumer cooperative | X* | X | X | X | X | X | X | X | X |
| 4 | Credit union | X* | X | X | X | X | X | - | X | X |
| 5 | Production union | X* | X | X | X | X | X | - | X | - |
| 6 | Mutual associations | - | X | X | - | X | X | X | X | X |
| 7 | Protected workshops | X | X | X | - | X | - | X | - | X |
| 8 | Public benefit organization | X | X | - | - | X | - | X | - | X |
| 9 | Social unions | - | X | - | - | - | X | X | - | - |

Source: Research database of ES trends in Europe, MMFPS 2010

* These forms of organization exist but are not considered part of the social economy.

3. Conclusions

Social economy has witnessed an upward trend at European level lately, culminating with the Europe 2020 Strategy. This strategy has five main objectives based on education, research and innovation, employment, social inclusion, energy and climate changes.

I believe that we need a European model of pluralist and inclusive economy that needs to be strengthened by encouraging the involvement of the societies in creating an inclusive society and promoting social responsibility.

ACKNOWLEDGMENT

"This work was supported by the project "Interdisciplinary excellence in doctoral scientific research in Romania - EXCELLENTIA" co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no.POSDRU/187/1.5/S/155425."

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TERRITORIAL COMPETITIVENESS. THEORETICAL APPROACH

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Abstract: *The concept of competitiveness has been extremely influential in recent years, and today is a dominant discourse among all economists and policymakers worldwide. From its entry on the market, a company competes not only nationally but also internationally. To meet this increasing competition, the company will have to develop those creative-productive capabilities so as to secure its future in a highly competitive market. To discuss about the competitive advantages, the paper will analyze first in a brief overview, the evolution of economic thought, starting from the absolute and comparative advantages, and end with the competitive advantages. The paper will start with the classical theory. An extremely important step towards sustainable development economic thought was moving from an autarkic thinking toward a more liberal thinking, focused on commerce and encouraging trade flows, manifested by the mercantilists. The classical economic thinking is completed by another work, which encourages the production and trade creation effect achieved by specialization and comparative advantages effects. Then, the paper continues with the HOS model designed by the Scandinavian economists, which emphasis on the correlation between the abundance of natural resources and the production of those goods based on those resources. The comparative advantage effect is studied also by other economists that focus on comparing the industrial production results. Such comparison is made between the heavily industrialized countries, and those countries which emphasize on the primary sector production. Further, other economist allocate plenty of time to research the correlation between research and development activities with education investment process. Their results and recommendations will be presented in this paper. The final chapter will look at the passing from a comparative to a competitive advantage. The leading author in this domain will correlate all the theories mentioned. This embeddedness is possible through a complex diamond shaped figure which gives a logical and rational explanation.*

Keywords: competitiveness; advantages; development; economic model; education.

JEL classification: B10; B20.

1. Introduction

According to Fagerberg (1988) the term competitiveness refers to "the ability of a country to achieve economic objectives, especially income and employment, without any difficulty in the balance of payments" (Fagerberg, 1988).

The Organization for Economic Cooperation and Development (OECD), in an annual report classifies competitiveness as "the degree to which, in an open market, a country can produce goods and services that meet the test of foreign

competition while maintaining and expanding domestic real income" (OECD, 1992).

The European Commission, in a report addressed to the regions, defines competitiveness as "The ability to produce goods and services that meet international markets requirements, while maintaining high levels and sustainable earnings or, more generally, the ability to generate, when exposed to foreign competition, high rates of income and employment".

2. A shift from the comparative and absolute advantage to the competitive advantage

To discuss about the competitive advantages, the paper will analyze first in a brief overview, the evolution of economic thought, starting from the absolute and comparative advantages, and end with the competitive advantages.

2.1 The absolute advantage

Adam Smith (1776) in his famous work "The Wealth of Nations" first evokes the idea that states must produce those goods where they have absolute advantages, and the rest of the consumption goods required are imported.

2.2 The comparative advantage

Further, the classical economic thinking is completed by the work of David Ricardo, which encourages the production of goods in those economic sectors where comparative advantages are achieved. The use of trade between countries will lead to an increase in production and an automatically increase of the domestic economy.

2.3 The comparative advantage through the HOS theory

Scandinavian authors Bertil Ohlin and Eli Heckscher developed an economic model that assumes the correlation between the abundance of production factors and the production of goods and services. The concept of the two economists seeking answers to certain questions related to the distribution of natural and human resources, so that the concerned economy should benefit from comparative advantages in trade relations with other countries.

The basis of the theory of the two economists starts as follows: factors - land, labor, capital varies from country to country; natural resources vary from country to country.

This belief will give all countries a comparative advantage in the production process of goods and services.

2.4 Competitive advantage achieved by national labor exploitation

Manoilescu notes that the production of goods in industrialized countries offer higher income than the production of goods in countries with a predominantly primary sector. This idea is supported by the following quote: "The industry in general has been built on the basis that it is possible to sell industrial products, so that the work of an annual industrial worker to buy the work of 10 farmers ... this equivalence provides the key to understanding the prosperity of Western Europe in the nineteenth century!" (Manoilescu, 1986)

The competitive advantage of a country based on the author thought is based on the production of goods incorporating high technology and not the production of

goods from the primary sector. In addition, the comparative advantage is conferred by labor productivity, because "the wealth of all nations and all classes rely on their labor productivity." (Manoilescu, 1986)

2.5. Neofactors and the comparative advantage

The proponents of this movement are Posner (1961), Vernon (1966) and Krugman (1979). The authors place a great emphasis on comparative advantages derived from investments in education, research and development.

In chronological order, the theorist who emphasized the necessity of neofactors is Posner (1961). The economist noted the close link between the level of education and industrial production results.

The second economist that encourages neofactors incorporation in the production process is Vernon (1966). He develops the idea that comparative advantage is obtained from a technological gap.

And Krugman (1979) comes to reinforce this neofactors theory arguing that only continuous investment in education, research and development may confer comparative advantage.

2.6. The competitive advantage

Based on the theories advanced in the previous sections, it can be concluded that the economists focused on: production factors, natural resources, labor, neofactors.

Based on them, the American economist Porter (1985) conducted a convergence of all, into the so-called "Porter's diamond" structure that leads to a national competitive advantage.

The economist takes into account several attributes, and through their convergence creates competitive advantages namely: factor conditions; firms strategy, structure and rivalry; demand conditions; related and supporting industries.

The first attribute, factor conditions, refers to the existence of an educational and transport infrastructure resulting in qualified human resources, sufficient natural resources, a good climate, etc.

The second attribute targets strategy, structure and competition between firms nationwide. The economist argues that the existence of several companies creates fierce competition in the market. This competition puts pressure, as with demand on increased investment in research and development.

The third attribute emphasis on demand. Consumers represent an important pillar in the diamond structure, as they can exert pressure on the company for the supply of goods and better services at lower prices..

The fourth attribute refers to the structure of industries, where the focus is on the upstream and downstream related industries and the cooperation between all industry level operators.

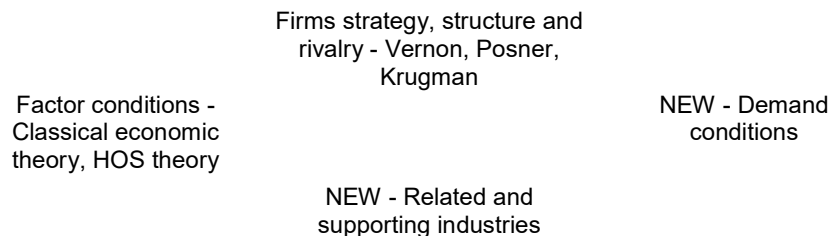
3. Conclusions

Based on the literature review a country cannot achieve a global competitive position if it relies only on some comparative attributes such as labor or resources. Countries need to adopt a mixed policy suited for their special conditions. If they want to encourage the development of a specific industrial area of the economy,

that implies a series of policies in order to achieve a regional competitive advantage.

Following the incipient classical theories that focus only on labor productivity to a more modern approach focused on resources, education, research and development, the paper suggests that Michael Porter's theory is better suited for a modern economic improvement.

Mixing all the above theories in Porter's diamond, it will be seen as follows:



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DYNAMICS OF MIGRATION NETWORKS

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Abstract: *Viewed as a structure that is based on sharing, maintaining migration flows, migrant networks play an important role. Thus, migrants and potential migrants have access to the necessary information at different stages of the migration process, as: support in finding plan the best migration, finding purpose and period favorable for migration decision, information on costs, partners travel necessary travel documents, support in finding employment in the destination country, but also needed to exchange material links with those remaining at home. In order to establish evolutionary logic migrant networks it is necessary to consider the perspective of longitudinal migration network. Institutional evolution of migration networks is endogenous and exogenous in nature. Main objective of paper is studying of endogenous evolutionary factors, because migration often has consequences in the place of origin. Migration is not simply a response to sectoral earnings difference, but a consequence of local income inequalities, exacerbated by improved economic status of migrant families. A final factor is the internal evolution consists of changes in items; if agencies and organizations undergo a significant transformation of their systems of values, forms of contracts and institutional arrangements will be discussed. Obliteration principles of collective solidarity, centered on the extended family or community, in favor of individualistic logic, bears responsibility for weakening solidarity. The evolution of endogenous migration institution can be conceptualized in several stages. In the economic sphere, the functioning of the institution migration can be influenced by changes in the labor market (employment offered location) changes in prices (exchange rates, agricultural prices, wages urban) or structural changes (the composition of the population, for example). Migration contributes to political instability, economic convergence between regions or even technological progress. As a result, we can say that for a better understanding of dynamics of migration networks, it required two research directions: the conditions in which migrant networks do not appear and situations involving the weakening of networks and even their disappearance. research methodology is based on study of specialised literature in migration networks field.*

Keywords: migrant networks; dynamics; factors; endogenous; exogenous.

JEL classification: F22; J11; J16.

1. Introduction

In specialized literature there is no any universally accepted definition about migrant networks, but theoretical approaches tend to pursue the integration of all elements in a unitary construction, based on the centrality of networks, with an accent on character so as gathering the cumulative dynamic of migration.

Migrant networks are based on criteria of interconnectivity spaces: the space of origin (the community from which migrants are) and destination space (ethnic communities that immigrant will be part of).

Social relationships and significant ones existing within networks of migrants are those that are designed to establish connections, providing potential migrants or migrants the opportunity to learn the necessary information helpful in finding arrangements reliable and affordable lower cost to be able to override prohibitions is subject to entry in the destination country, support in finding a job, finding a living space and the necessary means for the time necessary searches, emotional and social support.

Once they mature, migrant networks contribute to the facilitation of migration as a strategy, so that the migration loses its character of selectivity. With each migration event that included a new individual network migration phenomenon increases the likelihood of recurrence in the future, thus increasing the circle of those who benefit from access to its resources, developing them automatically. Networks evolve independently generating factors and support themselves, the process is dynamic. The main directions in the study of migrant networks are represented, on the one hand certain directions independent research analysis focusing on certain characteristics and on the other side to systematise the results tend comprehensive approach.

1.2. Concepts on migrants networks

Although the current theme of migration networks arouses a deep interest in the 60s and 70s, by researching the effects of migration from rural to urban areas, at the individual level by highlighting the relations of kinship networks created with fundamental origin common community, contributing to the integration of new migrants and keeping them in touch with those before them.

To explain the migration networks were proposed two interrelated points: the origin and destination zone. Most current research on migration are, from the outset reference disappearance push-pull theory. Push-pull theory is based on the principle according to which the migration of individuals from a particular place is influenced by economic and social factors pushing the home, while attracting force of certain economic and social factors in the destination country.

1.3. Dynamics of migration networks

Viewed as a structure that is based on sharing, maintaining migration flows, migrant networks play an important role. Thus, migrants and potential migrants have access to the necessary information at different stages of the migration process, as: support in finding plan the best migration, finding purpose and period favorable decision migration, information on costs, partners travel necessary travel documents, support in finding employment in the destination country, but also needed to exchange links with those remaining material in the home.

Migration is not simply a response to sectoral earnings difference, but a consequence of local income inequalities, exacerbated by improved economic status of migrant families.

The evolution of endogenous migration institution can be conceptualized in several stages. The first step is the preliminary pioneering stage which takes place in the absence of a network which does not exist at this stage. In the next stage, the multiplier effects of the first successful migrations are numerous, and the institution

is established quickly around that managed migration channels. Personal networks, or connections between people, are only one of many types of networks, such as relations between nations and political missions (military, foreign relations) or economic (trade, foreign investment). Developing systems migration research provides a framework widely generalized to study the origins, persistence and decline of networks and personal networks dynamics comparison vis-a-vis other networks. The most important component of migrant networks about the people who are meant to intervene at all stages of the migration process from the start until the destination.

Information exchanges about available jobs and amenities of first migrants who have followed (in terms of accommodation, loans, and moral support), generated the progressive reduction of costs, while the community of migrants increased. Network effects do not work only in one direction: employers might be interested in the employment of a specific network, where members already know his employees.

The network is based primarily on support from compatriots (relatives, people from the community) and is an institution of local origin, covering several areas, from the home to the destination.

The network can't be based only on close relatives (nuclear family household), which due to their limited number are unable to provide adequate support.

Specific institutional form of the network reflects the nature of trade (frequency, volume). Following the institutional logic, we find the principle of operation of the network in the nature of trade involved. The transaction migration occurs between individual migrants and their home groups.

Resources that can be brought to market by communities of origin which are sometimes limited to work with very specific training; labor, it is difficult to be redeployed in other sectors or activities other than those for which he was trained. Assets held by migrants from rural societies (such as land ownership, political authority, traditional knowledge, local reputation) are often transferable resources, the risk of losing all amount, if their owner migration.

Once settled professionally, migrants can adopt different strategies. They can choose to reinvest their earnings for their own purposes or those of their immediate entourage, rather than sending a portion to the place of origin. This is particularly true among the more educated migrants, who by virtue of their level of education have nonspecific assets that will facilitate the establishment in labor markets very different. The transaction is riskier for the higher participant will be hierarchically structured networks. The temporal dimension is essential to the acceptance of migration contract because the contract can't be done instantly: previous investment in migrant families precedes the numerous years that the potential gains of migration can accumulate. Therefore, the high degree of uncertainty characterizing the transaction (the migrant professional success and maintain his ties with his family) are favorable results of a hierarchical structure.

Along with establishing a network of migration, contracts between migrants and non-migrants are becoming more developed and the transactions that follow become gradually routines.

2. Conclusions

Over time, migration becomes progressively independent of the factors that gave rise to it. The process is self-reinforcing and migrant networks tend to develop their own dynamic in a manner endogenous; they are in constant interaction with other factors that contribute to the institutionalization of migration, forming a system. The process is not necessarily cumulative as traditional migration institution may be unable to provide certain services to potential migrants.

Considering the genre of migrants and establishing relationships between gender and migration networks adds to the challenges related empirical and theoretical study of networks in terms of migration systems.

Gender differences plays a role in social and economic systems and influence the processes of decision making migration changes conceptualizing strategies household influences the composition of the sexes in labor migration, often included in the immigration policies and are embedded in the organization ethnic enclaves.

