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**SECTION: REGIONAL DEVELOPMENT STRATEGIES AND
POLICIES IN CENTRAL AND EASTERN EUROPE**
***SPECIAL SECTION UNDER THE PATRONAGE
OF JEAN MONNET MODULE***

**THE EVOLUTION OF DIRECT EXTERNAL INVESTMENTS IN THE
EUROPEAN UNION IN THE CURRENT ECONOMIC CONTEXT**

**Alina, Voiculescu¹
Nicoleta, Belu²**

Abstract:

Over the last decades direct external investments have been some of the most important features of the global economy and globalization. They involved the creation of new companies abroad or the acquisition of significant shares in foreign firms. Direct foreign investments recorded from one year to another, new records, positive or negative, being a natural consequence of transnational corporations intensifying their activities and efforts to liberalize markets and trade.

Undoubtedly, the main reason that makes a company invest abroad is maximizing. More specifically, the basis of a decision of a corporation to operate abroad are three factors: the need to obtain cheaper natural and human resources, the possibility of entering certain markets, where export could offer higher rentability margins, the third factor is conditioned by the growth in efficiency of all the operations carried out by a world-class business.

Because the European Union is a market of more than 500 million consumers, consisting of members with different levels of development, there are important differences regarding the performance used in attracting foreign investors.

Key words: *globalization, multinational corporation, foreign capital investment, acquisitions and mergers.*

JEL Classification: *F15, F21*

1. Introduction

The flows of direct capital investment abroad have undergone important changes over the past decades, both in terms of their values and geographical distribution.

Corporations ceased to invest in the last decades, only after careful analysis, based on precise criteria. According to Harvard Business Review, in order of importance, these criteria would be: the stability of the local currency; political stability; inflation rate; the possibility of repatriation of capital; the extent of exercise of control; lack of discrimination.

In 2016, according to UNCTAD, direct foreign investment flows (FDI) at a global level, declined by about 2% over the previous year reaching \$ 1.75 billion. Although UNCTAD predicts a modest recovery in FDI flows in 2017-2018, it is expected that they remain well below the level achieved in 2007. Increased geopolitical risks and uncertainty policy represent major factors for investors, with a strong impact on the recovery of investment flows in 2017.

2. Foreign direct investment flows in the European Union

Undoubtedly, over the last decades, European integration has incited transnational companies to intensify their investments in the territory of the European Union.

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The main attraction for foreign investors is the perspective that this huge market offers, which, after the growth of the European Union, has transformed it in one of the biggest and most developed markets that exist at a global level.

Of the over 86,000 existing global corporations in 2017, the European Union hosts almost 33,200 (38% of the total). Depending on the host countries, most are in the United Kingdom (7635) and Germany (4,581).

In the European Union, the economic opening of the South-East European countries since the beginning of the nineteenth century has included them as a strong potential market among the investment locations envisaged by the international business community and transnational corporations. The interest that these countries had for investors was primarily driven by the masses of consumers they could address, but also by the low costs of some factors of production, primarily labor, which could ensure price competitiveness of products or services. The basis for the decisions of foreign investors to move towards this area of the globe was a series of economic motivations, namely access to the market, resources and expansionist strategies pursued by various firms. In turn, the states in the region have perceived foreign investment as a possible source of capital, technology, skills and market access.

According to the European Commission, direct foreign investment is a key factor in competitiveness and economic development and reflects:

- the size of the economy;
- the attractiveness of the country for investors;
- the investment position of the country;
- Global levels of openness, competition and integration in international value chains.

Although investments in the EU have been positive in recent years, the geopolitical and macroeconomic challenges generated by Brexit have the potential to affect investment intentions in the near future.

The relationship between the UK and the European Union has never been simple and more complex as the integration process deepened.

The UK's decision to leave the European Union is a major imbalance, being the first time a Member State leaves the EU, so direct consequences will be hard to anticipate.

The economic impact for the near future will be felt on the confidence and expectations of investors. Uncertainty about the future of UK-EU trade relations will slow down investment in certain industries, both in the UK and the continent.

In addition, transactions that took place in 2016 are the result of decisions that preceded the referendum. Many mergers and acquisitions completed in 2016 were announced as early as 2015 or even earlier. Any potential change in FDI flows caused by Brexit could take several years or not.

For example, in the automotive industry, Brexit could be considered an important factor in General Motors' (United States) decision to sell European Opel and Vauxhall subsidiaries, which was announced in March 2017. Nissan also announced in February 2017 that it will revise its investment strategy once the Brexit terms are resolved. In contrast, in March 2017, Toyota announced a \$ 296 million investment to improve UK branch operations.

The Center for Economic Performance (CEP) estimates that foreign direct investment in the UK will drop 22% over the next decade as a result of Brexit. In addition, The Center for Economic Performance (CEP) shows that a free trade agreement concluded by the UK with the European Union will not lead to an increase in investment flows.

Transnational corporations invest in the UK thanks to skilled labor, access to a huge European market, government support, infrastructure and logistics.

In figure no. 1 shows that some areas were more attractive to foreign investors, namely electricity, construction, retail, recycling, transport, maintenance, education, etc. For the coming years, a decline in FDI in the UK is expected in these sectors.

**Percentage of companies investing in the UK for the domestic market
(2003-May 2016)**

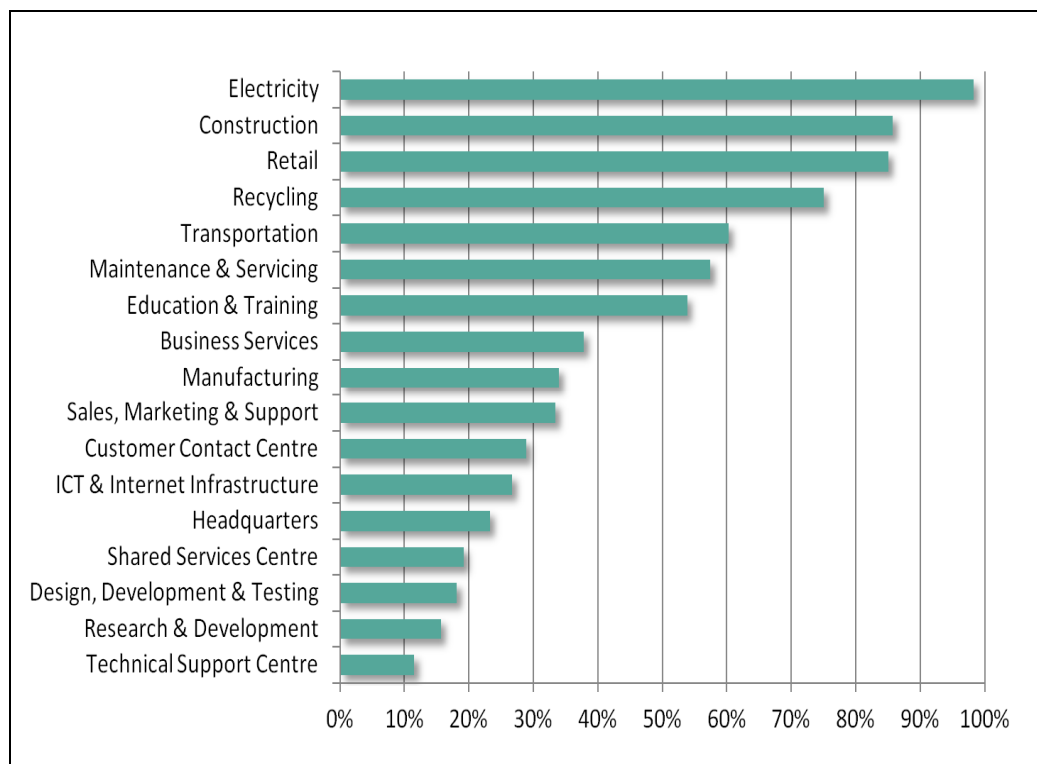


Figure no. 1

Source: The impact of Brexit on foreign direct investment into the UK: recommendations for investment promotion strategy, <http://www.waveq.com/brexit/> [accessed on 22 November 2017]

Foreign direct investment flows towards the European Union have gone up in 2016 to almost \$ 570 billion, compared to \$ 484 in 2015 (Table no. 2). Most attractive countries towards investors were: the United Kingdom, the Netherlands, Italy and France.

FDI inflows, by economy, 2013–2016 (Billions US dollars)				
	2013	2014	2015	2016
<i>European Union</i>	336,8	256,6	483,8	566,2
Austria	5,7	4,5	3,7	-6,0
Belgium	25,1	-8,9	21,2	33,1
Bulgaria	1,8	1,5	2,8	0,7
Croatia	0,9	2,8	0,2	1,7
Cyprus	-6,4	0,7	7,3	4,1
Czech Republic	3,6	5,4	0,4	6,7
Denmark	1,0	3,2	4,1	0,9
Estonia	0,7	0,6	0,1	0,8
Finland	-0,1	18,0	1,5	0,042
France	34,2	2,6	46,9	28,5
Germany	15,5	3,9	33,3	9,5
Greece	2,8	2,6	1,1	3,1
Hungary	3,4	7,7	-14,8	-5,3

FDI inflows, by economy, 2013–2016 (Billions US dollars)				
	2013	2014	2015	2016
Ireland	46,6	37,4	188,3	22,3
Italy	24,2	23,2	19,3	28,9
Latvia	0,9	0,7	0,6	0,1
Lithuania	0,4	-0,023	0,8	-0, 2
Luxembourg	10,4	-10,5	16,0	26,8
Malta	12,0	11,5	4,6	3,5
Netherlands	51,1	53,3	68,7	91,9
Poland	3,6	14,2	13,4	11,3
Portugal	2,7	2,9	6,9	6,0
Romania	3,6	3,2	3,8	4,5
Slovakia	-0,6	-0,5	-0,1	-0,2
Slovenia	-0,1	1,0	1,6	0,9
Spain	37,4	25,6	11,9	18,6
Sweden	4,1	4,0	6,2	19,5
United Kingdom	51,6	44,8	33,0	253,8

Table no. 2

SOURCE: UNITED NATIONS – UNCTAD - *WORLD INVESTMENT REPORT 2017. INVESTMENT AND THE DIGITAL ECONOMY*, UNITED NATIONS, NEW YORK AND GENEVA, 2017, P. 222

The total value of mergers and acquisitions done in Europe amounted to \$ 377 billion in 2016, the highest level since 2007. They were mainly due to the United Kingdom where FDI inflows rose from \$ 33 billion in 2015 to 254 billion in 2016.

Three of the four largest transactions in the world completed in 2016 were foreign acquisitions of UK-based companies: the purchases of the SABMiller beverage company by Anheuser-Busch (Belgium), the BG group oil company Royal Dutch Shell PLC (the Netherlands) and ARM semiconductor technology company by SoftBank (Japan).

FDI in Ireland, the largest recipient in Europe in 2015, with \$ 188 billion in revenue, fell in 2016 to \$ 22 billion. Intracompany loans worth 124 billion dollars were responsible for this decline.

On the other hand, in the EU countries from Central and Eastern Europe, direct external investment flows stabilized in 2016, after their decline in 2015.

In the developed mediterranean countries, FDI inflows went up in 2016. So, in Spain investment flows reached approximately \$ 19 billion, and direct foreign investments in Italy went up with about 50%, to \$ 29 billion. FDI flows towards Greece almost tripled up to \$ 3.1 billion.

Intra-European projects continued to dominate FDI activity, and outside of Europe, the United States lead the top of foreign direct investment in the EU, mainly in the financial and business services sectors, followed by China, the largest Asian investor.

The most attractive areas in the European Union for foreign investors in recent years are the manufacturing sector, the oil industry, transport and communications, retail and tourism, and the automotive sector.

Investment flows are a key driver for creating new jobs, establish new innovation opportunities, facilitating sustained productivity growth. They allow the diffusion of new ideas, new technologies and the best research programs, with the effect of diversifying and improving products and services. According to data recorded in the EU states, a 1% increase in the opening of the economy generates a 0.6% increase in investment flows.

Most investment policy measures introduced in 2016 aimed to promote and liberalize the above mentioned. Approximately 124 countries adopted investment liberalization measures – the highest figure from 2006. Entry conditions and registration procedures for transnational companies have been simplified into a wide variety of industries.

The main reason that makes a company internationalize its business remains profit maximization. More accurate, at the basis of the decision of a corporation to operate across the border are three factors: the need to obtain cheaper natural and human resources, the possibility of entering certain markets, where the export could offer higher margins of profitability, the third factor is conditioned by the increased efficiency of all operations carried out by a world class business.

Direct foreign investment outflows have gone down by 11% to \$ 1 trillion in 2016, mainly due to a fall in the European corporate investments. As in the past, the largest share of outputs in developed countries was also directed to other developed countries.

FDI outflows from EU member countries declined in 2016 to \$ 467.1 billion after reaching \$ 593 billion in 2015, the biggest growth since the year 2008.

This was driven by the sudden drop in FDI from Ireland (73%) up to \$ 45 billion, Germany (63%) up to \$ 35 billion. It is true that the value of cross-border mergers and acquisitions completed by transnational companies on the continent continued to grow, rising with up to 40% to \$ 435 billion. Thus, the Netherlands has registered a growth of \$ 173 billion in 2016, compared to \$ 138 billion in 2015, as a result of the acquisition of Shell-BG Group, turning the country into the largest investor in Europe.

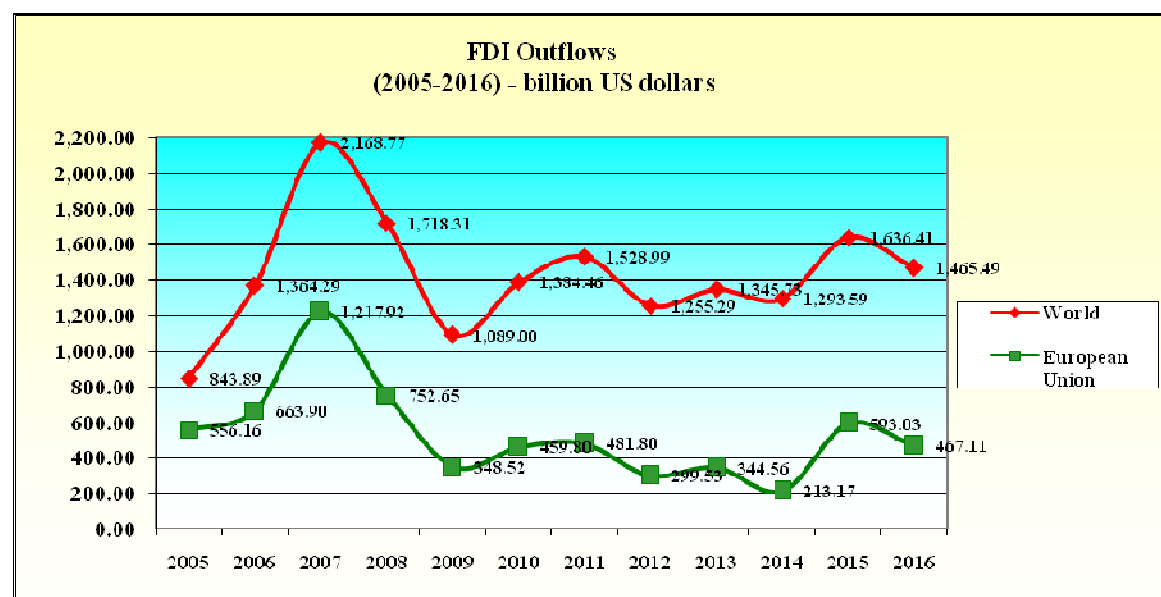


Figure no. 2

SOURCE: [HTTPS://DATA.OECD.ORG/FDI/FDI-FLOWS.HTM#INDICATOR-CHART](https://data.oecd.org/fdi/fdi-flows.htm#indicator-chart) [ACCESSED ON 19 NOVEMBER 2017]

The European Commission wants to finish a detailed analysis of the direct foreign investment flows in the European Union and to set up a coordination group with the member states to help identify the common strategic concerns and solutions in the domain of these investments.

According to the European Commission, to improve the performance of investments in the European Union, three priorities must be considered:

- Investment regulations are to be as stable and simple as possible ;

- Reducing the obstacles that are in the way of accessing finances, especially for small and medium-sized enterprises and start-ups;
- Restrictions on corporations that want to open subsidiaries or to buy new companies are to be as limited as possible, especially when several countries of the European Union are targeted.

That is why the European Commission proposes the implementation of the following instruments:

The Investment Plan – to mobilize funds towards additional investments through the European Investment Fund and to improve framework conditions;

The European Semester – to introduce structural reforms at a national and Euro Zone level, to improve the conditions for investing and promoting free competition;

Single Market Strategy – to remove unnecessary barriers targeting free movement of goods and services, to support investments and innovation..

Capital Markets Union – reducing the fragmentation of financial markets, diversifying the sources of finance, stimulating capital flows between countries and improving access to finance for businesses, especially for small and medium-sized enterprises ;

A Better Regulated Agenda – to make legislation at the European Union level clearer and concise.

The European Union has one of the most open investment regimes in the world, the member states collectively impose the least restrictions regarding direct foreign investments.

3. Conclusions

The evolution of FDI flows at EU level shows us that developed countries and Central and Eastern Europe economies have registered a different dynamics, depending on the economic conjuncture and internal policy.

The main promoters of direct foreign investments are the developed states and transnational companies that originate there, including the ones in the European Union. Developed European countries have been, together with other advanced countries, the engine of world economic growth and the driving force of globalization. They had an active role in increasing the volume of foreign direct investment and building the architecture of the global economy we know today.

Globalization, generated by transnationalization, is a combination of technological developments and economic liberalization and allows goods, services, capital and citizens to go anywhere on this planet. Sometimes the concept of investment flow itself is automatically associated to these companies' existence and activities.

That is why the big corporations are expanding their activities across the globe, with the desire to maximize their profits, in search for the best conditions, going over national boundaries. Their activities have a huge impact over global distribution of wealth and economic activity among national economies. They bring benefits to both consumers and economies all over the world.

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THE IMPACT OF THE INTEGRATION TO THE EU ON THE MANAGEMENT CULTURE IN ROMANIA

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Abstract:

The Romanian society evolved from an agriculture based economy to keep industrializing throughout the 20th century. On the way, many stages were crossed by the Romanian nation as the industrialization, the communism, the switch to the capitalistic system then the EU integration. Consequently, the evolution of the Romanian culture was influenced by each of these stages.

Since Romania's integration in the EU the Romanian people is opening up to the other cultures as never before in all fields, especially in the management area. In a context where a big increase of the European FDI in Romania was recorded and more than 11% of the private sector employees are enrolled in multinational companies, the Romanian management culture sees itself challenged and inspired by other ways.

This research aims to understand how the Romanian integration to the EU is influencing the management culture, and towards which direction it is taking it.

In order to achieve that goal, ten interviews are conducted with managers in several fields to allow us to discover and better understand how the managerial culture of Romania is changing.

Key words: European Union, Management culture, Human resource management.

JEL: K4

1. Introduction

One of the oldest definitions of culture can be 'that complex whole that includes knowledge, beliefs, art, morals, law, customs and any other capabilities and habits acquired by man as a member of society' (Tylor 1871). Keesing (1974) defined it as 'a set of common theories on behaviour or mental programmes that are shared by a group of individuals'. Today, the contemporary researchers see the culture as a set of norms, values, symbols and beliefs. The expressive symbols are considered to be the consequence of the three other elements (Turner 1986).

Hofstede (1980), defines culture as 'the collective programming of the mind which distinguishes members of one category of people from those of another'. Based on that definition he compared countries work related values according to four dimensions which are : Power distance, uncertainty avoidance, individualism and masculinity. Each of these values had an index and was measured for each of the studied countries.

Discussions of cultures are invariably discussions of behavior. The Chinese have an indirect speech (Harris and Moran 1987), the Germans avoid taking risks (Hofstede 1980, 1991), the Indians are conflict avoiders (Amado and Vinagre Brasil 1991), and some cultures don't follow rules (Montville 1992). That leads to the conclusion: In fine, culture is a way of learning doing and teaching a behaviour. The learned and adopted behavior is not random nor senseless. It comes from the environment, from the best found practices. The behavior can be a good way to observe and assess a culture.

2. The management culture

2.1 Defining organizational culture

Peters and Waterman's (1982) work, *In Search of Excellence*, uses the term « corporate culture », invented in the 1970s. A simplified definition can be : « the organizational culture is the way things take place in an organization. » (Bonciu, 2000, p. 79).

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Although strongly influenced by the national culture, the organizational culture is made of practices, behaviors and attitudes defined in relation with a series of concrete situations. (Mereut et al., 1998, p. 24). Even if the use of the term culture both for nations and for organizations suggests the two kinds of culture are identical, they are different (Hofstede, 1996, p. 209).

Johns (1998, p. 227) considers that at an informal level, the organizational culture can be defined as the style, atmosphere or personality of an organization. It includes the beliefs, values and hypotheses being a concensus within an organization.

2.2. Culture versus Climate: The Same or Different?

In a simplistic attempt to underline the difference between the organizational culture and the climate, Schwartz and Davis (1981) stated, “Whatever culture is, it is not climate”. Traditionally, the climate has been measured with quantitative measurements. One accepted definition of climate is “the organizational environment that is experienced by the occupants, influences their behavior, and can be described in terms of the values of a particular set of characteristics or attributes of the environment” (Tagiuri & Litwin, 1968, p. 25). The similarity between this definition of the climate and the organizational culture definition made several researchers consider the idea that climate is a manifestation of culture (E.g., Hatch, 1993; Reichers & Schneider, 1990; Schein, 1984)

How can the organizational culture change:

Schein (1987, p. 198) suggests mechanisms that can implement and refresh an organization’s culture are:

- . what managers seek, appraise and control;
- . managerial reactions to critical incidents;
- . deliberate role modeling;
- . fair rewarding and promotion criteria.

Cultures develop over a long time, through practice and exchange between the members of a group. They are deeply rooted, and difficult to change.

Organizational culture is based on the history, the structure, the cumulated experiences the members of the organization went through. That’s the main reason why how it can remain unchanged for a long time despite the coming and going of an employees. Other researches have revealed the presence of subcultures, also known as “nested” cultures (Parker, 2000)

Because of the importance of the organizational culture, a culture analysis must take place in order to study the behavior that indicates the prevailing norms and values of its members.

2.3 The role of the specialist in human resource management

The most fit position in the organization for assessing the organizational culture is the human resource specialist’s as it is able to analyze the existing culture and to produce diagnoses for the top management. They can provide more visibility on the current shared values and beliefs and give advice on how to capitalize on them or change them.

Besides, the human resource management help implement the change programs through education and training, performance management and through setting new management systems. External consultants can be useful too as they have a more objective opinion, yet they need to collaborate with the internal human resource managers and don’t work independently.

2.4 Consulting methods in support of culture management

Schein (1987, p. 98) claims process consultancy, suggesting either external consultancy or internal human resource management specialists. Meyerson's (1991) research has focused on the framing of culture within three parts: Integration, ambiguity, and fragmentation. Fragmentation and ambiguity, are about differences in perceptions among organization members. Many researchers, use Meyerson's classification when assessing culture. In the case of absence of consensus regarding some matter, it cannot be considered as a part of a culture.

3. The Romanian management

Until its late modern history, Romania was a feudal society. Since its national independance in the late 1870's, a shallow democracy was formed in the country (Deletant 2006 conversation). Power has always been held by foreign overlords or Romanian aristocrats, the autocratic state did little to spread the values of popular participation as the population was addressed as subjects (Gallagher 2005).

The communist rule in Romania is considered to be repressive during the 70s and 80s it dominated the Romanian life in many senses (Simpson 1990; Glenney 2000; Roper 2004). During that period, 'Scientific Socialism' was bringing down the directives from the top to the bottom repressing the independant will of individuals and suffocating the spirit of initiative.

According to Kelemen (1999), Romanian managers had to use their social networks to secure supplies, recruit and solve problems. The best way to succeed in business was to hack the system, make exchanges of favours and bribe those who could provide the resources (Scarborough 1998).

After 1989, a wave of privitisation of state enterprises got Romania into a market based economy moved by competitiveness. According to Catana (1997) the post communism Romanian managers kept a deep need for stability, lack of management skills and a strong uncertainty level. They had a high of social responsibility as a main characteristic of a Romanian management culture.

Since 2007, Romania joined the European Union and opened up to a new era of developpement

In 2008 European Year of Intercultural Dialogue the EU launched an initiative to encourage Union members and their civil societies to talk to each other. An interesting event that shows the importance of the intercultural exchange as an impacter of national cultures. In 2016 Romania recorded one of the highest GDP evolution rate in the whole Europe¹ and positioned itself as a hub for foreign investments. In such a context it is important to know how the organizational cultures of the Romanian organizations would be influenced.

3.1. Research Methodology

In a constructivistic paradigm, we decided to choose a qualitative research methodology. In that sense we were less concerned with the number of answers we were getting than the homogeneity of the answers and the overall image they give about the change process in the Romanian organizations cultures. We report the answers by integrating direct quotations in the text which gives more insight about the given information. To keep consistency in the answers we standerized the answers (Smith 1998). The choice of the the survey size is based on the empirical saturation, we keep interviewing managers about the cultural change in their organizations until the given answers become repetitive. In that framework, we choosed a selection of companies, NGO's and Public institutions. The results of the interviews showed an interesting level of cohesion and permitted to make up a clearer image about the change know by the Romanian management culture over the last decades.

¹ <http://www.business-review.eu/news/eurostat-romania-posts-biggest-economic-growth-in-eu-in-2016-q2-115455>

3.2. The Romanian Economy and management conditions

The communist system and its oppressive ways dominated not only the political and economical life but also the way of being of the Romanian citizens (Simpson 1990; Glenny 2000; Roper 2004). That situation changed probably a lot in the Romanian culture. By the time of Ceaucescu, people were very afraid of the system, they were controlled and dominated, and achieving their interests needed a lot of getting round the system (Simpson 1989). Commonsense dictated to people, to bribe, rely on contacts to get personal favours... (Scarborough 1998).

In 2007, Romania joined the European Union, which was an important step in the country's development. To prepare for it, certain conditions had to be met, they were mainly connected to the economy, political system and a set of laws and regulations concerning specific fields. The change of regulation had an important impact on the management culture in the public as in the private sectors.

3.3. The public sector

The integration to the European Union showed most of its impact on the public sector, as the public institutions had to follow a set of standards and regulations to line up with the European expectations. In return, the EU, gives appealing funds to the concerned institutions. "We received funds from the EU that we would have needed to gather in sixteen years, but in return we had to reorganize most of our processes and structure". "The change in the organization made transparency more important, and brought new criterias to judges situations... now the environment, the interest of the citizen about certain topics and the work ethics became more important, that changed the way we approach our jobs". The EU provides trainings to Romanian public managers, "those trainings orient their attention and interests to certain points and helps them acquire different mindsets, management styles and work techniques".

According to some interviewed, "The mentality is changing over time as much as the system is evolving. Sometimes we don't feel it, but when in a crossborder cooperation project we deal with other non EU countries, we realize that the mentality in Romania is developing pretty fast".

For some institutions (particularly, universities), "There is an old mentality that is power centred, Getting rid of it is difficult, but happening... for that we need to use pressure, fire those who get bribed, give a salary incentive for research... the EU is giving research grants, that helped orienting the professors to research (now it's not seen as a hobby anymore) the students are more seen as possible partners and are perceived differently since many of them pay their studies, they become clients, therefore they are more seen as clients now"

3.4. The private sector

The opening of the borders to the European union brought the Romanian companies access to a bigger market, "now we have more prospects but much higher standards". In some fields like restauration "the adaptation was very difficult, many companies closed because they couldn't satisfy the requirements. It took us two years of hardwork to level up". The laws became tougher, "but the team had bigger challenges to face, we needed to set processes and organize our-selves in a way that will allow us to survive and that made the management evolve, when you need the cooperation of your employees, you have to treat them differently".

Besides of the regulation it became easier, to send employees for exchange with other companies participate in trainings to acquire new knowledge and develop the quality of work. "That develops the companies' immaterial capital a lot".

Besides of the new opportunities and the opened, encouraging behavior, a very specific change is happening in the Romanian culture that is connected to work: "in the past people believed in hard work, that it can bring a better life quality. Today most of the young people believe that they can get a better life by working in Europe. If they decide to stay in Romania, they should get some special advantages. "And here is our problem, the main competitive strength of the Romanian companies is the low price, if we increase the salaries to line up with the western European companies we ruin the business". From that point many Romanian private companies went for a change of their work culture, "we need to have a different mindset, we need to attract employees, make them faithful to us and build a strong partnership with them", because "they became a valuable resource". Some companies offer knowledge and appealing environment, flexibility in the work conditions, more holidays. And some other companies prefer taking non college graduates "as they have less chances to find a job in Europe, they can be more potentially stable". Then they offer them trainings and keep them, "but without pressure, as they might leave for a place where they will have less obligations".

4. Conclusions

Over the last decades the Romanian society and with it the Romanian management culture evolved considerably, from a discipline oriented management to a fake discipline, to a management more HR oriented. This change is perceived both in the public and private sector. In the private sector, the fact that, today, the skilled workers have chances to find better opportunities in Europe, while the Romanian companies have difficulties to offer them more attractive salaries. This situation obliges the companies to develop other competitive advantages. The "employer brand" is one of the main tools used to attract skilled workers in a sense that the Romanian companies that need valuable skills try to present themselves as good alternatives to Europe thanks to a knowledge they offer, an enjoyable work environment and the best opportunities of growth. In the public sector on the other hand, the reform in the regulations and law orient the attention and form a new attitude towards the work processes, which leads to instoring a new work culture more quality centered and less power and process oriented. In fact the public workers, are more conscious of their mission than before the integration to the EU. In the same time, the Funding received from the EU helps improving the structures and procedures which reinforces the change of mentalities.

In fine, the change of the management culture is slow but is happening and it is mainly due to the change in the labor market structure and the regulations.

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THE QUALITY OF PLANNING, A BAROMETER OF THE EFFECTIVE USE OF STRUCTURAL FUNDS IN ROMANIA – STUDY CASE: REGION FOR DEVELOPMENT “CENTRU” 2007-2013

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Abstract: *The enlargement of the European Union has generated a series of debates on the structural funds to the most appropriate level of government. The resulting planning documents were unable to be the basis for an essential contribution of the structural funds to reduce disparities, the ultimate goal of the regional development policy.*

The quality of the planning documents at regional and local level is given by several factors such as: the existence of an unclear and insufficient legal framework, the modality in which there was perceived and used the partnership or the involvement of all stakeholders in the preparation of the planning documents or the extent to which certain methods or development tools in support areas such as statistics, are used. Therefore, the quality assessment for the planning documents could be a barometer for estimating what will be generated by using structural funds.

Keywords: *regional development, Structural Funds, local communities*

JEL Classification: H7, P4, R5

1. Relevant contributions

The year 1988 represents the affirmation of the partnership principle in the European Union, as the basic principle along with the others that gave a new dynamic to the European evolution: programming, concentration, additionality.

Although it was considered to be the beginning of an Europe of regions for regions, the Committee of the Regions being an active body that has tried to contribute to the development of the multi-level governance perspective, there have existed even before the accession of Romania, in the specialized literature debates on many relevant topics namely: a) the application of the partnership principle is equivalent to the acceptance on behalf of the States of the regionalization and administrative decentralization or is it just a formal participation without a participation in decision-making; b) to what extent the States that have later became members, as it is the case of Romania, have the ability to become more competitive by using the structural funds, here including also the discussions on urban development challenges or which countries will benefit from the enlargement (Frunza, 2011; Zaman, 2008; Zaman, 2009; Wallace et al, 2010). Regarding the first topic of discussion there are supporters on both sides, regarding the second one there are different approaches on the best, most effective way the States that joined after 2004 or 2007 to contribute to the European objectives, given the view expressed by the Sapir Report according to which the European funds cannot compensate for the missing elements for some States to be competitive (Sapir, 2004). Also, the contribution of the polycentric development to the increase of the competitiveness of the new Member States was questioned, considering that this approach is more appropriate for the EU 15, than in the case of the new members, many of the former communist countries, as it is the case of Romania, with a polycentric structure and a high level of regional disparities (Popa, 2010; Braghina, et al, 2008; Meijers, 2006). This basis makes Romania, the most rapid growth to be estimated for the most developed regions (Antonescu, 2011; Antonescu, 2012; Boldea, 2012; Trasca et al, 2013).

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In Romania, the application of the partnership principle was made formally, the EU regulator role being totally accepted to the extent that is correlated with the financial support. However this has not led to an evolution of the multi-level approach and of the good governance, the impact of structural funds on multi-level governance system being insignificant (Wallace et al, 2010).

The same formalism is also identified in achieving the integrated planning documents for the urban development, the results obtained in the Central Region and the urban environment being connected only to the poor system of indicators established within the operational program and not at the level of the operational planning documents elaborated by the local authorities or at the regional level. Therefore, without diminishing the importance of the identified issues at the level of the local authorities, the main obstacles encountered in the absorption of the structural funds, especially the ERDF are mostly generated by the national authorities who have a regulatory role.

2. Planning process and relevant documents at regional level

At the European level, there is an evolution of the manner in which the programming within each Member State must be made in the context of the use of structural and cohesion funds, correlated with the dynamics of the relationship between the national and the local/regional or sub-national level. Although the *Regulation (EC) no. 1260/1999* values the partnership principle much more than the previous one applicable in the Structural Funds, its promoting does not change the local/regional and national equipoise. In Romania the involvement of the regional and national authorities (with impact at the administrative local level) should have been done in partnership but although the participation was ensured, it did not necessarily mean their involvement in the decision-making process or in building the participation feeling to the entire development process, ever since the planning stage. At regional level, the reference document in the regional development is the Regional Development Plan, while at the county level there is the Plan or Development Strategy and furthermore, the development plans or strategies of the local community (municipality, city or commune). In addition, there is a series of other normative acts as well as documents generated by the need for accessing structural funds, namely the ERDF, such as the Integrated Development Plans for the growth poles or the Integrated Urban Development Plans for certain urban areas identified in the cities or municipalities. If we add the requirement of the elaboration of certain technical documentation of planning the development of the public utilities systems - water supply, sewerage and waste management, mandatory for accessing funds allocated to Romania from the Cohesion Fund, we have an image close to the reality that the local public administration authorities must manage in the process of accessing the structural funds.

At local level, as a basis for the regional bottom-up process in terms of local planning, by 2007 there were few laws to allow or to regulate the manner in which a strategic planning document should be elaborated. In addition, the access of the structural funds, in this case the available ERDF through the Regional Operational Programme 2007-2013 for urban development objectives translated into the no.1 priority axis The support of the sustainable development of cities - urban growth poles, imposed a series of planning documents as integrated development plans. Based on these were funded projects promoted by the growth poles and urban development poles set by Government decisions, and urban centres - represented by cities/municipalities with over 10,000 inhabitants, other than the growth poles and the urban development poles.

The integrated development plans had structures that, although offered as an outline by the Managing Authority of ROP 2007-2013 have been mandatory in order to obtain financing. All the outlines include a characterization of the area, a development strategy and an action

plan, which must also present the management measures. Although enumerated as a mandatory section, there were not mentioned certain measures or binding instruments for establishing the baseline and of estimation of the level of fulfilment of the indicators proposed for each project that the management or management structures proposed to follow them. Furthermore, in the list of priority projects were set mandatory entries relating to the objective, proposed activities, estimated budget and implementation period but were not also included sections regarding the indicators and their evolution. Thus there were created the foundations of a poor assessment of the outcomes and the impact that the projects could have generated at the level of the local or regional development.

3. Region for development “Centru” - urban development component between planning documents and structural fund (ERDF) absorption through Regional Operational Programme 2007-2013

As the other PDRs during 2007 - 2013, the Center Region Development Plan for 2007-2013 was developed based on and in accordance with the specific legal provision. The structure includes four sections such as the general social-economic analysis of the Centre Region, SWOT analysis, the Central Region Reference Strategic Framework 2007- 2013 and the implementation of the priorities and measures. The first sections present several statistics to describe the situation, further suggesting the strategic objective of the region and the specific objectives, the priority axes completing the proposed intervention. A specific priority axis VII, The Sustainable urban development, with a single measure 7.1 Support for the integrated urban development, the pole of growth Brasov being one of the priority projects (RDP, 2007) was included. The Centre Region Development Plan for 2007-2013 does not include a strategy and operational measures to make possible the fulfilment of the objectives set, suggesting their dependence on the measures taken at national level, the administrative capacity, and the enforcement of the subsidiarity principle or the public management performance at local or national level not being analyzed. In this context, the achievement of the regional objectives, being primarily the responsibility of the local/regional authorities, depends exclusively on the measures taken at national level, thus marking the authority of institutions at this level. The guiding structure of the Integrated Development Plans (IDP) compulsory document according to GD no 998/2008 is offered as an outline by the ROP 2007-2013 Applicant's Guide, priority axis (PA) 1, and key area of intervention (KAI) 1.1, Sub-area Growth Poles. The Growth Pole Brasov, managed by the Brasov Metropolitan Agency for Sustainable Development has received such a plan, which was approved in December 2009.

The main aspects identified of the IDP of Brasov growth pole analyzes are: a) the first part presents a large amount of information on 202 pages. Although there are various sources of information from the statistical data collected and processed by authorized institutions but also "other sources of information" it is not specified which of these are considered to be according to the reality at the time of the analysis (IDP, 2009) b) There are solutions proposed without the analysis of possible scenarios, especially in terms of the infrastructure problems. Also there is no reference to any proposed solutions by the technical and economic documentations (IDP, 2009), c) In terms of *Projects*, they are in an extremely large number, respectively 300. These are proposed for the public sector and not particularly correlated with the intervention areas. These in turn are not prioritized, chapter 4 “Priority intervention areas selection” containing information only on their equivalence with the urban action areas. Also, there are no details on the methodology of consulting stakeholders and used criteria (IDP, 2009).

In conclusion, our analysis primarily states that there are no criteria for the prioritization of projects and that many of the projects do not address precisely those real direct causes that

generate the identified effects, but aim at general issues. The list of the projects appears as the sum of projects collected from the members of the growth pole, without a preliminary selection of them, in order to identify the relevance towards the objectives of the pole. The lack of estimated budgets, of indicators makes the results estimation and the impact of the programming/planning stage in which this plan fits impossible.

In terms of the mandatory integrated urban development plans (IUDP) for the urban development poles (Sibiu and Targu Mures municipalities in the central region) and the urban areas (nine city halls of municipalities have submitted IUDP containing 27 individual projects, and following the selection and evaluation procedure four IUDP's were approved and funded, of Alba Iulia, Miercurea Ciuc, St. George and Toplița municipalities) we have a comparable situation: all followed the proposed outline by the model provided by the Managing Authority of the ROP, the management structure being presented without providing indicators on which management performance can be evaluated. In this case we can consider that the pursued management objective was the accessing and the successful implementation of projects financed through ROP 2007-2013 and not fulfilling the objectives of the Plan.

This is clearly reflected in the Integrated Urban Development Plan of Sibiu, which presents the criteria for identifying a list of individual projects proposed for funding from ROP 2007-2013, while the Implementation and management structure section specifies that for monitoring the results and the impact of individual projects the indicators from the Applicant's Guide will be used. (IUDP). Although more detailed in terms of powers of persons involved in the management structure, the Integrated Urban Development Plan of Targu Mures does not contain references to the tracked indicators.

In all the developed plans regarding the analyzed urban development in the Central development region there were not identified methods and tools used in data analysis or information presented in the description of the current situation. The formulation of the development vision, of the general or specific objectives at local or regional level is most often based on the statistical analyses, being necessary to overcome the challenge of transposing the managerial decision problem in statistical terms, its formulation being essential for the results of statistical analysis to provide what is necessary in choosing the right decision (Țițan, 2005). Thus, in the implementation of this RDP, as well as of other regional development plans, the existing situation is shown by the sequence of sections including statistical data, structured according to their development over time, which leads to the appearance of the dynamic or time series. These can help bring some variations occurred in time to influence the factors that caused the deviation from the normal evolution, the laws which occurred in the evolution of phenomena and processes (Anghelache, 2005). The lack of methodology used in the achievement of the development plans or of those of urban development makes it possible to interpret that the method used was to extrapolate the time series, a method criticized by specialist statisticians, they were arguing that extrapolating means to adopt the hypothesis according to which the trends of the past will repeat similarly in the future, provided that all other remain unchanged (Băcescu-Cărbunaru, 2009). Therefore, developing local or regional planning documents should be based on a real scientific support otherwise the impact assessment of the structural funds being superficial and un-realistic.

4. Projects at the level of “Centru” region for development 2007-2013 programming period

The estimation of the effects on which the structural and cohesion funds intervention is performed ever since the stage of development of the operational programs (Regulation 1083/2006) on the basis of the guidelines developed by the European Commission in *The New Programming Period 2007-2013 Indicative Guidelines on evaluation methods: ex-ante*

evaluation, 2006. While the role of the ex-ante evaluation is to optimize the allocation of the budgetary resources under the operational programs and improve the quality of the programming process (Reg. 1083/2006, article 46), the ex-post evaluation made by the European Commission aims, besides assessing the effectiveness, the response to questions about the utility and sustainability European Commission. Even so, there are old debates on the assessment of the impact of structural and cohesion funds and the cohesion policy in general, there are opinions that say that the analyses and studies which have been gathered did not bring any clear evidence that the structural funds expenditures had a visible economic impact. (Wallace et al. 2010). Also, the concept of impact is very complex and there are a number of interpretations one of them highlighted on two distinct phases: supply side is after the completion of the implementation phase, when the effects relate to the influence on the funds' suppliers are measured and demand side when the effects are especially recorded from the beneficiaries of funds. Important that because of complexity of the context the qualitative impact depends on too many variables that occur during the implementation, so it is difficult to assess (Băleanu, 2007).

At the beginning of 2015 the situation within ROP 2007-2013 in the Central Region is the following: 1192 submitted projects; 489 contracted projects; 78 projects on the reserve list and in the pre-contractual phase; 296 completed projects; 280.25 million euro spent out of which for the priority axis no. 1 - Supporting the sustainable development of cities - urban growth poles, key area of intervention 1.1 represents: 77 submitted projects; 56 contracted projects; 31 completed projects; 73.17 million euro spent.

Table 1: Situation of the projects, ROP 2007-2013, “Centru” Region, 2015

	Allocated	Submitted projects			Contracted projects		
		no	Requested amount	% from the allocated amount	no	Requested amount	% from the allocated amount
General	470.61	1192	1213.29	257.81	489	582.63	123.80
PA1/ KAI 1.1	144.17	77	260.39	180.61	56	197.67	137.11

Source: Data processed by the author based on the data available on <http://www.adrcentru.ro/>

As is shown (table no.1), the interest of the local authorities in urban areas was high, the amount requested by the submitted projects exceeded 180%. Although a number of projects worth more than the amount allocated for the Centre region for this Priority Axis1, KAI 1.1 were contracted, until March 2015 only 31 projects were completed out of the 56 contracted. If in 2009, the identified problems related to the lengthy evaluation process of the proposed applications for funding, the long duration of time after the conclusion of the funding contract until the contracting of the construction works or the large number of documents to be submitted by the beneficiary to verify the procurement procedure (AIR 2009), in the following years was invoked the poor quality of the access documentation as well as of the reports on technical and financial evaluation of individual projects (AIR, 2010) and the most delays reported to the terms of submitting assumed by the growth poles, as well as in terms of implementation of the financing contracts related to them. (AIR 2010; AIR, 2011; AIR 2012). Besides the latter, AIR in 2013 brings for the first time to the attention the quality of the indicators and the lack of methodology for calculating them, for example the inhabitants indicator that benefits from the implementation of the integrated urban development plans

being relevant. Thus, at the end of 2013, the inhabitants indicator that benefit from the implementation of the integrated urban development plans, was exceeding the total number of inhabitants of Romania (AIR 2013)

At the end of the programming period, 58 projects were financed and implemented with the financial support given by ROP, PA 1.1. as is shown below.

Table 2: The situation at the end of the 2007-201 programming period, ROP, PA 1, KAI 1.1, “Centru” Region for development

Priority Axis no.1	No. of projects	ERDF amount	Total value
1.1 Growth Pole	26	288.708.622	504.332.406
1.2 Urban Deelopment Poles	12	107.521.693	155.809.325
1.3 Urban Centers	20	255.133.880	412.799.989

Source: Data processed by the author based on the data available on <http://www.inforegio.ro/ro/implementare/proiecte-finantate.html> (accessed on May 15th, 2017)

5. Conclusions

The urban local authorities from the Centre Region of Romania, who managed to obtain structural funds, namely ERDF from the allocation of ROP 2007-2013 have exactly met the criteria imposed by ROP Managing Authority, part of the management control system proposed by Romania as a Member State and approved by the European Commission under *Regulation no 1083/2006*. Thus, although the projects should have contributed to solving some constraints of the local community, they were meant primarily to meet the required criteria and not necessarily the local development needs.

Given the top-down method of achieving the planning documents it is possible that the regional policy in Romania to remain at an early stage of development, the allocation of the structural funds to NUTS II regions only strengthening the national level control on the local indirect one, by requests that do not appear in the specific regulations of the public administration, but guides or other documents issued by the Managing Authority.

Thus, under the appearance of a system based on the principle of partnership, on good governance, a mechanism of influence of the development is generated without a real connection to the needs of the local community, of its citizens. It is therefore required a rethinking of the planning process so as to ensure the participation of all the levels of governance in parallel with the strengthening of the powers of the local authorities, as being the closest to the citizen. In addition, the involvement of experts from various scientific fields will lead to the increased quality of the prepared documents, so that they will be real working tools.

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TELEWORKING IN CENTRAL AND EASTERN EUROPE

Claudiu Chiru¹

Abstract: *Teleworking is a remote activity carried out by information and communication technology (ICT) equipments so that the employee is able to perform his job duties away from his office. Teleworking is a kind of flexible work which is more and more used as a way of reducing personal costs, improving productivity, reducing pollution. This paper is an introduction to teleworking and presents concepts related to this area, also presenting the evolution and trends of this form of work in the European Union and Central and Eastern Europe.*

JEL Classification: M15, O33

Keywords: Teleworking, telecommuting

1. Introduction

Teleworking is a form of work activity using the technology information in the context of a contract of employment, in which work, usually done at the headquarters of the employer is executed away from that office, on a regular basis. In other words, telework is a remote work in a flexible working environment in which the employee carries out his / her activities in an approved workplace, different from the location from which the employee would normally have worked.

Adopting a policy of teleworking in a company is dictated by several factors, legal, economic, social, technical, among which we can mention:

- Legal factors.
 - **The voluntary character of this activity.** Remote work is voluntary for the employee and employer. Remote work may be mandatory as part of the initial job contract or may be included later as a voluntary arrangement. Certain types of employment duties do not allow remote work. If the distance work is not part of the original employment contract and the employer offers the possibility of remote work, the employee can accept or refuse the offer.
 - **Frequency.** Under the applicable law, collective agreements, company regulations and individual work contracts the remote worker manages his own work program, within the limits and conditions established by the employer's instructions. This requires a worker's self-responsibility. The written contract (individual) contains the frequency of remote work, where applicable, the days for the remote work, days and / or hours of presence at the employer's headquarters and hours or periods in which remote workers must be available and by what means. It is important that the employee is not isolated from the rest of the community working within the firm. This can be achieved, for example, by offering the opportunity to meet with colleagues on a regular basis and by giving access to company information.
 - **Data protection.** The employers responsible for taking the appropriate measures especially with regard to software, to ensure the protection of data used and processed by the remote worker in the interests of the service. The employer must inform the distance worker of all relevant laws and regulations concerning data protection.
- Social factors. Education of the employees.
- Technological factors. IT infrastructure.

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- Economic factors. Level of well-being has a significant influence on the adoption of teleworking.

Teleworking has many advantages looking from the employer's side as well as from the employee's point of view. The employer benefits are: a flexible working time, lower costs, strong relationship with the family, improved balance between work and family life, possibility to participate in the activities of local communities. On the other side the employer benefits are: lower costs, increased productivity, flexibility, stability of the personnel. There are also social and economic advantages like decongesting of the traffic, reduced pollution, access to work for people with different kinds of handicaps.

2. Teleworking IT technology

The technology used in teleworking is not a special technology, but the components must be chosen so that the stated goals of the job can be achieved. Anyway, both software and hardware as well as communication must meet high quality requirements.

The criteria that companies may use are:

Security: The company has to evaluate the importance of the data being transmitted through the corporate network and outside the corporation to the teleworker location. High security requirements does not mean that the company should abandon the teleworking policy but it has to be careful with data security.

Scalability: Company has to develop a telework policy and make forecasts concerning the number of teleworking positions for a year, five years and more. If the number of teleworkers is significant then the infrastructure IT requirements modify: high speed internet connection, acces to the corporate network, access corporate software resources.

Computers: If the employee uses his own computer the employer does not have control over it, over the software that the computer contains, what is downloaded or uploaded or who uses the computer. If the employee uses a company's computer then the employer has greater control over the teleworker's computer and may safely implement the security policy. It also has control over the software and the access on that computer.

Corporate network access: Access to the corporate network is through VPN. The VPN offers the teleworker a secure internet connection. The teleworkers will have access to the company network which will improve the employee's productivity. The teleworkers that have not the resources to connect to the company network would use basically e-mails for communication and transferring files over the network.

Internet connection: The Internet connection may be wired (DSL, cable modem, fiber, broadband over powerline), wifi, satellite or mobile telephony. Upload and download speed are very important for videoconferencing or sending/receiving emails, sending/receiving files. The higher the upload and download speeds the better the transmission quality. Nowadays upload and download speeds are about tens of Mbs when using wired transmission.

There are at least five technologies that may improve teleworking performance: Cloud computing and virtualization, Virtual private network, Electronic management of documents, modern phone systems and web or video conferencing. These technologies bring additional resources for better communication, better on line services, better management of documents, etc.

3. Teleworking worldwide

According to 2016 PGI Global Telework Survey (PGi, 2016) teleworking is getting more and more used by the companies. PGI polled thousands of workers in North America (NA), Europe, the Middle East and Africa (EMEA) and Asia Pacific (APAC). The results are very encouraging for the teleworking supporters and for the companies wishing to implement teleworking policies (PGi, 2016):

- About 60% on average telework at least 1 day/week;
- More companies are positive towards telecommuting say (EMEA 77%, NA 67%, APAC 80%) of the teleworkers;
- Flexible work conditions were very satisfying for the workers so that they skipped long commuting into the (EMEA 57% 15-30 min/day, NA 28% 15-30 min/day, APAC 24% 15-30min/day);
- A large percent of the interviewed teleworkers (EMEA 58%, NA 43%, APAC 83%) report they want to telecommute more often, at least 2-3 days a week.

4. Teleworking in EU and Central and Eastern Europe

In UE has been a constant interest in promoting alternative types of work like teleworking. Social partners, The European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe / the European Union of Crafts and Small and Medium-Sized Enterprises (UNICE/UEAPME), and the Centre of Enterprises with Public Participation (ECPE) have signed a framework agreement on telework aimed at establishing a general framework at European level on employment conditions of teleworkers and harmonizing flexibility and security issues shared by employers and workers. This framework offers teleworkers the same overall level of protection as employees who work at employer's premises.

According to the statistics provided by the EWCS (EWCS, 2005) for the 27 Member States, the Czech Republic, at the level of 2005, has the highest percentage of teleworkers (15%). Also, the statistics provided in Table 1 show that teleworking is viewed as a part-time job rather than a full-time work in most of the countries.

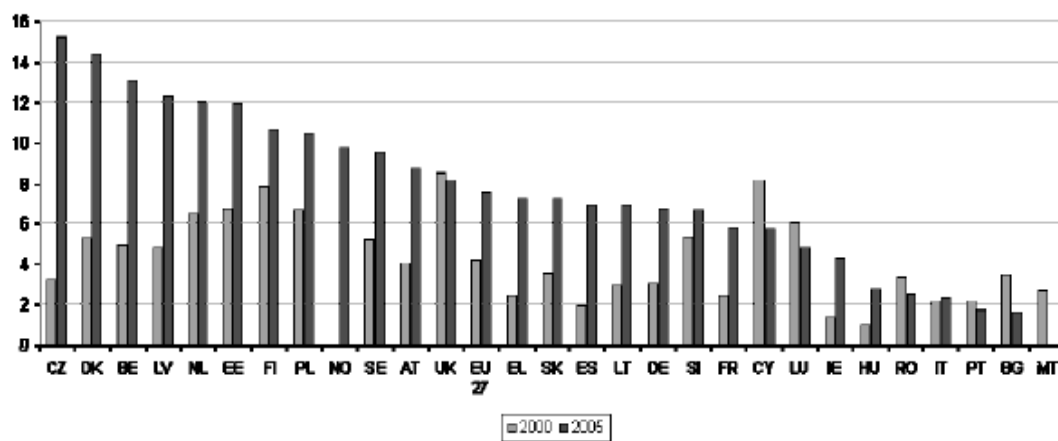
Among the CEE countries, a group of countries with significant percentages of teleworkers is clearly delineated: the Czech Republic, Latvia, Estonia, Poland. Among the Western European countries, Denmark, Belgium, Finland, the Netherlands are countries with higher percentage and there is a group with a low rate of teleworkers (some East European and South Europe countries – Bulgaria, Romania, Italy, Portugal)

Figure 1 shows the development of teleworking in the 2000-2005 period. The percentage of teleworkers has been constantly increasing and in countries like Czech Republic, Denmark, Belgium, the growth rate has been very high (in Czech Republic the growth rate has been 500%). In Luxembourg and Bulgaria the percentage of teleworkers has decreased.

Table 1. Incidence of telework in the EU27 and Norway, 2005 (%)

	% involved in telework at least 'a quarter of the time' or more	% involved in telework 'almost all of the time'
Czech Republic (CZ)	15.2	9.0
Denmark (DK)	14.4	2.6
Belgium (BE)	13.0	2.2
Latvia (LV)	12.2	1.8
Netherlands (NL)	12.0	1.9
Estonia (EE)	11.8	1.4

	% involved in telework at least 'a quarter of the time' or more	% involved in telework 'almost all of the time'
Finland (FI)	10.6	1.6
Poland (PL)	10.3	2.3
Norway (NO)	9.7	1.3
Sweden (SE)	9.4	0.4
Austria (AT)	8.6	3.2
United Kingdom (UK)	8.1	2.5
Slovakia (SK)	7.2	3.4
Greece (EL)	7.2	1.4
Spain (ES)	6.9	1.5
Lithuania (LT)	6.8	0.7
Slovenia (SI)	6.7	1.9
Germany (DE)	6.7	1.2
France (FR)	5.7	1.6
Cyprus (CY)	5.7	0.0
Luxembourg (LU)	4.8	0.0
Ireland (IE)	4.2	0.5
Hungary (HU)	2.8	0.5
Romania (RO)	2.5	0.7
Italy (IT)	2.3	0.5
Portugal (PT)	1.8	0.4
Bulgaria (BG)	1.6	0.0
Malta (MT)	0.0	0.0
EU27	7.0	1.7



Note: Figure shows the percentage of employees doing telework at least a quarter of the time or more.

Source: EWCS, 2005

Figure 1. Telework development in EU in 2000 and 2005

In 2012, Eurofund published the European Working Conditions Report in the European Countries, EWCS 2010 (EWCS, 2010), which introduces a new working category, e-nomad (electronic nomad), a person performing the same tasks as a remote worker (teleworker). The term e-nomad was preferred to explain better working remotely from different locations and using modern means of IT technologies. According to EWCS 2010, a quarter of European workers are e-nomads. The number of e-nomads varies considerably between studied countries: from 5% in Albania, Romania, Turkey to over 40% in the Netherlands, Denmark and Sweden and 45% in Finland.

According to EWCS 2010, 65% of the e-nomads are men, 55% have higher education and 45% are between 35-49 years. These categories of e-nomads work mainly in financial services, government and education. E-nomads work longer, especially on Saturday and Sunday evenings and more. With regard to the time worked in his free time it can be said that 1 in 10 e-nomad works longer in his free time than average workers that performs the same tasks.

In the years 2010-2013 (EurWork, 2014), the UE States continued its policy of promoting the concept of teleworking. EU teleworking is especially prevalent in the Nordic countries where the ratio of teleworkers in proportion to the number of employees is quite high. In Finland, for example, hours of work within flexible work increased from 60% to 70% since 2006, while 10% of workers were engaged in teleworking. These issues can be found mostly in the private sector than in the public one.

Published in 2015, European report on working conditions in European countries, EWCS 2015 (EWCS, 2015), analyzes the incidence of digital technology in Europe. The figures show that ICT (Information and Communication Technologies) is more and more used on a daily basis at work and also at home. 37% of the users of ICT use laptops, computers and digital devices at work very intensive. There is a large groups of ICT-mobile workers who work at home known as teleworkers. 9% of workers in the EU use ICT outside offices: 2% telework mainly from home and 7% are exclusively ICT-mobile workers. Northern countries like Denmark, Netherlands, Sweden have the highest percentage of teleworkers and ICT-mobile workers. The report does not present a situation of teleworking incidence by countries but rather by occupation and intensity of use.

Countries in Central and Eastern Europe have developed policies concerning teleworking and most of them have legal framework, codes and recommendations. Statistical data which refers to teleworking is poor for the Central and Eastern Europe Countries. Below we present a table with statistics referring to teleworking taken from Eurostat.

Table 2: % involved in telework

Country	Percent of total number of workers (%) 2011	Percent of total number of workers(%) 2013
Slovenia	6.8	7.3
Estonia	5.0	6.2
Poland	4.8	4.1
Slovakia	3.7	3.5
Lithuania	3.4	4.1
Czech Republic	3.3	3.5
Hungary	2.9	3.9
Latvia	2.2	2.3
Croatia	0.9	1.0
Bulgaria	0.6	0.5
Romania	0.5	0.3

Source: Eurostat, 2011 and 2013

Poland

In Poland, European Framework Agreement on Telework was implemented starting with June 2005 with a project of agreement on teleworking which was signed by Polish social partners (trade unions, employers' organizations). Later in 2007 there have been introduced some amendments to the Labor Code regulating regulating the rights and obligations of employers and teleworkers.

Statistical data offered by the Institute of Labor and Social Affair 2001-2002 taken from the research project "Flexibility in demand for telework in Poland. Analysis and simulation" (IPiSS, 2003):

- 2.3 % of enterprises declared that they are using telework
- 4.2 % companies declared that they will introduce telework in the future

According to an European Social Fund project survey "Telework. Nationwide training and promotional programme for enterprises" 2005-2006 :

- 16 % of enterprises are using telework
- 19% of enterprises declared that they will introduce telework in the future

Considering data from table 1 we can see that the number of teleworkers in Poland has slightly decreased. Many employers agree that teleworking is difficult in Poland because of the regulations. If an employer decides to hire a teleworker than he has to provide the teleworker with ergonomic equipment and also control employees and ensuring proper conditions in their workplace.

Hungary

In Hungary, there is a dispute over the benefits of teleworking. Some employers are optimistic about this issue and see an opportunity to reduce spending and increase productivity. Others look at this form of work with fear because, in their view, control over the employee is lost.

According to the Central Statistical Agency 2006-2014 (Központi Statisztikai Hivatal, KSH, 2014) telework has become a very popular form of work. Due to economic crisis many workers had lost their jobs and teleworking was an important alternative for them. KSH data show that the ratio of woman and men working in the teleworking sector has increased to almost 10%. The highest rate is in the central region of Hungary (14% in 2014). In the northern part of Hungary there are only 4.5% working as teleworkers.

The Hungarian Labor Code has provided, since 2004, special articles for those who carry out teleworking activities. It is recognized internationally that teleworking standards are adequate in line with EU requirements but due to the number of teleworkers and the reduced teleworking volume these rules could be put into practice quite rarely.

Czech Republic

Czech Republic has the most important growth of teleworker number among the CEE countries. According to the Czech Statistical Office in 2005 there were 85,800 economically active persons considering that teleworking was a serious option, 58,100 of whom were men and 27,700 were women. Teleworking was very popular in the 25–34 year age group, which is 28.4% of such workers, 26.4% of teleworkers were in the group of 35–44 years and 24.7% were in the group of 45–54 years.

According to Czech Statistical Office data for 2004, telework is used more often in micro-enterprises with 5–9 employees, and in the ICT sector or in ICT activities related sector (4.9% of all employees). Considering sectorial distribution, 4.6% of the employees work as teleworkers in the post and telecommunications sector followed by the manufacture sector 3.8%. of the employees work as teleworkers in manufacture of coke and petroleum products, chemicals, rubber and plastics sectors.

According to Eurostat statistics, Czech Republic has 3.3 % of their workforce involved in teleworking activities in 2011 (table 2). This percentage had a slight rise for the year 2013.

In 2016 The Czech Labor Code has been amended with the regulation of teleworking according with the framework agreement signed by social partners at the European level.

Romania

In Romania, until 2017, teleworking was defined only in the Labour Code, chapter 9 (working from home) and there was no other document that mentioned telework. National Statistics Institute, has no official statistics regarding teleworking in Romania. European Commission (Employment 2014 – Eurostat) published data about workers and their jobs in the UE. According to statistics listed in 2014 there were 0.4% workers aged 20-64 who worked at home. Figures from table 2 show that teleworking in Romania is not well developed (0.5 % teleworkers from the total number of workers). Romania is on the last place among East European Countries.

In 2017 (Romanian Government, 2017) the Romanian government has adopted a bill concerning teleworking. The document regulates telework, which will concretely represent a form of work organization in which the work of the employees could be carried out at the employer's premises, but is actually deployed from a completely different place with the help of the technology. For example, editors hired by a company holding a general information site could work directly from home, since their work involves internet work. Teleworking can only be volunteered on a regular basis on the basis of an individual employment contract. Specifically, telework will be "the form of work organization whereby the employee, on a regular and voluntary basis, performs his / her duties specific to the job, occupation or occupation he / she occupies in a place other than the workplace organized by the employer for at least one day per month using information and communication technology".

On the other hand Romania has taken significant steps to develop IT infrastructure. According to ITU (ITU, 2016) statistics, the number of internet users increased from 3.61% of the population in 2000 to 59% in 2016. Compared to 2015, in 2016, the average download speed experienced by fixed Internet users in Romania increased by about 78%, while the average download speed of mobile internet data recorded an increase of 35%. At this time, the price for a teleworking post is already accessible to middle-income Romanians so teleworking has all the technical conditions to develop in Romania.

5. Conclusions

Fifteen years after the European social partners concluded the Framework Agreement on Distance Work, on 16 July 2002, remote work is getting more and more appreciated. Today, information and communication technology offers a wide range of opportunities to organize work in a more mobile and flexible way. Telework offers them advantages to both employers and employees.

Employers can benefit from more satisfied and motivated employees, while benefits for employees include greater flexibility in work schedules and time, money and stress savings due to reduced need for commuting.

Telework can create logistical benefits on both sides. Also, telework can have a positive impact on the environment and the public community: it can reduce pollution by reducing the need for transport and commuting between employees and the office, which is a benefit for the society as a whole. Telework requires a high level of self-responsibility of the employee. The European social partners consider this new way of work to be one of the key levers for a better quality of life at work and for improving the performance of firms.

As we can see from the figures presented in this paper, teleworking in some eastern European countries is still at its beginnings. Although IT technology in these countries is

rather well developed, employers are still reticent towards this form of work, thinking that this requires additional costs or they might lose control over the employees. For example, in US in 2013, Yahoo company, through his manager Marissa Mayer (Tkaczyk, 2013), changed company's policy to require all workers to work in corporate offices. Yahoo Policy provided that some employees could perform the work remotely if their position was suitable. Another big company, IBM, told their employees to come back to office saying that "Team proximity appears to help foster better new ideas." (Kesler, 2017).

In the future, fast connections and the Internet will be standardized, networks will be present everywhere without being visible. There will be incredibly fast wired networks, home to work, and high-speed services will connect us wherever we are. The beginnings of the millennium start look at how these omnipresent networks will influence activity and quality of life. The benefits of being universally connected are a much more efficient trade and a more comfortable life. Also this will make teleworking a prevalent form of work.

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ASPECTS REGARDING THE CONTRIBUTION OF INNOVATIONS TO THE DEVELOPMENT OF ENTREPRENEURSHIP IN THE EUROPEAN UNION

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Abstract:

The aim of the paper is to deepen the theoretical foundation on entrepreneurship and innovation, as well as to develop practical recommendations on the development of entrepreneurship through innovations. We aimed to identify and argue the role of innovation in entrepreneurship development, underlining the role of innovation as a growth factor and as an element of businesses and SMEs development.