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THE IT MARKET IN CENTRAL AND EASTERN EUROPE (CEE)

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Abstract: *The IT is one of the industries that define our future and the important progress in this area has a big impact at both social and especially economic and technological level. If until recently, the Asian market was the most attractive outsourcing market for the IT companies from the United States and Western Europe, the IT market in Central and Eastern Europe has gained a momentum that should be taken into account. In Romania, it is anticipated that the number of IT specialists will double until 2020, which would make Romania the first IT outsourcing market in the region.*

Keywords: IT industry; IT outsourcing; IT market in Central and Eastern Europe; Romanian IT market.

JEL classification: L86 - Information and Internet Services • Computer Software.

1. Introduction

ICTs and specifically digitization plays an important role in the potential development and maintenance of absolute advantage for a country. In fact, digitization is a fundamental driver of economic growth and job creation.

The growing availability of technology has empowered citizens of both developed and emerging economies with fairly good access to the digital world.

In this context, governments have a role to play as digital market makers. This means making deliberate choices about what sectors furnish the best opportunity for that absolute advantage Adam Smith described and focusing on them (World Economic Forum, 2013).

The unusual growth rate known by the IT&C industry, as well as the reasoning related to the cost reduction required by IT outsourcing, lead companies in the field to look for markets cheaper than the markets in their countries of origin.

If until now, Asia represented the single real source of cheap and well trained programmers, in the past 10 years, Central and Eastern Europe has become a new area of interest on the outsourcing map.

This region has an overwhelming importance because, on the one hand, it represents an inexhaustible reservoir of cheap and skilled work force and, on the other hand, because the market has yet to reach maturity. Therefore, a significant number of IT companies from Western Europe or the United States have opened branches in this geographical area.

From the beginning, it should be noted that although those countries are located in the same region (CEE) and they have similar political past, they experienced different growth rates which led to a different degree of attracting companies specialized in the IT service.

2. Evolution of the IT market in Central and Eastern Europe

If at present the most important IT markets in the region are Poland, the Czech Republic and Russia, in the coming years, the most promising will be Romania, Slovakia and Bulgaria.

According to the Central and Eastern European Outsourcing Association (CEEEOA), there are three clusters in this region:

- Poland, Romania, Ukraine, Belarus – the growth of the IT market, the number of foreign multinationals implanted in these markets, as well as the large numbers of professionals from these countries provide approximately 80% of the IT outsourcing services in the region;
- The Czech Republic, Bulgaria, Serbia, Slovakia, etc. (emerging markets) – countries that get special attention due to the advantageous geographical proximity to the Western countries (for example, many German companies prefer to outsource IT projects in the Czech Republic);
- Croatia, Moldova, Latvia, Slovenia and Albania – they attract foreign IT projects with specific language requirements or based on personal contacts (CEEEOA, 2015).

The economic crisis in Europe produced a growth reduction of the IT industry, but starting from 2011, a steady growth has been projected, which should continue at least until 2018.

In 2013, the value of the IT market in Central and Eastern Europe recorded 14.6 billion euros, an increase of 2.5% compared to 2012, but according to a report published by PMR, it will increase by 4.5% annually in the period 2014-2018 (IT Trends, 2014).

Also, at EU-28 level, in 2013, high-tech sectors (high-tech manufacturing and high-tech KIS) represented 3.9 % of total employment, with two thirds of persons occupied in high-tech KIS and one third in high-tech manufacturing. The lowest national shares of high-tech sectors in total employment (below 2.5 %) were registered in Greece, Portugal, Romania, Lithuania, the Former Yugoslav Republic of Macedonia and Turkey (Eurostat, 2015).

In 2014, the events produced in Ukraine and the isolation of Russia decreased the number of companies that have outsourced IT services in that area and caused a reduction of the investments made by existing companies on the market.

In the same year, among the best emerging markets, Poland ranked 9th place, the Czech Republic - 10th place, Turkey – 12th, Hungary – 13th and Russia the 14th place worldwide (Bloomberg, 2015).

The funds allocated by the EU for the Central and Eastern Europe in the period 2014 - 2020 will go especially to Poland, Romania, Slovakia and Bulgaria, which may implicitly mean an increase of business in those countries and in their IT sectors, while lower rates of growth are expected to register in the Czech Republic and Hungary.

3. Analysis of the most important IT markets in Central and Eastern Europe

3.1. IT Market in Poland

The IT sector in Poland is one of the most important sectors at national level and leader in the Central and Eastern Europe, registering real growth prospects. In 2013, it recorded a 4% increase, representing 1.5% of the GNP of Poland (Ministry of Treasury, Republic of Poland, 2014). The success of the IT industry in Poland is based on a considerable number of well-qualified professionals: 15,000 IT

engineers enter the market and 99,500 students are enrolled in special IT courses annually.

Furthermore, the market stability and the country's geographical position allow an increase of foreign investments from Western Europe.

3.2. IT Market in the Czech Republic

In the Czech Republic, the IT&C sector has grown over the time, becoming one of the most representative of the national industry, with 33 000 IT companies that have over 130,000 employees. The exports of IT products have increased 15-fold in the last 10 years and contribute with 15% to total Czech Republic exports. Regarding the computer services exports, they increased 8.3 times in the last 10 years, 88% of them are exported in Europe and 10% in the US (Czech ICT Alliance, 2015).

In 2015, the Czech Republic remains one of the markets searched by the IT companies, especially in terms of value added services. A worthy element to be considered on this market is the research and development of IT products.

3.3. IT Market in Russia

The year 2014 was a difficult one for the Russian economy, because of the geopolitical crisis, as Russia experienced the economic recession. Paradoxically, the IT sector has increased by 7.4%. According to the Orange Business Services consulting firm, until 2017, the IT industry will grow from 635 billion rubles (\$11.5 billion) to 750 billion rubles. The growing trend in the industry will focus on two directions: outsourcing which will increase by 17% and IT consultancy that will expand by 12% in the next two years (The Moscow Times, 2014).

Also it must be mentioned the fact that in a full geopolitical crisis, the preference shown by the Moscow government for the national products increased the market share of Russian IT companies compared to the foreign ones implanted in Russia. However, a restrictive legislative measure regarding the purchase of foreign software products can have severe undesirable consequences (Bychkov, 2015).

3.4. IT Market in Romania

Romania, the first outsourcing market in Central and Eastern Europe (Outsourcing Journal, 2013) and an important market for cloud computing, remains an attraction for the IT companies from Western Europe and the USA, presenting the following advantages:

- currently, Romania is an EU leader according to the number of programmers per capita, while the number of engineers per capita is greater in Romania than the US, India, China, or Russia (Constantin, 2015);
- by 2020 it is estimated that Romania will have 300,000 IT professionals (Business Review, 2014);
- the favorable legislation concerning the business environment for the IT industry through the income tax exemption for the IT professionals;
- the Romanians' language skills and versatility which allow them to integrate into a multicultural environment;
- an economic and political environment stable enough, which favors the increase in foreign investments;

- the IT market attractiveness is growing and continues to attract top multinationals; it is estimated that the market will become the market with the largest growth potential in the Central and Eastern Europe region (Realitatea.net, 2014);
- the technological performance reached on the market: Romania ranks the 4th place in the world in terms of Download speed (60.2 Mbps) (Pescaru, 2015), after Singapore, Hong Kong and Japan, and respectively the 6th place worldwide in terms of loading speed by an average of 72.1 Mbps (Stenovec, 2015).

It is important to be noted that within the economic crisis, the IT sector in Romania was the only economic sector that did not appeal to firings. In addition, according to INS statistics, salaries in IT have increased by 54% during the 2008 -2012 economic recession period (Agentia pentru Dezvoltare Regionala *Centru*, 2013).

5. Conclusion

In conclusion, Central and Eastern Europe has a great potential to become an important nearshore destination for the IT companies from Western Europe and an interesting offshore destination for US companies.

If we take into consideration that the IT markets in Poland and the Czech Republic already offer a level high salary for developers and therefore high costs compare to the Western IT sectors, and Russia and Ukraine are affected by geopolitical crisis, we conclude that Romania and Bulgaria will be the most attractive markets in the region. Furthermore, as Romania's IT sector is better developed than the Bulgarian IT sector as overall value and number of IT specialists, Romania could become one of the most important outsourcing centers in the next 5 years.

Given that the added value generated by the IT field has an important impact at macroeconomic level, an increase of the Romanian economy could be anticipated in the following years.

Also, the Digital Economy program established at Community level, and especially the European funds allocated to support the IT industry will have beneficial consequences for EU states in Central and Eastern Europe.

Nevertheless, it must be taken into consideration the fact that even if the future predictions for the IT market are encouraging, any major economic, political or geopolitical event can affect the IT CEE market which is still quite fragile.

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COMPARISON OF ABSORPTION RATES OF STRUCTURAL AND COHESION FUNDS IN CENTRAL AND EASTERN EUROPE DURING 2007-2014 PERIOD

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Abstract: *For the purposes of the research for doctoral thesis, this article refers to the following 10 EU Member States, which cover the Central and Eastern Europe: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia. The selection was made taking in consideration the appropriate similarities and differences in living standards, population, development orientations and EU Structural and Cohesion Funds allocations. Looking forward, it can be stated that these countries had an estimated share of available European funding, ranging from almost a tenth to approximately a quarter of their annual Gross Domestic Product. A comparison of the absorption rates during the 2007-2014 period can be critical towards reconsidering some theories of potential cohesion impact and reflecting them in current Eurostat statistics. It may be useful to acknowledge that most of the problems in contracting and disbursement of European funding occurred in every of the 10 Member States, nevertheless it cannot be held an underestimation of absorption capacities between the top and the tail countries, whereas some of the related countries (i.e. the 2004 EU accession countries) had more time and some experience in adjusting wrong or insufficient focus on absorption capacity. It is a well known fact that contracting of European Structural and Cohesion Funds started only in 2008 and reached a reasonable level in 2009, while payments tended to lag by a further year. By the end of 2014 most of the 10 Member States had the performance of reaching or overtaking the full contracting ratio, but payment ratios were situated much lower.*

Keywords: structural; cohesion; funds; contracting; payment; ratio.

JEL classification: F63; O19; O52; O57.

1. Introduction

If it would be necessary to lay down the benefits of Structural and Cohesion Funds in a scientific manner, the first rising question in mind would be: how have they contributed to the overall development of the economy of each of the 10 EU Member States analyzed in this article? At a short glance, it can be stated that these funds are not generating external debt and they are similar to foreign direct investments, but at the same time, a bit different: because of the co-financing mechanisms, they are rather stimulating public investments – most visible in tangible transport infrastructure, environmental protection, renovation of historical heritage, the re-development of cities, and extended urbanisation in terms of sewerage water systems, waste management, etc (KPMG, 2015). On the other hand, these investments have also focused towards human development, decrease of unemployment and creation of non-governmental organisations.

Investments were also set on developing IT systems in public administrations, in order to provide population with modern communication technologies.

Moreover, Romania and the other 9 Member States have gone through a significant reduction in foreign direct investment, as investors have been moving away from emerging markets to targeting instead rapidly developing economies such as the BRIC countries – Brazil, Russia, India and China (KPMG, 2015).

2. Comparisons regarding allocation, contracting, payments and European Commission certification of EU Structural and Cohesion Funds

As it can be observed in Table 1, during the 2007 – 2013 programming period extended by an year, beneficiaries from the Member States signed contracts totalling 181.7 billion EUR and 131.3 billion EUR, had been disbursed to the beneficiaries. The paradox lies in the fact that an excellent contracting ratio does not necessary lead to a decent payment ratio.

Table 1: Cohesion data in 10 EU Member States during 2007-2014 period

| Country | Population (mill.) | Annual GDP (Bill.€) | Allocated Grants (Bill.€) | EU funds per GDP (%) | Contracted Grants (Bill.€) | Paid Grants (Bill.€) |
|-----------|--------------------|---------------------|---------------------------|----------------------|----------------------------|----------------------|
| Bulgaria | 7.2 | 42.00 | 6.67 | 15.9% | 7.7 | 5.1 |
| Czech R | 10.51 | 154.94 | 26.30 | 17.0% | 25.2 | 18.1 |
| Estonia | 1.32 | 19.53 | 3.40 | 17.4% | 3.3 | 3.0 |
| Hungary | 9.88 | 103.30 | 24.92 | 24.1% | 28.0 | 21.7 |
| Latvia | 1.99 | 24.06 | 4.53 | 18.8% | 4.8 | 3.9 |
| Lithuania | 2.94 | 36.29 | 6.78 | 18.7% | 6.8 | 6.0 |
| Poland | 38.48 | 403.08 | 67.19 | 16.7% | 68.2 | 52.5 |
| Romania | 19.95 | 150.66 | 19.18 | 12.7% | 20.3 | 10.0 |
| Slovakia | 5.42 | 75.21 | 11.65 | 5.5% | 13.1 | 7.6 |
| Slovenia | 2.06 | 37.25 | 4.10 | 11.0% | 4.3 | 3.4 |
| Total | - | - | 174.72 | - | 181.7 | 131.3 |

Source: Own representation based on KPMG (2015)

Furthermore, analyzing the annual evolution of contracting ratios from Table 2, it can be observed that Bulgaria, Hungary and Slovakia had remarkable results in achieving a gradually uprising annual contracting ratio, ranging from 112% to 115%. At the other end, lower but quite good contracting ratios were reported in Czech Republic and Estonia.

Table 2: Contracting ratio evolution in 10 EU Member States during 2007-2014

| Country | Contracting ratio (%) / Year | | | | | | | (Bill.€) |
|----------|------------------------------|------|------|------|------|------|------|----------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Bulgaria | 6% | 22% | 35% | 62% | 98% | 112% | 115% | 7.7 |
| Czech R | 18% | 31% | 55% | 74% | 83% | 92% | 96% | 25.2 |
| Estonia | 12% | 58% | 73% | 86% | 91% | 96% | 98% | 3.3 |
| Hungary | 20% | 38% | 51% | 64% | 82% | 106% | 112% | 28.0 |
| Latvia | 9% | 44% | 73% | 84% | 95% | 97% | 105% | 4.8 |

| Country | Contracting ratio (%) / Year | | | | | | | (Bill.€) |
|-----------|------------------------------|------|------|------|------|------|------|----------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2014 |
| Lithuania | 6% | 40% | 64% | 77% | 90% | 99% | 100% | 6.8 |
| Poland | 4% | 24% | 56% | 69% | 82% | 95% | 102% | 68.2 |
| Romania | 6% | 16% | 43% | 67% | 79% | 94% | 106% | 20.3 |
| Slovakia | 4% | 26% | 53% | 64% | 75% | 98% | 112% | 13.1 |
| Slovenia | 19% | 35% | 49% | 61% | 72% | 93% | 104% | 4.3 |

Source: Own representation based on KPMG (2015)

Table 3 shows quite a different situation when it comes to disbursement of EU funds to beneficiaries. Countries like Lithuania, Estonia and Hungary show a real level of effectiveness of EU funds absorption. The biggest gap between contracted and paid grants are observed in Romania and Slovakia.