In the paper are presented comparative analyzes, findings, advantages and disadvantages of the ways of development and financing of entrepreneurship in the European Union, which should be taken into account for the future policies in this field starting from the regional levels and continuing at the country level. At European Union level, many measures and policies have been adopted to support R&D and innovation, some of which have already been implemented or are being prepared.

Key words: *entrepreneurship, innovation, research and development, entrepreneurial business, competitiveness, European Union*

JEL Classification : O30, O20, L26

1. Conceptual delimitation of innovation, entrepreneurship and entrepreneurial business

Innovation and entrepreneurship are considered to be the main driver of economic development, and the innovation process is the key factor for economic growth. Currently, the importance of innovation both at micro and macro level is strengthened by the economic crisis and international competition. Ensuring sustainable growth can only be achieved through continuous innovation processes. Entrepreneurs become the key players that turn ideas into new business with new products or services for new markets. Business creation is an effective tool for promoting value-creation in technologies and research, based on creativity. In the literature on inventions and innovations, as forms of manifestation of creativity, we mention: discovery, invention and innovation.

In economic literature the term "innovation" is approached by several authors from different perspectives. According to the Romanian Explanatory Dictionary "innovation is novelty, change, transformation; solving a technical or organizational problem with the aim of improving (productivity) work, technical improvement or rationalization of applied solutions".

Depending on the subject of the research, innovation has been treated differently by many foreign researchers. B. Twist, B. Santo and E. Mansfield treated innovation as a process: "... the global process of technological and commercial creativity, the transfer of a new idea or a new concept to the final stage of a new product, process or activity services accepted by the market " (Mansfield E, 1995).

From a technical and technological point of view, innovation is presented in F.Nicson's work and in standards of the Oslo Manual. Nicson believes that "innovation is a combination of technical, production and trade events that lead to the emergence of new processes and equipment on the market" (OECD, 2005). In the Oslo Manual, innovation is "the implementation of a new or significantly improved product (good or service) or process, a

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new marketing method or a new method of practical business organization, workplace organization or external relations" (Baloiu L., Frăsineanu I., Frăsineanu C., 2001).

Another definition was founded in the Frascati Manual of the OECD, where innovation is defined as "the ultimate outcome of the innovation activity represented by all the scientific, technological, organizational, financial, and commercial actions that involve investing in new knowledge designed to achieve a new or improved product " (OCDE, 2015).

In our opinion, it is necessary to highlight the following *invention-innovative innovative process* relationship and the description of a distinction between these concepts:

Invention represents a breakthrough made for the first time, constituting a breakthrough in a certain field (science, culture, economy, etc.). Creative resolution of a technical or production issue that presents novelty or progress in relation to the known state of the art in the world. Technical solution or achievement in a field of knowledge, presenting novelty and progress to the state of the art so far.

Innovative process - the global process of technological and commercial creativity, the transfer of a new idea or a new concept to the final stage of a new product, process or service accepted by the market (Baloiu L., Frăsineanu I., Frăsineanu C., 2001).

Innovation - the result, the finality of the innovation process, aimed at introducing the invention into social practice (Frăsineanu I, 2004). This is not only a technological success, but also an economic, industrial, commercial, social and cultural one. So innovation is a process of transforming inventions or discoveries that present novelty and progress in a field into new products or services applicable to social practice.

Innovation in this context can be defined as a product, new process or new or improved method, which has a practical applicability and is the result of a creative process of transformation of ideas into concrete things.

Peter Drucker mentioned that "innovation is the specific instrument of entrepreneurship, the means by which it exploits change as an opportunity for a different business or for a new service. It is the act that provides resources with a new capacity to create wealth. Innovation creates a resource, used by man to create economic value" (Gartner W.-B, 1989, p.30). Instead, in Schumpeter's view, creating an economic value or, in other words, a new product, would involve combining existing products and forces to produce something else or create new combinations. At the same time, he mentioned that "economic agents, who have as a basic function the realization of the new combinations and which are their basic element, can be called entrepreneurs (Schumpeter, J.A 1982). An entrepreneur can only be called the one who achieves a "new combination" and "characterized by initiative, authority, foresight ability and others" (Schumpeter, J.A 1982), while Peter Drucker defined the entrepreneur as "the person seeking change, respond to change, and use it as an opportunity " (Drucker P.F 2002, p.28). So, entrepreneurs should see the change as a norm and always aim at them, regardless of the risks involved. Drucker believes that the strengths of successful entrepreneurs are knowledge-based innovations, as the main source of enterprise innovations would be the human resource, and outside the enterprise could be needs, opportunities, demographic criteria, and so forth.

At present, the concept of entrepreneurship is much broader and involves a specific way of thinking and behavior, based on the entrepreneurial spirit - the quality of the business personality that manifests itself through energy, the finding of solution and invention. In its normative acts, the Council of Europe defines entrepreneurship as "the creative capacity of an individual, independently or within an organization, to identify an opportunity and follow it, in order to produce new value or economic success" (European Commission, 2017).

At the level of the European Union, "entrepreneurship" is treated as an economic phenomenon, which manifests itself in different forms, producing various results that do not necessarily refer to the creation of financial wealth. Entrepreneurship is an essential vector of

economic growth and job creation: it creates new businesses and jobs, opens new markets and stimulates new skills and capabilities. Entrepreneurship stimulates the competitiveness and innovative spirit of the economies and is essential to meeting the objectives of several European sectoral policies. Marketing new ideas increases productivity and creates prosperity (European Commission, 2013).

According to the OECD - Eurostat Entrepreneurship Indicators Program, entrepreneurship is defined from a commercial perspective and takes into account three components: entrepreneurs (individuals, business owners) who are continually seeking to generate value by creating or developing an economic activity by identifying and exploiting new products, processes or markets), entrepreneurial activity (in undertaking measures to create or develop economic activity, in order to identify and exploit new products, processes or markets) and entrepreneurship, which is an associated phenomenon with entrepreneurial activity (OECD, 2011). Aspectele acestor componente:

- The concept of entrepreneurship and entrepreneurship does not refer only to small or individual enterprises. Creating value by identifying and exploiting new products, processes, markets is done through the entrepreneurial process, regardless of the size of the enterprises.
- Entrepreneurship is very closely related to the idea that entrepreneurial businesses have certain peculiarities that are fundamentally different from other types of businesses: it is clear that they concern novelty either by creating or identifying new processes, new products or new markets.
- State intervention in entrepreneurial activity can be direct or indirect, financial or non-financial; however, the goal will remain the same: promoting and developing entrepreneurship.

In a classic approach, "entrepreneurial activity is self-employed activity, conducted at its own risk and aimed at systematically obtaining profits, as a result of the use of goods, the sale of goods, the execution of works or the provision of services by the persons officially registered therein quality in the manner established by law.

2. The relationship between innovation and entrepreneurial development

Entrepreneurship and innovation are closely interlinked, the innovation being an important element in the entrepreneurial process leading to economic growth (Figure 1).

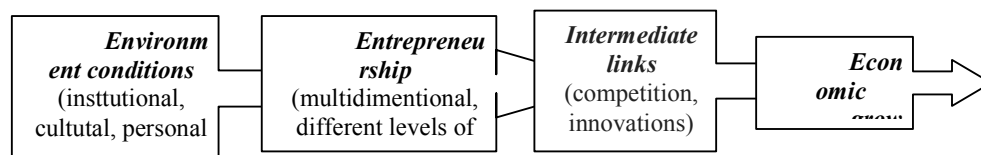


Fig.1. The relation between entrepreneurial process and economic growth

Source: Adapted after Galindo M., Guzman J., Ribeiro D., 2009

In order to successfully carry out the entrepreneurial activity, there must be some mandatory environmental conditions (personnel, culture, institutional). The environment is to a large extent understood as a composition of economic, social, political, legal and cultural factors. They determine the character and dynamics of entrepreneurship. It should be noted that entrepreneurship is designed and developed entirely by staff (individuals or teams). Every business depends on the competence and creativity of the staff. Another compulsory element is the culture of entrepreneurship. The culture of entrepreneurship is rising from the general culture of the nation and is an integral part of it. Entrepreneurship creates its own culture through employees, working policies and how to interact with society. Here we can mention

that entrepreneurship is adapting to the realities that arise from politically determined institutional systems. If these systems / structures are built incorrectly, then entrepreneurship, instead of contributing to economic growth, could be centered on unproductive and destructive actions. It can therefore be added that these negative actions in some institutional systems will largely depend on the formed culture of entrepreneurship and, at the same time, those institutional systems or structures will have an influence on their character and development (Galindo M., Guzman J., Ribeiro D. 2009).

Because entrepreneurship is multidimensional and can be analyzed at different levels, through intermediary links that are given by innovation and competitiveness, its development can lead to economic growth. Thus, entrepreneurship seeks to create new opportunities and profit, and these opportunities can emerge through innovation.

As a result of the analysis of the definitions of entrepreneurship, presented both by foreign and domestic authors, of the legislation in force, we can define entrepreneurship as an innovative process of achieving a number of interdependent activities in order to initiate, operate and develop a business with assuming all the related risks.

One of the first economists to associate entrepreneurship with innovative activity was Schumpeter. He was concerned about studying the factors that contribute to economic development (Schumpeter, 1982). According to the influence factors of creation, three types of innovative entrepreneurship can be distinguished:

- introducing productive innovations is the process of renewing the company's growth potential, which leads to increased profit, prestige, job creation, etc.
- technological innovations are the process of improving production potential, which is geared towards increasing labor productivity and saving resources, resulting in increased profit volumes, improving security technology, efficient use of internal information resources.
- social innovations reflect the planned process of improving the social sphere.

The American authors Michael Porter and Peter Drucker, to describe small business, often use the term entrepreneurial business (or entrepreneurial business) and small business, which are two different concepts. The main feature of the entrepreneurial business is its innovative character. The essential difference between these types of organizations is how they address innovation, even if they produce the same products or provide the same services. But there are some overlapping of concepts as the entrepreneurial business starts as a small enterprise.

P. Drucker mentioned that "at the base of every big business there was a small one" (Drucker P.F, 2002, p.16). Many entrepreneurs prefer to remain in the initial stage, to operate on the market with a secure and stable profit. However, entrepreneurial businesses do not stop here, they are flexible at change, looking for new development opportunities through processes, innovative products or seizing new markets, while the innovative business from the start is founded to create innovations.

Any innovative activity can be considered an entrepreneurial business and is based on:

- looking for new ideas (from a new product to a new structure) and evaluating them;
- finding the necessary resources;
- creating and managing an enterprise;
- getting income and personal satisfaction from the results.

Not every business is innovative, just the one that allows revenue to be earned as a result of creating the production process, using and distributing innovative products. Technical and scientific progress and enterprise-level innovation enable it to develop and create new jobs. In most developed economies, SMEs are seen as a backbone of the economy. Conceptually, small and medium-sized enterprises can be defined in the same way as any other type of enterprise, that is, the unit engaged in the production, distribution and sale of

products and services where the factors of production are combined to produce products and services (Roşca-Sadurschi L., 2013).

As a result of the analysis of the concepts of entrepreneurial business, innovative business and SMEs, we conclude that the basis for innovation lies in both the creation factor and the development element.

3. Promoting entrepreneurial activity through innovations in the European Union

A characteristic feature of developed countries is an innovative development that relies on the targeted process of seeking, preparing and implementing innovations that will improve the efficiency of social production. The efficiency of innovation activity is driven by innovative infrastructure. Therefore, innovative infrastructure is a core component of the innovation economy and national innovation potential. At the same time, it is the main instrument and mechanism of an innovative economy capable of increasing the country's economy to a high level of development. Innovative infrastructure must include all elements of the innovation process (education - research - production - consumption) and must possess the following properties:

- Spread across regions that will enable you to address the functional challenges of the whole innovation cycle: from creating innovation offer, marketing research, and feasibility study to introducing and marketing innovations.
- To be universal and flexible, contributing to the implementation of innovations in various fields and to adapt to the rapid changes in the development of science and technology as well as the market environment.
- Informational, financial, staffing of all the elements of the innovation process.
- Constructiveness, which ensures optimal end result.
- Flexibility, which ensures the adaptation of innovative infrastructure to market requirements.

At European Union level, many measures and policies have been adopted to support R & D and innovation, some of which have already been implemented or are being prepared. The variety of these measures reflects the diversity of conditions as well as cultural preferences and priorities in EU countries.

The objective of the European Union to become "the most competitive and dynamic economy in the world" is achievable by a number of policies adopted at national, regional and even local level set in Lisbon and reaffirmed by the Europe 2020 strategy for smart growth , sustainable and inclusive ". In order to achieve these objectives, the French State, based on the proposal of the European Commission, launched in 2007 an experimental project "Regional Innovation Strategy", setting out the strategic objectives for each region, depending on its competitive priorities and advantages. This strategy requires a common methodology for all regions. The "Regional Innovation Strategy" is based on three objectives: a strategic approach, based on a diagnosis of the strengths and weaknesses of the territory, the desire to maintain a wider perspective of innovation in all its forms and, finally, a constant improvement in the coordination of national, local and European policies for innovation (European Commission, 2013)

The results of this experience are positive and worthwhile. Following the implementation of this strategy, it turned out that the vast majority of enterprises, especially SMEs, to become more innovative need: specialized consultations, highly qualified human resources, financing instruments, but also the development of state-owned mechanisms support and support for innovation. The preventive evaluation of the results of the strategy highlighted yet another major problem - the lack of collaboration between the participants in the innovation process (incubators, technology transfer organizations, technical platforms and others). Thus, in order to meet the need for better coordination among actors in the system,

several regions have opted to promote a "business" approach or the establishment of "key functions" of support and support structures for innovation. The "objective and means contracts" link has been established to strengthen the role of regional innovation agencies (eg Innovergne, ARITT in the Center region, Seinari in Haute-Normandie, CARINNA Champagne-Ardenne), in some cases a reconciliation works with regional development agencies.

The European Innovation Scoreboard provides a comparative analysis of innovation performance in EU countries, other European countries, and regional neighbours. It assesses relative strengths and weaknesses of national innovation systems and helps countries identify areas they need to address. The 2017 edition of the Scoreboard reveals that EU innovation performance continues to increase, especially due to improvements in human resources, the innovation-friendly environment, own-resource investments, and attractive research systems. Sweden remains the EU innovation leader, followed by Denmark, Finland, the Netherlands, the UK, and Germany. Lithuania, Malta, the UK, the Netherlands, and Austria are the fastest growing innovators (European Innovation Scoreboard Report (EIS) 2017).

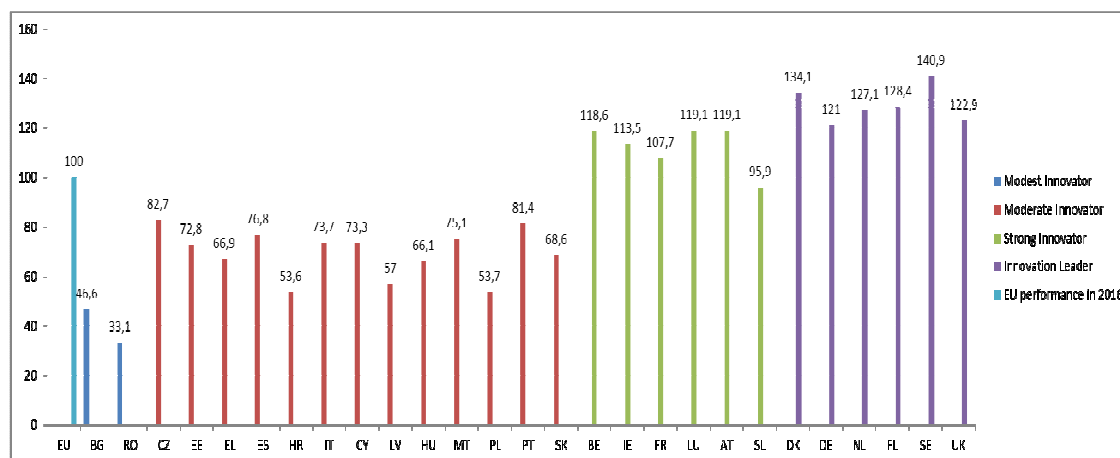


Fig.2. Performance of EU's member states in 2016 relative to EU performance in 2016, Source: European Innovation Scoreboard 2017 Database

Industry accounts for 80% of Europe's exports. Some 65% of private sector research and development (R&D) investment comes from manufacturing.

Therefore, industrial modernisation in Europe must be broad-reaching and include:

- the successful commercialisation of product and service innovations
- the industrial exploitation of innovative manufacturing technologies
- innovative business models

Studies show that those companies who prioritise innovation are also those who experience the highest increase in turnover (Innobarometer, 2016):

Some 79% of companies that introduced at least one innovation since 2011 experienced an increase of their turnover by more than 25% by 2014.

Small and medium-sized enterprises (SMEs) are a particular target for innovation policy. The smaller the company is, the more it faces constraints to innovation or to the commercialisation of its innovations.

Some 63% of companies with between 1 and 9 employees declared having introduced at least one innovation since 2011, compared to 85% of companies with 500 employees or more.

Some 71% of companies with between 1 and 9 employees encountered difficulties commercialising their innovations due to a lack of financial resources, compared to 48% of companies with 500 employees or more.

Concerning the financing of innovation, there is clearly a lack of tools to support the crucial phases of initiating and developing innovative projects. In line with the strategy, the following measures have been taken: support for seed or start-up seed funds, implementation of financial engineering instruments, guarantees, innovation-oriented co-investments, support from EU funds (ERDF) and national funding partners (deposit funds, banks), dynamic business networks and business angels.

Increasing the number and success of innovative projects also requires additional funding. We still need business leaders, students and researchers with an innovation initiative - ready to engage in an innovative approach. This is the reason for the component aimed at strengthening the demand for innovation companies or their innovation capacity, which occupies an important place in the "Regional Innovation Strategy" and in the Action Plans. Thus, in order to increase the number of innovative enterprises, concrete measures are envisaged not only in order to organize a business R&D function, but also to disseminate the innovation culture (through education and training) and innovation management capacity in SMEs -hate (European Innovation Scoreboard 2017)

The availability of financial resources—equity and debt—for small and medium enterprises represents an important condition for their creation, development, and survival. In the light of the latest global financial crisis, the lack of access to finance has been often cited as one the most significant barriers to start a new venture in many EU countries (Anton S.G., Bostan I, 2017). Regarding the access of enterprises to private financing, Europe is much behind the United States in terms of venture capital. Initial venture capital funds in the EU represent less than half of the US level and are significant only in Norway, Denmark, Portugal, Finland, Belgium and France. Only the United Kingdom, Sweden and Switzerland are distinguished in terms of venture capital investment in the expansion phase. In the absence of sufficient prospects for obtaining high return on investment, interest and demand for R&D or innovation at national level (European Commission, 2017).

4. Conclusions and proposes

Although in the literature the innovation was treated differently: as a process, a means of technically and technologically changing, we conclude that innovation is a process of transforming inventions or discoveries that present novelty and progress in a certain field , in new products or services applicable in social practice. So this finality is called - innovation. In this context, innovation has been defined as a product, new process or improved method, which has a practical applicability and is the result of a process of transformation of ideas into concrete things.

Their applicability is found, first of all, in entrepreneurship. Thus, entrepreneurship is defined as a process of achieving a range of interdependent activities in order to initiate, promote and develop a business based on innovation and that includes innovative elements, assuming all the specific risks.

One of the aims of this paper was to present the notion of innovation in a new context, not just as the main feature of entrepreneurial business, for example, as P.F. Drucker, but also as a major element of entrepreneurship, necessary for its development. It is important to make a distinction between the entrepreneur and the entrepreneurial activity. Entrepreneurial activity always involves the existence of the entrepreneur, and it can exist without entrepreneurial activity, because people, working in an enterprise, can manifest entrepreneurial spirit without being owners or shareholders.

Innovations are a way of progressing the least risky enterprises, because any innovation is followed by some positive effects. At the same time, innovation is a source of survival and competitiveness. By introducing business innovations, conceptual, structural, but also procedural changes are made, an assertion demonstrated practically by several states. The experience of many countries demonstrates the contribution of innovation to entrepreneurship development through supportive policies and actions to promote innovation in entrepreneurial activities. During the study, many comparative analyzes, findings, advantages and disadvantages of the ways of developing and financing entrepreneurship were presented, which should be taken into account for future policies in this area, starting at regional levels and continuing at the country level.

The EU is slowly moving towards achieving the 3% R&D target, but there is a gap that deepens between the EU and other countries, particularly because of lower R&D investment. Investing in research and innovation is an essential engine for growth and innovative ideas. This is why increased R&D investment is one of the five priorities of the Europe 2020 strategy.

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CONSIDERATIONS REGARDING THE PROBLEMATIC FACTORS IN DOING BUSINESS IN CENTRAL AND EAST EUROPEAN EU MEMBER COUNTRIES

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Abrudan Denisa²

Abstract:

The study of the role of the entrepreneur in economic development over the years has shown that each researcher focuses on the specific characteristics of his business: business risks, innovative features, specific features or performance, which demonstrates that until now there is no single accepted definition of the entrepreneur and the entrepreneurial spirit.

In this research we aim to make a radiography of the European business environment, paying particular attention to the Central and Eastern European states. and identifying the main disturbing factors that manifest themselves in the business environment of these countries. We will identify and analyze the main disruptive factors that manifest in the business environment of these countries, making proposals to improve the situation.

Key words: .entrepreneurial spirit/qualities, performance, problematic factors, doing business, European Union

JEL Classification: O20, L26

1. Methods and forms of supporting entrepreneurship in the EU

The theoretical and practical problems regarding the development of entrepreneurship remain current over many years in countries with different levels of economic development. Most politicians and scientists are of the opinion that entrepreneurship is an important factor in the development and welfare of society. Under a favorable external environment, business people create jobs, products, implement innovations, increase competitiveness, and accelerate structural change in the economy. Thus, entrepreneurship is a catalyst for economic growth and national competitiveness. For this reason, state policy on entrepreneurship development should be focused on using all opportunities - trends, methods and forms of business support - for its free development.

Essentially, methods of supporting entrepreneurship are different ways or tools by which entrepreneurs are assisted in initiating or developing business. Classification of methods can be done depending on the subject of assistance and how it applies to business development. Typically, public institutions are primarily supportive of entrepreneurial activity, primarily public authorities.

Another type of support is self-supporting, initiated by enterprises as a result of their cooperation and association. This type of support is done, for example, by creating business associations that offer the services they need to their members; developing cluster initiatives; strengthening the business community in order to protect and promote their interests before public authorities, etc. Another classification of business support methods depends on how to apply to businesses; thus, direct or indirect methods are distinguished (Krueger N., Brazeal D.V., 1994)

✓ *Methods of direct influence* are carried out in accordance with the powers of public authorities through certain rules and regulations. As a rule, the government uses these methods in the fields of social policy, environmental protection, standardization and certification of commodities, as well as in natural monopolies. Governmental direct influence methods are effective in cases where market laws and indirect methods are unacceptable or ineffective.

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✓ *Indirect Influence Methods* are based on the economic interests of businesses, developing tax rates, interest rates on credit, charging conditions, depreciation rates and more for different business groups.

As a rule, in public policies, methods of direct and indirect influence are used in tandem. In recent years, in the West, state regulation of entrepreneurship is more indirect. Direct support methods can also be used in the private sector through various forms of cooperation and association. The best known group of government entrepreneurial support methods is their classification according to content, which can be administrative, economic and institutional methods (Menguc, B.; Auh, S.; Ozanne, L., 2010):

✓ *Administrative support methods* are based on the authority of government bodies. The implementation of these methods consists in adopting and updating legislation as well as monitoring their implementation. Administrative methods, depending on their impact on business, can be classified into: prohibitive, licensing and punitive. They are executed by issuing or denying any rights (authorizations, licenses, quotas, etc.) or as a tool for implementing state policy (price regulation, etc.). The role of administrative methods increases if market relations do not work, including in times of crisis.

✓ *Economic methods* are related to the influence of the state on the business environment through the economic mechanisms - credit, tax, pricing, depreciation, procurement and public investment. For example, financial and lending support for entrepreneurship is usually implemented by improving access to affordable loans, preferential subsidies, credit guarantees and preferential taxation.

✓ *Institutional public support methods* aim at improving the organization of business activity, based on institutional infrastructure or organizational-methodical tools (consultancy, information assistance or business recommendations).

The category of "institutions" as a form of business support attracts in recent years the attention of researchers from different fields. In particular, the concept of formal and informal institutions developed by D. North has become popular, also used in entrepreneurship research (North D., 1990). In his theory, D. North highlights formal and informal institutions, treating them as factors that facilitate entrepreneurship or hinder it (North D., 1990)..

Formal institutions are the legislation and the financial system, as well as various types of organizations - public, entrepreneurial and public, which directly or indirectly represent and support the interests of businessmen. For example, formal business support institutions are business schools, microfinance organizations, venture funds, business incubators, clusters, etc. Informal institutions include pre-established behavioral rules, values and norms accepted in society that regulate people's behavior (Menguc, B.; Auh, S.; Ozanne, L., 2010).

Formal rules can be changed relatively quickly, especially under conditions of state-supported activity, while informal limitations are changing very slowly. Only formal support institutions for entrepreneurship will be examined in this paper.

Within the framework of the entrepreneurial development policy, a multitude of support institutions (forms) are used which ensure:

- *Financial support for businesses*, including the stock market, commercial banks, investment funds, credit guarantee funds, credit associations, microfinance organizations.
- *Staff support*. For this purpose, institutions for training, retraining and re-qualification of the personnel are serviced; state employment agencies; business schools; recruitment agencies.
- *Information and counseling support* - consultancy centers and news agencies, auditors, tax consultants, advertising agencies, etc.
- *Entrepreneurs training* - business centers and other institutions that provide training for entrepreneurs and potential entrepreneurs.

Entrepreneurship support forms can be grouped according to different criteria, in particular:

- depending on their scale (international, national, local);
- according to support topics (state, business associations or external donors)
- taking into account the particularities and needs of support objects - certain business groups (eg SMEs or innovation).

The following table summarizes the main forms of support for entrepreneurs

Tabel no.1: The main forms of support for entrepreneurs

<i>Classification Criterion</i>	<i>Main groups</i>	<i>Example of support form</i>
Support directions	Financial	Microfinance organizations, credit unions
	Personal	Recruitment services, employment agencies
	Information and consultation	Consultants, information centers
	Entrepreneurship training	Business schools
Implementation level	Interstatal	Organization for Economic Cooperation and Development (OECD)
	National	The Ministry of Economy
	Local	Regional / District / Local Authorities
Support institution	State	State agencies for attracting investments
	Business Associations	Business Associations, various forms of cooperation
	External donors	Development Program of the United Nations (UNDP)
Consideration of special needs of individual business groups	SMEs	Small Business Development Agents, Small Business Associations
	Innovative business	Innovative Incubators, Business angels
	Enterprises with export activity	Agency for export development, clusters
	Business done by unprotected social strata of the population	Association of Business Women, Association of Entrepreneurs with Disabilities

Entrepreneurship is mainly aimed at developing SMEs. However, for many years, the overwhelming attention of decision-makers towards the development of the SME sector, to the detriment of larger enterprises, is being discussed.

SME promotion policies are based on three main arguments:

(i) SMEs contribute to increasing the level of competition and development of entrepreneurship, thus influencing the efficiency, innovation and productivity of the economy as a whole;

(ii) SMEs are more productive than large firms, but financial markets and other institutional barriers hinder their development;

(iii) the development of small and medium-sized enterprises contributes to more employment growth than the growth of large enterprises, because SMEs absorb more labor force and are thus a tool to fight poverty (Manolescu G., 2005).

At the same time, small businesses have fewer resources. For example, large companies are able to partially create their own infrastructure: training centers, legal and marketing departments, communications infrastructure - access roads, engineering networks; open up their shows and shops, create their own banks and social facilities for their employees. A small enterprise is not able to act like this. Therefore, regulatory and regulatory norms in the market economy can not be the same for all. Thus, for a successful competition, small businesses need to be state-supported, in order to make it easier and cheaper to consult an experienced lawyer, conduct market research, come out on new outlets.

Still, among scholars and politicians, there are plenty of skeptics that cast doubt on the need to support SMEs. Their arguments are as follows: First, large companies have advantages that condition large-scale economic effects, it is easier for them to invest in research and projects, which results in increased productivity (Pack H. and L. Westphal, 1986). In addition, large companies provide more quality employment than small businesses (Brown C., J. Medoff, and J. Hamilton 1990).

Secondly, some researchers question the ability of SMEs to absorb a great deal of workforce and to make a bigger contribution to employment than larger businesses (Manolescu G., 2005)

Third, there are scholars who believe that the sectoral structure of the economy and the optimal size of companies are determined by natural resources, technologies and policies. Therefore, in some countries, the available resources also determine the relative advantages of large production companies, and in other countries - on the contrary. Similarly, in more open economies for international trade, businesses will be on average higher than in less economies on international markets (Kelley D., N. Bosma and J. E , 2011).

Finally, another group of SME support opponents believes that for economic growth, it would be more important to create a favorable business environment for businesses of all sizes (BeckT., A. Demirguc-Kunt, and R. Levine, 2005).

Cooperation is possible not only between companies, but also between business and government, through Public Private Partnerships. Public-private partnership is not any interaction between the government and business. Its distinctive features are as follows: it aims to realize important social projects in a wide range of economic activities; is achieved in the conditions of the insufficiency of the public (state or municipal) financial resources and the collection of funds from the private sector; the risks are shared between the parties, the relationships between them being determined by the contract (Criado-Gomis A., Cervera-Taulet A., Iniesta-Bonillo M.A., 2017). The most common forms of public-private partnerships are: joint ventures, the transfer of municipal / public rental property, the concession with private investors.

2. International ratings for the assessment of entrepreneurship in the Central and East European member countries

One of the forms of business support, carried out at an international level involving dozens of countries, is the application and use of international ratings for the assessment of entrepreneurship. The results of these assessments influence not only the choice of investors but also the formation of state policies, especially in countries with emerging economies

To support national governmental policies for entrepreneurship promotion, following meanwhile the general goal to improve economic development and quality of life, several reports providing key data in that field are elaborated in the framework of the World Bank

and the World Economic Forum – “Doing Business 2018”, “The Global Competitiveness Report 2016-2017).

Worldwide, possibilities for doing business in every national economy are estimated through quantitative measurement of current regulations in 9 directions of enterprises’ life cycle. The implementation of procedures in these 9 directions contributes to the increase or decrease of entrepreneurial activity, i.e. how easy or difficult it is for a local entrepreneur to start and manage a small or medium enterprise taking into consideration certain regulations (The Global Competitiveness Report 2016-2017).

Of the 190 countries surveyed by the World Bank in the "Doing Business 2018" report, first places are occupied by New Zealand (86.55 points), followed by Singapore, Denmark, South Korea, Hong Kong, the United States and the United Kingdom. The last places in the ranking are Venezuela (30.87 points), Eritrea (22.87 points) and Somalia (19.98 points).

The World Bank points out that a record number of 119 economies made 264 reforms last year to ease the start of a business, create jobs and attract investment.

The report of the international financial institution analyzes 190 economies based on 11 criteria, such as starting a business, obtaining credit, accessing the electricity grid and cross-border transactions.

Romania ranks 45th in the „Doing Business 2018” ranking by the World Bank, with a total score of 72.87 points, right under the Republic of Moldova (44th place).

Although Romania's overall score this year is 0.17 points higher than last year, our country has lost nine positions in this year's ranking which, based on criteria, analyzes the economies of 190 countries.

According to the World Bank report released on Tuesday, Romania has made progress in paying taxes, which is ranked 42th in the world, eight positions higher than last year.

The most significant decline was in the "obtaining building permits" indicator, where our country lost 55 positions, ranking the 150th position, compared to 95 last year.

At the starting point of the business, Romania lost two positions, being 64th against 62, last year. The average time to start a business is 12 days, similar to last year's level.

Romania lost 13 positions to the "getting credit" indicator, where it ranks 20th, compared to 7th place in 2016, and 13 positions went down to "getting the electricity", ranking 147th, compared to 134 last year.

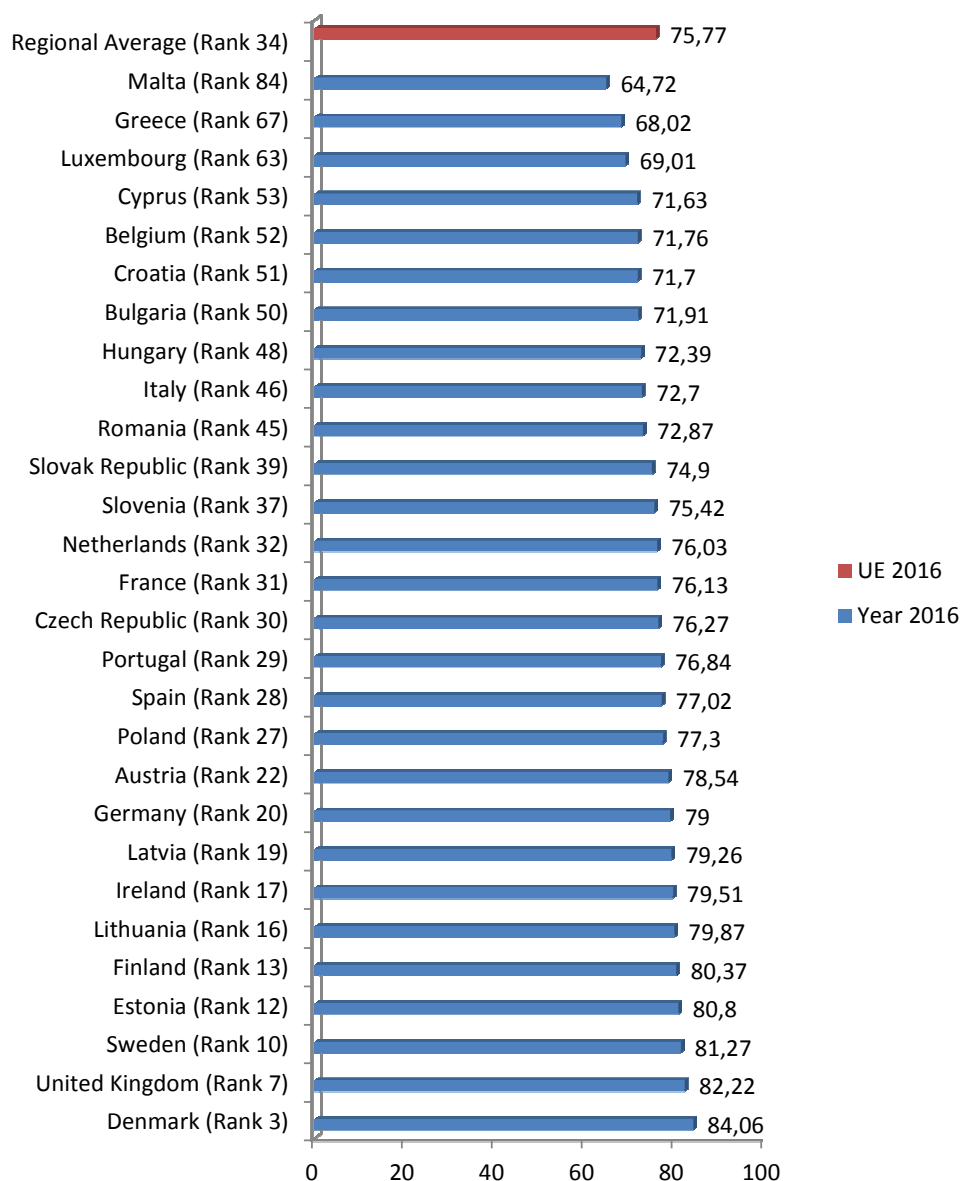


Figure 1: How economies in European Union (EU) rank on the ease of doing business
Source: World Bank, Doing Business 2018: Reforming to Create Job, Countries Reports,
http://www.doingbusiness.org/reports/globalreports/~/_media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-Country-Tables.pdf

Romania is overtaking countries such as Italy, 46th place, Hungary, 48th place, Bulgaria – 50th place, Belgium - 52, but it is situated in countries such as Estonia, in position 12, Lithuania - 16, Latvia - 19, Poland - 27, Czech Republic - 30, Kazakhstan - 36, Slovenia - 37, Slovakia - 39, Serbia - 43, Republic of Moldova - 44.

Of the 190 countries surveyed by the World Bank in the "Doing Business 2018" report, first places are occupied by New Zealand (86.55 points), followed by Singapore, Denmark, South Korea, Hong Kong, the United States and the United Kingdom. The last places in the ranking are Venezuela (30.87 points), Eritrea (22.87 points) and Somalia (19.98 points).

Table 1. “Doing Business” Ranks of selected Central and East European member countries among 190 countries

<i>Economy</i>	<i>Year</i>	<i>Ease of Doing Business Rank</i>	<i>Starting a Business Rank</i>	<i>Dealing with Construction Permits Rank</i>	<i>Registering Property Rank</i>	<i>Getting Credit Rank</i>	<i>Protecting Investors Rank</i>	<i>Paying Taxes Rank</i>	<i>Trading Across Borders Rank</i>	<i>Enforcing Contracts Rank</i>	<i>Resolving Insolvency</i>
Bulgaria	2016	50	95	51	67	42	24	90	21	40	50
Croatia	2016	51	87	126	59	77	29	95	1	23	60
Czech Republic	2016	30	81	127	32	42	62	53	1	91	25
Estonia	2016	12	12	8	6	42	76	14	12	11	44
Greece	2016	67	37	58	145	90	43	65	29	131	57
Hungary	2016	48	79	90	29	29	108	93	1	13	62
Latvia	2016	19	48	62	22	12	43	13	25	20	53
Lithuania	2016	16	22	12	3	42	43	18	19	4	70
Poland	2016	27	120	41	38	29	51	51	1	55	22
Romania	2016	45	64	150	45	20	57	42	1	17	51
Slovak Republic	2016	39	91	7	43	55	89	49	1	84	42
Slovenia	2016	37	46	100	36	62	53	42	1	25	47
EU28	2016	34	56	58	51	68	50	45	14	49	34

Source: World Bank, Doing Business 2018: Reforming to Create Job, Countries Reports, <http://www.doingbusiness.org/reports/globalreports/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-Country-Tables.pdf>

At first sight that really seems strange, but having a detailed look at the numbers it becomes obviously that the lower position of Czech Republic owes probably to stronger or aggravating regulations upon procedures related to new business registration, bank loan adoption, taxes paying, and less concessions for investors. The same trend is observed in the data set of Poland with one important notice comparing it with Romania – in both states there are almost equal ranks for procedures related to getting credit, protecting investors, and foreign trade. That prompts the existence of some common tendencies concerning their government policies in these fields. Greece is generally known with its conservative attitude to new entrants and foreign investors on the market. Together with Italy, probably due to the great size of their public debts, Greece imposes more restrictions on credits. But what is most confusing, as we would see further below, is that despite all the restrictions or strong regulations of business in Czech Republic, Poland and Greece, these countries are quite more competitive than Romania and Bulgaria.

Tabel 2. Indicators used for determining the “Doing Business” Rank

<i>Starting a business</i>	<p><i>This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city. To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.</i></p>
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<i>Dealing with Construction Permits</i>	<i>This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements.</i>
<i>Getting Credit</i>	<i>This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending.</i>
<i>Getting credits</i>	<i>This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights.</i>
<i>Protecting Minority Investors</i>	<i>This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse.</i>
<i>Paying Taxes</i>	<i>This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions.</i>
<i>Trading across Borders</i>	<i>This indicator records the time and cost associated with the logistical process of exporting and importing goods. Measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods.</i>
<i>Enforcing Contracts</i>	<i>The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system.</i>
<i>Resolving Insolvency</i>	<i>It studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings.</i>

Ranks are estimated for every element (direction) of the final (aggregate) rank on the base of specific, for each country, quantitative values of variables, such as:

- ✓ “time” (the time needed, according to current national legislative norms, for institutions to process a certain documentation, to verify its content and to issue certificates necessary for particular business activity),
- ✓ „number of operations“ (the quantity of operations, different in type and essence, which should be implemented in order to finish a particular procedure successfully, e.g. initial provision of certificates, blanks filling, concordance of documents with other authorities, fares payment, processing of the final documentary portfolio, etc.),
- ✓ „expenses“ (expenses that need to be made for institutional fares and other services provided by authorities, calculated as percentage of GDP per capita), as well as presence of public registries, depth of credit information, legislative power of rights, size of tax rates (estimated as percentage of profit), etc. The evaluation of current regulations in each country in the directions mentioned above is provided from the point of view of local enterprises, primarily small in size, based on the significance that these 9 regulations have in enterprises’ life cycles.

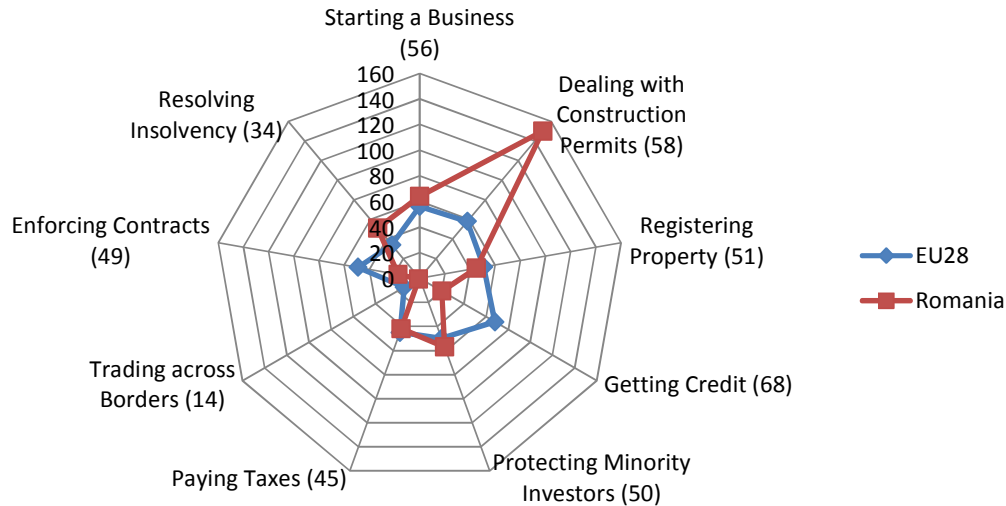


Figure 2: The comparison of “Doing Business” Ranks in Romania and EU28

Source: World Bank, Doing Business 2018: Reforming to Create Job, Countries Reports,

http://www.doingbusiness.org/reports/globalreports/~/_media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-Country-Tables.pdf

The “Global Competitiveness Report 2016-2017 provides confirmation to a certain extent of the doing business ranks. Compiled in the framework of the World Economic Forum, the competitiveness report provides the opinion of managers and executive officers in 138 countries, including Romania, upon the most problematic factors that hinder doing business in their country in greatest extent. Tabel no.3 shown below represents an extract of data collected in Bulgaria, Romania, Slovenia and Hungary, Czech Republic, Slovak Republic and Poland, Lithuania, Latvia and Estonia. The choice of these economies is on purpose – all of them are emerging economies which requires additional efforts to be made by entrepreneurs to overcome the common inherited disadvantages in behavioral models and managerial practices, as well as efforts to reduce the great gap in competitiveness of their small and medium enterprises in comparison with those ones in developed west European countries. In addition, the states chosen are grouped according to the stage of their current economic development. Among all the EU member states only Bulgaria and Romania are classified as economies in the second stage of economic progress, i.e. economies driven by production efficiency. Poland, Hungary, Slovak and Baltic Republics are economies in transition, i.e. economies which have already achieved efficiency of their production processes and endeavor to become innovation-driven economies. Czech Republic and Slovenia are in the third stage of economic development, namely innovation – driven economies.

Table no.3.1: The most problematic factors in doing business according to executives in Central and East European EU member countries

	<i>Bulgaria</i>	<i>Croatia</i>	<i>Czech Republic</i>	<i>Estonia</i>	<i>Greece</i>	<i>Hungary</i>
<i>Access to financing</i>	8	6,2	3,7	8	14	5
<i>Corruption</i>	12,9	9,4	11,3	1,8	3,6	20,5
<i>Crime and theft</i>	3,2	1,1	0,6	0,7	0	0,8
<i>Foreign currency regulations</i>	0,9	0	0,6	0	1	0,4
<i>Government instability</i>	5,9	0,9	0,2	0,7	9,3	0
<i>Inadequate supply of infrastructure</i>	9,4	1,4	4,4	5	3,8	3,8
<i>Inadequately educated workforce</i>	10,9	3,7	7,3	17,3	0,6	8,8
<i>Inefficient government bureaucracy</i>	6,5	20,8	19,7	9,9	15,6	8,3
<i>Inflation</i>	3,6	0	0	1,7	0,1	0,1
<i>Insufficient capacity to innovate</i>	3,9	5,4	5,3	10,2	0,9	7,8
<i>Policy instability</i>	4,7	14,2	10,6	3,9	17,6	21
<i>Poor public health</i>	1,5	0,5	0,4	1,4	0,1	3,4
<i>Poor work ethic in national labor force</i>	9,9	3,5	2,9	8,3	0,9	3,6
<i>Restrictive labor regulations</i>	5,6	5,9	7	8,5	3,5	1,5
<i>Tax rates</i>	8,9	15,3	10	18,2	17,1	5,4
<i>Tax regulations</i>	4,2	11,7	16	4,4	12,1	9,7

Table no.3.2. The most problematic factors in doing business according to executives in Central and East European EU member countries

	<i>Latvia</i>	<i>Lithuania</i>	<i>Poland</i>	<i>Romania</i>	<i>Slovak Republic</i>	<i>Slovenia</i>
<i>Access to financing</i>	9	4,6	5	16,6	1,6	5,4
<i>Corruption</i>	7,8	5,3	1,5	10,1	19,2	7
<i>Crime and theft</i>	1,1	0,8	0,5	0,8	0,6	0
<i>Foreign currency regulations</i>	0,5	0	0,3	0,3	0,5	0
<i>Government instability</i>	2,7	3,9	2,3	1,5	0,3	2,1
<i>Inadequate supply of infrastructure</i>	3,3	9	5	7,3	5,3	2,5
<i>Inadequately educated workforce</i>	6,6	9	8,7	10,4	7,4	3
<i>Inefficient government bureaucracy</i>	15,3	3,3	6,2	15,9	14,8	18,9
<i>Inflation</i>	2	0,8		1,1	0,3	0,2
<i>Insufficient capacity to innovate</i>	4,9	4,6	4,6	2,4	4,7	3,8
<i>Policy instability</i>	8,1	4,9	12,5	0,6	5,6	9,6
<i>Poor public health</i>	1,6	14,3		0,6	0,7	0,4
<i>Poor work ethic in national labor force</i>	4,4	3,6	2,5	4,7	2,2	4,5
<i>Restrictive labor regulations</i>	2,4	14,3	14,1	2,6	8,9	12,3
<i>Tax rates</i>	17,6	17,6	12,3	14,7	17,2	18,9
<i>Tax regulations</i>	12,9	11,6	20,6	7,4	10,8	11,2

Source: World Economic Forum. The Global Competitiveness Report 2016-2017.

Interesting relations could be observed in the statements of executives in these countries independently of the divergence in their stage of economic progress. The three most often mentioned among first five problematic factors are inefficient government bureaucracy, access to financing and corruption although they have different rankings in each particular economy. Moreover, the corruption and bureaucracy goes hand-by-hand in Bulgaria, Czech and Slovak Republics. The greatest difficulties in access to financing are faced by the executives in Hungary and Slovenia, followed by Estonia and Latvia, Bulgaria and Romania, Czech Republic and Lithuania. The rankings given to "Tax rates" and "Restrictive labor policy" factors are similarly close in between, probably due to the common tendencies in East and Central European countries, as Romania, Poland, Estonia and Latvia have the most sensitive reaction to the size of tax rates and regulations.

Inadequately educated workforce is involved as well in the list of problematic factors for doing business but not among the first five places which could be interpreted that having unskilled employees is not such a significant hindrance to starting and managing business.

Nevertheless, while upon Doing Business Rank Poland and Czech Republic follow Bulgaria and Romania, according to Global Competitiveness Rank Poland and Czech Republic takes far advanced position. Hence, the success of enterprises does not depend only on business environment defined by local institutions, infrastructure and macroeconomic features.

The indexes of higher education and training, technical competences, innovation and business refinement seem to be considerable points of divergence which makes them objects of greater future impact on the way to successful entrepreneurship and higher competitiveness. Politica de stat de susținere a antreprenoriatului variază considerabil de la o țară la alta și depinde de nivelul de dezvoltare a economiei de piață, de experiența anterioară și de tradiții.

Conclusions

Countries with emerging economies have lower growth rates for entrepreneurship compared to those with developed market economies [49]. Scientists regard these differences as consequences of the planned economy, which has been replaced by formal market institutes. But for effective business development, it is necessary not only for changes in the activities of formal institutions but also in informal ones, especially the establishment of trust relationships between the business environment and the authorities. Changes in informal institutes may require more time and actually take place not earlier than a generational shift.

In recent years, environmental factors influencing the creation and development of new business in Central and Eastern Europe are being extensively researched. The economic climate can stimulate or, on the contrary, have an inhibiting influence on entrepreneurs. However, not only the objective state of the economy of a country, but also the subjective perception of the problems and opportunities of entrepreneurs can influence their decision to set up or develop business.

The objective conditions for business development in emerging countries to a market economy tend to be less favorable and obstacles to entrepreneurship are more significant due to less developed entrepreneurial support infrastructure. The subjective perception of entrepreneurs on external conditions in the countries under review can also be far more negative than other countries, possibly because they have encountered more economic difficulties.

Analyzing business development in transition and developing countries, researchers' attention is drawn to questions about: dubious affairs; the use of informal networks; bribery and corruption.

Within state borders, the listed business practices are considered negative. However, the extent of dubious operations depends to a large extent on state policy on business development (tax system, regulators' activity) and, in general, the business environment (level of corruption, court activity, political stability, etc.). Researchers do not always evaluate the informal economy negatively. According to D. Kaufmann, the high level of informal (dubious) business in emerging economies demonstrates entrepreneurship, creativity and the ability of the population to adapt to external conditions.

For the governments of these countries, the problems of training and development of the business sector include the following: privatization; the formation of the legal framework for the establishment and development of private entrepreneurship; reform of basic institutions; creating a competitive environment; implementing tax legislation; the use of state support mechanisms for SMEs; attracting foreign sources to stimulate private sector development.

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FOREIGN DIRECT INVESTMENTS, PARTICULARITIES FOR EUROPEAN AND COMMUNITY OF INDEPENDENT STATES

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Abstract

This below text treats on foreign direct investments topic. First of all, the foreign direct investments origin was there about three groups of theories, the first one- international trade based one (i.e. works of David Ricardo and Neoclassic Synthesis/HOS), the second one - product life cycle one (i.e. works of Robert Vernon) and the so-called and finally third one- "eclectic paradigm" (i.e. John Dunning) treating from the viewpoint of enterprise (i.e. microeconomic) development up to its international implemented stage. And the last might have continued on a large diversity of theories on multinationals.

On the contrary, our paper will approach a new view point, much simpler, on foreign direct investments flows and stocks at the international scale, as exclusively. This simple description will though challenge the above theories and first by a picture and a few facts reflecting description on all understanding. Theories above might see some of their conclusions here and there completed and/or even contradicted by this paper in context.

Key concepts: *foreign direct investments, direct investments abroad, external balance of payments, economic theories.*

JEL Classification: E22, F211. **Basics of the study, object and methodology of research**

1. Introduction: Flows and stocks

There is obviously no need to re-explain a complex of facts and operations that FDI are. It is reality that all the above theories (in the paper abstract) consider. Here below, in our study these all will simplify by turning FDI into a simple (economic) flow, like foreign trade or other international (over-border) activity as such. Now let us explain the reasons and consequences of such a methodological approach on international investments:

- *Flow* is assumed to be a *substance* that is supposed to be homogenous and unitary world-wide – here instead of an activity or a category of activities with their individual and various pulses -- and then such a substance gets measurable all over
- up to the image in which flow will be, first, owned by the *world*, then distributed by the world's *actors* that will be introduced in the next coming paragraph.
- As a flow, the same world investment will concomitantly break down into *FDI*, the same with *inflows*, as entries, versus *DIA*, the same as *outflows*, as issued direct investment for the same actors.
- In another development, both above in- and out-flows will break down into *flows* themselves, which correspond to annual development(s), versus *stocks* - corresponding to another series numbers of the same successive year development as the series numbers of flows and cumulating flows of the current period with those accounted in all previous periods considered. The specific explanation to considering stocks, instead of flows, is just remaking continuity, instead of so erratic annual flow numbers, be it the one of continuously growing FDI numbers. Plus, capital is supposed to work and depreciate along medium term periods.
- The FDI flow image, again, skips that investment is a dynamic activity in itself and stocks are increasing numbers by flows cumulating. So being, our dynamics will reduce to *ups and downs individual country's percentage points in total FDI/DIA stocks* and

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correspondingly upward/downward position changing in a ranking of world countries, as detailed in the next below paragraph.

- Finally, as a flow, FDI&DIA will just rarely be here seen in any of their external correlations and/or connections with other macroeconomic features and data – there will be basically about *internal correlations of international direct investment*, as equally mentioned below.

2. Our specific FDI&DIA approach

Our studies used the UNCTAD's *World Investments Report (WIR /2016)* as primary data source for *directly invested international capital* flows that are provided as *inflows* – that we also called above *foreign direct investments(FDI)*—and opposite *outflows* – that we also called *direct investments abroad (DIA)*. Then, as annually provided FDI&DIA flow amounts appear chaotic all over, i.e. for individual countries, as well as on regions and on the whole world – that is why we preferred *stocks*, instead of flows, as cumulating such flows since 1990, then considering stocks since 1994 and ending interval in 2015, all these for here providing some regularity in numbers.

Two aspects here immediately result. The one is cumulating FDI&DIA flow amounts along a 22 years interval on both *world* – here resulting *world stocks* – and individual *countries* that will so rank amongst according to this criterion. However, this result that is the one of a *static analysis* remains what we called in Andrei & Andrei (2016a) '*tip of the iceberg*' due to its determinants all behind. Let us see in the first place that FDI&DIA stocks get positively growing numbers for all individual countries and total world that are correct or not to be this way approached(E.g. here all depreciation along decades is omitted either for the US\$ value, or for individual investments capital themselves).

But the significant aspect here is rather the one that total world and individual country amounts evolve concomitantly, but on different paces, the way that individual countries' FDI&DIA stocks grow more or less than total world ones. And that means *positive*, versus *negative FDI&DIA dynamics* of an individual country, plus our dynamics will be measured in terms of world FDI&DIA percentage points¹.

As in the second place, what we called *FDI stocks balance* is considered as inflows minus outflows, of course, in terms of total international direct investing (international invested capital) along the same period. *Positive*, versus *negative FDI balance* mean several judgments for a given country as much as in the above *positive*, versus *negative FDI&DIA dynamics* case. Just here adding that our FDI balance is by far different than that chapter in the external balance of payments (EBP) – i.e. our study is on long term and its surplus, versus deficit mean different things².

And let us have just one of the examples that we already met or we equally will meet in this paper below. This is the one *connecting dynamic with balance* in terms of FDI&DIA. Such a connection is both indirect and double. It is indirect due to several other third items here involved – e.g. whereas negative dynamics does not directly mean negatively evolving numbers, corresponding balance could be really negative relating inflows to outflows – and it is double since, on the one hand inflows' and outflows' evolving does influence the balance,

¹ e.g. when (+)0.2%(percentage points) appear as positive dynamic of country X this country succeeds to enlarge its FDI or DIA stocks with 0.2% of total world FDI or DIA stocks more than in case of having performed corresponding world stocks' growing number speed; when, conversely, a country dynamic of (-)0.2 percentage points of world FDI&DIA stocks the country wasn't able to keep pace with the world growing such stocks and so is claimed for negative dynamic etc.

² i.e. positive FDI stocks balance is always found in Third World country cases and rarely for strongly developed countries (e.g. Australia, Mexico); negative FDI stocks balance, on the contrary, is for top developed, crowded capital and toughly internationally expanding economies through international capital investing.

but on the other positive, versus negative balance itself will say something about next future inflows' and outflows' evolving as well.

In a word, we appeal to some methodological simplifications reminiscent of mathematical modeling work. First, *FDI&DIA*, meaning *international investments of capital* of all kinds, reduce to just *flows*, an idea that excludes all its diversity, origin revealing, connection with other economic variables, here including what does connect the two chapters of the *external balance of payments* (EBP) and so on.

Second, when only countries, State organizations, States formations (e.g. Euro-zone or EFTA) and/or regions are the *actors* or subjects 'moving' the object that is international capital, such a simplifying is supposed to meet strong contradictions in the camp.

3. FDI actors

Just here continuing the idea of the last above phrase. The above introduced inflows (FDI) and outflows (DIA) here form the *object* of a presumed *investment* activity developed by specific *actors* (subjects) that here will be *nations*, *countries* or *national economies*. In this study, some federations (e.g. US, Canada, Russian Federation and China) and more or less economically integrated regions (the *Euro-zone* and the so called *Other Developed Europe*) will be here assimilated. They do receive FDI/inflows and make DIA/outflows, i.e. directly invest abroad. As already mentioned above, all FDI&DIA so become a world owned *fluid* distributed by countries. And the last, once more, develop FDI&DIA more or less, more or less rapidly and, at the end of a considered long interval, acquires an *FDI stocks balance* that means FDI /inflows minus DIA/outflows. Or, these results are expected to characterize each country-actor for comparisons in context on a simple and well defined common denominator; will depict both economic behaviors, the one of FDI & DIA and the other one of country actors vis-à-vis FDI&DIA. Our work is assumed to be done when the whole FDI& DIA process around the world is deeply depicted and has started by, first, a world-wide approach (Andrei & Andrei 2016a), then continued on geographical and economic regions, e.g. on Euro-zone (Andrei & Andrei 2016b), on the rest of Europe (Andrei & Andrei 2016c), on South-East Europe, on CIS countries and on Near East (Andrei & Andrei 2016d), on Asian regions (Andrei & Andrei 2016f, g) and on regions (Andrei & Andrei 2016d).

4. Developing and conclusions

4.1 The Euro-zone. See the Euro-zone region FDI&DIA situation in Tables 1 and .2.

Table 1. Euro-zone member countries for international capital

Static analysis

=% of world=

rank	FDI		DIA	
	Name	Amount	Name	Amount
i	Germany	3.6	Germany	6.8
ii	Netherlands	3.3	France	5.9
iii	France	2.8	Netherlands	5.0
iv	Spain	2.7	Spain	3.6
v	Belgium	2.1	Italy	2.5
vi	Ireland	1.7	Belgium	1.7
vii	Italy	1.5	Ireland	1.6
viii	Luxembourg	1.3	Luxembourg	1.5
ix	Malta	0.8	Austria	1.0
x	Austria	0.6	Finland	0.5
xi	Finland	0.5	Malta	0.3
xii	Portugal	0.4	Portugal	0.3

rank	FDI		DIA	
	Name	Amount	Name	Amount
xiii	Slovakia	0.2	Cyprus	0.2
xiv	Greece	0.2	Greece	0.1
xv	Cyprus	0.2	Estonia	0.0
xvi	Estonia	0.1	Slovenia	0.0
xvii	Lithuania	0.1	Slovakia	0.0
xviii	Latvia	0.1	Lithuania	0.0
xix	Slovenia	0.0	Latvia	0.0
-	Euro-zone	21.8	Euro-zone	31.1

Data computed after UNCTAD WIR 2016

Here the top-4 countries – i.e. Germany, France, Netherlands and Spain – keep 56.1% of the region's FDI/inflows and 68.8% of the region's DIA/outflows and make 'the mirror' to all: dynamics on FDI & DIA and FDI stock balances, except for Germany as FDI dynamics leader and Spain as the same on DIA.

Table 2 Euro-zone member countries for international capital dynamics and balances
 =% points of world=

Dynamics				FDI stock balances	
FDI		DIA		FDI-DIA	
Name	Amount	Name	Amount	Name	Amount
Germany	2.3	Spain	2.3	Malta	0.5
Belgium	2.1	Belgium	1.7	Belgium	0.4
Luxembourg	1.3	Ireland	1.46	Slovakia	0.2
Ireland	1.1	Luxembourg	1.45	Portugal	0.2
Malta	0.7	Austria	0.35	Ireland	0.1
Cyprus	0.1	Malta	0.31	Estonia	0.1
Finland	0.1	Cyprus	0.18	Latvia	0.1
Lithuania	0.1	Portugal	0.16	Lithuania	0.1
Slovakia	0.1	Greece	0.11	Greece	0.1
Austria	0.0	Estonia	0.0	Slovenia	0.0
Estonia	0.0	Slovenia	0.0	Cyprus	- 0.0
Latvia	0.0	Slovakia	0.0	Finland	- 0.0
Slovenia	0.0	Latvia	0.0	Luxembo	- 0.2
Italy	-0.3	Lithuania	0.0	Austria	- 0.4
Greece	-0.4	Finland	-0.4	Italy	- 1.0
Netherlands	-0.5	Italy	-0.5	Spain	- 1.0
Portugal	-0.5	Netherlands	-0.9	Netherlan	- 1.8
Spain	-2.2	Germany	-2.4	France	- 3.2
France	-5.6	France	-6.7	Germany	- 3.2
Euro-zone	- 1.4	Euro-zone	- 2.8	Euro-zone	- 9.2

Data computed after UNCTAD WIR 2016

In the same context, on FDI stock balances where also Germany and Spain make 'the mirror', i.e. a third country like Malta comes on top, whereas these two previous top FDI&DIA countries go down.

4.2. Central and Eastern European countries (C&E countries)

Tables 3 and 4 depict the above exposed aspects this time for the group of *Central and Eastern Europe* countries and this time too for different conclusions. Also notice that Slovakia, Slovenia, and the three Baltics that are Estonia, Latvia and Lithuania are here reconsidered, after joining the Euro-zone and accounting as such above. Or, except for here peaking top-3 – Poland, Czech Republic and Hungary –two traits push this region away from the Euro-zone specific: (a) there are different top countries on FDI/inflows and DIA/outflows – i.e. Poland on FDI/inflows and Hungary on DIA/outflows; (b) no ‘*mirror*’ -- this means the top rankings of FDI, DIA and FDI stocks balances are for rather the same countries and so this is specific for regions that mostly receive their international capital from other regions through long-way FDI flows – and (c) Hungary’s and Romania’s negative dynamics on FDI and DIA respectively aren’t as such.

Table 3. C&E Europe for international capital
=static analysis= **=% of world stocks =**

rank	FDI		DIA	
	Name	Amount	Name	Amount
i	Poland	0.8	Hungary	0.2
ii	Czech Republic	0.5	Poland	0.1
iii	Hungary	0.4	Czech Republic	0.1
iv	Romania	0.3	Estonia	0.0
v	Bulgaria	0.3	Croatia	0.0
vi	Slovakia	0.2	Slovenia	0.0
vii	Croatia	0.2	Slovakia	0.0
viii	Estonia	0.1	Bulgaria	0.0
ix	Lithuania	0.1	Lithuania	0.0
x	Latvia	0.1	Latvia	0.0
xi	Slovenia	0.0	Romania	0.0
	C&E Europe	2.9	C&E Europe	0.5

Data computed after *UNCTAD WIR 2016*

Table 4. C&E Europe for international capital dynamics and balances
 =% of world stocks =

Dynamics				FDI stock balances	
FDI		DIA		FDI-DIA	
Name	Amount	Name	Amount	Name	Amount
Poland	0.35	Hungary	0.190	Poland	0.7
Romania	0.29	Poland	0.104	Czech Rep.	0.4
Bulgaria	0.23	Czech Rep	0.071	Romania	0.3
Czech Rep	0.144	Croatia	0.028	Hungary	0.2
Slovakia	0.136	Slovenia	0.027	Bulgaria	0.2
Croatia	0.132	Estonia	0.030	Slovakia	0.2
Lithuania	0.06	Bulgaria	0.015	Croatia	0.1
Estonia	0.04	Latvia	0.014	Estonia	0.1
Latvia	0.03	Slovakia	0.019	Latvia	0.1
Slovenia	0.00	Lithuania	0.012	Lithuania	0.1
Hungary	-0.27	Romania	-0.001	Slovenia	0.0
C&E Europe	1.15	C&E Europe	0.509	C&E Europe	2.402

Data computed after *UNCTAD WIR 2016*

Shortly, the same top countries here are on all rankings. Or, this is for here emphasizing that these countries invest abroad (i.e. 0.5% of world stocks) much less than they receive (i.e. 2.4% of world stocks). In other words, the region is fed from outside and so incipient experience for international capital issues.