Table 3: Payment ratio evolution in 10 EU Member States during 2007-2014

| Country | Payment ratio (%) | | | | | | | (Bill.€) |
|-----------|-------------------|------|------|------|------|------|------|----------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2014 |
| Bulgaria | - | 3% | 10% | 19% | 34% | 54% | 77% | 5.1 |
| Czech R | - | 9% | 26% | 40% | 52% | 64% | 69% | 18.1 |
| Estonia | 1% | 13% | 27% | 42% | 59% | 77% | 87% | 3.0 |
| Hungary | - | 9% | 16% | 28% | 42% | 62% | 87% | 21.7 |
| Latvia | 3% | 15% | 29% | 43% | 57% | 70% | 86% | 3.9 |
| Lithuania | 3% | 15% | 29% | 44% | 59% | 74% | 88% | 6.0 |
| Poland | - | 5% | 17% | 31% | 48% | 64% | 78% | 52.5 |
| Romania | 1% | 3% | 9% | 15% | 22% | 37% | 52% | 10.0 |
| Slovakia | - | 5% | 14% | 25% | 38% | 53% | 65% | 7.6 |
| Slovenia | 5% | 16% | 28% | 39% | 50% | 62% | 83% | 3.4 |

Source: Own representation based on KPMG (2015)

After consulting these statistics, it is necessary to explain why the annual evolutions of the contracting and payment rates are so different from one country to another. The next selection of examples was chosen randomly, in order to understand that each Member State has confronted with such problems at a given moment and to raise the awareness of the risks or sanctions that can occur where Structural and Cohesion Funds are incorrectly used or reimbursed.

3. Member States problems in contracting and disbursement of EU funds

In Bulgaria, in 2014, the payments under Operational Programme (OP) Environment were suspended and the payments under Operational Programme (OP) Regional Development were interrupted (KPMG, 2015). The suspension of payments occurred also to Romania in 2012, within the Operational Programme (OP) Development of Human Resources. The Czech Republic was also in a similar situation, having repeated suspension of payments for some programmes, because of the lack of transparency in public tender procurement (KPMG, 2015). Severe problems related to public procurement were also reported in Slovakia. Different problems were identified in Estonia during the 2007-2013 programming period, where after consistent investments made in infrastructure, it was observed

that rural areas are still lagging behind in terms of development (KPMG, 2015). But the same issue can be witnessed in Romania or Bulgaria.

Lithuania is another example of misuse of European funds when it comes to implementing projects for local and urban expansion, by miscalculation of full exploitation possibilities of a given area (KPMG, 2015). This kind of unnecessary or wasting investments have also been observed in Romania.

Countries like Poland or Hungary were more preoccupied to improve the system of distribution of EU funds.

In Romania, the main problems can be materialised in late launch of calls for proposals and delays in the submission and evaluation process of disbursement claims (KPMG, 2015). Bulgaria and Slovakia faced similar types of problems regarding delays in starting and implementation of operational programmes.

One of the key problems in Slovenia is the implementation of EU funds policy in the Information System (KPMG, 2015). Data supplied from the managing authority were inadequate and in some cases inaccurate.

4. Potential impact of EU Structural and Cohesion Funds

Absorption capacity can be defined, according to the most accepted reviews, as the extent to which a state is able to fully spend the allocated financial resources from the EU funds in an efficient way. In a more advanced manner, the absorption capacity can be split into 3 dimensions: the macroeconomic absorption capacity (related to GDP), the financial absorption capacity (related to co-financing) and the administrative absorption capacity (related to organising) (Albulescu et al, 2013).

First of all, among the 10 Member States it can be stated that the annual increase in contracting and payments reflected in Table 2 and Table 3 meant a large increase in government spending, in particular in government investment.

The annual growing rates of contracting lead to productivity and to a gradual increase in output of the final goods sector: this phenomenon can mean, on one side, that it reduced the profit requirements for intermediate producers and, on the other side, it encouraged the entry of new firms (Varga et al, 2009).

Employment effect was slightly negative from 2008 to 2013 in the 10 Member States. Due to gross domestic products turning positive, the first signs of labour market improvements occurred towards the end of 2013 and this pattern continued in 2014 as the employment rate increased (Eurostat, 2015).

Finally, the GDP effect for the 10 EU Member States can be assumed as being positive: despite their substantially contributions to the EU budget, even if relatively smaller absorption rates were registered. In 2015, GDP decelerated significantly in the Czech Republic and Romania in the first quarter. Estonia and Lithuania returned to expansion in the second quarter (Eurostat, 2015).

5. Conclusions

Slow absorption rate is not an issue that concerns only Romania, many of the analyzed Member States have encountered the same problem. The selected 10 Member States must concentrate their efforts in finalising the implementation of project contracted during the 2007-2013 period by the end of 2015.

There is evidence of positive impact of Structural and Cohesion Funds on economic growth; at the same time, several studies find the opposite or a weak positive effect (Albulescu et al, 2013). The impact of investments on economic convergence cannot be very easily identified: the effects are generated in time.

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PERFORMANCE INDICATORS OF TOURIST ACCOMMODATION STRUCTURES

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Abstract: *The work aims to highlight and explain some of the most important efficiency indicators of tourist accommodation structures starting from the approaches from specialized literature. The diversity of tourism indicators depends on the existence of primary sources of data collected and adequate work methods and techniques. Depending on these elements, but also the particularity of activity reflected, tourism indicators are presented in a wide variety. I stopped over a few indicators I considered more relevant, I defined them and applied to the situation noticed in a few accommodation structures from Bihor County, Romania, which allowed me an analysis of their evolution.*

Keywords: tourist structures; performance; indicators.

JEL classification: L25; L83; Z32.

1. Bibliographic context

The need of identification and analysis of efficiency indicators in tourism is determined by the existence of a close connection between the quality of tourist services and the performances of tourist structures.

Efficiency indicators are the numerical expression of the results of tourism and they allow for a realistic analysis of the way in which are fulfilled the objectives of tourist structures, including accommodation.

Specialized literature (Abdullah, Hamdan, 2012; Neely, 1999; Albu, 2001; Collier, 1994; Glăvan, 2000; Holloway, 1998; Lupu, 2003; Minciu, 2004; Robinet, Adam, 2003; Dobreă, Ștefănescu, 2008; Edensor, 2001; Ismert, Petrick, 2004; Schwartz, Cohen, 2004; INCDT, 2005) makes reference both to macroeconomic indicators (for example, contribution of tourism to formation of GDP, the valorisation rate of the national tourism industry potential, the degree of attracting local/foreign tourists, the value of investments in tourism, etc), and microeconomic indicators which highlight the performances of tourist units (National Authority for Tourism, 2015).

The diversity of tourism indicators depends on the existence of primary sources of data collected and adequate work methods and techniques.

Depending on these elements, but also the particularity of activity reflected, tourism indicators are presented in a wide variety. Thus, they can be: direct, obtained from registration sources, indirect, processed, simple or aggregate, global or partial, quantitative or expressed in value, main or derivatives of activity volume or effects etc.

The performance indicators in Tourism Dictionary are defined as: "economic indicators used for the purpose of evaluating the efficiency and effectiveness of a company or an activity sector of the company. The most frequently used are those

which evaluate financial and operational performances. In tourism industry there are many specific performance indicators (the incomes earned by visitors for a certain tourist period). The accommodation sector uses a lot of performance indicators, using a wide range of information which helps comparing performances between hotels with similar characteristics" (Stănciulescu, 2000, p.104)

The indicators that measure economic efficiency are encountered under various forms in books and specialized literature, depending on the field of activity.

The paper "Economy of tourism and environment" (Istrate, Bran, Roșu, 1996, p. 23), presents the components of tourism industry (accommodation units, food units, transportation, travel agencies, equipment and services for congress or entertainment etc) in which tourism indicators are used.

Among the most representative indicators for characterization of tourist traffic we use: the number of tourists, the average number of tourists, tourist day number, average duration of stay, receipts in tourism, density of tourist traffic, relative preference of tourists etc. (Turcu, Weisz, 2008)

Other authors (Vellas, 1994) resort to the indicators of accommodation activity to calculate the capacity of hotels and similar capacities in the world for a certain period of time. They also resort to indicators of transport activity to learn the evolution of transportation in the world at the main airline companies and certain transport companies from France.

Today more and more organizations use various types of measurements which help them evaluate total performances. The financial and non-financial indicators are the measurements used on a wide scale of managers to evaluate their performance of organization: Return on Investment (ROI), Return on Equity (ROE), Return on Sales (ROS), Market Share and Net Profit.

2. Performance indicators analysed

From my point of view the most important performance indicators used in the accommodation activity in tourist structures are: capacity use coefficient, occupancy rate, work productivity, return rate.

1. Capacity Use Coefficient (Cuc) "is a suggestive indicator for appreciation of accommodation efficiency, calculated as ratio between the effective accommodation capacity (Cu) at a given moment or in a period of time and the maximum accommodation capacity (number of seats x 365 days or number of seats x 90 , 120 days, unit operation period)" (Neacșu, Baron, Snak, 2006, p.452).

$$Cuc = \frac{Cu}{C_{max}} \times 100 \quad \text{where:}$$

Cuc= Capacity Use Coefficient (%) – (or occupancy rate)

Cu= Effective capacity (number of overnights or number of tourist days recorded)

Cmax= maximum accommodation capacity (total number of seats x number of operation days)

Table no. 1 Occupancy rate in Termal Hotel from Băile Felix for the period 2004-2012

| INDICATORS / YEARS | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Maximum number of tourist days | 1090 68 | 1087 70 | 1087 70 | 1070 75 | 1083 36 | 1080 40 | 1080 40 | 1080 40 | 9472 0 |
| Achieved number of tourist days | 4235 1 | 4952 5 | 5872 5 | 5534 5 | 5081 8 | 4689 0 | 4591 1 | 5144 8 | 4121 8 |
| Occupancy rate | 38.8 3% | 45.5 3% | 53.9 9% | 51.6 9% | 46.9 0% | 43.4 0% | 42.4 9% | 47.6 2% | 43.5 2% |

Source: data collected from SC Felix SA and processed by the author

In Table no.1 we investigated the occupancy rate in *Termal* Hotel from Băile Felix, for a period of 9 years, since 2004 until 2012.

As you can see in the table, since 2004 until 2006, the trend of seats occupancy rate is ascending. Since 2007 until 2012, the occupancy rate trend is of gradual decrease from 51.69% to 43.52%, with a single exception, in 2011, when we can see a slight ascending trend compared to the previous years.

2. The Indicator "Work productivity" is calculated by the following formula:

$$W \text{ value: } Wv = \frac{I}{2Np} \quad \text{where: } I = \text{receipts volume} \\ Np = \text{working staff number}$$

$$W \text{ physical: } Wf = \frac{N}{Np} \quad N = \text{number of overnights achieved per year}$$

Table no.2 Evolution of work productivity (in expression of value) in SC Felix SA for the period 2005-2008

| INDICATORS / YEARS | 2005 | 2006 | 2007 | 2008 |
|-----------------------------|----------|----------|----------|----------|
| Average number of employees | 876 | 794 | 845 | 844 |
| Incomes/receipts | 36335334 | 40292782 | 47920642 | 58712294 |
| W | 41478.69 | 50746.58 | 56710.82 | 69564.33 |

Source: data collected from SC Felix SA and processed by the author

In Table no.2 we can see that the highest value of work productivity was obtained in the year 2008. The work productivity indicator has an ascending trend since the beginning of the analysed period, the year 2005, until the end of the analysed period, the year 2008.

Even with a lower number of employees, only 844, in 2008, we obtain a higher value of work productivity, compared to 876, in the year 2005, when the value of work productivity is the lowest recorded in the analysed period.

This increase in work productivity was possible because of a better organization, better equipment acquired and continuous growth of employees' perfection and training, according to the minimum compulsory criteria for hiring of staff and professional training in tourist reception structures with accommodation functions.

3. Return rate

Return Rate or profit (R%) is one of the most synthetic efficiency indicators. Depending on the reporting base, return rate can be expressed in several ways (Neacșu, Baron, Snak, 2006). In Table no. 3 we will calculate the return rate at SC Felix SA for the period 2005 -2008 by two methods:

- a. Return Rate calculated as ratio between benefit and costs sum ($r\% = \frac{B}{Ch} \times 100$)
- b. Return Rate calculated as ratio between benefit and receipts sum ($r\% = \frac{B}{I} \times 100$)

Table no.3 Return Rate in SC Felix SA for the period 2005 – 2008

| Analysed period (years) | a. Return rate as ratio between benefit and costs sum | | | b. Return Rate calculated as ratio between benefit and receipts sum | | |
|-------------------------|---|----------|----------------|---|----------|----------------|
| | Gross profit (benefit) | Expenses | Return Rate a) | Gross profit (benefit) | Incomes | Return Rate b) |
| 2005 | 7090117 | 29245217 | 24.24368 | 7090117 | 36335334 | 19.51301 |
| 2006 | 7365472 | 32927318 | 22.36888 | 7365472 | 40292782 | 18.27988 |
| 2007 | 8206177 | 39714465 | 20.66294 | 8206177 | 47920642 | 17.12451 |
| 2008 | 11071777 | 47640516 | 23.24025 | 11071777 | 58712294 | 18.85768 |

Source: data collected from SC Felix SA and processed by the author

Return Rate calculated as ratio between benefit and expenses has a gradual decreasing trend since 2005 until 2007, from a percentage of 24.24% to 20.66%. In the year 2008 the trend of this indicator is increasing to 23.24%.

The second method of calculation of return rate as ratio between benefit and receipts has a slight decreasing trend since 2005 from 19.51% until 2007 to 17.12%, and since 2008 the trend is increasing, to 18.85%.

We can see that regardless of the method of calculation of return rate, the result is the same. In both cases we can see a decrease of return rate until 2007, and since 2008 the return rate has increased.

Conclusions

Diversification of tourism also involves a diversity of indicators by which we can analyse the efficiency and contribution which this sector brings to the economic growth or influence on economy.

I believe it is extremely important to correlate these indicators with the quality of services offered by the tourist accommodation structures, on one hand because both the suppliers and beneficiaries of these services aim at maximum satisfaction and on the other hand, the travel operators must take into account the profit level and the quality of provided services in the measures they take.

Nowadays there are concerns for identification and use of new indicators. Thus, apart from "return on investment", ROI, since 2000 there has been introduced the indicator "Social Return on Investment", SROI. SROI takes into consideration the social effects of investment projects and is trying to include those affected by these decisions in the planning of capital and other resources allocation.

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ENERGY MARKET LIBERALISATION ASSESSMENT IN THE EUROPEAN UNION

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Abstract: *This work represents the first part of a study on the liberalization of the electricity market in the European Union. In 1990, European institutions have committed to gradually liberalize the electricity market. The main reasons that led to this decision were the high energy prices and stimulating international competition. Constrained by the Commission, Member States overcame their reluctance to open markets and restructured energy sector. Given the evolution of liberalization by adopting three directives electricity, this paper will show that liberalization did not broadcast the expected results. From a macroeconomic perspective empirical evidence suggests that the liberalization of the electricity market will bring positive effects in terms of lower prices and better service. In this regard, to assess whether liberalization has paid off after 25 years of legislative reforms aimed at opening up the electricity market by trying to interpret the effects of liberalization of the European electricity market. Reform of the European electricity market was followed by a double approach. First, in accordance with EU Directives electricity market, Member States were obliged to take at least a minimum set of measures by certain key dates for liberalization their national markets. Secondly, the European Commission has promoted efforts to improve interfaces between national markets by improving cross-border trading rules. To some extent, the legislative regulations have been successful in ensuring efficiency and transparency in cross-border trade and non-discriminatory cost-reflective electricity. From the point of view of market liberalization, adoption of the regulations was a necessary step towards achieving one fully open internal market instead of uneven liberalization. In terms of market prices, they had different fluctuations in some countries prices rose, while in other energy prices have fallen as a result of liberalization. An important issue due to higher electricity prices is the impact on households and industrial consumers.*

Keywords: European Directive; the internal energy market; price; energy poverty.