4.3 The other Eurasian regions

Unfortunately, for space limiting reasons the above type approaching won't be reiterated on further regions that were equally analyzed in context: South-East Europe, Community of Independent States (CIS) countries, Near East and the rest of Asia. See in Table 5

Table 5. World regions: FDI&DIA stocks in 2015, % of world

ranking	Region	FDI stocks	DIA stocks
I	Euro-zone	21.8	31.0
Ii	Rest of Asia	20.8	13.9
Iii	West Europe	4.4	7.5
Iv	Near East	3.6	1.7
V	CIS	3.3	2.3
Vi	C&E Europe	2.9	0.4
vii	SE Europe	0.3	0.0
-	subtotal	57.1	56.9

Calculated after UNCTAD:WIR 2016

Table 6. World regions: FDI&DIA stocks dynamic in 2015, % of world

ranking	Region	FDI stocks	DIA stocks
I	CIS	2.66	2.1
Ii	Near East	2.4	1.7
Iii	Rest of Asia	1.17	4.61
Iv	C&E Europe	1.1	0.5
V	SE Europe	0.3	0.0
Vi	West Europe	-0.2	0.1
vii	Euro-zone	-1.7	-2.8
-	subtotal	5.7	6.2

Calculated after UNCTAD:WIR 2016

Table 7. World regions: FDI stock balances in 2015

ranking	Region	% of world	Millions of US\$
I	Rest of Asia	6.8	1 591 246.4
Ii	C&E Europe	2.4	559939.0
Iii	Near East	1.8	426853.5
Iv	CIS	0.8	204613.3
V	SE Europe	0.3	66632.1
Vi	West Europe	-3.1	-728310.0
vii	Euro-zone	- 9.6	-2149956.0
-	subtotal	-0.5	-28982.0

Calculated after UNCTAD: WIR 2016

Briefly, *South-East Europe* means five countries FDI&DIA dominated by Serbia-Montenegro, a country that otherwise wouldn't be able to have a 4th ranking position for FDI&DIA in the C&E Europe region, as for instance. On the *Western side of Europe*, things appear similar with the ones concluded for the neighbouring Euro-zone: Switzerland is the presumable top investor country in the area, but also these six countries receive and invest abroad much more than the double of C&E Europe's amounts. *CIS countries* (12 countries) are ex-communist too, but what is there different is that the Russian Federation, the *top*-FDI country in the region, equally is the *top-investor country*, i.e. it would be able to invest more than cumulative FDI stocks of all the other countries, plus the region keeps positive FDI stock balances (while Russia is negative FDI stocks balance) and the highest international capital dynamic on the whole continental block that Eurasia is. The *Near East* (14/ noted in WIR 2016 as 'West Asia') countries look like C&E Europe countries in terms of being international capital fed from outside when differently country ranking on FDI – i.e. Saudi Arabia, Turkey and Israel, top-3 countries -- and DIA – i.e. Israel, United Arab Emirates and Kuwait, as top-3 countries – and both top-3 countries keep 62.2% of international capital stocks of the region; despite missing a full regional investor country, the region does expose countries like Kuwait, United Arab Emirates and Qatar as significant investor countries.

The rest of *Asia's* 27 countries break down into three regions – *East Asia*, *South-East Asia* and *South Asia* – and its top-3 countries – China, Hong-Kong China and Singapore – carry 70.5-70.6% of the continent-region's international capital.

Finally, let us see again Table 2.4.1 for the quasi-equality of FDI and DIA cumulative stocks and Table 2.4.3 for cumulating 0.5% of world stocks as *FDI stock deficit* attributed to the whole Eurasia. This is a continental block that so appears autonomous international capital market area – i.e. *Euro-zone* and *West Europe* mostly feed the whole large area and some regional investor countries -- e.g. Switzerland, Russian Federation and India – here add their contributions.

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THE CONTRIBUTION OF ROMANIA TO THE PROJECT OF ENERGY UNION, THROUGH DEVELOPING REGIONAL ENERGY STRATEGIES AND POLICIES

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Abstract

Romania's integration to the European Union has targeted from the very beginning, a very important component of this process: the energy field. The moment of accession of Romania to the European Union, in 2007, coincided with the conclusion of the Lisbon Treaty through which has been granted a legal basis to the future Energy Union, while the European Union has received shared competences with the Member States in this area.

Europe is currently facing a growing demand for energy, with volatile prices, energy supply disruptions and it has to reduce the impact of greenhouse gas emissions on the climate.

The need to stimulate the economy of the European Union, to ensure the security of its Member States in terms of energy and at the same time, to reduce the negative consequences caused by climate change have prompted the European Union to call on the Member States to rethink their energy policies, to harmonize their provisions and alignment to the new context. Thus, it appeared the idea of establishing a fully functional Energy Union, in order to provide more opportunities for choice of sources and lower prices for all consumers in the European Union.

This article aims to address the measures proposed by the European Commission, the Member States, in the field of energy and the level of their assumption, with an energy security dimension, by developing energy policies in line with the requirements proposed by the European Union.

Keywords: energy demand, greenhouse gas emissions, renewable energy, energy security

JEL Classification: P48, Q42, F68

1. Introduction: the dynamics of Romania's energy policy

The development of Romania's energy policy has become one of the priorities of the Government, in order to meet the strategic interests and to fulfill, as Member State, the requirements of the European Union in the energy sector. Ensuring coherent and stable energy policies also requires a foundation for a national energy strategy, to face the challenges in the sector.

From a geostrategic point of view, Romania benefits from a privileged positioning and corroborated with the huge potential of the natural resources that our country has, this context represents a good premise for developing its energy sector. But that's not enough. Only through sustained efforts and by following its development plans and objectives assumed internationally, Romania may get to have a defining role in the region, in terms of energy, both by capitalizing on its own resources and by redistributing the energy resources transported from other areas on the European market.

Energy and climate change are, more than ever, in close contact. Concrete actions in the field of energy - especially in production and use of energy - are essential to be taken in order to combat the consequences of climate change. Energy and climate change are raising many issues that can best be addressed through a good interstate cooperation. These areas are therefore a priority on the European Union's agenda. When developing energy policies, it is essential to be taken into account this approach. As a complement, the development of new technologies represents another necessary commitment to undertake. Scientific research and innovation produce new technologies, based on renewable sources, which can record notable contributions in solving many of the energy sector's problems. For example, by generating energy based on domestic or agricultural waste (which is already commercially validated in our country) multiple solutions are being generated for energy, for the environment and also, for the modern living.

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As I mentioned before, the unprecedented international mobilization related to the implementation of policies, aiming to combat global warming is an important direction to be taken, and it requires coordinated measures, so that the environmental objectives proposed by the European Union can be achieved. Energy diplomacy is enhanced by this international mobilization, and the Paris Agreement, a global agreement on climate change, signed by end of 2015 represents an ambitious strong basis for future global action. Under the Paris Agreement, the signatory states have engaged to reduce their greenhouse gas emissions. In addition to the need for close cooperation between states, the global transition to the implementation of the provisions of the Paris Agreement requires very large investments. To reach the global warming limits of no more than 2 ° C over the pre-industrial period, considerable investments in "green energy" are needed in the coming years.

Concerning the Paris Agreement, Romania has advocated for all participating states to be able to contribute adequately to the collective effort to keep the global average temperature rise below 2 ° C over the pre-industrial period, in a way that will correctly reflect their responsibilities and their capabilities (including in terms of financial contributions), while creating opportunities for sustainable development for all involved. The formulation and concerted implementation of the strategies for sustainable development and climate change at national level, corresponds to Romania's commitment as an UN and EU Member State, while the country's active contribution to the implementation of the Mechanism of the Agreement, represents one of the objectives assumed by Romania.

At the same time, in order to reduce greenhouse gas emissions, and to ensure the achievement of the objectives set under the Paris Agreement, the EU set some targets for mitigating climate change. These requires direct and quantified greenhouse gas emission reductions, an increased level of energy efficiency and renewable energy, as well. Thus, the framework proposed by the European Commission for EU Climate and Energy Policy 2020-2030 - The EU Climate and Energy Policy (2020-2030), provides a 40% reduction in greenhouse gas emissions by 2030, based on the progress registered towards achieving the 2020 targets.

It also includes a series of measures and objectives aimed at enhancing the competitiveness, security and sustainability of the EU economy and energy system. At the same time, the framework aims to encourage the investments in green technologies, which would help in creating new jobs and in strengthening Europe's competitiveness. The 2030 Energy and Climate Change Package launched by the European Commission in January 2014 is a follow-up to the Energy Climate Change 2020 package, and benefits from the experience gained at EU level in its implementation.

In other words, the safe development and in full compliance with the internationally agreed requirements and objectives of Romania's energy policy, can be successful only through a process of synchronization of the nationally measures with those of the other states, engaged in this process.

2. Romania's positioning in the context of defining the Energy Union

The idea of Energy Union, intensely circulated and debated in recent months, is one of the best development channels and, at the same time, represents a way of ensuring the security of the Member States in the energy field. It was proposed by the European Union, and it is recommended to be given heightened attention.

The main objectives of the Energy Union package are to ensure affordable, safe and sustainable energy for both Europe and its citizens. Complying with the principles and targets proposed by the Paris Agreement and the 2030 Framework Package - two of the cornerstones

the future Energy Union will rely on - represent a test of maturity which will be faced by the Member States.

Because there are so many approaches on this subject, one more laborious as other, I will try to give a simple and comprehensible interpretation. Therefore, I propose an exercise of imagination: to regard the European Union as a team. The Member States represents the identity of this team. Lately, it has often existed a tendency of loss of identity for the European Union - either because of unrealized goals or because of the lack of consensus at Member States level. A question which I find very plausible is the frequent lack of real commitment of the Member States, in terms of engagement in competitions launched by the European Union, by assuming ambitious targets and actions. Since I have mentioned about competitions and returning to our exercise of imagination, I will reinforce the idea known by all of us which says that, the success of a team is validated by overcoming challenges, difficulties and ultimately by winning competitions.

If we refer to the European Union, in terms of two teams, we have, on the one hand, Member States that have taken concrete measures to fulfill their commitments and which comply religiously with all the EU recommendations and measures, and on the other hand, Member States which retract from involving in some joint projects, avoiding implementing rules or measures proposed by the EU, both of them having the same central coordination, with access to the same players, the same coaches and benefiting from the same logistics distributors. Also, we must not forget that each of the two teams above mentioned, has access to the same game strategy documentation and yet, at the end of the competition, we have a winning team and one that loses. So, where does this discrepancy come from? I am tempted to think that it intervenes as a consequence of the level of commitment that each Member State assumes through the measures it takes, but it can also be a cause of the low degree of cohesion and cooperation at EU level.

Going on with our exercise of imagination, it is important to be told that, the Energy Union represents the theme of the team which was proposed to the Member States, by the European Union. It represents an ambitious project which promises a rationalized planning and reporting framework for its own energy and climate policies, by introducing more efficient and coherent administrative procedures, both at national level and between Member State. Also, The Energy Union will allow a more efficient and effective implementation of the energy and climate policies.

The European Union team is designed to function as a system, being a winner only when all its members, who interact upon certain rules and assume certain functions, are constantly working to maintain a balance within. Unlike groups, the success of a team is undoubtedly assured by a sustained and immediate communication, that constantly treats both the performance and the difficulties encountered in achieving targets, as in a team, members assume both their merits and possible failures, and work to overcome them. All the same, going back to the Energy Union, most energy challenges encountered in the way of its establishment, may not be exceeded, except through a series of coordinated actions at national level. The same applies to climate change, which by its nature has a cross-border character and it cannot be addressed only through a local, national or even through EU-wide action. A general mobilization is needed. Currently, the biggest concerns in the energy sector are caused by the growing demand for energy, volatile prices, disruptions in energy supply and last but not least, by the environmental impact of the energy sector, as explained above.

All these challenges have generated at European Union level, the impulse to appeal to the Member States in respect of their resolution and in the same time, to think of a new clear European energy strategy, based on security of supply, competitiveness and sustainability.

Action is needed at EU level to further promote greater cooperation between Member States, for which their national plans need to reflect the outcome of regional consultations, in

areas that would benefit from enhanced cooperation with neighboring Member States. The objective of the energy policy package is to ensure affordable, safe and sustainable energy for EU citizens. For this reason, the future Energy Union is structured in five key areas, including energy security, energy efficiency and carbon reduction, all of which are the subject of specific measures. Romania is closely following the various legislative initiatives of the European Commission aimed at implementing the EU Energy Strategy and it is actively involved in the process of their negotiation, at European level. In this respect, Romania supports the need for this Energy Union concept to become a catalyst for the needed reforms in the energy sector, among the Energy Community Member States, and an expression of the solidarity requested to increase energy security. Although Romania has relatively important energy resources, it cannot satisfy its domestic and export needs under the conditions of globalization. Therefore, only the integration into the energy networks of the European Union offers a clear perspective to the energy industry in our country. On the other hand, in the context of alignment with the principles and norms of the future Energy Union, our country has firmly expressed its position on preserving the right of each Member State to decide on the national energy mix, with a focus on the use of national primary resources, complying with the environmental requirements and streamlining the technologies used to ensure increased energy security. Currently, the saving solution proposed by the European Union - the Energy Union – it is likely to become the answer to all these challenges, but the success of this project requires a reliable and transparent governance process, anchored in legislation and designed to ensure that energy actions from the European, regional, national and local levels, all contribute to the achievement of the objectives of the Energy Union. Starting from the solid tradition of our country in the energy sector, from a diversified natural resource base, from an advantageous geographic location, from a high human capital and from the opportunities offered by new technologies, Romania can develop a competitive energy system, with high-quality energy services accessible to citizens both physically and financially; a resilient energy system capable to face the external supply shocks, adapted to increasingly sophisticated consumer requirements; an energy system capable of generating growth, new jobs and economic activity on a horizontal basis; as a result, an energy-efficient low-greenhouse gas and other pollutant system, where GDP growth will be decoupled from rising energy demand.

Last, but not least, at national level, through measures taken in shaping its energy policies, Romania must assume that, the energy security of one's state is part of the energy security of other states.

3. CESEC - a good example of energy policy cooperation

As I have recalled, regional cooperation represents a key element in enhancing energy security. One of the major concerns of the European Commission is about the access of all Member States to a wider energy mix and to a proper interconnection with the rest of Europe. In this context, in February 2015, Romania together with Austria, Bulgaria, Croatia, Greece, Italy, Slovakia, Slovenia and Hungary took part at the initiation of a working group, named CESEC (Central and South-Eastern Europe Gas Connectivity Group).

Six other partner countries, namely Albania, Bosnia-Herzegovina, Macedonia, Republic of Moldova, Serbia and Ukraine, joined the group, aiming to coordinate their efforts towards a quick completion of the priority interconnection projects developed at regional level, to identify the regulatory issues, authorization, coordination and implementation of related Action Plans.

This initiative of the European Commission for the Connection of Natural Gas Networks in Central and South-Eastern Europe, CESEC, was born as a result of the "stress tests" carried out in 2014 by a number of 38 states (both Member States and neighboring states), which were based on two scenarios of interruption of natural gas supply over the

winter in Europe. For the first time, the simulation results outlined the situation of the risks and facilitated the search for solutions in the event of a natural gas shutdown in Europe.

All fifteen countries gathered from the European Union and the Energy Community (Central and South Eastern European regions) involved in the CESEC Group have agreed to work closely together, to ensure the construction of missing links of gas infrastructure and to address the technical issues and regulation that still affects both the security of supply and the development of a fully integrated and competitive energy market in the region. As far as Romania is concerned, a list of projects of interest have been promoted, aiming to meet the best solutions for regional cooperation:

- Construction of BRUA gas pipeline (natural gas transport corridor on the Bulgaria-Romania-Hungary-Austria route);
- Interconnection of the national energy system with the ones of the neighboring states (here I can mention the strategic project which interconnects the Republic of Moldova with the EU energy system, through Romania);
- The AGRI Project (Azerbaijan-Georgia -Romania Interconnector).
- To develop and to establish new natural gas storage facilities.

I will expand my approach on BRUA, the natural gas transit corridor on the Bulgaria-Romania-Hungary-Austria route, a project of great importance, based on a Memorandum agreed and signed by all four Member States involved, who assumed that there will be a reverse-flow interconnection, meaning in both directions, in all four states.

BRUA is being developed in the context of diversifying European sources of gas supply, increasing the security of Romania's natural gas supply through access to new sources, facilitating the access of Central and South-Eastern Europe market to the Caspian region's natural gas resources. For Romania, the implementation of the project is crucial, as it is expected that in 2020 the Black Sea gas extraction will begin. In Romania, this project involves the development of a natural gas transport capacity between the existing interconnection points with the natural gas transmission systems of Bulgaria (in Giurgiu) and Hungary (Csanádpalota).

High Representatives of the European Commission have repeatedly stressed the importance of finalizing the BRUA corridor, this project being of major importance to the European Commission. It was also announced that the European Executive will make every effort to continue (it is worth mentioning that, for the realization of the gas pipeline, the national natural gas transmission company, SNTGN Transgaz SA, received last year, from the European Commission, a grant of about 180 million euros).

Due to the progress registered by the states involved in the CESEC process and also, due to the maturity of this Group, the European Commission announced this year its intention to extend the CESEC's prerogatives, with a common approach to electricity markets, energy efficiency and development of renewable energy sources, in order to cover all the dimensions of the European project of solidarity - the Energy Union.

By extending CESEC's scope beyond the natural gas sector, effective access to alternative energy sources will be ensured, competitiveness will increase. Falling prices and as well the decarbonisation of economies in the region will be facilitated.

Thus, the ministers of CESEC Member States, have met in Bucharest in September 2017, and signed a Memorandum of Understanding (MoU), which complements the existing CESEC initiative. The Memorandum includes a list of priority projects in order to create an interconnected regional electricity market, and also provides specific measures to stimulate the renewable energy sources and energy efficiency investments, in a region with great potential for growth in these areas.

Romania welcomes and supports the extension of the initiative on Connectivity in Central and Southeastern Europe in the field of energy (CESEC), all the more than it represents an opportunity to reconfirm Romania's efforts in the energy sector, while contributing to the

fulfillment of the Energy Union's goals in ensuring security of energy supply in a competitive, transparent and non-discriminatory environment, by supporting with priority the development of transport routes that potentiate the diversification of energy sources.

4. Conclusions

The challenges in the energy sector, which the European Union must overcome, urgently require and determine the acceleration of the process which ensure a secure, sustainable, convenient and competitive energy for all citizens. Most of the bottlenecks occurred in the energy sector at EU level, may be exceeded only through a series of coordinated actions at national level. The same applies to climate change, which by its nature has a cross-border character and it cannot be addressed only through a local, national or even EU-wide action.

In order to ensure a higher degree of cooperation between Member States, concrete actions at EU level are required. Europe will become a sustainable, green and low-carbon economy. It will be an example, in terms of production of renewable energy and fight against global warming, but this will be possible, as explained above, only through a common commitment assumed by the Member States.

Regarding Romania, our country holds energy resources relatively important, but it cannot meet the domestic and export needs under the conditions of globalization. Therefore, only the integration into the energy networks of the European Union offers a clear perspective to the energy industry in our country.

Beyond compliance with all agreed principles and directions set under the internationally established understandings and agreements, Romania must also assume that the energy security of one's state is part of the energy security of other states. In the field of energy security, with relevance for the foreign policy, Romania must actively participate in the achievement of some objectives and to seek to prioritize general objectives related firstly, to the capitalization of domestic production and then, to the diversification of sources and energy transport routes, in and through our country.

Worth the efforts, if we consider that the future Energy Union will contribute to stimulate economic growth in the EU, to improve Europe's energy security and to fight against climate change. In this way, Romania will have more chances to become an important interlocutor at the international negotiating table and in the same time, to become a teammate that will greatly contribute to the triumph of the team, the European Union, by working for the success of the future Energy Union, its theme.

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CHALLENGES AND DEMAND FOR WORKERS IN SOCIAL CARE FOR OLDER PEOPLE

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Mihaela Ghența²

Abstract: *The aim of this article is to assess the labor force needs in social services for older people in Romania, considering the challenges of the social care sector. Similarly to other European Countries, the social care for older people in Romania is characterised by a growing demand for care and a lack of human resources. At national level, the provision of care for older people relies on unpaid care of family members, formal carers, as well as on publicly and privately social services. The article points out differences between urban and rural areas in terms of job vacancies, measures adopted by providers in order to tackle the labour force shortages. Data presented and analysed within the present research were collected using a questionnaire based survey among managers of private and public providers of social services for older people. Results suggest that the low level of wages, the low status, and difficult working conditions are among the factors that make this sector unattractive.*

Keywords: labour force demand, social care, older people, strategies.

JEL classification: J08, J14, J23.

1. The importance to assess the demand for workers in social care activities and the main challenges

Scientific literature has pointed to several arguments in favour of estimating the demand for labour force in health and social assistance activities. In accordance with Dussault et al. (2010: 1-3) these could be grouped into the following categories: demographic, socioeconomic, and cultural changes that along with the migration flows have generated and continuous to influence the development of services; the expectations of beneficiaries, the technological progress, the organisational changes; as well as changes in the occupational structure and the feminisation of certain occupations. Sometimes the services provided in health and social assistance sector are between health care and social care. According to Vujicic and Zurn (2006: 103-104) and considering the limited resources, what is expected is not always achievable, because the demand for health care is not always equal with the actual need for such services. The authors consider that the dynamic of the human resources in this field is influenced by the demographic changes, economic factors, as well as by the socio-cultural context. Human resources and the costs associated are an important part of the total expenditures related to the delivery of such services. The demand for workers in health and social assistance is depending on the level of wages, public and private available funds, the structure of both social assistance and health sectors, the technological development, types of providers (Vujicic et al., 2004; Stilwell et al., 2004).

At national level, social assistance and health care services are experiencing a lack of human resources, especially in rural areas, due to the low level of wages and the isolation of the small communities. As a result, the available human resources are insufficient and most often, the continuity of care is not ensured (Banca Mondială, 2015). Not only the lack of human resources, but also the regional disparities have an important influence on the quality of care. Along with the demographic factors and migration, the increased participation of women on labour market and the changes of the family's structure are among the drivers that pushed the demand for different types of health and social assistance services (Ghența and Mladen, 2017). With a constantly growing share of population aged 65 and over (17.4% in 2016, +2.7 pp increase in the last decade) and even a higher proportion of the older population

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in rural areas (17.6% in 2016) than in urban areas (14.1% in 2016) (Institutul Național de Statistică, 2017a), rural localities might be the ones that will have to support greater difficulties in providing social services for the older people and the related costs. With regard to the older people, the development of home care services should be the main focus in order to ensure an appropriate response to the demographic challenges and the migration phenomenon, especially for rural areas in north-east and south parts of the country, areas characterised by a scarcity of available social services (Ghența and Mladen, 2017). Most often, the older people are living alone, have a low level of income, being more exposed to the need of social services compared to other categories of population, and these could stimulate the employment in social assistance services (Ghența and Mladen, 2017). It is acknowledged that the need for care of older people will require the development of a national system of long-term care services and within this system it is important to consider the integration of people in need of care into community and thus to promote prevention and rehabilitation measures in home care services. (Ministerul Muncii și Justiției Sociale, 2015)

The social services available for older people comprise services with accommodation and home care services. The first category includes different types of residential services. There is an expected increase in demand for home care services but also for those provided in residential units that might require more resources to provide the necessary funding, physical infrastructure and workers to the sector. The residential centers for elderly are designed as to supply several types of services: social services, social and medical services, and medical services. The number of public residential units for elderly constantly grew between 2008 and 2016, from 81 units in 2008 to 123 units in 2016, while the number of private units grew from 42 in 2008 to 246 units in 2016. The average monthly number of beneficiaries increased 5.6 times in case of private units and only 1.2 times in case of public residential centres (Institutul Național de Statistică, 2017b). As a consequence of this infrastructure development, the number of pending requests decreased during the same period, but remained still high: 2,915 pending requests in 2008, compared to 1,017 in 2016 (Institutul Național de Statistică, 2017b). However, in the development of the residential units should take into consideration the fact that home care for dependent elderly people is the first measure of support, the residential center being an alternative to home. The structure of the residential and home care services' staff consists of a wide range of occupations: family physician, ergo therapy instructor, physiokinetotherapist, kinetotherapist, dietitian, speech therapist, psychologist, occupational therapist, social worker, elderly care assistant, nurse, medical assistant, home care assistant. At national level, the number of persons employed in health and social assistance activities increased (mostly based on employment among women) between 2008 and 2016 compared to other sectors of economic activity, although the share of employed persons in this sector in total employment remained approximately the same in 2008 and in 2016: 4.6%, respectively 4.8% (Institutul Național de Statistică, 2017c). The vacancy rate in health and social assistance sector was 6.3% in 2008 and decreased with 3.6 pp until 2016 (Institutul Național de Statistică, 2017d).

2. Demand for workers in social care services for older people

2.1. Methodological aspects

In order to assess the need for workers in social care for older people and to identify the main factors that make the sector unattractive, we conducted a survey among the accredited providers of residential and home care services for older people. The field activity was carried out during September and October 2016. Data were collected using a questionnaire based survey among managers of private and public providers of social services. After data collection, quantitative descriptive analyses were performed using IBM SPSS Statistics version 20. The standard error for the survey was $\pm 3.5\%$. The sample volume was calculated using the Taro Yamane formula (Israel, 1992), which leads to oversized samples if the population is homogeneous and undersized if the population is not homogeneous. Sampling was probabilistic, with the sample being representative at national

level. Two types of data collection tools - CATI and CAPI - have been developed and applied for this research. The themes included in the questionnaire covered types of jobs available at provider's level, vacancies available per occupations, reasons for the availability of jobs, length of vacancies, strategies to approach the vacant positions. The sample has been designed to respect the percentage distribution on residential area (rural/urban) and type of services offered (residential/home care centers). (see table no. 1)

Tabel no.1. The structure of the sample

Type of provider	Abdolute values			Percentages		
	Rural	Urban	Total	Rural	Urban	Total
Residential services providers	95	104	199	32	35	66
Home care services providers	21	79	100	7	27	34
Total	116	183	299	39	61	100

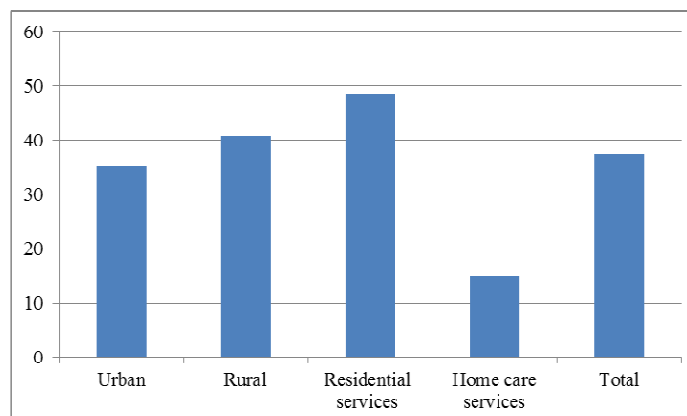
2.2. Results

Job vacancies and causes

One of the most important indicators to appreciate the demand for workers is represented by the number/share of job vacancies existing at the level of the social service provider. 37.5% of the social service providers participating in the field survey reported vacancies. Rural units and those providing social services with accommodation have reported a much higher percentage of available jobs, while only 15% of home care services providers reported vacant positions. (see graphic no. 1)

The number of job vacancies was collected from the social service providers participating in the field survey with regard to occupations for the care and assistance of the beneficiaries, defined within the national legal framework. Nurses were most often nominated by social service providers when asked to declare for what occupations they have vacant positions. This occupation was nominated by 53.6% of the residential services providers and 55.3% of the rural providers. Other nominated occupations for which social service providers had job vacancies at the time of the investigation were: social worker (nominated by 19.6% of the providers), psychologist (nominated by 14.3% of providers) and family physician (nominated by 18.8% of suppliers).

Graphic no. 1. Vacancies based on residential area and type of provider (%)



Source: INCSMPS Survey, 2016.

Approximately one third (35.1%) of the existing vacancies were opened for less than 3 months, while more than a quarter of the declared vacancies were available for more than 12 months. The highest shares of available jobs were declared in case of providers from rural areas or for residential services providers, with more than 12 months availability of the jobs: 33.3% of total vacant positions in the rural area and 30.2% of total vacant positions in case of residential services providers. Home care providers declared that nearly two thirds of the vacancies were vacant for less than 3 months, this situation being the result of a large fluctuation of staff (78.6% of home care providers that reported vacancies argued that the lack of workforce/personnel fluctuation caused by low wages contributed to the difficulty of filling the vacant jobs). (see table no. 2)

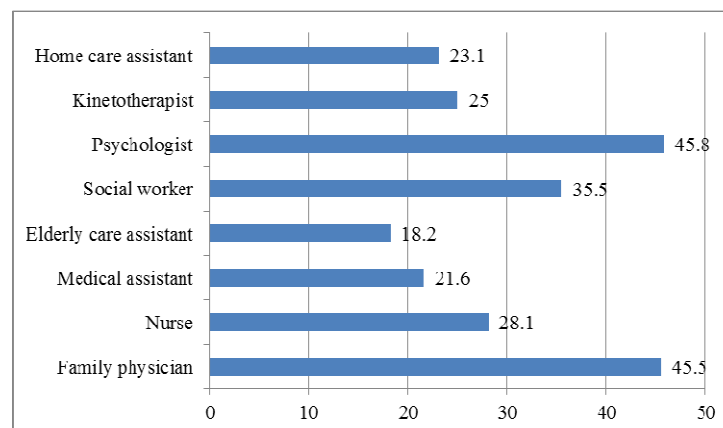
Tabel no. 2. Job vacancies by residence area and social assistance regime (%)

Number of months of jobs' availability	Total	Urban	Rural	Residential services	Home care services
< 3 months	35.1	37.1	32.2	32.3	63.2
4-6 months	11.8	11.3	12.6	12.5	5.3
7-9 months	10.0	12.9	5.7	10.9	0
10-12 months	14.7	13.7	16.1	14.1	21.1
> 12 months	28.4	25.0	33.3	30.2	10.5
Total	100%	100%	100%	100%	100%

Source: INCSMPS Survey, 2016.

45.8% of the vacancies for the psychologist occupation, 45.5% of the vacancies for the family physicians and 35.5% of the vacancies for the social worker were the most difficult to cover, according to the providers' answers. (see graphic no. 2)

Graphic no. 2. Vacancies for more than 12 month, per occupation (%)



Source: INCSMPS Survey, 2016.

The number of months while a particular job is vacant is not in itself an indicator of skills shortages or labor shortages, as a job may be vacant for only a few months, but generally, employers may face constant problems in recruiting qualified staff for certain jobs. For this reason, the providers that reported the existence of vacancies were asked to give reasons for the difficulty to cover the vacancies in case of those positions they considered to be “*rather or very difficult*” to fill with appropriate staff. The most frequently cited reasons, regardless of the place of residence or the assistance regime, were (see table no. 3):

- a) the lack of labor force/staff fluctuations generated by the difficult working conditions in the health and social assistance sector (e.g., emotional stress, lack of equipment/equipment, staff shortage, etc.);
- b) the migration of qualified staff to countries with higher wages;
- c) the lack of qualified staff with a certain level of qualification proved with certificate/diploma.

Tabel no. 3. Reasons for job vacancies, based on residential area and type of provider (%)

Reasons	Urban	Rural	Residential services	Home care services	Total
The lack of qualified staff	56.4	57.5	55.6	64.3	56.8
The lack of job experience	29.1	30.0	32.1	14.3	29.5
Inadequate technical and technological skills	21.8	22.5	24.7	7.1	22.1
Insufficient soft or interpersonal skills	32.7	22.5	28.4	28.6	28.4
The lack of interest/staff fluctuations – low wages	81.8	65.0	74.1	78.6	74.7
The lack of interest/staff fluctuations – difficult working conditions	34.5	35.0	37.0	21.4	34.7
Migration of qualified staff	74.5	72.5	74.1	71.4	73.7
Other reason	18.2	25.0	22.2	14.3	21.1

Source: INCSMPS Survey, 2016.

Note: the question admitted multiple responses.

Lack of labor force could point to the fact that vacancies in this sector are jobs characterized by low added value and imply precarious working conditions. Alongside the lack of labor force/staff fluctuations generated by the precarious working conditions in the employment sector, the external migration of qualified staff lead to the conclusion that we should rather consider a labor shortage instead of qualifications shortage, as a main cause for the job vacancies in this sector.

Measures to approach the labor force shortages

Managers of the organisations surveyed mentioned different recruitment and retention strategies to tackle the job vacancies. Measures applied to recruit new employees influence the degree of employment and suitability of the workforce according to the skills required in institutions providing social services for the elderly. In order to ensure the number of professionals, it is important that institutions invest in human resource development (through training programmes) with the purpose to acquire new knowledge and skills which are necessary on medium and long term in the workplace. At the same time, it is important for institutions to promote the quality of labor supply by attracting new employees and by adapting the professional training to the needs of employers' institutions.

The recruitment method most commonly used by institutions is placing advertisements on the institution's website/at the premises (76.3%), advertising of vacant positions through public employment agencies (35.8%), followed by the internal recruitment of volunteers and trainees (33.4%). Other ways to attract professionals (33.8%) include advertisements in national newspapers or in the local press and personal referrals. Partnerships with educational

institutions are not considered as a current recruitment tool, accounting for only 14.7% for partnerships with higher education and only 11% for partnerships with pre-university education. Although partnerships with educational institutions are important to attract highly qualified staff, the survey data lead to the conclusion that over the past five years, the providers have not developed long-term strategies that include partnerships with educational institutions.

With regard to partnerships with higher education institutions and with pre-university (vocational) education institutions, a higher percentage of providers from urban area (18.5%) used these measures to recruit staff, compared with just 8.7% of rural providers. Placing advertisements on the institution's website/at the premises was a frequent choice for urban institutions (73.9%), as well and for those in rural areas (80%). Recruitment of specialized staff through private agencies was mentioned in a higher proportion by providers from rural area (10.4%), compared with those from urban area (6.5%).

There are no significant differences between residential services and home care services in terms of recruitment strategies. However, institutions providing home care services pay more attention to internal recruitment when such an institution has vacancies (45%), compared to residential services (27.6%). Both categories of service providers do not primarily cover the staff vacancies through partnerships with educational institutions. These partnerships are designed to provide long-term adequacy for young graduates with job requirements through internships for students and young graduates, as well as through apprenticeships schemes for graduates of vocational education programmes. Recruitment through advertisements published on the institution's website are most commonly used to attract staff for the vacancies (79.4% in case of residential centers and 70% in case of home care centers).

The attractiveness of the institution on the labour market has a fundamental role in both the recruitment and retention processes to cover the vacancies. Institutions providing social services have the potential to become an important employer. According to the survey, the practices to attract qualified staff are appreciated, in the majority of cases, as "*important*" and "*very important*". The answers of managers point to several strategies to increase attractiveness of the organisation and these cover:

- internships and mentoring activities;
- training;
- wage and benefits package;
- job stability;
- autonomy and flexibility in the workplace;
- flexible working arrangements.

Thus, the internships and mentoring opportunities for students and graduates and apprentices schemes are estimated to be very important by 40.8% of the respondents. In this case, institutions can support potential employees with career development opportunities through internship and mentoring programmes that are designed to provide professional practice and internships paid within the institution. On-the-job training and vocational training is considered to be very important to attract new employees by 56.9% of the managers.

Other issues considered to be very important in maintaining the attraction of the institution is the salary package (63.9%) and the long-term job security (65.2%). These two practices show the highest values in assessing the attractiveness of social service providers in the recruitment of new employees. (see table no. 4)

Table no. 4. The attractiveness of the institution

Categories	Very important	Important
Internships and mentoring	40.8%	46.2%
The work environment supports the autonomy and the professional development	43.8%	52.2%
Wage and benefits package	63.9%	30.8%
Flexible working arrangements	38.5%	47.5%
Training on the job	56.9%	38.8%
Long-term security of the job	65.2%	31.4%
Recreational activities together with the beneficiaries	47.2%	43.1%

Source: INCSMPS Survey, 2016.

Lower attention is paid to autonomy and professional development, even it was proved by previous research that autonomy is an important determinant for employee job satisfaction, good employment relationships, high degree of loyalty to the organisation (Lucas et al. 2009). The career prospects offered by both categories of institutions are perceived as "*important*" and "*very important*" for the recruitment and retention of employees: 97% of the managers of residential services and 94% of the managers of the home care services appreciate the importance of the attractiveness of a work environment that support autonomy and professional development. Also, on-the-job training occupies an important place: 94.5% of the managers of the residential centers and 98% of the managers of the home care services share this opinion. More than 95% of the managers' institutions surveyed believe that the long-term job stability is "*important*" and "*very important*" when a person apply for a job (96% in case of services with accommodation, respectively 98% in case of home care services).

The analysis based on area of residence shows that there are no significant differences between urban and rural areas in assessing the importance of practices used to attract staff. 3.6 pp more managers of urban institutions considered the favourable working environment for autonomy and professional development as important in attracting the workforce for the vacant positions.

Conclusions

The article draws attention to aspects related to the demand for workers in social care services for elderly. The study has contributions in terms of examining rural and urban difference and analysis of job vacancies characteristics and recruitment strategies for two types of social services: residential services and home care services.

At national level social assistance and health care services are experiencing a lack of human resources, especially in rural areas, due to the low level of wages and the isolation of the small communities. With a constantly growing share of population aged 65 and over and even a higher proportion of the older population in rural areas, rural localities might be the ones that will have to support greater difficulties in providing social services for the older people and the related costs.

The results underline that 37.5% of the social service providers participating in the field survey reported vacancies. Rural units and those providing social services with accommodation have reported a much higher percentage of available jobs, while only 15% of home care services providers reported vacant positions.

Nurses were most often nominated by social service providers when asked to declare for what occupations they have vacant position, regardless the area of residence of providers. Other nominated occupations for which social service providers had job vacancies at the time of the investigation were: social worker, psychologist, and family physician. Lack of labor force could point to the fact that vacancies in this sector are jobs characterized by low added value and imply precarious working conditions. Managers of the organisations surveyed mentioned different recruitment and retention strategies to tackle the job vacancies. The recruitment method most

commonly used by institutions is placing advertisements on the institution's website/at the premises, advertising of vacant positions through public employment agencies, and the internal recruitment of volunteers and trainees. With regard to partnerships with higher education institutions and with pre-university (vocational) education institutions, a higher percentage of providers from urban area used these measures to recruit staff, compared with providers from rural providers. Recruitment of specialized staff through private agencies was mentioned in a higher proportion by providers from rural area. The answers of managers point to several strategies to increase attractiveness of the organisation and these cover: internships and mentoring; training; wage and benefits package; job stability; autonomy and flexibility in the workplace; flexible working arrangements.

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THE CHILDCARE SERVICES SECTOR DEVELOPMENT: ROMANIAN SITUATION IN EUROPEAN CONTEXT

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Mihaela Ghența²

Summary: *Early childhood education and care services are closely linked to other social policy developments. Therefore the evolution of this sector influences substantially how social policies for the family are defined. In this article authors describe the current situation and the recent development of the early childhood education and care sector in Romania. The sector's challenges will be analysed in the context of baseline scenario regarding the evolution of population from 0 to 6 years. The analysis of the administrative data will be complemented by the results on the perception of Romanian parents regarding the development of the child care system collected through a quantitative research (questionnaire based survey) developed by the authors in October 2017. The results show a poor development of the nurseries system in Romania compared to that of kindergartens in a context of a country where issues of reconciling work with family life are quite difficult to reach for parents with low wages.*

Key word: *early childhood education and care services, social policies, family, reconciling work with family life.*

JEL classification: I20, I28

1. Early childhood education and care policies: context and development

Certainly the most important moment for the childcare service development in the European Member states was the launch of the Barcelona targets in 2002. These targets were set under the understanding that parenthood has a high impact on employment rate of women. The primary goal of the Barcelona targets was to remove the barriers of female labour market participation (European Commission, 2013). The underlying expectation was that if nations could enhance the affordability, availability and quality of childcare, mothers with young children would no longer face barriers to entering and remaining in the labour market (European Commission, 2014a, 2014b, 2013; Esping-Andersen, 2009). Member States were encouraged to focus on the creation of formal childcare arrangements that cover a sufficient number of hours per week to enable parents to acquire and sustain employment, in different forms (Eurofound, 2016, 2015). From that moment many European governments put family and childcare policies into place to help couples to have children and to ensure a good balance between work and family responsibilities. But childcare provision cannot be developed in isolation and should be explored in the context of other systems that interact with the care of children and the family unit (Matei, 2014).

Even if not many countries have managed to reach the indicators established in 2002 for the year 2010, progress in the development of early education services cannot be denied in any of the Member States. According to Eurostat indicators, in 2010, for the category of children between three years old and the compulsory school age, only 11 Member States achieved the objective of 90% gross enrolment rate. The situation for children under the age of three was even worse, with only 10 Member States reaching the Barcelona target (European Commission, 2014a, 2014b). In both cases, Romania has failed to reach the indicators (Matei and Ghența, 2018, Matei, 2014).

As many others European countries Romania has a split early childhood education and care system according to the age of the children, provision of the services being delivered in

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separate settings for younger and older children: pre-preschool education (for 0 to 3 years old) and preschool education (for 3 to 5/6 years). Currently, the administrative responsibility for nurseries (crèches) and kindergartens often organised alongside each other rests with the local authority. They are financed by the local authority and the Ministry of Education and Scientific Research (through County School Inspectorates). The first legal recognition of the ECEC system in Romania was made only in 2011, the Education Law no.1/2011 officially promoting the concept of ECEC in Romania (pre-preschool education level and preschool education level).

The most popular ECEC services in Romania are nurseries (crèches) and kindergartens. The nursery system provision started in the 1970s, but the level of provision has significantly decreased especially after the 2000s (see Table 1). Until 2001, the nurseries system was under the responsibility of Ministry of Health (being mostly based on a health model), but this has now changed and responsibility is shared between Local Counties and County School Inspectorates. The new legislation in 2011 brought greater consistency to the services for children between 0-3 years, a new set of national standards and curriculum for this age group being developed. But for the age group 0-3 years we cannot speak about a functional system of ECEC services, a major deficit being identified regarding the number of existing units, as well as on human resources within these units (Matei, 2014).

The kindergarten in Romania has over 100 years of tradition in Romania. The gross enrolment rate has successively risen over the time. But the positive evolution of the indicator continues to keep discrepancies by residence area, especially because of the various difficulties of access in rural areas (UNICEF, 2008). Until the introduction of the preparatory class in compulsory education, only one of five children aged 6 years going to school. After 2012 the ratio was seven out of ten.

**Table no.1. Enrolments in childcare services
(nurseries and kindergartens)**

	1990	1995	2000	2005	2010
Nurseries	840	573	358	291	289
Gross enrolment rate (0-2 years) Year 2016: 6.4					
Kindergartens	12.529	12.772	10.080	3.769	1.498
Gross enrolment rate (3-5 years) Year 2016: 84.1					

Data source: INS: [SCL101A] – Unitățile școlare pe categorii de unități școlare; [SAN 101A] – Unități sanitare pe categorii de unități, forme de proprietate, macromregiuni, regiuni de dezvoltare și județe; [SCL102A] – Gradul de cuprindere în învățământ a populației de vârstă școlară, pe sexe.

These data highlight the need to continue supporting childcare services both in urban and rural areas through projects and specific measures on the development of pre-school education and participation in early childhood education even if the forecast for the 0-6 years population is not encouraged, but this is a constant of many European Member states.

2. Trends for the population 0-6 years in European Member States

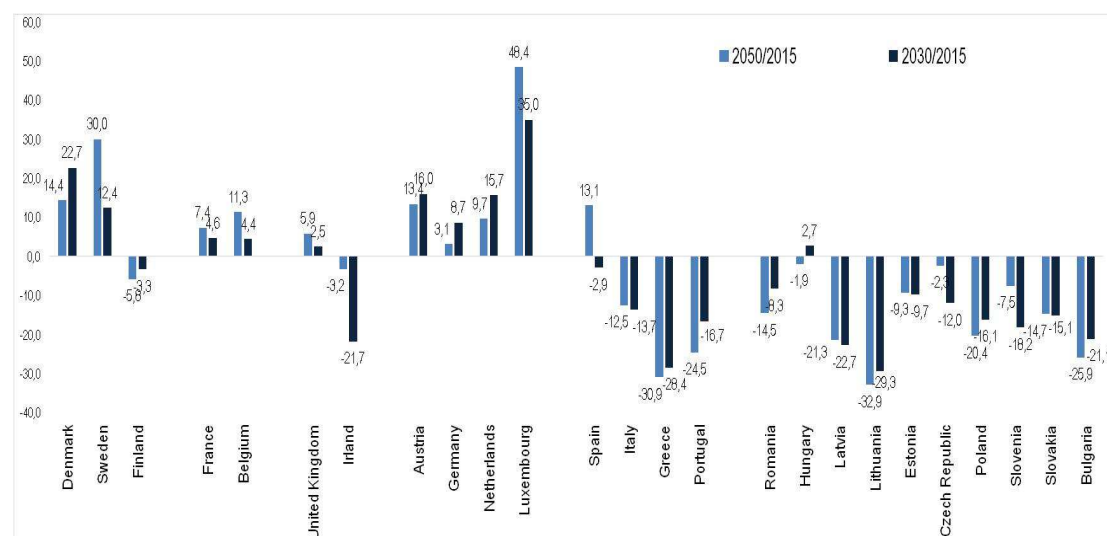
In 2015 the vast majority of European states had a low population share of 0 -3 years in the total population, below 5%, with the exception of Ireland slightly above of this threshold (6.2%). Differences are not significant between the Nordic countries: Sweden - 4,8%, Denmark - 4,1%, Finland - 4,4%. The Baltic countries show values close to these for the same year (Latvia - 4,1%, Lithuania - 4.1%, Estonia - 4.3%). Romania (3.8%), Bulgaria (3.7%) and

Hungary (3.7%) show similar values for the evolution of the 0-3 years population, although below the level of the Nordic and Baltic countries. As we move to the centre of Europe and to the Mediterranean zone, we note decreasing values of the share of children aged 0-3 years in the total population: Germany - 3.4%, Austria - 3.8%, Italy - 3.4%, Portugal - 3.4%.

For the year 2050, it can be noted changes in the share of the population aged 0-3 years in the total population, namely slight increases only in the former communist countries of Eastern Europe and Baltic countries such as Romania, Hungary, Lithuania, and Latvia. The other countries are marked by decreases in the share of children aged 0-3 years in the total population.

For the 2015-2030 period, the most significant increases in the number of 0-3 year old population were estimated for Luxembourg (35% increase) and Denmark (22.7% increase), no significant changes in 2030 year compared to 2015 being recorded in share of children aged 0-3 in the total population. Significant decreases or very small increases have been estimated for former communist East European countries and Baltic countries: Lithuania (a decrease of about 30%), Bulgaria (21.1% decrease) or Hungary (an increase below 3% - 2.7 %). It can be noted the situation for the group of ex-communist and Baltic East European countries for which estimates of the evolution of the number of children aged 0-3 years are pessimistic both for the period 2015-2030 and for 2015-2050, the only exception being Hungary, for which there is a slight increase forecast. For the period 2015-2050, increases are estimated for some of the Nordic countries (Sweden - 30% increase) and Central European countries (Luxembourg - 48.4% increase), countries with high proportions of the 0-3 year old population in total population for 2015 (see Graphic 1).

Graphic no. 1. The dynamics of the population aged 0-3 years, 2015-2030, 2015-2050 (%)



Data source: Eurostat, Population on 1st January by age and sex [proj_15npms]

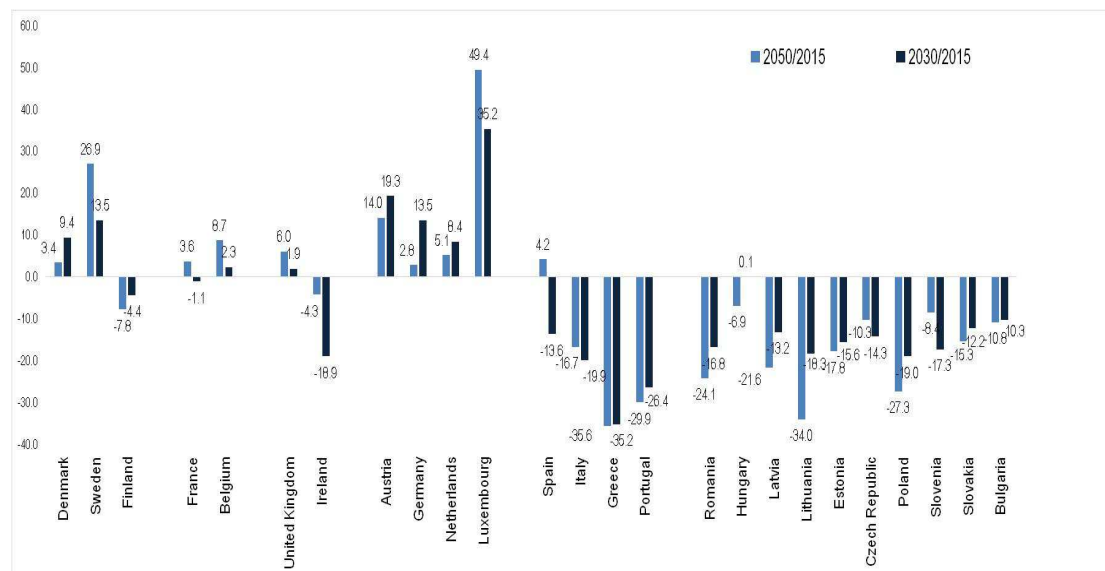
For the 4-6 year old population, the share of the total population is even lower, below 4% for all European countries, with the exception of Ireland, which approaches the 5% threshold - 4.8%. Germany recorded the lowest share of the population aged 4-6 in the total population in the year 2015, of 2.6%.

For 2050, it can be noted changes in the share of the population aged 4-6 years in the total population, with decrease in most of the countries surveyed, the exception being Bulgaria. The projections for numerical evolution for this category of population for the year

2050 are lower than those estimated for 2030 for all former communist countries, Germany, but also for Mediterranean countries (except Spain and Italy).

Significant increases in the number of children aged 4-6 years old are estimated for the Nordic countries (except Finland), Belgium, Austria, Germany, the Netherlands and Luxembourg (the highest increase of 35.2%). For the same period, the most significant decreases were expected to occur in the case of Eastern European countries, Greece (decrease of 35.2%) and Portugal (a decrease of about one third compared to 2015) (see Graphic 2).

Graphic no. 2. The dynamics of the population aged 4-6 years, 2015-2030, 2015-2050 (%)



Data source: Eurostat, Population on 1st January by age and sex [proj_15npms]

For the period 2015-2050, the estimated increases for Luxembourg and Sweden are maintained and even more pronounced: 49.4% and 26.9%, respectively. Instead, the Mediterranean countries (except for Spain), the Eastern European and the Baltic countries will record decreases. From the last group of countries, Lithuania, Romania and Poland are predicted with the most significant decreases: 34.0%, 24.1% and 27.3%.

These demographic projections suggest that the demand for ECEC services will decrease in the future. The trend alone is not enough to compensate for the current shortage of ECEC places, which exists in almost all European countries particularly with respect to the younger age group (European Commission, 2014a, 2011, 2009; Lyon and Penn, 2012). Particularly Romania needs to take important steps in this area, especially for the age category 0-3 years.

3. Development of ECEC system in Romania: perceptions of parents

3.1. Methods and study design

A quantitative methodology was developed by the authors in order to identify the factors that influence the use of early education services (kindergartens/nurseries) in Romania, after a qualitative research phase. The main goal was to assess at a national level the overall activities of ECEC staff based on opinions expressed by parents of children enrolled in ECEC services using a survey based questionnaire. One specific module from the questionnaire was designed to assess the development of ECEC settings (nurseries and kindergartens). Two main issues were addressed: (1) development of ECEC settings and (2) main problems in ECEC settings (kindergartens and nurseries).

Table no.2. The structure of the sample

Target Group	Urban area		Rural area	
	Frequency	%	Frequency	%
Parents of children enrolled in ECEC services (private/public nurseries/kindergartens)	459	55.6	366	44.4
Total: 825				
Methods/tools: Survey (PAPI/CATI)				
National representative sample				
Standard error: +/-3.5%				

Source: INCSMPS Survey, 2017.

The field activity was carried out during October 2017. All of the ethical considerations were ensured during the survey. Procedures for selecting participants were in accordance to the methodological approach for implementing quantitative research methods. After data collection, quantitative descriptive analyses were performed using IBM SPSS Statistics version 20.

3.2. Data analysis and discussion

In line with trends registered for the enrolment rates in nurseries/kindergartens, parents' perceptions about the development of the ECEC system are much more favourable with regard to the kindergarten, this being a similar issue for both areas of residence (see Table 3). Only 24.6% of the parents consider the crèche (nurseries) system to be sufficiently developed in Romania, while an approximately double percentage of parents (44.2%) have the same opinion on the kindergarten system.

The experience shapes the perceptions of the parents, the lower access to the nurseries (crèche) system in Romania caused mainly by the inadequate development of this segment of early education services leads to a high percentage of parents who cannot express an opinion on the development of the nurseries system in our country (about 3 times higher than the percentage recorded for the same category of response in the case of kindergarten system).

Table no.3. Development of ECEC settings

Type of ECEC settings	Respondents from urban area	Respondents from rural area	Total
Nurseries			
Sufficiently developed	18.5 %	32.2 %	24.6 %
Insufficiently developed	66.9 %	32.0 %	51.4 %
Can't appreciate	14.6 %	35.8 %	24.0 %
Kindergartens			
Sufficiently developed	32.5 %	59.0 %	44.2 %
Insufficiently developed	61.2 %	32.5 %	48.5 %
Can't appreciate	6.3 %	8.5 %	7.3 %

Source: INCSMPS Survey, 2017.

In the preparatory phase of quantitative research, during the focus group discussions with parents of children enrolled in nurseries/kindergartens, a number of problems in the functioning of nurseries and kindergartens in Romania have emerged. These have been systematized into the body of a question that has been subject to parental assessment at national level.

The insufficient number of units developed through the ECEC system in Romania was the main identified problem, more acute in the case of nurseries (42.2%) than in the case of kindergartens (32.4%).

Professional education of the teaching staff and the insufficient number of this category of staff in both institutions (nurseries and kindergartens) are also important issues that affect the functioning of the ECEC system. These issues are overcome in the case of kindergartens only by the problems that characterize the existing equipment (15.0%).

Table no.4. Main problems in ECEC settings

	Nurseries	Kindergartens
	%	%
Insufficient number of existing units	42.7	32.4
Poor professional education of teaching staff	7.9	8.5
Poor professional education of medical staff	2.2	2.4
Poor professional education of carers staff	1.8	1.7
Low number of teaching staff	6.4	8.5
Low number of medical staff	1.6	5.0
Low number of carers staff	2.1	2.2
Insufficient equipment	6.7	15.0
Unsatisfactory staff salaries	4.6	6.7
Can't appreciate	24.1	17.7

Source: INCSMPS Survey, 2017.

The opinions of parents, representatives at national level, support the process to develop consolidated policies in the field of early education and care services in Romania. In the context of the estimations regarding evolution of the 0- 6 year population the entire family policy needs to be reconsidered in Romania. The Nordic countries can serve as an example in this regard, the comprehensive childcare policies being one of the main characteristics of the Nordic welfare model (Kangas and Rostgaard, 2007).

4. Conclusion

Early childhood education and care services are closely linked to other social policy developments. Therefore the evolution of this sector influences substantially how social policies for the family are defined. The demographic projections for the population 0-6 years suggest that the demand for ECEC services will not increase in Romania. Unfortunately, at this moment our country does not have a system of education and care services developed to cope with existing needs of Romanian parents. Particularly Romania needs to take important steps especially for the age category 0-3 years.

In accord with the European Commission recommendations to develop research in the field of early childhood education and care, this article brings empirical evidences based on a representative survey for the Romanian population of parents with children enrolled in ECEC services that support the process of developing ECEC settings in Romania. The insufficient number of units developed through the ECEC system in Romania was the main identified problem, more acute in the case of nurseries than in the case of kindergartens. Professional education of the teaching staff and the insufficient number of this category of staff in both institutions (nurseries and kindergartens) are also important issues that affect the functioning of the ECEC system.

This article highlights the importance of integrated policies in the field of childcare sector. A well-structured set of programs and measures developed with a focus on reconciling professional life with family life can be a stimulating factor for families in their desire to give birth to new generations. A well-developed system of early childhood education and care has beneficial effects for family and employment policies, education policy and also for the all economic policy.

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VARIATIONS OF REGIONAL INEQUALITIES IN ROMANIA IN THE LONG RUN

Zizi Goschin¹

Abstract

The economic, social and political significance of regional inequalities has been long and widely recognized. Given that Romania is also confronted with an upward trend in inequalities, this paper aims to explore their variations at county level, over 1965-2015. The empirical analysis employs a variety of statistical methods, including Gini coefficient, Ricci-Schutz coefficient, Atkinson's measure, Kolm's measure, Theil's entropy measure, the coefficient of variation, etc. This option for multiple statistical measures might help mitigate the drawbacks of different individual indicators by giving a multi-sided and more balanced picture of the inequality phenomenon. The analysis revealed that significant gaps between the well-developed counties and the laggard ones persisted in Romania throughout different phases of the economic cycle and successive changes of political regimes. There is also empirical evidence supporting the steady increase in regional disparities in the last two decades.

Keywords: regional inequalities, inequality indicators, county, Romania.

JEL Classification: R19, J21, J64

1. Introduction

Regional economic theory and empirical research have long approached the topic of economic inequalities as a negative phenomenon and an impediment to regional development. Under these circumstances, it is natural that many economic strategies and programs aim to curb the regional disparities by allotting supplementary funds to certain regions, by adopting specific economic legislation and applying various tax incentives to stimulate growth in underdeveloped zones, by stimulating the investment inflows, etc. In Romania, despite a relatively long period of economic growth (except for temporary downward fluctuations in the context of the recent economic crisis), the regional inequalities grew constantly over the past two decades. From a territorial perspective, the Romanian development picture is very unbalanced, with Bucharest-Ilfov Region and a few areas surrounding several big municipalities lying way ahead. Moreover, there is a long economic divide between the more developed Western part of the country and the underdeveloped Eastern Romania.

The topic of regional inequalities has been extensively addressed in Romanian empirical literature (e.g., Dachin, 2008; Goschin et al, 2008; Patache and Grama, 2011; Ailenei et al., 2012; Antonescu, 2012; Boldea et al., 2012; Zaman et al., 2013; Goschin, 2014 and 2015, etc.) using various statistical indicators and methods such as multidimensional regional rankings, composite indices, convergence analysis, etc. Although the results differ from one study to another, most authors point to a significant rise in regional development gaps since the 90th. The recent economic and financial crisis added new economic challenges to regional development, redesigning the geographical distribution of economic disparities (Goschin and Constantin, 2010; Busega, 2016).

In this context our paper undertakes a very long term approach to this topic by comparatively analyzing the evolution of regional inequalities in Romania both during the communist regime and after the transition to market economy. The rationale for this research is to provide a larger perspective than previous research by exploring the long term territorial variation of inequalities in Romania. Moreover, a wide range of inequality indicators are employed in our research in order to fully grasp the amplitude of the phenomenon and provide new data for policy-makers.

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The reminder of this paper proceeds as follows. The next section briefly reviews previous studies that tackled the issue of regional inequalities in Romania. Section 3 presents the inequality indicators to be estimated and section 4 displays and discusses the results, covering a long time span: 1938 to 2015. Section 5 concludes.

2. Literature review

Economic inequalities gradually became a topic of growing interest in Romanian regional research in the context of increasing development gaps since the 90th (e.g. Dachin, 2008; Goschin et al, 2008; Patache and Grama, 2011; Antonescu, 2010 and 2012; Boldea et al, 2012, Zaman et al., 2013).

Various regional strategies and development plans that addressed this issue couldn't stop the constant rise in economic disparities, both at regional and county level. Structural and cohesion funds also failed to narrow the development gaps among Romanian regions by stimulating higher economic growth in underdeveloped zones. On the contrary, accession to European Union contributed to higher inequalities because developed regions were more fitted to access the structural and cohesion funds (Zaman and Georgescu, 2009). Foreign Direct Investment flows also went mainly towards developed regions, especially Bucharest-Ilfov region (Zaman et al., 2011), adding to development gaps. FDIs have been envisaged both as a cause of regional disparities (Danciu et al., 2010; Nistor, 2012), as well as a consequence (Pauna and Dumitrescu, I. (2005). Another factor that is believed to support regional inequalities on the long-run is the preponderance of traditional economic activities with low productivity (i.e. agriculture) in certain regions (Dachin and Popa, 2011). In the same register, Busega (2016) showed that Romanian industry-led regions are more competitive than the agriculture-led ones, the economic specialization thus perpetuating disparities.

The recent economic crisis had different effects from one region to another, according to the structure and degree of specialisation of their economies (Goschin and Constantin, 2010), as well as in relation to their specific resilience to economic shocks (Zaman and Goschin, 2014b). Therefore the crisis led to higher economic imbalances among Romanian regions (Busega, 2016).

Most studies used GDP per inhabitant as variable of choice in order to assess and compare the development level of Romanian regions. Various statistical indicators and methods have been employed, such as multidimensional regional rankings, composite indices, convergence analysis, etc. Multisided methodological approaches offer better assessment of economic disparities, compared to the analyses using individual indicators. For instance, Goschin (2015a and 2015b) introduced a composite inequality measure by combining GDP/capita, labour productivity and life expectancy into a synthetic index and found a cointegrating relationship between GDP and this index of territorial inequalities (Goschin, 2015a). Such results are suggesting that the regional development in Romania is systematically unbalanced and the disparities have the tendency to widen with economic growth.

Past empirical evidence on Romania had largely indicated increasing "center-periphery" polarization of regional economies, the deepening of territorial disparities and the inefficiency of economic policies aiming to counter these trends (Goschin and Constantin, 2010; Zaman and Goschin, 2014b; Busega, 2016).

In sum, previous studies on regional inequalities in Romania confronted questions such as their amplitude and variation in time, their factors of influence, the negative effects of the recent economic and financial crisis, the convergence/divergence trends on the long run, possible policy measures against territorial gaps and their effects, etc. This paper aims at bringing new insights on these issues on a longer period of time, including the current post-crisis economic environment.

3. Methodology and data

This paper undertakes a county-level research on territorial inequalities in Romania in the long-run, using a wide range of classic inequality indicators. The coefficient of variation, Herfindahl and Gini indices, Theil entropy index, Hoover index and Atkinson index are among the most common methods employed in empirical research that are going to be used in this research as well.

The Gini index (Gini, 1939) is a very popular method to measure disparities, being largely accepted as a standard indicator in empirical research. It has several computation formulas. In this paper we use the following formula for Gini index (GI):

$$GI_t = \frac{\sum_{i=1}^n (2i - n - 1) \cdot X_{it}}{n \sum_{i=1}^n X_{it}}, \quad (1)$$

where X_{it} is a measure of economic development (GDP per capita preferably) in year t and region i , n being the number of regions. The values X_{it} have to be ordered upwards. Gini index ranges between 0 and 1. Since Gini is a relative indicator, neglecting absolute disparities, it can be sometimes misleading by indicating the same value for a rich and a poor country/region alike, if their distributions of income are similar. However, in absolute terms the situation is quite different and the quality of life is far superior in the more developed countries/regions. Therefore the Gini index can only indicate increases or declines in disparities as a trend, independent of absolute values.

In order to compensate for Gini's limits, we are going to use several other inequality indicators besides it. For instance, entropy indices such as Theil and Atkinson are useful for comparing a given distribution with the maximum possible entropy.

The Theil index is:

$$TI_t = \frac{1}{n} \sum_{i=1}^n \frac{X_{it}}{\bar{X}_t} \ln \frac{X_{it}}{\bar{X}_t}, \quad (2)$$

where \bar{X}_t stands for the average value in year t . The values lie in the $[0, \ln(n)]$ interval, 0 meaning equality and $\ln(n)$ maximum inequality. The higher the index, the further away from uniformity is the distribution of X .