JEL classification: F62.

1. Generally Introduction

The European Union is trying to build a single market, competitive, two sectors that until recently was dominated by national players with monopoly power: electricity and natural gas. The ultimate goal is to build medium and long term a single energy market, in which consumers can choose, including cross-border and where prices will reach the same level. Completing the EU internal market requires the removal of numerous obstacles and trade barriers, harmonization of policies and

fiscal measures and pricing regarding rules and standards. The objective is to ensure a functioning market characterized by fair access to the market and a high level of consumer protection as well as appropriate levels of interconnection and production capacity. In February 2011, the European Council set the goal of completing the internal energy market by 2014 and the development of projects to end the isolation of some Member States of European networks for gas and electricity by 2015 (Article 194 TFEU).

2. European energy market liberalization

The liberalization process was based on several principles: gradual approach, subsidiarity, avoiding excessive regulation and control of public authorities.

2.1. European regulations on the liberalization of the European energy market

The liberalization of electricity markets and gas, which opened in 1999, and major consumers in 2000, marked a major success by the decision of their total liberalization for all consumers by the end of 2004. The decision was taken at the European Council in Barcelona in 2002. Introducing common Directive for gas and electricity market rules simplify and homogenize, marking a new step towards strengthening the single market. Third Directive on access to the network for cross-border trade in electricity in order to remove national barriers to trade in energy between countries.

2.2. The impact of liberalization on prices in the European Union

Performance liberalization can be measured in a number of ways. Effect on electricity prices is probably the most important performance indicator.

2.2.1. The impact of liberalization on prices for households

The results of the European Single Market is to achieve a lower price EU average and a degree of convergence of prices through increased competition.

However, as can be seen from Table 1 of European electricity prices not only decreased, or at least remain stable, but increased.

Table 1: Electricity prices to households (€ per kWh)

| | 2012 | 2013 | 2014 |
|----------------|-------------|-------------|-------------|
| EU 28 | 0.195 | 0.202 | 0.208 |
| Belgium | 0.222 | 0.222 | 0,204 |
| Bulgaria | 0.095 | 0.088 | 0.090 |
| Czech Republic | 0.150 | 0.149 | 0.127 |
| Denmark | 0.297 | 0.294 | 0.304 |
| Germany | 0.268 | 0.292 | 0.297 |
| Estonia | 0.112 | 0.137 | 0.133 |
| Ireland | 0.229 | 0.241 | 0.254 |
| Greece | 0.142 | 0.170 | 0.179 |
| Spain | 0.228 | 0.227 | 0.237 |
| France | 0.145 | 0.159 | 0.175 |
| Croatia | 0.138 | 0.135 | 0.132 |

| | 2012 | 2013 | 2014 |
|----------------|-------------|-------------|-------------|
| Italy | 0.230 | 0.232 | 0.234 |
| Cyprus | 0.291 | 0.248 | 0.236 |
| Latvia | 0.137 | 0.136 | 0.130 |
| Lithuania | 0.127 | 0.139 | 0.132 |
| Luxembourg | 0.171 | 0.165 | 0.174 |
| Hungary | 0.162 | 0.133 | 0.115 |
| Malta | 0.168 | 0.169 | 0.125 |
| Netherlands | 0.190 | 0.192 | 0.173 |
| Austria | 0.202 | 0.202 | 0.199 |
| Poland | 0.153 | 0.144 | 0.141 |
| Portugal | 0.206 | 0.213 | 0.223 |
| Romania | 0.108 | 0.128 | 0.125 |
| Slovenia | 0.154 | 0.166 | 0.163 |
| Slovakia | 0.172 | 0.168 | 0.152 |
| Finland | 0.156 | 0.156 | 0.154 |
| Sweden | 0.208 | 0.205 | 0.187 |
| United Kingdom | 0.179 | 0.180 | 0.201 |

Source: Eurostat, 2015

2.2.2. The impact of liberalization on prices for industrial consumers

In the industrial sector has increased the price increase industrial production costs (Table 2).

Table 2: Electricity prices to industry (€ per kWh)

| | 2012 | 2013 | 2014 |
|----------------|-------------|-------------|-------------|
| EU 28 | 0.116 | 0.118 | 0.120 |
| Belgium | 0.111 | 0.110 | 0.109 |
| Bulgaria | 0.078 | 0.073 | 0.084 |
| Czech Republic | 0.103 | 0.099 | 0.082 |
| Denmark | 0.099 | 0.100 | 0.088 |
| Germany | 0.130 | 0.144 | 0.152 |
| Estonia | 0.082 | 0.097 | 0.093 |
| Ireland | 0.140 | 0.137 | 0.131 |
| Greece | 0.122 | 0.124 | 0.130 |
| Spain | 0.120 | 0.120 | 0.117 |
| France | 0.079 | 0.085 | 0.091 |
| Croatia | 0.094 | 0.094 | 0.092 |
| Italy | 0.178 | 0.172 | 0.174 |
| Cyprus | 0.234 | 0.201 | 0.190 |
| Latvia | 0.111 | 0.115 | 0.118 |
| Lithuania | 0.114 | 0.123 | 0.117 |
| Luxembourg | 0.101 | 0.100 | 0.099 |
| Hungary | 0.100 | 0.098 | 0.090 |
| Malta | 0.186 | 0.186 | 0.186 |
| Netherlands | 0.097 | 0.094 | 0.089 |
| Austria | 0.112 | 0.111 | 0.106 |

| | 2012 | 2013 | 2014 |
|----------------|-------------|-------------|-------------|
| Poland | 0.096 | 0.088 | 0.083 |
| Portugal | 0.115 | 0.114 | 0.119 |
| Romania | 0.076 | 0.082 | 0.081 |
| Slovenia | 0.094 | 0.095 | 0.085 |
| Slovakia | 0.127 | 0.127 | 0.117 |
| Finland | 0.074 | 0.075 | 0.072 |
| Sweden | 0.078 | 0.075 | 0.067 |
| United Kingdom | 0.119 | 0.120 | 0.134 |

Source: Eurostat, 2015

3. The impact of electricity market liberalization in Romania

The timetable for phasing out regulated prices for end customers is shown in Law no. 123/2012 of electricity and natural gas. Law is, in fact, the national legislation transposing Directive 72/2009 European single electricity market.

3.1. Elimination of regulated prices

In the field of consumer Legislative package introduces provisions on "power to choose" Allow al-lows consumers to change providers in a short time. Obviously, the decision to choose a different provider must to rely on correct information und - therefore - insert obligations providers to ensure that information keep in a transparent and as fully as possible. At the same time, providers must establish effective procedures to resolve any consumer complaints. Following the deregulation conducted under the Memorandum of Understanding signed by the Government and the European Commission, the regulated tariffs for non-household customers were abolished on 1 January 2014. The electricity consumed by customers non-household who have not exercised their eligibility will be so charged since 1 January 2014, the tariff component for competitive market, approved by ANRE, for customers who, based on the documents submitted provider of last resort are entitled to universal service and at a price higher than the price if customers.

Electricity prices are to liberalize 2017 for residential customers.

3.2. The problem of vulnerable consumers

Due to the economic crisis, in particular the number of low-income customers rose sharply and vulnerability to high electricity prices became higher. Indeed, because of specific problems facing Member States in connection with high unemployment and weak economic conditions in general, increasingly difficult to identify the most vulnerable beneficiaries and clients.

4. In conclusion

The liberalization of the electricity market brought positive effects in terms of lower prices and better services, but not at the expected level. The benefits of energy liberalization to final consumers were rather limited, given some great prices on the market.

Liberalization, as globalization must be well understood that we can adapt and use it in the interest of the state, region, company or individual. We must not be afraid of liberalization. We just need to understand and try to adapt, on the assumption that this process has been initiated and is directed against the consumers but is made for them to be the main beneficiaries of quality services at a market price, fair, sustainable and more accessible.

EU integration and liberalization of the energy market at European level is supposed to provide a lower cost because conditions of competition. Contrary to expectation the EU, by aligning European energy prices, the prices will increase, in Romania, as in other countries, energy prices are a growth process.

5. Acknowledgements

This paper has been financially supported within the project entitled „SOCERT. Knowledge society, dynamism through research”, contract number POSDRU/159/1.5/S/132406. This project is co-financed by European Social Fund through Sectoral Operational Programme for Human Resources Development 2007-2013. Investing in people!

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The measures necessary to achieve the objectives set out in paragraph (1) "Article 194 TFEU are guaranteeing the functioning of the energy market and security of supply of the Union, and promotion of energy saving, energy efficiency and developing new sources of energy and renewable energy and interconnection of energy networks.

In European law directives establish objectives to be achieved by the Member States and the effects to be felt at the level of the citizen in transposition into national law (the EC should be informed of the text of the national law adopted). Transposing directives with deadlines so that governments can adapt according to the specific national legislation. The means by which objectives will be achieved are left to national authorities.

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ROMANIA'S UNFULFILLED DEVELOPMENT POTENTIAL THROUGH THE CREATIVE SECTOR

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Abstract: *In the old economic system, based on the physical exploitation of nature and workers brings the main disadvantage of the limited resources, nature acts both as a raw materials provider and as a way of waste disposal. The more effective the labour became, the fewer flaws in production, fewer emissions, less wastes, this emphasis on human capital causing a change of direction towards a knowledge-based society. In any field of activity, "better recipes" as more effective techniques of production, bring a competitive advantage and the new economic paradigm, where the creativity of the human capital represents the new competitive advantage. Noticeable in the past, possessing sources of raw materials or having geographically access to the sea brought incomparable economic advantages for certain countries, regions or cities; currently, possessing a pool of skilled labour force represents the ultimate competitive advantage, determinant in decisions - making of the important investors. According to Richard Florida, the concept of the 4T involves all those characteristics of the creative economy which are determinant for the economic development, such as technology, talent, tolerance and territory. This paper will highlight only one of the 4Ts, the talent, economic factor represented by the quality of the human capital, quality given by its education, training and skills, so precious for the creative industry. Considering human intellectual is as more valuable as it is more educated, the study will show the current situation and the evolution in the last ten years of early leaving from the educational system and also of the higher education attainment. The aim of this paper is to make a comparison with other successful European countries of the two mentioned educational aspects in order to demonstrate the vast economic development potential of Romania by investing in human resources, meanwhile paying a greater attention to the educational system, and so becoming more effective by quality of labour force.*

Keywords: creative economy; human resources; labour; education.

JEL classification: I24; I25; J21; J24; O31.

1. The creative sector

The creative economy appears as a distinct economic sector due to the nature of activities involving the creative class. All these activities, artistic or intellectual, frame the creative industries and Bobircă et al. (2009) describes them as: a set of knowledge-intensive activities; designing, producing and distributing intensive artistic creative or scientific goods and services; Revenue generators from trading creative products and services and exploiting intellectual property rights; Effective

in generating sustainable economic growth through social inclusion, cultural diversity and human development

Nowadays creativity represents the engine of the new economic trend, based on technology, talent, tolerance and more recently, territory (Florida in Awoshakin, 2013:46), and those who are operating in the creative sector “provide the seeds of innovation from which germinate economic growth” (Los Angeles County Economic Development Corporation, 2011).

2. Dominance of the human capital

Florida compares eloquently social classes along time as the economy has evolved, pointing that as in the past times when aristocracy had been recognised by the inherited identity and control power over lands and peasants and the bourgeoisie as merchants and factory owners, so the creative class defines its identity as creativity and intellectual supplier, emphasising its current dominant presence in economy (Florida, 2014).

Creativity manifests itself with no regards to ethnicity, race, gender or sexual orientation, so openness to different kind of people, diversity and social inclusion, features of the new economic trend, arise as needs, as Florida pointed out, technology, talent, tolerance and territory, the 4T, are “the most important factors, alongside with time and exchanges” (Florida in Suciu et al., 2010).

The first T refers to technology and it is expressed by number of patents and technology clusters concentration. The second T is represented by talent, and reveals the percentage of population with higher education, artists or other people whose work is related to intellectual capital exploitation. Thirdly, this T is for tolerance and is disclosing populations’ openness towards persons belonging to other races, ethnicities or having other sexual orientation, etc.. The last T, recently added to the old concept of the 3T, is analysed through the quality of a place, amenities offered by a given environment or city.

3. T from Talent

The second T, the talent “or human capital, stands alongside technology as a primary driver of economic growth” (Glaeser in Florida et al., 2015). This paper analyses some crucial aspects regarding talent, making a comparison of ten European countries’ education. As it could be seen in the following table, the first analysed aspect is represented by early leavers of the educational system, people from 18 to 24 years old, lower secondary education being the highest graduated educational level. During the period of time from 2004 to 2014, the general trend was favourable, recording a decline in the number of education’s early leavers, Norway being an exception. Paying attention to these evolutions, Romania maintains during this period one of the highest rates of leaving education, in the last year being the first in the rank, so little change in this direction was made in our country, meanwhile our neighbours, the Bulgarians almost halved the percentage of those leaving the educational system. This aspect is relevant for the creative industries, as mentioned before, the intellectual capital is their raw material and a qualitative raw material in this sector has to be educated, trained, its skills shaped, something impossible to be accomplished if the educational system is left early.

Table 1: Early leavers from education (% of the population aged 18-24 with at most lower secondary education)

| geoltime | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------|-------------|------|------|------|------|------|------|------|------|------|-------------|
| Bulgaria | 21.4 | 20.4 | 17.3 | 14.9 | 14.8 | 14.7 | 13.9 | 11.8 | 12.5 | 12.5 | 12.9 |
| France | 12.3 | 12.5 | 12.7 | 12.8 | 11.8 | 12.4 | 12.7 | 12.3 | 11.8 | 9.7 | 9 |
| Germany | 12.1 | 13.5 | 13.7 | 12.5 | 11.8 | 11.1 | 11.9 | 11.6 | 10.5 | 9.8 | 9.5 |
| Hungary | 12.6 | 12.5 | 12.5 | 11.4 | 11.7 | 11.5 | 10.8 | 11.4 | 11.8 | 11.9 | 11.4 |
| Ireland | 13.1 | 12.5 | 12.2 | 11.8 | 11.4 | 11.7 | 11.5 | 10.8 | 9.7 | 8.4 | 6.9 |
| Italy | 23.1 | 22.1 | 20.4 | 19.5 | 19.6 | 19.1 | 18.6 | 17.8 | 17.3 | 16.8 | 15 |
| Netherlands | 14.1 | 13.5 | 12.6 | 11.7 | 11.4 | 10.9 | 10 | 9.2 | 8.9 | 9.3 | 8.7 |
| Norway | 4.7 | 4.6 | 17.8 | 18.4 | 17 | 17.6 | 17.4 | 16.6 | 14.8 | 13.7 | 11.7 |
| Romania | 22.4 | 19.6 | 17.9 | 17.3 | 15.9 | 16.6 | 19.3 | 18.1 | 17.8 | 17.3 | 18.1 |
| United Kingdom | 12.1 | 11.6 | 11.3 | 16.6 | 16.9 | 15.7 | 14.8 | 14.9 | 13.4 | 12.3 | 11.8 |

Source: [EUROSTAT](#) accessed on 10.10.2015

On the other hand, concerning the human capital and its potential to generate economic growth and development, its limits can be guessed not only by figuring out the rates of low education attainment but also by measuring the rates of higher education graduates. Therefore the next table contains data regarding the population considered provider of high - qualified labour force, the intellectual capital all companies, operating in the creative industry, are looking for.

The data provided show us the ascending trend in attending higher education and that from 2004 to 2014, in general, the same countries recorded the highest rates in tertiary educational attainment. In contrast with the first table's data, Norway stays somewhere around the leading position in the rank for each year of the analysed period. Regarding Romania, the country recorded a considerable performance, doubling the values and even overcoming Italy, but there is still a lot to improve in the higher education attainment.

Table 2: Tertiary educational attainment (% of the population aged 30-34)

| geoltime | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------|-------------|------|------|------|------|------|------|------|------|------|-------------|
| Bulgaria | 25.2 | 24.9 | 25.3 | 26 | 27.1 | 27.9 | 27.7 | 27.3 | 26.9 | 29.4 | 30.9 |
| France | 35.6 | 37.7 | 39.7 | 41.4 | 41 | 43 | 43.2 | 43.1 | 43.3 | 44 | 43.7 |
| Germany | 26.8 | 26.1 | 25.8 | 26.5 | 27.7 | 29.4 | 29.8 | 30.6 | 31.8 | 32.9 | 31.4 |
| Hungary | 18.5 | 17.9 | 19.4 | 20.6 | 22.8 | 24 | 26.1 | 28.2 | 29.8 | 32.3 | 34.1 |
| Ireland | 38.6 | 39.2 | 41.3 | 43.3 | 46.3 | 48.9 | 50.1 | 49.7 | 51.1 | 52.6 | 52.2 |
| Italy | 15.6 | 17.1 | 17.6 | 18.6 | 19.2 | 19 | 19.9 | 20.4 | 21.9 | 22.5 | 23.9 |
| Netherlands | 33.6 | 34.9 | 35.8 | 36.4 | 40.2 | 40.5 | 41.4 | 41.2 | 42.2 | 43.2 | 44.8 |

| <i>geotime</i> | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| Norway | 39.5 | 39.4 | 41.9 | 43.7 | 46.2 | 47 | 47.3 | 48.8 | 47.6 | 48.8 | 52.1 |
| Romania | 10.3 | 11.4 | 12.4 | 13.9 | 16 | 16.8 | 18.3 | 20.3 | 21.7 | 22.9 | 25 |
| United Kingdom | 33.6 | 34.6 | 36.4 | 38.3 | 39.5 | 41.4 | 43.1 | 45.5 | 46.9 | 47.4 | 47.7 |

Source: [EUROSTAT](#) accessed on 10.10.2015

In conclusion

In the actual economic conditions, where the economic growth is sustainable only if it is an intensive growth, the materialisation of those ideas, bringers of efficient solutions for the consumption of existing resources, becomes a necessity and it has as effect the emphasis of human capital mostly, due to its unlimitedness. Today, a company's physical assets or influence are no longer its most valuable possessions, their past importance is being given to the human capital resources, but this importance comes from their potential to generate revenues and so economic growth. Taking into consideration the economic development through the creative sector, talent – as a main factor, is determined by education attainment, qualifications and skills of the human resource. According to statistics, Romania has a latent development potential, in comparison with some European countries, our country is mostly the last one in the ranking of higher education attainment, meanwhile it is leading the rank for early leavers from education. The low rates of qualified labour force make us wonder about the economic performances Romania would record if the country would exploit more efficiently its human capital.

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TRANSPORT INFRASTRUCTURE AND EU FUNDS

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Abstract: *The development of transport infrastructure has always been a priority for public authorities, being indispensable for economic growth and competitiveness. Diminishing resources, policy inconsistency and interests of some power factor have caused different growth rates, but correlated with the overall evolution of the economic system. The development of transport infrastructure, from a comprehensive perspective, both quantitative and qualitative, is a major problem of the Romanian Government. Poor transport infrastructure represents a major impediment affecting the international competitiveness of the State, as well as the flow of foreign investment. Between the transport infrastructure of a country and its economic development is a two-way relationship. Most EU Member States have noted the importance of developing transport infrastructure and acted accordingly, thus ensuring a remarkable economic growth and development. The term "infrastructure" comes from French and has several meanings, which are related to the correspondent fields of activity. In our case, the transport infrastructure comprises road networks, rail networks, inland waterway network, connections / distribution points comprised of inland waterway ports, seaports, airports, terminals for combined transport. A developed transport infrastructure is a prerequisite for the mobility of people and goods, for competitiveness and territorial cohesion. For Romania, the main priority should be the modernization of transport infrastructure, because, at present, in the era of globalization, the economic growth of a country is based on competitiveness. The economy of a country cannot function without transport infrastructure and a competitive economy is based on a modern transport infrastructure. Investments in transport infrastructure should remain a priority for public authorities, regardless of economic and budgetary constraints. The article presents a series of specific peculiarities of investment in transport infrastructure and the main source of funding: European funds.*

Keywords: Transport infrastructure; European funds; economic growth; Romania-Hungary cross-border region; European Union.

JEL classification: R4; O10.

1. Introduction

The theory, as well as the practice, highlights the major role that transport infrastructure plays in the economic development of a state. Romania, although a country with great potential, is a good example of a country whose economic development is hampered by poor transport infrastructure, among other factors. Romania needs very good transport links to boost economic growth. Transport infrastructure is crucial to a country's development. The economic growth

increases the transportation needs even more, creating an additional pressure on existing infrastructure. At European Union level, the transport infrastructure policy involves integrated network at Member States level, in order to ensure economic growth and competitiveness. The recession has led to less investment related to transport infrastructure, thus affecting its condition. Despite the considerable amounts of money allocated lately from European funds, the transport infrastructure of the country is still underdeveloped.

2. The condition of transport infrastructure in Romania

Roads are communication routes especially built for vehicles and pedestrians. Public roads are intended to meet the transport needs of the economy and meant for road and pedestrians traffic.

According to the Ministry of Transport, from functional and administrative-territorial point of view, the public roads are divided into:

- national roads, they belong to public property and include: motorways, expressways, European national roads, main and secondary national roads;
- county roads, they are part of counties' public ownership;
- local interest roads, they belong to administrative-territorial unit in whose territory are situated and include: communal roads, side roads and public roads inside localities.

On 31st of December, 2014, Romania had 85,362 km of public roads [Figure 1], of which:

- 17.272 kilometers of national road;
- 35.505 kilometers of county roads;
- 32.585 kilometers of communal roads;

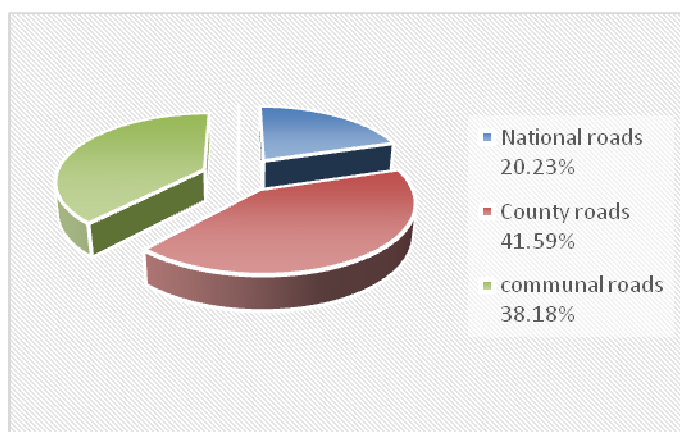


Figure 1: Repartition of Public Road Network in Romania

Source: Author's Own representation, based on information included in the study, following the model shown on Press Release no. 98 25.04.2015 National Institute of Statistics.

Based on the type of covering, in the structure of public roads there are 32,040 km of roads upgraded with heavy-duty and medium asphaltic pavement, 22,088 km

with light asphaltic pavements and 33,034 km of causeway and earth roads [Table 1].

Table 1: Classification of public roads according to categories and types of pavements

| Road Category | YEAR 2013 | | | YEAR 2014 | | |
|--------------------------------------|----------------|--------------|----------------|----------------|--------------|----------------|
| | National Roads | County Roads | Communal Roads | National Roads | County Roads | Communal Roads |
| Upgraded Roads | 15.956 | 10.304 | 2.893 | 16.712 | 10.923 | 3.145 |
| Roads with light asphaltic pavements | 905 | 15.721 | 5.565 | 861 | 15.235 | 5.992 |
| Causeway roads | 234 | 7.351 | 14.910 | 224 | 7.150 | 14.746 |
| Earth roads | 15 | 2.211 | 8.822 | 15 | 2.197 | 8.702 |

Source: Representation from Press Release no. 98 25.04.2015 National Institute of Statistics.

Table 2: Total length of highways in Romania

| COUNTRY | YEAR | | | | | |
|---------|--------|--------|--------|--------|--------|--------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| ROMANIA | 281 km | 321 km | 332 km | 350 km | 550 km | 644 km |

Source: Author's own representation, based on the template and data provided by EUROSTAT

<http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tr00002&language=en>

The total length of motorways in Romania, considering country's area, population and number of cars, is much lower than in neighboring countries, such as Hungary, which, though being 2.5 times smaller than Romania, is counting a number of kilometers of highway by 2.3 times bigger. Thus, in 2013 Romania had 644 km [Table 2] of highways and Hungary 1515.10 km, while Bulgaria, which has an area 2.14 times smaller than our country, had 541 km of highways, not a considerable difference, as regarding the total area of the country.

3. Development of transport infrastructure in Romania; sources of funding

A State's economic competitiveness is ensured by a number of important factors, fiscal regime, technological and research infrastructure, the level of workforce training and transport infrastructure. A rapid transport network is essential for Romania's economic development and for attracting and keeping investors in Romania. Our country has an area of 238,391 square kilometers, with a width of 800 kilometers from West to East. Currently, Romania has 700 kilometers of

highway, an insignificant number, taking into account the total surface of our country and the number of its inhabitants.

Identifying sources of financing for investment in transport infrastructure is an issue of major importance. European funds are the most important source of financing, while funding from the state budget for investment in transport infrastructure is limited. The Large Infrastructure Operational Programme finances activities in four sectors: transport infrastructure, environmental protection, risk management and adaptation to climate change and energy and energy efficiency. This Programme has an allocation of EUR 11.88 billion from the following sources of funding: 6.94 bn. Euros from the Cohesion Fund, 2.48 bn. Euros from the European Regional Development Fund and 2.46 bn. Euros representing national co-financing.

Priority Axis 1: Improving mobility by developing the TEN-T and Metro system has an allocation of 3,404,255,320.00 Euros.

Priority Axis 2: Development of a multimodal, high-quality, durable and efficient transport system, benefits from an allocation of 1,702,734,954.00 Euros.

The Regional Operational Programme has the overall aim of increasing competitiveness and improving the living conditions of local and regional communities by supporting the development of the business environment, infrastructure and services aiming at the sustainable development of the regions. This Programme enjoys a financial allocation of 8.25 bn. Euros, 6.7 bn. Euros from the European Regional Development Fund and 1.5 bn. Euros from national co-financing.

Priority Axis 6: Improving the road infrastructure of regional importance has an allocation of EUR1.06 bn. Euros.

The INTEREG V-A Romania-Hungary Programme aims to develop cross-border area through accessibility and mobility improvement, employment promotion, investing in health and social infrastructure, efficient use of common values and resources, risk-prevention and disaster management improvement, promoting cooperation between institutions.

This program enjoys a financial allocation of about 232 million Euros: 189,138,672 Euros from the European Regional Development Fund and 42,723,091 Euros national co-financing.

Priority Axis 2: Improve sustainable cross-border mobility and remove bottlenecks has an allocation of 29,746,250 Euros.

The projects financed within INTEREG V-A Romania-Hungary Programme have a particularity, they compulsory imply investments in both countries, Romania and Hungary.

4. Conclusions

In the short term, given the deficiencies encountered in our country as regards to transport infrastructure, the investment demand will be very high. Transport infrastructure development remains one of the most urgent areas over which the policymakers should concentrate upon. Romania being a developing country, improving transport infrastructure is critical to its economic development. The main source of funding identified is the European funds that should be used efficiently and effectively.

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CAPABILITIES OF RESIDENTIAL CHILD PROTECTION SERVICES IN PUBLIC AND PRIVATE INSTITUTIONS OF BIHOR COUNTY

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Abstract: *The overall objective of the research is to investigate the process and issues of social inclusion of children in child care homes and residential centers of Bihor County, in view of the need to optimize inclusive social action. The main practical aim was to investigate the ways to improve services of child protection both in the public and the private sphere. In order to achieve this, the research is discussing the following dimensions: living conditions of children in homes and residential centers; ways of accommodating the family circumstances; educational conditions and opportunities; demographic data; family relations, social relations of free time; the relationship between values, satisfaction and life vision; the special needs of Roma children; objective and subjective dimensions of quality of life and opportunities for improvement;; the system of social services, educational, occupational, family and community inclusion; accessibility and efficiency of services; community life characteristics. The research is based on a survey of young people aged 14-18 in children's homes and residential centers. The research sample was selected so as to have the opportunity to compare the conditions of two different types of institutions, public and private. While there are still significant differences, in both type of settings the research found a clear improvement of the situation of the children, mainly due to the efforts of child care institutions to accommodate family circumstances and to cooperate more effectively with the educational sector.*

Keywords: child protection services; children's homes; residential centers; public and private sector; Bihor County.

JEL classification: I14; I24

1. Background and Research Methodology

Ensuring basic social services is one of the primary responsibilities of government. Contracting services with nonprofit agencies is appropriate when the service, not profit appears as the ultimate goal (Colby 1990). In the same time, private market is a tool to increase the quality of services. A market for social services, which would enable several private providers of such services would not only lower the costs involved in these services, but also contribute to their qualitative increase. In recent decades, communities have developed programs which not only demonstrated innovativeness, but also a great capacity to mobilize local resources and community.

It is no coincidence that research on public - private partnerships and NGO-s experienced a rapid scale growth, some of the approaches being important themes of social innovation (Arpinte et al. 2006) An analysis of institutions requires

an integrated approach to all the elements, the existing regulations in society, values, principles, rules promoted and routines. (Onica-Chipea 2007)

Based on the considerations mentioned above, the objective of this study is to investigate the ways to optimize child protection services in Bihor County in the context of available resources. The research is based on qualitative methodology, using the results of a survey of young people aged 14-18 in children's homes and residential centers. The research sample includes both public and private institutions, so as to have the opportunity to compare the conditions between the two sectors.

The questionnaire used in the survey was self-administered. A total of 120 questionnaires were distributed, 116 were returned, of which 109 were evaluable. During the empirical analysis the following characteristics have been surveyed: living conditions of children in homes and residential centers; ways of accommodating the family circumstances; educational conditions and opportunities; demographic data; family relations, social relations of free time; the relationship between values, satisfaction and life vision; the special needs of Roma children; objective and subjective dimensions of quality of life and opportunities for improvement; the system of social services, educational, occupational, family and community inclusion; accessibility and efficiency of services; community life characteristics.