The Atkinson index (Atkinson, 1970) measures the "social utility" (ranging between 0 and 1) that can be obtained by completely redistributing the income so as to achieve equality. It uses an "inequality aversion" parameter that starts from 0 (meaning any level of inequality is acceptable) and increases with the degree of social opposition to inequality. The Atkinson index is as follows:

$$AI = 1 - \frac{1}{X} \left(\frac{1}{n} \sum_{i=1}^n X_i^{1-\varepsilon} \right) \text{ for } 0 \leq \varepsilon \neq 1 \quad \text{and} \quad (3)$$

$$AI = 1 - \frac{1}{X} \left(\frac{1}{n} \prod_{i=1}^n X_i \right)^{1/n} \text{ for } \varepsilon = 1,$$

where ε is the "inequality aversion" parameter.

Its values indicate how much income should be redistributed in order to achieve total equality. Similar to Atkinson is the Kolm index, which determines the absolute amount of variable X that would be saved, with social indifference, in case of equalitarian distribution.

The Ricci-Schutz coefficient is known under several alternative names, such as Hoover index (Hoover and Giarratani, 1984), Robin Hood index, or Pietra's measure. It determines the percentage that needs to be redistributed from richer to poorer regions in order to get a uniform (equalitarian) distribution of variable X throughout the country. The formula of Ricci-Schutz coefficient RS is as follows:

$$RS_t = 1/2 \frac{\sum_{i=1}^n |X_{it} - \bar{X}_t|}{\sum_{i=1}^n X_{it}} \quad (4)$$

. The Herfindahl Index HI (also known as Herfindahl-Hirschman) measures absolute inequality/concentration:

$$HI_t = \sum_{i=1}^n \left(\frac{X_{it}}{\sum_{i=1}^n X_{it}} \right)^2 \quad (5)$$

The values range between 1/n (uniformity) and 1 (maximum concentration: one region gets the whole X). Its main limit is the sensitivity to higher values of X. For instance bigger countries/regions, are influencing stronger the values.

When computed out of county level data, the Herfindahl Index ranges between 0.0238 and 1 in Romania.

Opposite to Herfindahl Index, the Rosenbluth index RI (Rosenbluth, 1955) gives more importance to smaller values of X. Its formula is as follows:

$$RI_t = \frac{1}{2 \sum_{i=1}^n r \left(\frac{X_{it}}{\sum_{i=1}^n X_{it}} \right)^2 - 1}, \quad (6)$$

where $r = 1, 2, \dots, n$ represents the rank (from highest to lowest X) of X values. This rank gives higher significance for lower values because they have bigger "r"s. Likewise the Herfindahl index, the Rosenbluth index ranges between 1/n and 1.

Finally, we are going to test the sigma (σ) convergence/divergence hypothesis based on Barro and Sala-i-Martin (1991) standard method, using the coefficient of variation, as follows:

$$\sigma_t = \frac{\sqrt{\frac{\sum_{i=1}^n (X_{it} - \bar{X}_t)^2}{n}}}{\bar{X}_t} \quad (7)$$

where \bar{X}_t stands for the average GDP/cap in year t and n is the number of counties. Sigma convergence occurs when GDP dispersion across counties diminishes over time.

The analysis of in this paper relies on oldest and newest data accessible at county level, combining data from the Yearbooks published during the communist regime with online databases provided by the Romanian Institute of National Statistics (TEMPO database). Own computations were also required to compute GDP per capita and to transform all values in constant RON.

4. Results and discussion

Our research was severely impaired by the limited official data available at regional level, especially for the period of the communist regime. Therefore, the computations of inequality measures used GDP per capita (largely acknowledged as the best indicator of economic performance in geographic comparisons) only for 1995-2015 and industrial production data for 1950-1990. During the communist regime industry has been the main sector of the Romanian economy, accounting for the largest share in total production and this makes it a good indicator for inequality comparisons among the counties.

Several inequality indices have been computed for the Romanian counties, over a long period of time: 1938-2015 and the results are largely in agreement. Regardless the specific computation formula employed, all indices point to a steady but moderate decrease in disparities during the communist regime, from 1960 to 1990, followed by a strong reversal of this trend starting with the transition to the market economy (Table 1).

Table 1. Various inequality indices for the Romanian counties, 1938-2015 (selected years)

	Theil	Herfindahl	Rosenbluth	Gini	Ricci-Schutz	Atkinson	Kolm
1938	0.4280	0.0541	0.0479	0.4907	0.3625	0.1940	0.2261
1950	0.4272	0.0540	0.0478	0.4895	0.3649	0.1929	0.3886
1960	0.4768	0.0585	0.0503	0.5151	0.3810	0.2140	2.1716
1965	0.4373	0.0553	0.0481	0.4934	0.3583	0.1975	4.7504
1970	0.3888	0.0490	0.0466	0.4766	0.3537	0.1835	8.9264
1975	0.3784	0.0515	0.0450	0.4583	0.3313	0.1710	17.4046
1980	0.3214	0.0476	0.0418	0.4170	0.2921	0.1443	25.7149
1985	0.2802	0.0443	0.0401	0.3923	0.2819	0.1250	30.0482
1990	0.2598	0.0437	0.0387	0.3691	0.2644	0.1138	26.8998
1995	0.2050	0.0400	0.0345	0.3093	0.2231	0.0864	109.4074
2000	0.3708	0.0622	0.0388	0.3869	0.2748	0.1425	122.6604
2005	0.4041	0.0657	0.0404	0.4107	0.2922	0.1557	161.6728
2010	0.4464	0.0728	0.0413	0.4239	0.3059	0.1681	187.0259
2015	0.5058	0.0800	0.0438	0.4565	0.3373	0.1900	216.4920

Source: own processing

From the mid-90th onwards the rise in inequalities is constant and strong. Depending on the specific index, the strengths of development gaps differs. For some indices this increase is quite strong, for instance Theil index was more than double in 2015 compared to the minimum of 1995, while Herfindahl and Kolm doubled in the same period (Table 1). Another general observation is that for most indicators 2015 represents a maximum, or is close to the historic maximum, suggesting the current situation of regional inequalities deserves more attention from the Romanian decision-makers.

Although Gini index had a relatively smaller increase, its values are alarming, indicating high inequality. There is a consensus in the literature against very high inequality, which clearly hinders economic development in poor countries (e.g. Barro, 1999), but there are also opinions in support of moderate inequality (Cornia and Court, 2001). The question is how much inequality is acceptable? Although the answer to this question is far from simple or

straightforward, to the 'efficient inequality range' of 0.25 to 0.40 established for Gini coefficients (Cornia and Court, 2001). Romania was situated within this efficient range only for a short period of time: 1885-1995. The most recent value of Gini (0.4565 in 2015) is far above the upper limit, positioning Romania among the high inequality countries.

Figure 1 illustrates that the Romanian counties followed a sigma convergence process over 1950-1990 and sigma divergence trend over 1995-2015, only shortly interrupted by small deviations. Since we have carried out the sigma convergence analysis with data on industry production for 1950-1990 period and GDP per capita for the 1995-2015 period, the figures are not directly comparable and different graphs have been built for these two sub-periods.

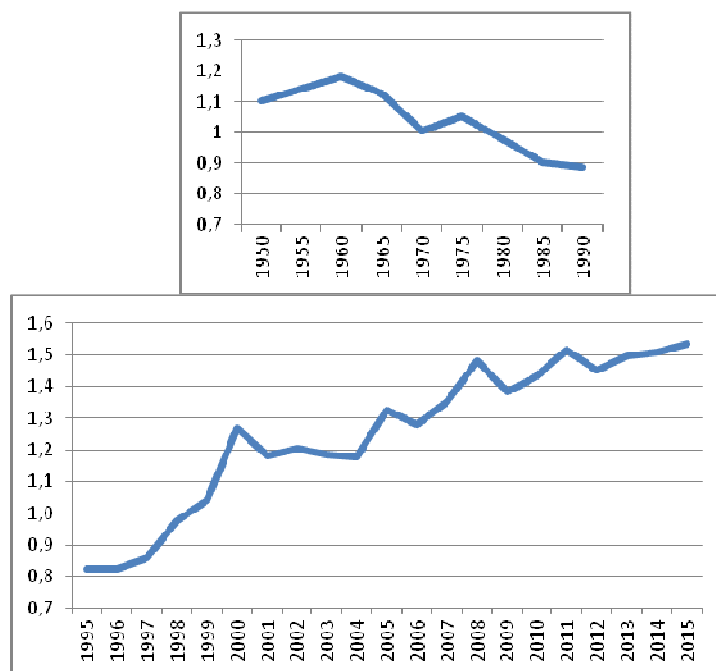


Figure 1. Sigma convergence over 1950-1990 and sigma divergence over 1995-2015

Source: own processing

In sum, the results from the inequality indices, as well as from applying the sigma convergence method, are largely in accordance with the mainstream empirical literature and our expectations, indicating a worrying upwards trend in economic disparities at county level.

5. Final remarks

Given that all inequality indices that have been computed for the Romanian counties provide similar results, i.e. steady but moderate decrease in disparities during the communist regime, from 1960 to 1990, followed by a strong reversal of this trend starting with the transition to the market economy, our findings are quite strong and unequivocal. The sigma convergence method, applied for the period 1950-2015, reinforced these conclusions as well.

It is natural that the regions differ in their natural, human and capital endowments and therefore display different dynamics and have different capacity to adapt to the challenges of a constantly changing economic environment. The problem of Romanian regional development is not the mere existence of inequalities, but their amplitude and the steady upwards trend. The persistence of severe spatial inequalities in Romania calls for appropriate regional policies able to stimulate a faster economic growth of underdeveloped counties, firstly by putting to good use the available local resources.

Since the both global and local economic environments are under constant change, further research will be needed to explore the developments in this area, as new data and information will become available. Another useful direction for future study might be the decomposition of inequalities by territorial level, so as to better understand specific geographical contributions to total disparities.

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STRATEGIES FOR THE TRANSFER OF DRY CONTAINER TRANSPORT ON THE DANUBE RIVER IN THE ROMANIAN SECTOR

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Abstract:

In this paper is analyzed the situation of the transfer of container transport, from the road, to the inland waters and especially on the Danube river, in the area of Romania. This is an EU program idea, which is far behind the forecast. The situation in Romania is much more difficult than other EU Member States. The paper reviews the real situation on the river artery, the possible intermodal connections and the strategies necessary for the transfer of containers on the Danube.

Keywords: logistics, transport, container, strategies, development.

JEL Classification: E61, R11.

1. Introduction

The most important steps to promote river transport and inland waterways began in 1991 when the European Commission published the "White Paper" on transport, pointing out that "freight and passenger transport is increasing and that there is a danger that road transport will no longer be able to meet the needs of the market" (1). Due to the rapid growth of freight transport on highways and roads, which has generated congestion in road traffic, European authorities have in recent years paid more attention to the development of waterway transport. The European Commission adopted in 2001 a new "White Paper" on transport, entitled "European transport policy for 2010: it is time to decide", which was revised in 2007 (2). But the situation is still unresolved; no progress has been made at Community level and hence a number of problems with the transport of containers.

2. General situation of river transport in Southeast Europe

In the European Commission document (2) analyzed the situation of transport at that time, one of the important conclusions being that "it is necessary to pay particular attention to the river transport, which is the least polluting, the cheapest, which has a great potential for development and is a viable alternative to decongesting road traffic". In January 2006, the European Commission presented the Communication on "NAIADES". This is an "Integrated Action Program for Inland Navigable Waterways" (3). This Communication aimed at "promoting and developing inland waterway transport" and contained a series of recommendations on the measures and actions to be taken during the period 2006-2013 to exploit the full potential of this mode of transport. This program has been continued since 2013 with the "NAIADES II" program, called "Inland Waterways Action Program" (4). A number of specialists appreciate that "river navigation is one of the best alternatives offered by Romania for freight and passenger transport" (5). After the accession of most of the countries bordering the Danube, to the European Union (except for Serbia, the Republic of Moldova and Ukraine), the Danube became of particular importance to the European Commission in terms of the development of transport networks in general and network waterways of the European Union. From the analysis of the traffic figures it can be concluded that the Danube, compared to the Rhine, the second large Community navigable waterway, is very little used. Thus, if Rhine, which has a 700 km waterway sector, transports about 350 million tons of freight every year, and approximately 80 million tons are transported on the Danube, which has a navigable sector of about 2200 km.

This reduced traffic is the effect of several factors among which the most important are (6):

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- The economic situation in some states along the Danube, their low level of economic development.
- The political events that took place between 1992-1995 and 1999-2005 on the Yugoslavian sector of the Danube and which led to the directing of goods to other modes of transport.
- The critical situation of the transport infrastructure on the Danube. This is a major concern of the European Commission.

The importance of the Danube also results from the fact that at the "Pan-European Transport" Conference, which took place on the island of Crete in March 1994, the "Pan-European Transport Corridors" were established and then revised at the third "Pan-European Transport" Conference, which took place in Helsinki in 1997.

The territory of Romania is crossed by three corridors:

- Corridor IV: Berlin-Nuremberg-Prague-Budapest-Bucharest-Constanta-Thessaloniki-Istanbul.
- Corridor IX: Helsinki-St.Petersburg-Moscow-Pskov-Kiev-Liubashevsk-Chisinau-Bucharest-Dimitrovgrad-Alexandropolis.
- Corridor VII: The Danube, including the Danube-Black Sea Canal.

Corridors IV and IX are multimodal, including nodes and collection and distribution centers, between modes of transport: road, rail, river and sea. On the territory of Romania, the Pan European Corridor, which refers to the shipping is "Corridor VII" and includes:

- Danube river.
- "Danube - Black Sea" and "Poarta Albă - Midia Navodari" waterways.
- The arms of the Danube, Sulina and Chilia.
- Infrastructure of Romanian ports on these waterways.

The most important aspect is that the economies of Central and Southeast European countries continue to grow rapidly, benefiting from a number of advantages of belonging to the unique European market. This has led to an increase in demand for high quality transport services and facilities, meeting the needs of all partners involved in this type of logistics chain. What are the general advantages of developing inland waterway transport? A number of specialists appreciate that "the estimated effects will materialize directly in time and cost savings (resulting from improved service delivery at a distance) and indirectly from potential decongestion of interurban road transport and increased service life of main axes road communication" (5), (7). A second major advantage is that a reduction in the environmental impact caused by congestion in land transport modes and their emissions will be achieved, the river transport means being much less polluting than land. Equally important is the establishment of an appropriate framework of financial support, through fiscal policies, to enable the development of river transport, with guarantees of quality, safety, territorial integration and observance of the principles of free competition. Tax policies are considered to be "fundamental to facilitating the integration of river transport in intermodal transport chains, encouraging the creation of new competitive line services and improving existing ones" (5). On this line, it is also envisaged the development of a plan of economic and financial measures to support the river sector, having the fundamental objective of facilitating the modernization of the Romanian river fleet (8). This plan of measures will have the advantage of improving the safety and quality of services provided by the river fleet.

3. "NAIADES" program, the starting point of the river strategy

The "NAIADES" program of the European Union was designed to support the development of inland waterway transport. This program has been adopted by the European Commission, the European Parliament and the Member States and has an "Action Plan" that integrates into the general policy of the European Union for an efficient and sustainable transport system, where each mode of transport is based on strengths, reducing its weaknesses to meet the challenges of this century: competitiveness, global warming and energy security (3). The first steps of the "NAIADES" Action Plan have been implemented and the next

package is in place. But in reality, change is difficult because of the challenges it faces: infrastructure upgrading, renewal of workforce and innovation in the fleet of river ships. Priorities must also be set, because they can not solve all the problems at once. For small and medium-sized companies, inland waterways need clear policies to create jobs, and in particular to contribute to economic growth and take advantage of new energy-related business opportunities and technologies environment. In 2016, the European Court of Auditors presented a "Special Report" in which it "examined whether strategies for the inland waterway freight transport were effectively implemented by the Commission and the Member States EU".

On this line, the European Court of Auditors sought to answer two main audit questions as follows:

- Have the projects co-financed by the EU budget effectively contributed to increasing the modal share of goods transport, inland waterways and improving navigation conditions?

- Have the EU's inland waterways strategies been coherent and based on comprehensive and relevant analyze?

The audit revealed that the strategic objective of the European Union, which consists in "reorienting traffic from road to inland waterway transport and improving airworthiness" has not been achieved. Between 2001, when this target was set and 2012, the year for which the latest statistical information is available, the modal share of inland waterway transport did not increase substantially, fluctuating around 6%. In conclusion, the Court of Auditors in the "Special Report" stated that "EU inland waterways strategies have not been implemented effectively". Existing EU-funded projects have not always been in line with the objectives of freight transport on inland waterways and only a few of these projects have contributed to improving navigation conditions. It has been found that some isolated bottlenecks have been removed, but they were still surrounded by other bottlenecks. Therefore, the impact of these projects on inland waterway transport was low. This is partly explained by the weaknesses in EU inland waterways strategies that were not based on sufficiently robust and comprehensive analyzes as well as by the duly unused use of scarce resources at EU and national level states. In addition, the approaches adopted by Member States in relation to inland waterway transport were inconsistent along the main corridors. EU strategies have not sufficiently taken into account the environmental aspects and the attention paid by Member States to waterway maintenance.

4. Infrastructure of Romanian ports located on the Danube

Due to its membership of the Trans-European Transport Network (TEN-T), the Danube has the potential to become an element in the development of the combined transport system for the development of tourism in the adjacent areas of the Danube and the Danube Delta, such as and to improve the operation of river ports, figure 1. The projects on specific operating technologies for ports and projects for environmental protection on the Danube are also very important. The Danube is part of "Danubian River Corridor VII". It intersects in Romania with the road IX corridor connecting Northern Europe to its South, figure 2. To understand the way in which the transfer of goods, rail and road transport can be made on the Danube River, it is necessary first the knowledge of the Danube ports and facilities offered by them, the existence or absence of connections with other means of transport, whether or not large investments are required to make this transfer. In this sense I conducted the research in the ports: Moldova Nouă, Orșova, Drobeta Turnu-Severin, Calafat, Bechet, Corabia, Zimnicea, Giurgiu, Oltenita, Călărași, Cernavodă, Hîrșova, Braila, Galati and Tulcea. I consider that the best placed ports for the transport of containers are: Orșova, Calafat, Giurgiu, Oltenița, Braila, Galati.

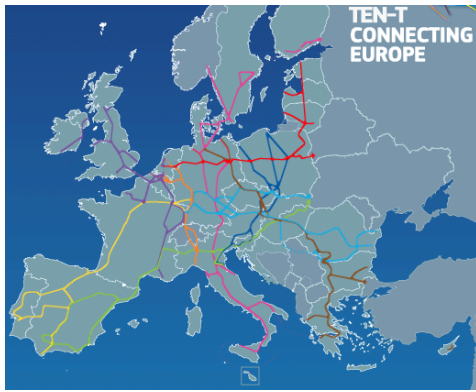


Figure 1. European TEN-T network.



Figure 2. The VII River Corridor.

Source: ec.europa.eu/transport/themes/infrastructure.

The main features of these ports are:

1. The Orșova port. Orșova port is located at km 955 in Mehedinți county, figure 3. The port council is situated between km 953-957, in the upstream area of the present accumulation lake of the Hydropower and Navigation Complex "Iron Gate 1", in Mehedinți County. General data of Orșova port, figure 4 are as follows:

- The port is the public property of the Romanian state. The port area is 50439 sqm. It is concessioned by the Ministry of Transport to the National Company "Administration of the Danube Rivers Ports" SpA, Giurgiu (10).

- Port operator is "E.P. Drobeta" SpA Company, Orșova. Operated goods: ore, iron, wood, general merchandise, building materials, bauxite, fertilizers, etc.

- The harbor has 100 meters long sheds and 500 m long vertical sinks. The port also has a modern passenger terminal with a river station at European standards. Facilities: drinking water, sewerage and electricity.

- Communication routes: internal access to the street network of Orșova, NR 6 (National Road) and NR 57, the mooring of the ships is made at vertical and mooring pontoons.

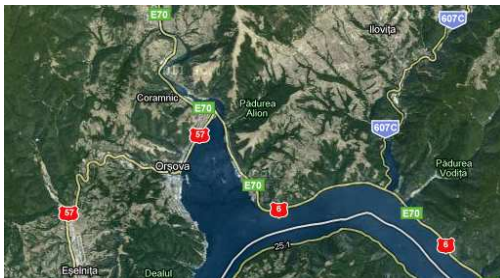


Figure 3. The general view of Orșova harbor.

Source: google.ro/maps.



Figure 4. Port Orșova, commercial area.

Source: N.C. "ADRP" SpA Giurgiu.

2. The Calafat port. The Calafat harbor is located between km 794-795, in Dolj county, figure 5. The port harbor is between km 793-796 on the left bank of the Danube. The general data of Calafat Harbor, figure 6, are as follows:

- Administrator: port is public property of the Romanian state. The total area of the harbor enclosure is 50,968 sqm. It is concessioned by the Ministry of Transport to the National Company "Administration of the Danube River Ports" SpA, Giurgiu.

- Port Operators: "E.P. Drobeta" SpA Company Orșova, "Cerealcon Dolj" SpA Company. Goods operated: general goods.

- The port is of the river type, allows the mooring of barges up to max. 2000 t. Access to water is provided directly from the Danube waterway. The mooring depth is -3.00 m. The port has the following mooring fronts, planted with pear, from upstream to downstream: RO-

RO ramp, with a length of 100 m, at the passenger berth; 100 m operative front, 350 m freight docks, where 2 portable cranes of 5 tf x 32 m are mounted; ferry-boat ramp.

-A border crossing point with all the facilities is arranged in the RO-RO ramp area. The harbor has storage platforms of 11,000 sqm. Operating equipment: 2 portable crane boats of 5tf x 32 m, and the other berth operations are carried out with floating cranes. Traffic capacity: 270000 t/year. The harbor has power, water and sewerage facilities.



Figure 5. The general view of the Calafat port.

Source: google.ro/maps.



Figure 6. Port Calafat, RO-RO berth.

Source: N.C. "ADRP" SpA Giurgiu.

-Communication routes: road access connected to the local transport network and further links to NR 55, NR 5A and NR 56A; the rail link through ramp lines in the zonal network.

3. Port of Giurgiu. The Giurgiu harbor complex is located at km 494-491, in Giurgiu County, figure 7. The river roadsted is between km 489-497, on the left bank of the Danube. The general data of Giurgiu port are as follows:

-Administrator: the port is public property of the Romanian state. It is managed by the National Company "Administration of the Danube River Ports" SpA Giurgiu. Goods operated: bulk goods, general goods, cereals, petroleum products. Main Operators: "A.E.P. Giurgiu Port" SpA Company, "Dunapref" SpA Company, National River Company "Giurgiu Nav" SpA Giurgiu.

-The port is of a river type, allowing the mooring of barges up to max. 2000 t. Water access is provided on the Danube for the "Ramadan" and "Cioroiu" sectors and the "Smărda" Arm in the "Plant" Basin respectively. The total area of the harbor enclosure is 59 ha, of which 70,000 sq m were built. Traffic capacity is 2305000 t/year. The port has facilities for power, water and sewerage.

-Communication routes: The port has road access from the city's main street network and further links to the CR (County Road) 504, CR 507, NR 5, NR 5B, NR 5C. The harbor has railway links provided through rebusment lines, in all four sectors, from the city railway station to the regional railway network.



Figure 7. The general view of Giurgiu port.

Source: google.ro/maps.



Figure 8. Port Giurgiu, the "Plant" basin.

Source: N.C. "ADRP" SpA Giurgiu.

The port of Giurgiu is developed in four locations as follows: the "Ramadan" sector has mooring functions on the Danube, with a length of approx. 750 m; the "Plant" basin, with mooring fronts with a total length of 740 m, and a dump for the ballast products is arranged to

“Cioroiu” Island; “Veriga” Basin and Oil Port. For containers, a specialized terminal was built in the “Plant” Basin on the "Giurgiu Free Zone" at km 492 (11). The terminal is managed by the [Commercial Company "Arranging Container Danubian Port" Ltd, Giurgiu](#) (12). The terminal's facilities are the following: a vertical jet of 217 m in length, can simultaneously key 3 barges of 70 m each length; 1 quay portal type 50/25 tf x 25/35 m; 2 portal type cranes of 15/8 tf x 23/36 m; 1 45 t reachstaker that can handle 40-foot containers up to 12 m in height; 4 forklifts with a maximum lifting capacity of 3 tf each; 2 internal transport platforms of 60 tf each. The operating capabilities are as follows:

- a). Containers: 100 containers/8 hours in a berth.
- b). General goods: palletized: 500 t/8 hours in a berth, 1000 t/8 hours in two dances; Bulk: 400 t/8 hours in a berth, 800 t/16 hours in a berth.

4. Oltenița port. The Oltenița port is at Km 430, in Calarasi County, figure 9. The port harbor is between km 428-431, on the left bank of the Danube. The general data of Oltenița port, figure 10, are as follows:

-Administrator: the port is public property of the Romanian state. The surface of the harbor enclosure is 88.7 ha, of which 9.600 sqm. It is concessioned by the Ministry of Transport to the National Company "Administration of the Danube River Ports" SpA Giurgiu.

-Goods operated: grain, pond products, quarry products. Main Operators: "A.E.P. Giurgiu Port" SpA Company, "T.T.S." SpA Company from Bucharest.

The port is of a river type, allowing the mooring of barges up to max. 2000 t. Access to water is provided directly from the navigable channel of the Danube. The mooring depth is -3.00 m. The port consists of the following mooring fronts, which are upstream and downstream: 4 mooring ramps for transporting the oversized parts, 200 m non-operating queue, 300 m perpendicular for loading/unloading goods. Operating equipment: 3 portable crane boats of 5tf x 32 m. Traffic capacity: 525000 t/year.

-Communication routes: road access connected to the city street network and further links to NR 4, NR 31 and NR 41; railway connections secured by connecting to the city train station.



Figure 9. The general view of Oltenița harbor.
Source: google.ro/maps.



Figure 10. Oltenița commercial port.
Source: N.C. "ADRP" SpA Giurgiu.

5. Port Braila. Braila Harbor is at Km 168 + 300 m and Km 170 + 875 m, Marine Mile 90, figure 11. The port harbor lies between km 167-168, on the left bank of the Danube, in Braila County. This is a river-sea port, as commercial ships on the maritime Danube can enter, from Sulina, on the Sulina branch to Braila. The general data of Braila Harbor, figure 12, are as follows:

-Administrator: the port is public property of the Romanian state. Total area: 389,630.13 sqm, number of basins 1, jump: vertical = 797 m, wall = 2.506 m.

-Port facilities: storage of goods on open platforms and closed warehouses, docked with port equipment for ship operation, grain silo, shipyard. The number of operating docks is 25. Provides facilities for: winter ship staging, ship maintenance, cleaning of warehouses and

warehouses on ships, cleaning and degassing of fuel tanks. Goods operated: grain, ores, chemical and industrial products, general goods. Main Operators: "Hercules" SpA Company Braila, "Trans Europe Port" Ltd. Company Galați, "Cerealcon" SpA Company Brăila, "Romanel" SpA Company Braila. Facilities: water supply, sewerage, electricity.

-Communication routes: connection to the national road system via NR 2B (national express road) connecting with Buzau and Galati, NR 21 Brăila - Slobozia, the European road E 87, passing through Tulcea and Constanța; connection with the national railway network, has a wide track railway along the operating docks.

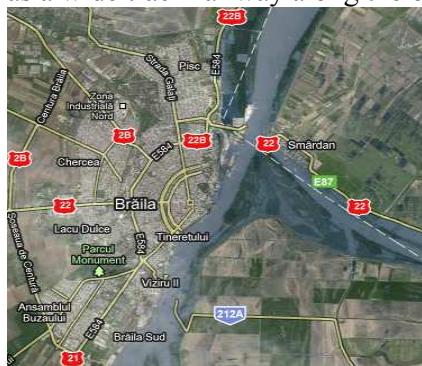


Figure 11. The general view of Braila harbor.
Source: google.ro/maps.



Figure 12. Braila Harbor, commercial area.
Source: "Hercules" SpA Company Brăila.

6. Port of Galati. The Port of Galati is at Km 149-157, Marine Mile 80, figure 13. The port harbor is located between km 155-158, for inland waterway vessels and between km 158-159 for bare river ships on the left bank of the Danube, in Galati County, being also a river-sea port. The general data of Galați port are the following (13):

-Administrator: the port is public property of the Romanian state. The total surface area of the port is: 864,131 sqm, 2 port basins, the length of the jars: vertical = 4,675 m, wall = 2,390 m, 56 operating docks. The quay front stretches over a total surface of 1,500 meters, of which 500 meters on the Danube, and the rest is the existing port basin. Port facilities: the port is equipped with a number of efficient port harvesting technologies, has a number of multiple storage capacities, as well as mechanical means for lifting, transporting and stacking goods, grain silos, oil terminal, shipyard, etc. It offers a range of facilities for: winter ship stacking, bunkering, ship maintenance, ship waste disposal (garbage, wastewater and bilge water). It offers a range of utilities: electricity, water, natural gas. Goods operated: grain, ores, chemicals, petroleum and industrial, general goods. Main Operators: "Romportmet" SpA Company, "Unicom Oil Terminal" SpA Company, "Damen Shipyards" SpA Company, "Prutul" SpA Company, "Romanel International Grup" SpA Company Braila.

-Communication routes: connection to the national road system, on NR 2B and E 584; connection to the national railway with a European gauge and a railway track with enlarged gauge for the ex-Soviet countries.



Figure 13. The general view of Galați port.
Source: google.ro/maps.



Figure 14. Galați Harbor, commercial area.
Source: N.C. "AMDP" SpA Galați.

Conclusions

With the accession of Romania to the European Union and the increase of the pollution reduction requirement, the river traffic has gained more importance. The European Union has signaled to invest in river vessels for container transport lines on the Danube. The strategy for achieving this transfer should be oriented as follows:

- The Ministry of Transport has to design a "National Container Transfer Plan". This plan, in particular, must contain: the necessary measures for carrying out the transfer of containers; sources of financing; economic agents that need to become partners; the port administrations in Romania, which will be responsible for the development of port infrastructure for container traffic; partner foreign authorities in Bulgaria, Serbia, Ukraine and the Republic of Moldova; execution deadlines and executives.

- The Danube Port Administrations companies from Giurgiu and Galati, have to design development projects for the river ports they manage, which can be included in the national container transfer system. The six ports presented can be a starting point for this project, considering their positioning on the Danube, the links with the interior of the country and the other European countries.

- Ensuring the Romanian state financing of the construction of specialized barges for containers, as Romania does not yet have such barges. For this, a public-private partnership is needed between the transport ministry and the Romanian capital of the Romanian river transport companies (14).

- Establishment of container shipping lines on the following domestic and international routes: Route 1: Constanța - Braila - Galati - Giurgiu - Reni; Route 2: Constanta - Oltenita - Giurgiu - Ruse; Route 3: Constanta - Calafat - Orsova - Belgrade.

- Taking European funds for the maintenance of the Danube waterway in the Romanian area. Without dredging where the Danube creates problems for the vessels, the river transport of containers can not develop, the ship owners have great problems with the delays due to the decrease of the Danube level.

Initial costs are not very high, as ports have modern loading / unloading facilities, they have free spaces on which container terminals can be arranged and have great opportunities to set up logistics spaces. The six ports have the greatest advantages to easily integrate into the national container transportation system, covering all the areas of the country as fanfares.

The most difficult aspect is bringing a large number of economic agents to the same negotiating table, which carrying goods in containers on the roads. This situation is difficult due to the interests of transporters to respond quickly to customer requirements. Customers want to receive the goods on time and securely, according to commercial contracts. This will require a highly advanced computer-aided transport planning management and even a unified program to which all sellers, buyers and carriers interested in container transport will have access. The integrated computer-assisted program can be implemented at the container carriers' association, which will manage this program.

In practice, however, there will be some resistance from those who buy goods and resort to container, road or rail carriers. But also from carriers. I believe that this can be solved through negotiations and partnerships that have been concluded so that all those interested can understand the advantages of transferring container shipments to inland waters.

No tough action should be taken to increase road tolls for busy roads or to transit through cities, as happened in Romania in the past.

The advantages of container shipments on inland waters will be very important for the entire society.