2. Residential conditions and relationships

The research results show that conditions of children in need of care placement exhibit significant differences in different periods. The analysis identified the dimensions where children are experiencing a clear improvement of the situation. Today there are more children living in apartment homes as in children's homes, and also children homes sought to create smaller class sizes. The new institutions, youth centers and protected homes created in recent years also contributed to improving the situation of children. In particular, the special aftercare homes are endowed with much more advanced function facilities, compared to previous years. My first hypothesis was that children's centers and residential homes run by foundations have children living in richer social connections than their counterparts living in children's homes. This assumption is only partly justified. Based on the obtained data, children living in both types of institutions have rich social relationships. The number of children who have three or more friends is larger among the residents of the apartment homes. The inhabitants of apartment homes are more likely to invite their friends to their home.

The residents of children's homes, however, spend more time with their friends than their peers living in apartment homes. Both the residents of the children's home and those living in apartment homes have more than half of their friends living in other centers. Many spent weekends and holidays with families, which helped them to become aware of family life patterns.

Based on the above, it can be said that among the studied children / young people not just their relationships with their brothers/sisters are important, but they also have very significant relationships with the outside world. The importance of family models and of friendship is also justified by the characteristics of the age group examined, as relationships with age peers and the significance of family models becomes magnified during adolescent years.

3. Educational inclusion and further studies

Children's present and future living conditions are also greatly influenced by their educational level. Within the surveyed centers, 100% of children are enrolled in educational institutions. Among children living in residential centers there is a higher proportion of those learning in secondary vocational schools, while the inhabitants of children's homes rather go to special schools. Four times more inhabitants of apartment homes learn in vocational secondary school, compared to their peers living in children's homes.

Among children living in institutions it is common phenomenon to repeat the class. Among those living in a children's home there is a much lower proportion of students with appropriate grade for their age than among those living apartment homes. The better educational attainment of the pupils living in apartment housing may be related to the amount of learning time as well. According to our data, the inhabitants of apartment homes spend more time learning than their children's home counterparts. Young people living in the institution don't even mention of school studies in their plans for the future.

4. Life satisfaction level

The research results confirm that the inhabitants of housing homes and residential centers operated by NGOs are more satisfied with their life conditions compared to those living in children's homes. Many among them declared that they can easily talk about their problems to the educators. They are more satisfied with the facilities offered by their homes. Among children and young people living in apartment home there is a greater proportion of those who said that their opinion is usually asked before a decision affecting them is taken. The quality of life of assisted children is strongly influenced by their relationships with the specialists working there and with their peers.

The apartment home inhabitants consider in a greater proportion that their educators and their peers are helpful compared to those living in children's home. Still, there is no significant difference between the children living in the two institutional settings as far as to opportunities to discuss problems with their educators is concerned. The apartment homes residents can easily talk to educators about their problems, but this is also true for those living in children's homes. Previously it was thought that in the children's home, because of the larger number, there is less opportunity to discuss the issues, but this was not confirmed. Nevertheless, the proportion of fully satisfied is three times higher among those living in apartment homes compared to the proportion of fully satisfied inhabitants in children's homes.

Concerning leisure time, I assumed that those living in apartment homes spend more time taking part in recreational programs compared to their children's homes counterparts. This hypothesis was confirmed only in part. Overall, however, besides participation in sports events, our respondents rarely visit cultural institutions. In both types of setting most of the spare time is spent watching television, listening to music and using computer.

Regarding the use of pocket money, it appears that for the young people living apartment homes material values are less important than for their children's home peers. The proportion of those experimenting alcohol, drugs and smoking is lower in apartment homes compared to children's homes.

5. The special situation of assisted Roma children

The initial goal of the research was not to deal separately with the Roma inhabitants of children's homes / apartment homes. Still it turned out there was a need for this, because 60% of the children surveyed declared themselves as Roma. The research confirmed that according to all indicators the Roma children are at a poorer level.

In the children' homes there is a greater proportion of Roma children compared to the apartment homes offering more favorable housing conditions. In terms of social relationships they have a greater number of friends and they can discuss with them problems to a greater extent than non-Roma peers. Their friends, however, are mainly drawn from their Roma peers and they have a smaller number of friends living in family environment, compared to the non-Roma children. Still, they tend to maintain a closer relationship with their biological families, being often visited and asking their family members to visit.

Roma children study in a much lower rate than their non-Roma peers and their learning performance is generally weaker. Many of them are aggressive, some already committed offences and 20% of them have already tried some kind of drug.

6. Conclusions

As the result of the study demonstrate, overall, the situation of children living in institutions has improved through changes in recent years. However, the most vulnerable groups of children are unable to achieve equality in child protection institutions. The problems of assisted children and young people entering child protection institutions often have social roots, so one has to look for solutions primarily in the social domain. In this process, the child protection insitutions institutions could play a mediating role at most.

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THE ROLE OF CREATIVE CLASS IN REGIONAL ECONOMIC DEVELOPMENT

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Abstract: *This study presents a quantitative analysis through creative class role in economic growth, as well as leading actors in innovation. Innovation and technological changes are the result of entrepreneurial initiatives by identifying creative solutions to problems. Thus, the presence of creative persons is necessary for entrepreneurship and economical development. The interaction of entrepreneurial context with the share of the workforce employed in the creative class is strongly associated with growth in the number of new establishments and employment. The main theoretical objective of recent work is to create a comprehensive scientific material related to creative economy and creative industries. As a result of my research I want to prove that technological creativity represents a strong economic base in the economic structure of the region. On the other hand I would like to emphasize the importance of a detailed analysis concerning the attitudes of the creative class, to uncover the key factors that attract their members.*

Keywords: creative class, entrepreneurship, economic development, R&D, innovation, economic dynamism

JEL Classification: O31, O32, O33, O34, O35

1. Introduction

In recent years a new social order has emerged, in which knowledge, creativity and innovation have become essential driving-forces for regional competitiveness. This new order is the creative class, which concept has introduced by Richard Florida (in Giddens, 2007: 105), consists of people from diverse backgrounds, of all ages, sexual orientations, from different ethnic groups, and which form part of mainly vocational category of managers and highly skilled professionals and IT professionals/high-tech.. Florida has devised an index to measure the distribution of this new social classes - creativity index based on four factors: the percentage of creative class in total labour force, percentage of high-tech industry, innovation (as measured by the number of patents per capita) and diversity as estimated by the "Gay index" (the percentage of homosexuals which declares open his orientation). According to the study "Managing tomorrow's people-Talent mobility 2020" (2010: 8-9) over the next 10 years, competition for talent will continue to be the major issue in the field of human resources, human capital, representing one of the key variables that will separate winners and losers in the market (Ridderstrale, Nordström, 2007). Florida builds creative class definition focusing on professions and not on branches of economy, because every industry can meet people engaged in creative and/or innovative activities. For this reason, a clear definition is

very difficult, the measuring and delimitation of the creative class is still problematic.

2. Methodology

Present research aims to analyze the index of creativity in case of Romania (in European context) by applying the 3T model developed by Florida, relating to technological creativity. Technology is a fundamental driver of innovation and the regional development, The Global Technology index is based on two measures: the standard measure of innovation (patents) and the standard measure of R&D effort, (the share of GDP devoted to R&D)

Recognizing the importance and use of technological creative potential of individuals and companies, as well as creative process of social change is the center element of the social and economic development. The assertion above is pragmatically illustrated by Richard Florida's theory on regional development based on creativity, that technological innovation, development of new firms and regional development are all related to the "three T" of economic development: technology, talent and tolerance, without which innovation, entrepreneurship and growth are less favoured.

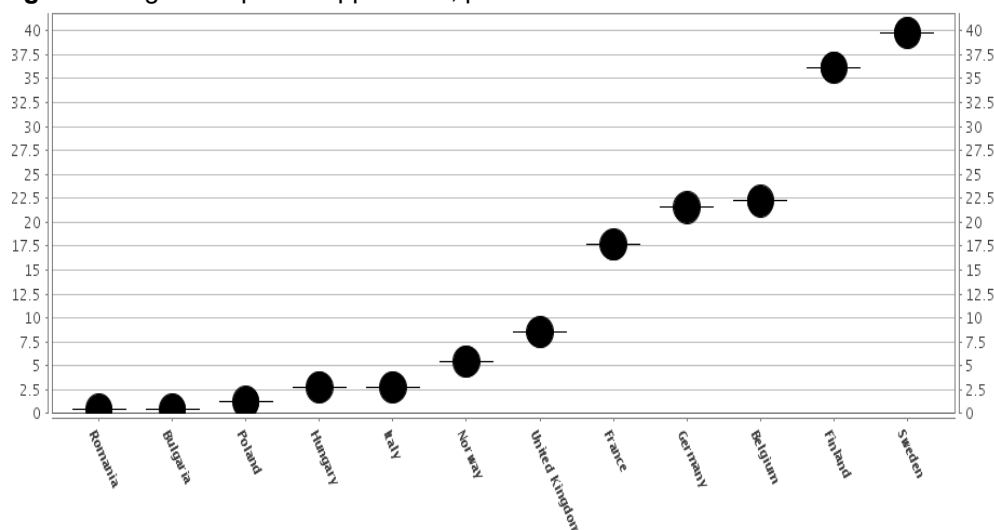
Regional economic growth is induced by creative people. In order to stimulate development, a region must create conditions favoring innovation, art, culture and diversity. The creative class is not just a form of human capital; it is constituted by the creative people-the key factor in economic growth. Places which are open to creativity of any kind (technological, cultural, and/or economic) reflect a more favorable environment to stimulate entrepreneurship and economical development (Florida, 2002: 8-11).

Creativity is often associated with the entrepreneurial spirit. Entrepreneurs are distinguished by small business owners through the creativity with which they develop innovative products and new business models. That's why income and employment growth are often associated with the entrepreneurial spirit. According to his theory Schumpeter (1947), innovation and technological changes are the result of entrepreneurial initiatives by identifying creative solutions to problems. Thus, the presence of creative persons is necessary for entrepreneurship and economical development (Pratt et al, 2008:221).

3. Results

The Figure 1 illustrates the situation of our country in relation to others in terms of the number of high-tech patents in recent years. The data refers to the ratio of patent applications made directly to the European Patent Office (EPO) or via the Patent Cooperation Treaty and designating the EPO (Euro-PCT), in the field of high-technology patents per million inhabitants of a country. The definition of high-technology patents uses specific subclasses of the International Patent Classification (IPC).

Figure 1: High-tech patent application, per million inhabitants



Source: Eurostat statistics, 2012, Available:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sc00010&plugin=1>

Are clearly highlighted three groups of countries: countries with low numbers (less than 10) of patents per million inhabitants, including Bulgaria, Romania, Poland are near the bottom; States with a number of patents between 10 and 35 per million inhabitants-Belgium, France, Germany, United Kingdom, and countries with remarkable results and a real "tradition" in innovation such as Sweden and Finland. Statistical data relating to the poor development of industrial activities in Romania and reflects the lack of interest for innovation.

It is very important the analysis of the relationship between the number of existing patents and expenditures in the field of research-development. The indicator provided is GERD (Gross domestic expenditure on R&D) as a percentage of GDP. "Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the use of this stock of knowledge to devise new applications" (Frascati Manual, 2002 edition, § 63).

Romania spent in 2012, 0, 4 percent of the Gross Domestic Product for research and development, most of the money coming from public funds and only 34, 4 from business enterprise sector. Low levels of investment from private sector can be explained, on the one hand by low degree of development of our country, but also by discrepancy or failing field of research and innovation to the requirements of the market and the business environment.

4. Discussion

Innovative approach can create jobs, and improve productivity and the quality of existing jobs. To produce those effects, however, innovation must penetrate the

market and this cannot happen without policies to promote research and innovation that ensures fiscal incentives and public procurement. All these must be enabled by public authorities, both at EU level and Member State level.

In conclusion the presence of creative persons is needed for the development of entrepreneurship and economic development. Richard Florida makes a compelling argument that regional development depends on novel combinations of knowledge and innovative ideas, that certain occupations specialize in this task, that people in these occupations are drawn to areas providing a high quality of life, and thus the essential development strategy is to create an environment that attracts and retains these creative persons.

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THE QUALITY OF THE RESEARCH AND DEVELOPMENT SYSTEM WITHIN EUROPE 2020 STRATEGY: A REVIEW ON ROMANIA

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Abstract: *The present study calls attention on the urgency with which Romania must increase its efforts to revive the RDI system for economic recovery and growth; The possibilities of Romania to reach the 2020 targets in terms of increased evolution of research and development and forecasts forwarded by analysts are also examined.*

The conclusions of the paper refer to possible suggestions aimed at improving the state of the RDI system. The present work is justified by the analysis of a recent study that reveals the alarming scenarios about the time needed to bridge the gaps of the Romanian RDI system.

Keywords: RDI system; reconvery, scenario; gaps; effort.

JEL classification: O3.

1. Introduction

The economic crisis has forced EU economies to speed up the reduction of European economic disparities, by redirecting their growth strategies towards knowledge-based economies and developing the research- development-innovation sector.

Within the European 2020 strategy, the pillars of economic growth refer to smart economic growth (knowledge consolidation, innovation, education, digital society), Sustainable economic growth (through raising production efficiency and Competitiveness) and inclusive economic growth (more absorptive labor markets, Human Resources professional with new skills and poverty reduction) (EC, 2010).

According to the analyses of specialized journals, Romania is considered an economy based on efficiency factors. On one hand, this is the result of the breakthroughs of the last 10 years, and, on the other hand, a negative gap compared to the EU average. To overcome this stage, sustainable and qualitative efforts are required, as well as permanent support of the country's government by adopting long-term policies without immediate benefits.

A retrospective analysis on the dynamics of R & D and innovation sector reveals that, until the crisis, Romania registered a relatively accelerated positive evolution, which resulted in the label of a "catching up country". Between 2008-2010, Romania, which had been flattened by the effects of the economic crisis, recklessly adopted the measure to cut back the financing budget of the R & D sector, a solution which was contrary to the ones adopted by the other EU countries. As a result, the Innovation Union Scoreboard analysts have warned of the

consequences of slowing down the process of reduction of disparities compared to the EU average and since 2010 Romania has been labeled as "modest innovator". Thus, the present study calls attention on the urgency with which Romania must increase its efforts to revive the RDI system for economic recovery and growth; The possibilities of Romania to reach the 2020 targets in terms of increased evolution of research and development and forecasts forwarded by analysts are also examined.

The conclusions of the paper refer to possible suggestions aimed at improving the state of the RDI system. The present work is justified by the analysis of a recent study that reveals the alarming scenarios about the time needed to bridge the gaps of the Romanian RDI system.

The novelty of the paper consists in the final suggestion to prevent or avoid the relaxed attitude adopted by governors towards the real potential of reaching the European 2020 targets in the RDI system and to raise awareness among young researchers about their own significant contribution and impact on meeting the strategic goals.

2. Methodology

The research methods used in this paper are scientific research and comparative analysis. The paper is based on the statistical data series regarding R&D for the EU27 economies and especially Romanian economy, while the data sources used are mainly the Eurostat database, "The Community Innovation Survey" and "Romanian Statistical Yearbook".

3. Retrospective Review on the RDI system

An analysis of the development trend of the past decade revealed that the 2000-2008 time frame was slightly favorable to the research and development area in Romania, the progress percentage having increased by 0.21%, from 0.37% to 0.58%(Research an Innovation, 2013). As mentioned above, during this period there was an up and down pattern in research and development so that at the end of 2008 the percentage dropped by 0.10%, from 0.58% to 0.48 %.

As in 2009 the planned budget increase for R & D did not actually occur, the state budget appropriations for research and Development fell by 25% and the next year in 2010, by another 2.6%. The expenses of higher education were affected as well, dropping spectacularly in 2009 by 32.2%, thus, the 1.4% growth in 2010 was almost unnoticed. In the private sector, the level of intensity of research & development was ranked 25 out of 27, with a value of 0.17% in 2011 and an average growth rate of -3.4% during 2000-2011.

A worrying phenomenon is the still present migration of graduates abroad; in 2012 there were around 26,000 graduates leaving to study abroad, an increase by approximately 18% compared to 2007 when 22,000 were registered . The effervescence of higher education in recent years has led to an increased number of bachelor and PhD graduates, thus recovering some of the gap against the European average.

4. Limits of the RDI system

At present, a major challenge for the Romanian R&D system continues to be the overall fragmentation of the R&I system, as reflected in the large number of researchers, combined with a lack of critical mass in terms of the quality of

research results, poor governance and weak coordination between research and innovation policy and other policies, as well as very weak links between education, research and the business sector (Sandu, 2012).

The most ambitious objective set by Romania for the RDI system is the allotment from public funds of at least 1% of GDP. Issues such as the public financing of approximately 0.2 % for RDI for the year 2014, the national economic difficulties, unaccomplished targets from the previous strategy of research and development, the new crisis of Europe -the refugees, the lack of predictability regarding the consequences of implementing a new tax code, all lead to the conclusion that a target of 1% of GDP from public funds is unrealistic .

Keeping with this objective, another target is increasing financing by 5% of GDP from the private sector, even if recent analyses show low commitment of government and the very low level of business R&D activities.

The Romanian Government is not aware that overcoming the crisis depends on and is in direct ratio to the funding effort in the RDI system. Underfunding of research automatically leads to negative socio-economic effects, which prolong the economic tensions over a longer period of time. Any crisis management strategy must include the RDI system as a true vector for re-launching economic growth. In support to those mentioned above, there are countries like Austria or Holland which prevented the contraction of the national knowledge base and further financed the RDI system from public funds, unlike Romania that reduced financing below acceptability. Their results show that all economic components are strongly interconnected and interdependent. Acknowledging the key role of RDI for sustainable growth and competitiveness, these countries have consistently supported the RDI activities performed in public research institutes and laboratories; they have also encouraged the research initiatives in university and NGOs, the public acquisitions of research projects, the private research – through direct or indirect (fiscal incentives) subsidy, the transfer and dissemination of knowledge and technologies.

The most challenging aspect of Romanian R&D system is the low intensity of business sector. The factors responsible for this situation are the lack of a solid public-private partnership, of fiscal incentives and a mix of integrated policies.

Referring to the same issue, another recent EU Report underlines: “Romania has made limited progress in 2011 and some targets remain difficult to reach. This is the case in particular for investments in R&D. Romania should step up efforts to accelerate the delivery of the Europe 2020 Strategy as the basis for any growth initiative” (EU, 2012).

The main challenges and targets taken into account for the RDI system by the year 2020 are: increasing the number of scientists in the public and private fields and the venture capital, engaging the private sector in the increase of the number of EPO and USTPO over a year, increasing economic impact through innovative firms with rapid growth , license and patent revenues from abroad as % of GDP, the contribution of exports in the medium and high technology sectors to the trade balance.

In a recent study (2015), *How soon could Romania close the R&D gaps against EU-28*, authors Zizi Goschin, Steliana Sandu and Gloria Goschin presented their scenario based on a “catching-up” methodology, which revealed the time frame necessary for Romania to reach the above mentioned targets, compared to the UE average. The results of the study show that, for Romania to reach the EU28, a

number of 4.16 years would be necessary for Human Resources, 13.79 years for proprietary assets while we would have to wait for 19.9 years for economic effects to be felt. For others components of the Summary Innovation Index, the same study concluded that Romania is not yet able to close the gaps because the increasing rate is slower than the European average.

Therefore, although national strategies officially and theoretically consider the RDI system a prioritized sector, there is low convergence of the Romania R&d system with the European one and the gaps remain large so far.

5. Conclusions

As mentioned above, the RDI system has never represented a real priority in Romania, a reality easily supported by statistical analyzes. Moreover, governors have found it appropriate to validate the national strategic targets for 2020 without a solid basis.

Firstly, although allotting 1% of GDP for the public financing of the RDI system is a target unlikely to be achieved, Romania does not require a relaxation from this point of view; it needs to prioritize those areas of research that can lead to economic recovery in a shorter time than others and to create a stronger partnership between the public and private sectors for technology transfer to take place.

Secondly, the management of funding research requires special attention, with a focus on continuously verifying the quality of the research results in order to stimulate the private sector and economic environment at the same time. This way, the needs of the current economy can be properly adressed.

Given the precarious dynamics of the RDI system and the gloomy scenarios of analysts, government officials must contribute to and foster the cummulation of efforts to become internationally and nationally noticeable in the field of research.

Acknowledgement

This work was co-financed by the European Social Fund Operational Programme Human Resources Development 2007-2013, project number HRD / 187 / 1.5 / S / 155 656 "Support for PhD in economics".

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DEVELOPING CUSTOMER RELATIONSHIPS BY USING SOCIAL MEDIA IN THE CASE OF FASHION BRANDS

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Abstract: *From the social media marketing perspective, the rapid speed of change in the high-street fashion industry generated the need to create, adapt and integrate conversations that will allow bridging the gaps between the brand and consumers. This is done by communicating, engaging, entertaining and triggering response through social media content to ultimately stage and develop a customer experience that will ensure the development a long-term relationship and immersing the brand in the consumer's lifestyle. The main paper objective is to investigate the use social media from a fashion brand perspective in order to develop customer relationships and thus create personal relationships between the brands and consumers.*

Keywords: customer; relationships; social media; marketing; branding.

JEL classification: M31.

1. Social media in the fashion industry

One industry in particular has made great use of social media platforms. The fashion industry has been revolutionised by the disruptive innovation caused by the Internet bubble, receiving an extreme makeover on how brands interact with customers. For example, only the elite of this industry participated at any fashion show, whereas nowadays, everybody with an Internet connection can be part of the action (Bencic 2014). This Internet revolution posed a challenge to the traditional fashion retailers as it allowed customers re-evaluate their attitude towards value and shopping habits, researching their purchases before they actually buy them.

Thus, the online channel has become a vital channel to ensure the lifeline of the brands. Nowadays, all fashion brands have websites, many of the offering e-commerce feature as well as using social media platforms such as Twitter and Facebook (Bencic 2014). According to a quote of Tommy Hilfiger presented in Bencic (2014), the Internet has propagated the speed to which trends reach consumer: "Long gone are the days when it took six months for the catwalk shows to reach the consumer. Our digital initiatives underscore the differences between how runway shows used to be done and how they are organised today". Thus, the fashion industry uses social media as it a natural fit: what consumers wear is a representation of their selves, sharing it on social media is an authentic way of influencing their friends and subtly promoting the brands.

There are different categories of fashion brands such as luxury brands (e.g. Burberry and Louis Vuitton), which are not affordable for the average consumer

and on the other side of the spectre of the price point; there are high-street fashion brands (e.g. H&M, Zara and River Island). In other words, the high-street fashion brands such as Zara, River Island and H&M utilise modern and innovative technology to streamline production in order to create the latest fashion trends in their own unique signature style at affordable prices.

The fashion industry is one of the largest in the world: in 2012, retail spending on clothing reached approximately € 1.7 trillion worldwide, Western Europe accounting for € 266 billion (Euromonitor 2012). Luxury fashion accounts for only € 318 billion worldwide (Euromonitor 2012), Western Europe being a clear leader with more than 33% of all the luxury spending (Euromonitor 2012). On the other hand, high-street fashion accounts for the rest of the retail spending. The leaders in Western Europe for high-street fashion brands as identified by Euromonitor (2012) are H&M (€ 12 billion), C&A (€ 7 billion) and Zara (€ 5 billion).

The high-street fashion industry heavily relies on all forms of marketing in order to be successful, as the consumer consumption patterns and spending behaviour have changed, leading to a strong pressure to reduce prices by streamlining the supply chain to provide with the latest trends. Thus, high-street fashion brands are interesting to study because of the short lifecycle of each seasonal collection, strong competition, cultural influences that have to be taken into account, highly sophisticated taste in consumer preferences and difficult economic conditions after recession leading to lower purchasing power. According to a Nielsen report published in 2013, consumers still believe they are in recession, leading to fewer shopping trips by almost 10% (across 2008 and 2009, the average number was 158 whereas in 2013, it is 144). This decrease in number of shopping trips provided with a threat but also an opportunity for brands to embrace social media marketing.

2. Consumer empowerment

From the social media marketing perspective, the rapid speed of change in the high-street fashion industry generated the need to create, adapt and integrate conversations that will allow bridging the gaps between the brand and consumers. This is done by communicating, engaging, entertaining and triggering response through social media content to ultimately stage and develop a customer experience that will ensure the development of a long-term relationship and immersing the brand in the consumer's lifestyle. Thus, content adds value to the products and triggers emotional responses from the consumers, creating a stronger bond between the consumer and the brand that can in time lead to loyalty. On the other hand, consumers have become highly in control, having greater access to information (Foux 2006). This new power offers opportunities for brands to provide with immediate access to information for the consumer's convenience, enabling a better-informed decision on the offered products or services (Mangold and Faulds 2009).

Every consumer can participate in conversations and serve as creators and disseminators of the social media content. Brands are empowering the consumers to create their own personalised experience and providing venues via which they can share content with like-minded friends (Fournier and Avery 2011). Social media is perceived as a trustworthy source of information in regards to researching products and services as it offers real-life experiences expressed through word of

mouth of other users (Foux 2006). This influences certain aspects of consumer behaviour from acquiring the product or service to expressing satisfaction or dissatisfaction post purchase (Foux 2006). This change required marketing strategies to bridge the gaps between brands and consumers by taking into consideration consumer preferences and expectations and conveying them through social media as part of the brand experience (Kassaei 2011).

3. The importance of social media

In order to adapt to these conditions and to differentiate themselves, brands have started using social media as an interactive way to engage with customers and consumers alike. The advantages of using social media include the fact that there are no time and place restrictions, encouraging participation from people all around the globe. The social media uptake in the recent years is evidenced in Facebook and Twitter users –for Facebook –from 845 million at the end of 2011 to 1.06 billion at the end of 2012 (New York Times 2013), whereas for Twitter there were 200 million at the end of 2011 to over 500 million at the end of 2012 (AOL Inc. 2012). Due to this rapid evolution of social media, there is a limited amount of literature on the topic. In addition, social media is the most common activity consumers pursue online (Cooper 2013). Thus, social media carries more weight than ever, being a catalyst for progressing with the consumer-brand relationship from an offline to the online environment. In other words, social media humanises the communication between the brand and consumer, offering the possibility of developing personal relationships.

4. Developing the customer relationship construct

Social media pertains to building blocks 3 and 4 in the Customer-Based Brand Equity as the brand awareness and brand association have already been established in an offline context through traditional marketing. In terms, social media can influence brand attitude and brand resonance.

On the other hand, from the consumer's perspective– consumer's judgements, feelings and resonance with the brand can be influenced through social media. Clothes have a certain kind of power as it allows the consumer to present how he is to the world and how he/she will subsequently behave. In their self-representation, a number of brands are used, as there is minimal probability of a consumer satisfying his/her needs with only one brand. Thus, this idea of self-brands congruency has emerged. In this piece of research, self-brands congruency is defined as the similarity or match between an individual's self-concept and the different brand images. This is in line with self-congruity theory that reinforces the idea that the preferences and choices a consumer makes in terms of high-street fashion validate and reinforce their perception of themselves. Assuming that the consumer already Like and/or follow the high-street fashion brand on Facebook and/or Twitter, there is an indication of self-brand congruency but as stated earlier, this connection exists with a number of brands, thus enabling the possibility to calculate self-brands congruency on an aggregate level.

5. Conclusion

Firstly, it is important mentioning that fashion trends are an important component to be presented on social media. Whether it is presenting affordable ways of dressing like celebrities, latest trends or fashion advice, it can be concluded that social media is a fun way of collecting information as it is both entertaining and informing through hedonic and functional content. As the consumer is interested in fashion trends and these brands, it will immediately lead to positive word of mouth. Recommending items, saying positive things about the brands or encouraging purchase is achieved through interesting content. Lastly, social media can inspire being relevant and full of meaning and purpose that absorbs the consumer, extending their experience with the brand in an online context.

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USING SOCIAL MEDIA MARKETING FOR THE DEVELOPMENT OF CUSTOMER RELATIONSHIPS

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Abstract: *From the social media marketing perspective, the rapid speed of change in the high-street fashion industry generated the need to create, adapt and integrate conversations that will allow bridging the gaps between the brand and consumers. This is done by communicating, engaging, entertaining and triggering response through social media content to ultimately stage and develop a customer experience that will ensure the development a long-term relationship and immersing the brand in the consumer's lifestyle. The main paper objective is to investigate the use social media in order to develop customer relationships and thus create personal relationships between the brands and consumers.*

Keywords: social media; marketing; properties; brand; customer; relationship congruence.

JEL classification: M31.

1. Introduction to social media

Worldwide, brands are continuously assessing their resources and capabilities to adapt to the ever-changing needs of consumers, who are becoming more and more indifferent to traditional marketing, as they are comparing products or services offline as well as online in order to choose the right product or service which offers them the most utilitarian value. In order to differentiate among competitors, brands need to break the mould to escape out of the vicious cycle of competitive benchmarking and imitation (Chan and Mauborgne 2003). Brands are dynamic forces that have to continuously reinvent and re-evaluate their value offerings in order to deliver the benefits the consumers truly desire.

This is where social media comes into the marketing mix. Social media has existed since the development of the World Wide Web in different forms such as newsgroups but only early adopters of technology adoption lifecycle used it (Ryan and Jones 2009) to allow the exchange of content (Kaplan and Haelein 2010). As the interfaces have been simplified, social media crossed the chasm to the mainstream markets.

Social media is defined as a group of application that allow the creation and exchange of User Generated Content (Kaplan and Haelein 2010). In other words, social media integrates technology and social interaction, allowing brands to connect with consumers on a more intimate level. Examples of social media platforms include: Facebook, Twitter, LinkedIn, Instagram, Google+ and Pinterest. On one hand, consumers can help, support and reshape giving a new dynamic and creative social identity to the brand as a community, which brings them together (Sterne 2010). On the other hand, there is lack of control in terms of what is being

communicated about the brand (Mangold and Faulds 2009). Thus, social media creates both an opportunity and a huge challenge.

2. Social media and customer relationship constructs

Social media enables consumers to talk to the brand and to each other through a multitude of platforms (Woodcock, Green and Starkey 2011). Similar to any conversation, the content on social media platforms varies for each brand (Woodcock et al. 2011).

The main focus of these platforms is to enhance the consumer experience, thus brand marketing on social media is becoming less and less about pushing messages out to consumers and more and more about being part of a dynamic conversation – listening and creating relevant content to earn their trust (Woodcock et al. 2011).

Brands need to understand how consumers behave offline and online in order to engage with their target consumers and develop online brand experiences (Woodcock et al. 2011). As such, social media platforms provide with the rare opportunities for the brand to listen to consumers and respond. In addition, it allows the collection of in depth information about consumer preferences and lifestyles, enabling customised content to ultimately embed the brand in cultural conversation (Fournier and Avery 2011). If the content engages the consumer, the consumer may do nothing, buy the product directly or interact in another way (Woodcock et al. 2011).

Thus, social media offers the prospect of consumer engagement but it also presents a progress to traditional Customer Relationship Management (CRM). This is due to social media providing with an increased understanding of the consumer that traditional CRM channels cannot provide. Using a combination of CRM and social media has given birth to the new term of Social Customer Relationship Management (SCRM). However, Baird and Parasnins (2011) state that using social as a channel for customer engagement poses interesting challenges for traditional CRM, as customer are in control of these relationships, driving the conversation and shaping the brand. As social media allows the customer to be the centre of attention, the brand will provide with the atmosphere where the discussion should take place (Huba 2013). SCRM is a term coined by Greenberg (2010) and is defined as such: "SCRM is the business strategy of engaging customers through social media with the goals of building trust and brand loyalty". In other words, the brand on social media has to focus on facilitating collaborative experience and dialogue that customer value (Baird and Parasnins 2011). The advantages of using a SCRM programme include creating and cultivating customer advocates for the brand whereas not implementing such a programme will lead to customer churn (Greenberg 2010).

The advantages of using social media include the fact that brands can create conversations that engage on a 1-1 basis, which add value for the consumer along the process on a functional, experiential and psychological level (Pine and Gilmore 2011). This distinctive approach actively enriches the consumer's experience with the brand establishing an emotional connection and ultimately integrating the brand as part of their lifestyle (Pine and Gilmore 2011). The key role in building and developing relationships with consumers across different social media platforms is communication—engaging, entertaining and triggering responses from consumers.

3. Social media as a form of customer engagement

Overall, social media marketing is a way of brands to engage with consumers in their efforts of further developing consumer relationships. Thus, one important aspect is consumer engagement. Consumer engagement is a central concept in the social psychology literature as it explains how social relationships initiate, endure and develop being a higher-order construct, customer presenting themselves in a physical, emotional and cognitive presence in interacting with the brand (Nammir, Narane and Ali 2012).

In the online environment, consumer engagement is becoming more and more relevant since it is capable of influencing the final purchasing decision (Zailskaite-Jakste, Kuvykaite 2012). Thus, the concept of consumer engagement on social media was analysed in various aspects. Greenberg (2010) defined consumer engagement as including consumer experience as well as the interactive relationship between the brand and the consumer. In contrast Haven (2007) defined engagement on social media as the level of involvement, interaction, intimacy and influence that a person has with a brand over time. Haven's (2007) engagement framework of the 4 Is offers a more holistic appreciation of the consumers action, emphasising the importance of people's behaviour and influencing powers.

According to Brodie, Hollebeek, Ilic and Juric (2009), the engagement process is occurring through the interaction of the consumer and the brand, thus it can be analysed from both perspectives. From the consumer point of view, engagement depends on whether or not they are creatively motivated by a brand to get involved or when he or she will be encouraged by other consumers or when they will receive some benefits (Zailskaite-Jakste and Kuvykaite 2012).

Consumers are more engaged with the brands when they are able to submit feedback (Mangold and Faulds 2009), thus social media provides the perfect opportunity to ensure this aspect. In addition, Mangold and Faulds (2009) present social media as a hybrid element in the promotional mix, magnifying the brand's promotional efforts. In addition, Zailskaite-Jakste and Kuvykaite (2012) provided the stages of consumer engagement on social media, which are watching, sharing, commenting, producing and curating. Throughout this process, consumers are engaged by receiving cognitive and social benefits guaranteed through social interaction (Zailskaite-Jakste and Kuvykaite 2012).

Consumer engagement is seen as a strategic imperative for understanding their behaviour and co-creating interactive experiences on a cognitive, emotional and behavioural aspect (Brodie, Ilic, Juric and Hollebeek 2011). The whole customer experience of engagement should provide with additional value for the customer (Sashi 2012). In this aspect, consumer engagement is achieved by optimising the consumer's direct and indirect experience with the brand and by fulfilling their physical and emotional needs (Pringle and Field 2008). Thus, brands have to engage with consumers in communication and encourage them to become active and loyal consumers (Zailskaite-Jakste and Kuvykaite 2012).

In addition, consumers are more likely to talk about brand when they know a lot about the brand and when they feel special (Mangould and Fauld 2009). Enabling consumers to feel special is done by offering products, information and special deals that are available exclusively to a subset of consumers (e.g. Unilever's Dove "Campaign for Real Beauty" offered coupons on social media) and by the brand supporting causes that are important for consumers (Mangould and Fauld 2009).

4. Conclusion

This paper has examined the impact of social media on customer relationships and it offers further understanding of social media to successfully to further develop consumer relationships. For marketers, this study provides valuable insights in order to measure the effectiveness of social media and to increase engagement with consumers.

All in all, it is important to keep in mind that social media can be used in order to further develop relationships with consumers that will optimise the direct and indirect experience with the brand. Thus, the usage social media should be furthered explored as it is becoming more and more integrated in consumers' lifestyle, being the number one activity undertaken by consumers in the online environment.

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WORKFORCE SHORTAGE, A NEW CHALLENGE FOR ROMANIAN SMEs

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Abstract: *In developed countries people are talking about full employment these days. In Romania in particular areas there are SMEs facing this problem. It is a problem for them as long as they have no people looking for a job and they risk to have no people to hire for an expansion of their business. Moreover, in these areas the unemployment rate is lower than 4% and it raises the question: which is the lowest unemployment rate consistent with stable inflation? In the body of this paper we will see the evolution of the SMEs regarding their number and how many employees they have. It will be emphasized the idea that the companies are not working at their full capacity and reasons for this is the lack of labor force. Factors that affect the productivity level are internal and external too. The internal one is the training level of the employees in the conditions that over 70% of the SMEs had no day in one year of training for the employees and no more than 2,23% from turnover in medium enterprises is for the training costs This training low interest affects the productivity of the firms. An external factor that influence the duration of unemployment which affects the recruitment process and the production costs is the unemployment benefit Unemployment benefit should definitely exist but in the conditions in which it is too close to the value of the minimum salary it affects the SMEs activity. Helping the SMEs is helping the economy if we are looking to the contribution of them to the GDP and to the role they have in reducing the unemployment rate. We lost employees on a long term but we must find solutions as soon as possible to solve this problem before we lose the investors and the whole economy to fill this gap.*

Keywords: SMEs; unemployment rate; labor force; productivity; education level.

JEL classification: D20; J20.

1. Introduction

There can be no doubt that SMEs have had to navigate a difficult economic terrain in recent years. Yet in an increasingly internationalized world, there are competitive advantages for those businesses that begin with a global strategy and can move quickly to take advantage of cross-border activities. Providing further tailored support for this growing asset class would form a key step in allowing SMEs to leverage the benefits of increased foreign demand for goods and services. (Annual report on European SMEs 2013 / 2014).

It is our contention that higher education institutions—by virtue of their knowledge base, mentoring capabilities, and access to resources—should seek to position themselves as key practical implementation players for this form of regional innovation (Ismail et al, 2011).

After sustained efforts to overcome the imbalance created by global economic crisis that started in early 2008, the Romanian economy is going through a phase of recovery. According to the numbers in 2011, the companies reached the levels from 2007, 2008.

Table 1: Number of companies during 2006-2011 and the share of employees

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Number of activ SMEs | 459.972 | 498.014 | 532.688 | 517.870 | 468.561 | 467.883 |
| Large enterprises | 1.840 | 1.843 | 1.837 | 1.571 | 1.519 | 1.519 |
| Total | 461.812 | 499.857 | 534.525 | 519.441 | 470.080 | 469.402 |
| Employees share in the SMEs | 63,2% | 64,9% | 65,8% | 66,3% | 65,9% | 65,8% |
| Employees share in large enterprises | 36,8% | 35,1% | 34,2% | 33,7% | 34,1% | 34,2% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |

Source: National Council of Private Small and Medium Enterprises in Romania

2. Internal and external factors affecting the production capacity of SMEs

New economic conditions are testing Romanian SMEs. When the entrepreneurs found a good market for their products they have not enough employees to cope with demand. However, as is clear from the situation described below that small and medium sized companies fail to provide goods and services to their maximum capacity.

A study conducted by the National Council of Private Small and Medium Enterprises in Romania regarding SMEs production capacity (selling, storage, transportation, manufacturing, etc.) during the year 2014 indicates that 35.11% of companies have a coverage level of 50% -75%, 31.68% of companies have a coverage level of 25% -50%, 21.09% of companies have a yield below 25% and 12.12% of the companies took their capacities in excess of 75%.

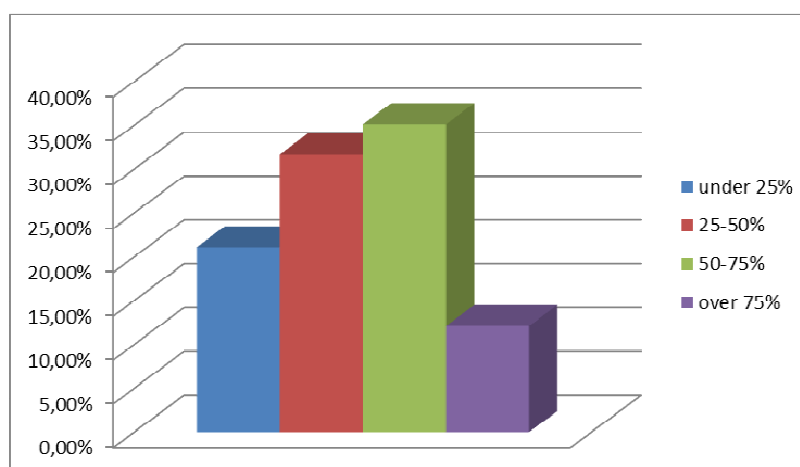


Figure 1: Coverage of the production capacity in the SME sector orders

Source: Carta Alba a IMM-urilor 2015

One of the reasons that lead to the creation of this situation is the lack of the labour force. The affirmation it's supported by the low level of the unemployment rate.

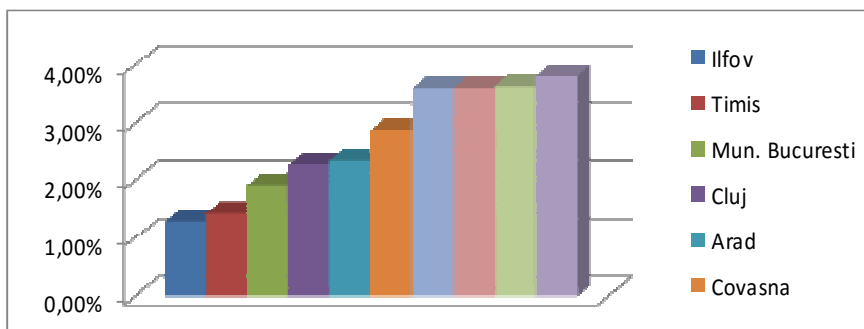


Figure no 2: Unemployment rate in some cities of Romania in September 2015

Source: ANOFM

The lowest unemployment rate is in Ilfov county, 1.30%, followed by Timis country, 1.44%, Bucharest, 1.92% and 2.27% Cluj county, given that, at the national unemployment rate in September 2015 was 4.89%. Some economist consider the lowest unemployment rate consistent with stable inflation to be between 5 and 6 percent (Bernstein et al, 2013).

In these conditions entrepreneurs are forced to restrict their activity to refuse orders and to extend the delivery time which is constrained by lack of qualified labour force. Lack of skilled labour is a hindering factor for SMEs in most developing countries (Grimsholm et al, 2010).

Think about what happens when firms respond to an increase in demand by increasing production: higher production leads to higher employment. Higher employment leads to higher wages. Higher wages increase production costs, leading firm to increase prices. Higher prices lead workers to ask for higher wages. Higher wages lead to further increases in prices and so on. (Blanchard, 2013)

In the total of population, only a part is able to work being that part of it which fulfills the legal and natural conditions to work. The other part form the population is unable to work. The population able to work can be activ or inactiv. The inactiv one is form by the persons that don't want to work even if they can. (Dinga, 2009). The one that is able to work and is looking for a job is an unemployed.

Between the factors that influence the duration of unemployment wich affects the recruitment proces and the production costs it is the unemployment benefits. There are very good reasons why society should provide some insurance to workers who lose their job and have a hard time finding another. But there is little question that, by making the prospects of unemployment benefits to increase wages at a given unemployment rate. To take an extreme example, suppose unemployment insurance did not exist, some workers would have little to live on and would be willing to accept very low wages to avoid remaing unemployed. But unemployment insurance does exist and it allows unemployes workers to hold out for higher wages, so at a given unemployment rate, higher unemployment benefits increase the wage. This wage increase leads again to a higher production costs and higher prices (Blanchard,2013)

The situation is more pronounced in major cities where there is a booming, the municipalities were able to attract both local and foreign investors. Local authorities have succeeded in creating industrial parks and proposing some very good offers for the development of entrepreneurship to create real business poles. What can be seen in these cities and specifically in those counties is that unemployment is very low.

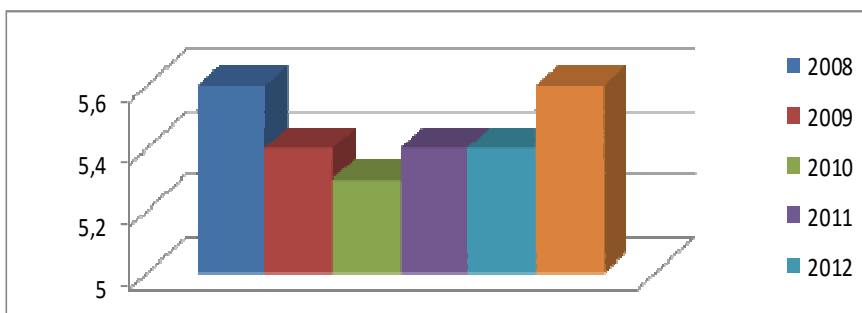


Figure no 3 Evolution of the productivity (euro/ worked hour)

Source: Eurostat

Another problem that SMEs face regarding the labor force is the financial resources allocation made by entrepreneurs for training their employees. In a study made by the National Council of Private SMEs sector in Romania it is stated the fact that only 0,99% of the turnover in the microenterprises is allocated for training of the employees, 2,04% in the small ones and 2,23% in the medium enterprises. There are over 70% of the SMEs that had no day allocated for training. The lack of the training can be seen in the evolution of the productivity as a factor that influence the quality of the labor force. Romania is currently ranked among the worst in the European Union taking into account labor productivity per hour. In the year 2013 Romania was ranked among the last places with 5.6 euro / hour having an advantage just in front of Bulgaria among all EU member states.

Conclusions

Looking to the situation of the economy and of the SMEs sector it's easy to see that Romania can do better than this. Using the inflation to make people to look for a job, or importing labour force from other areas where the unemployment rate is higher, training the employees you have and motivating them to stay, not only with a bigger salary but making them feel they found stability, getting more involved in the education level trying to form people in the sectors that the labour market has more jobs to offer might be some solutions to the challenge the companies in the Romanian market need.

Aknowledgements

"This work was supported by the project " Interdisciplinary excellence in doctoral scientific research in Romania - EXCELLENTIA" co-funded from the European

Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no. POSDRU/187/1.5/S/155425.”

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