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EVALUAREA ȚĂRILOR MEMBRE UE, PE BAZA INDICATORILOR BUNEI GUVERNANȚE DIN PERSPECTIVA SECURITĂȚII NAȚIONALE

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Ștefan, Teodoru²

Abstract: Scopul prezentei cercetări științifice este de a realiza o analiză asupra țărilor membre UE, pe baza unor indicatori ai bunei guvernante din perspectiva securității naționale, indicatori pe care îi propunem ca parte a unui nou model. Metodologia cercetării științifice pe care se fundamentează studiul nostru constă în: statistici descriptive ale indicatorilor propuși spre analiză, realizarea de teste statistice și inferențe, cum ar fi: evidențierea corelațiilor între indicatorii de evaluare ai bunei guvernante și PIB/locuitor. Culegerea și centralizarea datelor au fost realizate în softul informatic SPSS Statistics 23. Principalele rezultate ale cercetării constau în realizarea unui instrument științific pe baza căruia se poate realiza evaluarea bunei guvernante din perspectiva securității naționale. Un alt rezultat important al cercetării este acela că, pe baza analizei, pot fi identificate direcțiile strategice în care țările ar trebui să intervină pentru o bună guvernare din perspectiva securității naționale.

Keywords: buna guvernare, buna guvernare, securitate națională, indicatori ai bunei guvernante, analiză la nivelul țărilor membre UE

Jel Classification: H11, E61

1. Introducere, configurare epistemologică și dimensiuni ale bunei guvernante din perspectiva securității naționale

Ca orice expresie modernă, buna guvernare se apreciază că își are descendența în apariția crizelor, mai exact, în crizele de ordine. A apărut ca o reacție la toate crizele societale, atotcuprinzătoare, dar nedefinite: crize de legitimitate, crize politice, crize ale eficienței activităților umane. Acest lucru poate fi lesne observat în cadrul rubricii bunei guvernări a instituțiilor financiare internaționale, în special a Băncii Mondiale, în cadrul căreia se prevede modul de soluționare a crizelor respective și prevenirea recurenței acestora (Koivisto, 2014, pp. 587-611). Pe ordinea de zi a agendei publice, conceptul bunei guvernări s-a dezvoltat constant și a înglobat noi sisteme societale, sub același limbaj aparent, al bunei guvernări. Popularitatea în creștere a conceptului bunei guvernări, de la începutul anilor '90 a dinamizat discuțiile, la nivel european și global, precum și, prin urmare, activitatea științifică. Conceptul bunei guvernări a fost folosit ca un panaceu pentru diferite tipuri de probleme în exercitarea puterii sociale, cum ar fi: luarea deciziilor în plan politic, managementul financiar, managementul instituțional, administrarea cheltuielilor publice, dreptul administrativ, cooperarea politică, etica profesională etc., toate acestea utilizând limbajul din vocabularul bune guvernări, pot fi interpretate ca probleme de bună guvernare sau de bună administrare.

Confuzia conceptuală poate fi sporită și datorită altor expresii care au delimitat diferite arii, cum ar fi: buna guvernare, guvernarea democratică, guvernarea multi-nivel, noua guvernare, buna administrare, conducerea eficientă, justiția administrativă, guvernarea globală, dreptul administrativ global, noul management public și altele asemănătoare. Rădăcinile teoretice, istorice și contextuale diferite ale tuturor acestor expresii, pot fi aduse la același numitor comun și anume: toate acestea pot fi argumente pentru a se referi la justetea puterii executive sau la o combinație a puterilor executive, politică și legislativă. Koivisto (2014, pp. 587 - 611) demonstrează că limbajul bunei guvernări este atât de vast și incluziv, încât justifică raționalități multiple ale societății, apreciind ca fiind mai bună abordarea împărțirii lui în subdiscursuri separate, a diferitelor regimuri de raționalitate și anume:

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promovarea dezvoltării economico – sociale, a eticii și responsabilității sociale, a justiției și, nu în ultimul rând, a eficacității economice în contextele instituționale ale organizațiilor internaționale, respectiv, Uniunea Europeană, Consiliul Europei, aceste două instituții formând principalele contexte ale analizei.

Originile bunei guvernări moderne se află în programele de ajustare structurală și de sprijin pentru dezvoltare, de la sfârșitul anilor 1980. Crizele fiind atât de complexe, s-a constatat că ajutorul acordat nu și-a atins obiectivele, printre cele mai importante cauze numărându-se corupția, mita și slaba eficiență a instituțiilor abilitate. Astfel că, pentru prima dată, Banca Mondială a numit crizele din Africa Subsahariană, drept crize de guvernare (World Bank, 1989), venind în contrapondere cu o serie de dezbateri asupra guvernării, explicând termenul de guvernanță ca fiind: „modul în care se exercită puterea în gestionarea resurselor economice și sociale pentru dezvoltare” (World Bank, 1992), incluzând și o serie de bune practici. Așa cum rezultă din documentele oficiale ale mai multor organizații internaționale, FMI (IMF, 2005), PNUD (United Nations Development Programme, 1997), OCDE (OECD, 2013), inițial buna guvernanță s-a axat pe problematica rezolvării problemelor generate de slaba funcționare a mecanismelor economice. Ulterior, conceptul s-a extins și asupra aspectelor de natură politică. Prin urmare, aspectele cheie ale bunei guvernante, pot fi exprimate astfel: o politică previzibilă și transparentă, o guvernare etică și responsabilă social, o societate civilă puternică, implicată în managementul public, existența unui stat de drept, respectarea democrației și a drepturilor omului, o economie de piață funcțională. Toate acestea acționând sub imperiul respectării legilor, sunt caracteristici ale bunei guvernări.

O abordare trans-disciplinară a conceptului și practicilor bunei guvernante poate să asigure o mai bună înțelegere din perspectivă multi – disciplinară. De asemenea, o astfel de abordare poate să asigure o mai bună înțelegere a provocărilor implicate în identificarea soluțiilor bunei guvernante. Astfel, putem dispune de o mai bună analiză și putem aprecia practicile bunei guvernante (Chottray & Stoker, 2009, p. 214). Chottray și Stoker argumentează că abordarea cross disciplinară a bunei guvernante poate fi obținută printr-o abordare investigativă mai degrabă decât prin întocmirea unei liste de principii normative pe baza cărei sistemul este verificat. Este adevărat că abordarea normativă a conceptului poate să ofere un punct de plecare în înțelegerea fenomenului investigat, dar pentru o înțelegere în profunzime este necesar să se dezvolte o abordare fundamentată atât pe cercetări empirice cât și pe teorii normative pentru a se putea reuși înțelegerea în profunzime a subtilităților provocărilor bunei guvernante, ceea ce nu necesită doar mai multă transparență sau mai multă responsabilitate ci aplicarea, la un nivel superior a principiilor normative, cu grijă și în echilibru cu cele rezultate din cercetările empirice, care particularizează și oferă o perspectivă asupra adaptabilității la specificul local.

Este deja demonstrat faptul că între corupție și venitul național pe cap de locuitor este o relație inversă, practic, în cu cât țările au un venit mai mare pe cap de locuitor, cu atât corupția este mai scăzută. Astfel, rezultatele unui studiu Transparency International group evidențiază o regresie linară între cele două variabile, țările cu o bună guvernare, din acest punct de vedere sunt deci țările bogate. Un studiu interesant vine să completeze aceste rezultate, demonstrând faptul că progresul producției tehnologiei poate genera un mai bun control al corupției generând premisele unei bune guvernante (Osborn, 2006, pp. 289 - 302).

Legătura dintre funcționarea eficientă a instituțiilor și dezvoltarea economică a țărilor a devenit miezul eforturilor bunei guvernante. Concentrarea pe transparență și responsabilitate, consolidarea capacității organizatorice a mandatelor pot conduce la rezultate mai bune ale guvernării. Aceste valențe pot constitui premise eficiente ale bunei guvernări, în special, dacă se combină cu monitorizarea periodică a performanțelor și diseminarea rezultatelor, astfel încât cetățenii și factorii de decizie politică să poată lua decizii în cunoștință de cauză, cu privire la funcționarea acestor sisteme (Trapnell, 2011, pp. 317 - 348).

De-a lungul timpului, Banca Mondială și-a intensificat preocupările asupra guvernantei ca un factor cheie care reflectă variațiile în dezvoltarea eficientă. Ca atare, conceptul asupra bunei guvernante a suportat modificări și actualizări, adaptate noului context.

Astfel, în Raportul Băncii Mondiale privind guvernanta și dezvoltarea, din 1997, guvernanta era definită ca fiind modul în care puterea este exercitată în managementul resurselor economice și sociale ale unei țări, pentru dezvoltare (Banca Mondială, 1997).

Ulterior, în 2007, în Strategia Băncii Mondiale privind guvernarea și anticorupția, definiția guvernării a fost extinsă astfel: modul în care oficialii și instituțiile publice dobândesc și exercită autoritatea de a modela politica publică și de a furniza bunuri și servicii publice (Banca Mondială, 2007).

World Bank Institute, prin autorii indicatorilor bunei guvernări (World Bank Institute's Worldwide Governance Indicators), oferă o abordare mai cuprinzătoare. Astfel, guvernarea constă în tradițiile și instituțiile prin care se exercită autoritatea într-o țară. Aceasta include procesul prin care guvernele sunt selectate, monitorizate și înlocuite; capacitatea guvernului de a formula și implementa politici solide și respectul cetățenilor și al statului pentru instituțiile care guvernează interacțiunile economice și sociale dintre ele (Kaufman, Kraay and Zoido-Lobaton, 1999).

Deși, pe agenda publică, se acordă o importanță crescută bunei guvernante, precum și luptei împotriva corupției, deși s-au făcut pași în măsurarea guvernării și corupției, totuși, există lacune semnificative în ceea ce privește colectarea sistematică a informațiilor privind politicile și instituțiile prin intermediul cărora se realizează buna guvernanta. Nu există încă date complete și actualizate periodic cu privire la mecanismele instituționale pentru sporirea transparenței și creșterea responsabilității administrațiilor și funcționarilor publici. Ca atare, există o cerere crescândă pentru o gamă mai largă de indicatori, unele țări solicitând chiar legi mai noi sau mai bune în domeniul bunei guvernante (Trapnell, 2011, pp. 317 - 348).

2. Metodologia cercetării științifice. Măsurarea bunei guvernante din perspectiva securității naționale: indicatori

Fiind un concept amplu, cu diverse filozofii și ipoteze, întemeiate pe intersecția dintre managementul economic și politic, nici o sursă de date nu se poate pretinde că oferă o singură modalitate de măsurare a guvernantei. Ca atare, s-au dezvoltat mai multe tipuri diferite de indicatori de măsurare a guvernantei, cei mai cunoscuți fiind cei agregați, cunoscuți și ca indicatori compoziți sau de generație a doua. Indicatorii agregați compilează informații din mai multe surse pentru a construi fie o modalitate de a măsura guvernanta în ansamblu, fie un aspect al guvernării, de exemplu statul de drept, administrația publică eficientă etc. Printre cele mai cunoscute modalități de cuantificare și măsurare a bunei guvernante, se numără metodele de agregare pionierate de Kaufmann și Kraay, care reprezintă o metodă amplă de sintetizare, combinare și organizare a datelor și ca atare permit includerea măsurilor complementare de guvernanta, într-un singur indicator (Kaufmann & Kraay, 2011, p. 220).

Noutatea modelului pe care dorim să îl propunem noi constă în faptul că abordează buna guvernanta din perspectiva securității naționale. Ca atare, am selectat pentru analiză și indicatori care vizează securitatea națională.

Etapele cercetării noastre sunt prezentate în cele ce urmează.

Alegerea temei de cercetare: am dorit să facem un studiu cu privire la nivelul indicatorilor bunei guvernante, din perspectiva securității naționale, în țările Uniunii Europene și să identificăm poziția României în această structură.

Formularea obiectivelor:

- De a măsura nivelul bunei guvernante din perspectiva securității naționale, la nivelul Uniunii Europene.

- De a analiza, pe baza statisticilor descriptive, indicatorii selectați pentru cuantificarea bunei guvernante din perspectiva securității naționale.

Datele au fost colectate din cele mai recente 5 rapoarte ale *World Economic Forum – The Global Competitiveness Reports*, respectiv: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017, respectându-se normele de eșantionare. **Scorurile au fost colectate pe o scală valorică de la 1 – cel mai slab, la 7 – cel mai bun.**

Centralizarea datelor s-a realizat în softul *informatic SPSS Statistics 23*.

Variabilele cercetării noastre au fost următoarele: **două variabile non – numerice** măsurate pe scala nominală de identificare și anume: o variabilă care a permis identificarea țărilor participante la studiu, respectiv fiecare dintre țările Uniunii Europene și o variabilă care a permis identificarea perioadei de referință. Astfel, datele au fost culese din rapoartele World Economic Forum, The Global Competitiveness Report, din ultimii 5 ani. **Cele 9 variabile numerice** măsurate pe scală de interval - raport, pe care le-am selectat pentru a evalua nivelul bunei guvernante din perspectiva securității naționale sunt următoarele: **Încrederea publică în politicieni (Public trust in politicians), Mită și alte plăți ilicite (Irregular payments and bribes), Etică și corupție (Ethics and corruption), Independența justiției (Judicial independence), Favoritism în deciziile oficialilor guvernamentali (Favoritism in decisions of government officials), Transparența elaborării politicilor guvernamentale (Transparency of government policymaking), Eficiența guvernării (Government efficiency), Costurile economice ale terorismului (Business costs of terrorism), Securitatea (Security).**

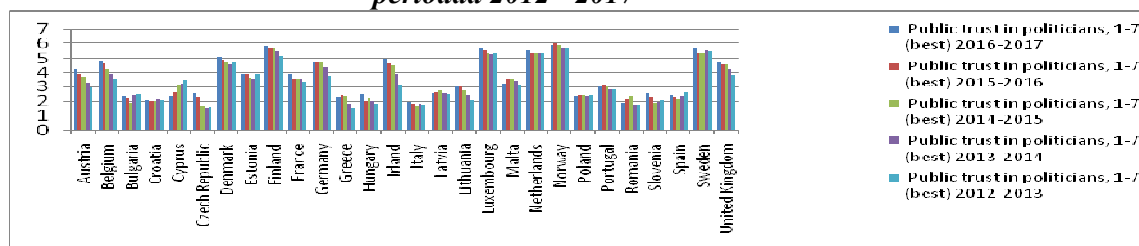
3. Analiza datelor și rezultatele cercetării

Prelucrarea statistică a datelor a condus la următoarele analize și rezultate ale cercetării.

3.1. Indicatorul: Încrederea publică în politicieni (Public trust in politicians) înregistrează scoruri relativ mici, în cele mai multe dintre țările europene. Diferența o fac țările nordice, cum ar fi: Finlanda, Norvegia, Olanda, Suedia, Luxemburg care înregistrează cele mai mari scoruri.

Deși, așa cum putem observa, multe dintre țările europene se confruntă cu probleme în privința încrederii în politicieni, totuși, un aspect pozitiv, evidențiat ca tendință a perioadei supuse analizei noastre, respectiv: 2012 – 2017, este evoluția crescătoare a acestui indicator, ceea ce reflectă faptul că cele mai multe dintre țările europene fac eforturi pentru a îmbunătăți încrederea opiniei publice în politicieni.

Graficul nr. 1 Încrederea publică în politicieni, la nivelul țărilor membre UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017.

Utilizînd softul informatic SPSS, am obținut următoarele statistici descriptive ale indicatorului **Încrederea publică în politicieni**.

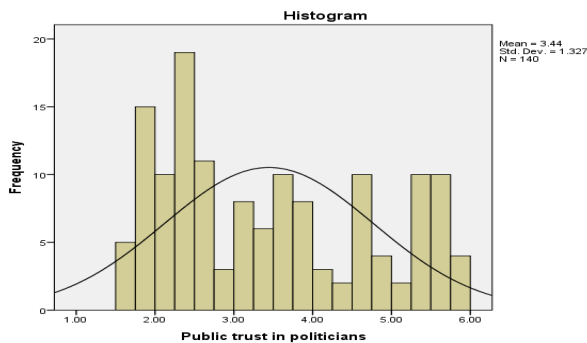
Tabel nr. 1 Statistici descriptive ale indicatorului Încrederea publică în politicieni

Statistics		
Public trust in politicians		
N	Valid	140
	Missing	0
Mean		3.44
Std. Error of Mean		.112
Median		3.18
Mode		50
		1.82 ^a
Std. Deviation		1.32
Variance		.716
Skewness		.410
Std. Error of Skewness		.205
Kurtosis		-
		1.193
Std. Error of Kurtosis		.407
Range		4.44
Minimum		1.54
Maximum		5.98
Percentiles	25	2.32
		25
	50	3.18
		50
	75	4.68
		50

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 2 Repezentare grafică tip histogramă a indicatorului *Încrederea publică în politicieni*



Sursa: date prelucrate de autori

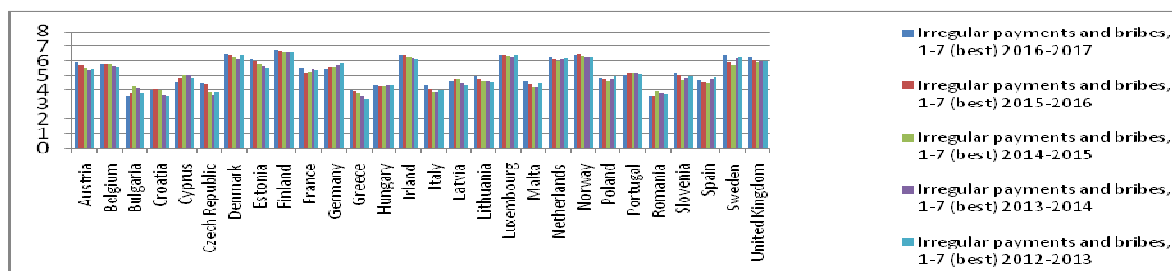
- Așa cum putem observa, indicatorul Skewness care oferă informații despre forma distribuției, respectiv simetrică sau asimetrică, are valoarea 0.41, fiind inclusă în intervalul $[-1, +1]$. Rezultă deci că distribuția este aproximativ simetrică, iar media este un indicator relevant pe care îl putem folosi.
- Totuși, pe baza histogramei putem observa că cele mai multe scoruri ale indicatorului *Încrederea publică în politicieni* se situează în jurul valorilor mici, între 1.5 și 3, aspect nefavorabil. Mai mult, 50% din întreaga distribuție a valorilor obținute de țările UE, în ceea ce privește indicatorul *Încrederea publică în politicieni*, se situează sub

valoarea de 3.19, din maximumul de 7 posibil, ceea ce denotă o încredere relativ slabă a populației în clasa politică.

- Indicatorul Kurtosis are o valoare <0 ceea ce evidențiază o distribuție platikurtică, deci aplatizată a scorurilor obținute la indicatorul **Încrederea publică în politicieni**.
- **România** înregistrează o medie de 1.98 a **Încrederii în politicieni** din maximumul de 7 puncte posibile, aspect care demonstrează necesitatea intervenției urgente în această direcție.

3.2 Cu privire la indicatorul **Mită și plăți ilicite**, putem observa că țările care stau cel mai bine în acest sens și care au obținut cele mai mari scoruri în privința modului în care știu să gestioneze și să combată aceste practici, sunt: Finlanda, Danemarca, Irlanda, Luxemburg, Olanda, Suedia, țări care sunt printre mai dezvoltate din punct de vedere economic, la nivelul UE, dar și care dispun de sisteme democratice de guvernare, bine puse la punct. La polul opus, cu cele mai mici scoruri obținute la acest indicator, se situează: România, Bulgaria, Grecia, țări în care PIB/locuitor este printre cele mai mici din Uniunea Europeană.

Graficul nr. 3 Mită și plăți ilicite, la nivelul țărilor UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017*.

Statistica descriptivă a indicatorului **Mită și plăți ilicite** evidențiază următoarele aspecte:

Tabel nr. 2 Statistici descriptive ale indicatorului Mită și plăți ilicite

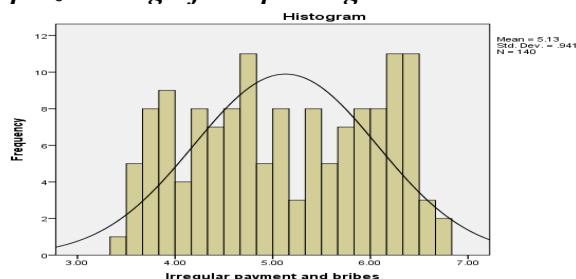
Statistics		
Irregular payment and bribes		
N	Valid	140
	Missi	0
Mean	ng	5.1301
Std. Error of Mean		.07951
Median		5.10
Mode		50
		4.75 ^a

Std. Deviation		.940
		75
Variance		.885
Skewness		-.033
Std. Error of Skewness		.205
Kurtosis		1.270
Std. Error of Kurtosis		.407
Range		3.40
Minimum		3.35
Maximum		6.75
Percenti	25	4.33
les		50
	50	5.10
		50
	75	6.02
		00

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 4 Reprezentare grafică tip histogramă a indicatorului Mită și plăți ilicite



Sursa: date prelucrate de autori

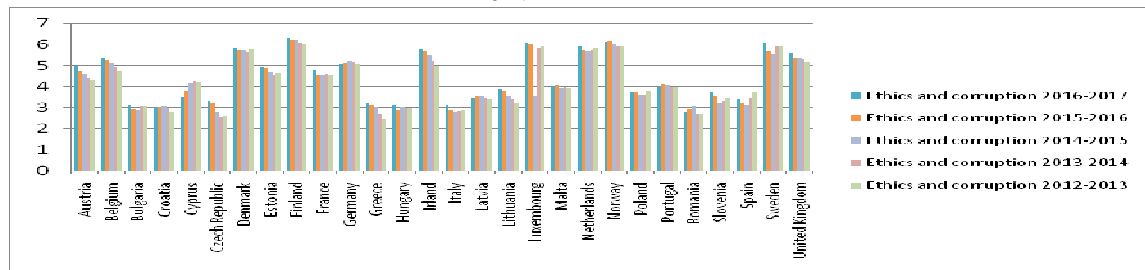
Interpretarea statistică ne permite formularea următoarelor concluzii:

- O distribuție relativ simetrică a coeficientului Skewness ($Sk = -0.03$), $Sk \in [-1, +1]$, de unde rezultă că indicatorul mediei este oportun a fi utilizat pentru analiză. Forma distribuției poate fi ușor observată cu ajutorul histogramei (Graficul nr. 4).
- Media de 5.13, din maximum de 7 puncte posibile, evidențiază un aspect favorabil la nivelul țărilor UE, în sensul că, cele mai multe țări fac eforturi în vederea reducerii flagelului mitei și plăților ilicite (Tabel nr. 2).
- Mai mult, valoarea sub care se plasează 75% dintre valorile distribuției este 6.02, deci o situație echilibrată (Tabel nr. 2).
- Coeficientul de boltire Kurtosis înregistrează o valoare negativă, respectiv -1.27, ceea ce indică o formă aplatizată, platikurtică a distribuției, așa cum se poate vedea pe histogramă (Grafic nr. 4).
- Un alt aspect pozitiv este relativa omogenitate a distribuției, conform coeficientului dispersiei.
- România cu o medie a scorurilor de 3.72 se află foarte aproape de valoarea minimă a acestui indicator, de 3.35, ceea ce înseamnă că trebuie făcute în continuare eforturi mari în vederea combaterii corupției.

3.3 Referitor la indicatorul *Etică și corupție*, măsurat pe o scală valorică de la 1 la 7, unde 7 reprezintă cea mai bună valoare, putem observa următoarele: cele mai mari scoruri, care evidențiază cea mai favorabilă situație sunt înregistrate de: Finlanda, Norvegia, Suedia, Luxemburg. La polul opus se situează, cu cele mai mici scoruri: România, Cehia, Italia, Grecia, Croația, Bulgaria. Un aspect favorabil, care se poate observa la marea majoritate a

țărilor europene vizează tendința de îmbunătățire a acestui indicator, în sensul realizării unor eforturi pentru diminuarea corupției. Ciprul se detașează ca fiind țara în care evoluția indicatorului **etică și corupție** a fost nefavorabilă, scăzând permanent, pe tot parcursul perioadei supuse analizei. **România** înregistrează cele mai mici valori, la nivelul Uniunii Europene, respectiv: 2.68, 2.70, 3.07, 2.91, 2.76. Se mai observă că progresul înregistrat în perioada 2012 – 2015 s-a atenuat, diminuându-se în perioada următoare (Graficul nr. 5).

Graficul nr. 5 Etică și corupție, la nivelul țărilor membre UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report*: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017.

Analizând distribuția indicatorului **etică și corupție**, la nivelul tuturor țărilor UE, în perioada la care ne-am raportat, respectiv: 2012 – 2017, au rezultat următoarele statistici descriptive (Tabelul nr. 3):

Tabel nr. 3 Statistici descriptive ale indicatorului Etică și corupție

Statistics		
Ethics and corruption		
N	Valid	140
	Missing	0
Mean		4.28
Std. Error of Mean		.49
Median		5.04
Mode		5.82
Std. Deviation		1.14
Variance		.970
Skewness		1.32
Std. Error of Skewness		.2
Kurtosis		.220
		.205
		-
		1.376
Std. Error of Kurtosis		.407
Range		3.80
Minimum		2.48
Maximum		6.28
Percentiles	25	3.20
	50	5.04
	75	5.36
		6.00

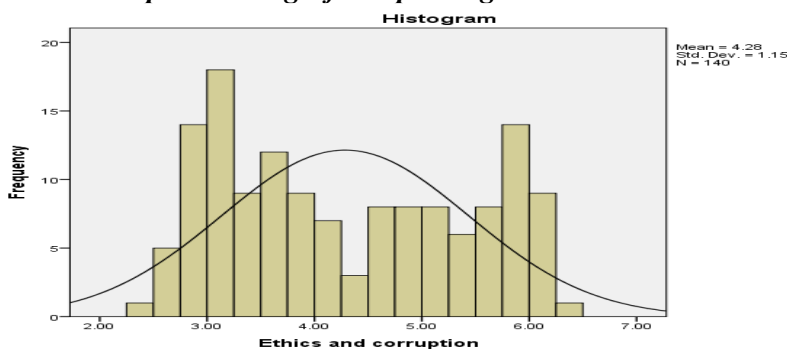
Sursa: date prelucrate de autori

- Media distribuției este: 4.28.
- Valoarea minimă a indicatorului a fost de 2.48, iar valoarea maximă de 6.28.

- Valoarea sub care se plasează 50% dintre valorile distribuției este 4.04.
- Indicatorul de asimetrie Skewness este 0.22, fiind deci cuprins între -1 și +1, de unde rezultă că avem o distribuție aproximativ simetrică și că putem folosi media ca indicator potrivit. Facem precizarea că, dacă distribuția ar fi fost puternic asimetrică, mediana și nu media ar fi fost indicatorul potrivit. În cazul indicatorului **Etică și corupție** deci, putem compara scorurile obținute de țările UE cu media acestora, respectiv 4.28.
- Un alt indicator al formei distribuției este coeficientul de boltire Kurtosis, care, în acest caz, ia valoarea – 1.38. Indicatorul Kurtosis fiind mai mic decât 0 ($K < 0$) evidențiază o formă applatizată, platikurtică a distribuției, așa cum se poate vedea și în graficul nr. 6.
- Amplitudinea absolută, (Range=3.80) ne arată plaja de variație a valorilor, deci între cea mai mică valoare a indicatorului **Etică și corupție** și cea mai mare valoare înregistrată de acest indicator există o diferență de 3.80.
- Abaterea standard (Std. Deviation), unul dintre cei mai importanți indicatori ai variabilității este în cazul nostru 1.15, evidențiind faptul că valorile individuale ale indicatorului Etică și corupție, la nivelul țărilor membre UE, se abat în medie, de la media lor cu 1.15.
- Ca atare, putem aprecia că, România cu o medie a acestui indicator de 2.82, se situează cu mult sub media țărilor UE. Un alt aspect îngrijorător care este evidențiat pe baza rezultatelor statistice este acela că 50% dintre valorile indicatorului **Etică și corupție**, la nivelul întregii distribuții, deci la nivelul întregii Uniuni Europene, se situează sub media de 4.28.

Histograma servește ilustrării concluziilor (Graficul nr.6) .

Graficul nr. 6 Reprezentare grafică tip histogramă a indicatorului Etică și corupție



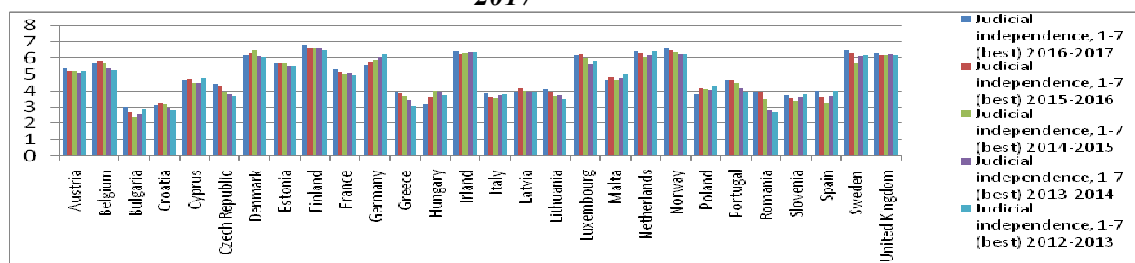
Sursa: date prelucrate de autori

Putem observa forma relativ simetrică și omogenă a distribuției indicatorului **Etică și corupție** la nivelul țărilor UE, în perioada de analiză 2012 – 2017. De asemenea, putem observa că cele mai multe frecvențe tind către valorile 3 și 6. Acest aspect polarizează practic țările în privința indicatorului **Etică și corupție**, evidențiind faptul că încă există diferențe suficient de mari, în sensul că sunt țări care depun eforturi pentru a minimiza fenomenul corupției și a adopta comportamente etice, dar sunt și țări care au probleme serioase în acest sens.

3.4. Un alt indicator pe care îl reținem ca parte a analizei noastre și pe care l-am inclus ca parte componentă a modelului pe care îl propunem este **Independența justiției**.

Scorurile obținute de țările membre UE, în perioada supusă analizei noastre, sunt redată în graficul următor (Graficul nr. 7).

Graficul nr. 7 Independența justiției, la nivelul țărilor membre UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report*: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017.

Referitor la indicatorul **Independența justiției**, România deși la nivelul perioadei 2012 – 2013 înregistra printre cele mai mici valori la nivelul țărilor membre UE, se observă o evoluție favorabilă, o tendință de creștere și îmbunătățire, reușind ca, în perioada 2016 – 2017 să depășească țări cum ar fi: Bulgaria, Croația, Ungaria, Slovenia, Polonia.

O privire de ansamblu, la nivelul tuturor țărilor UE evidențiază, de asemenea, supremația țărilor nordice în ceea ce privește **Independența justiției**, țări care sunt și cele mai dezvoltate din punct de vedere economic, respectiv: Finlanda, Norvegia, Olanda, Suedia, Danemarca, Irlanda.

Pentru a putea avansa cu analiza noastră, am calculat statisticile descriptive ale indicatorului Independența justiției (Tabel nr. 4).

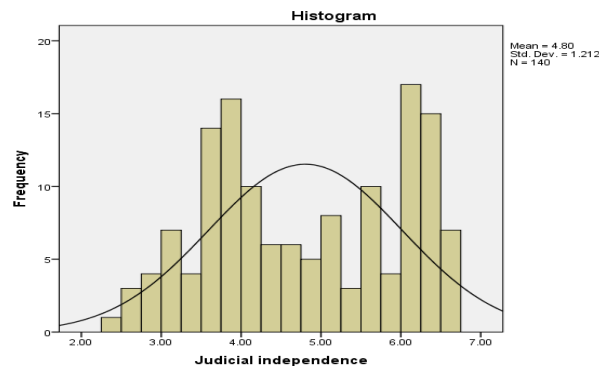
Tabel nr. 4 Statistici descriptive ale indicatorului Independența justiției

Statistics		
Judicial independence		
N	Valid	140
	Missing	0
Mean		4.80
Std. Error of Mean		.36
Median		4.71
Mode		50
Std. Deviation		1.21
Variance		1.46
Skewness		.036
Std. Error of Skewness		.205
Kurtosis		1.346
Std. Error of Kurtosis		.407
Range		4.41
Minimum		2.33
Maximum		6.74
Percentiles	25	3.76
	50	4.71
	75	6.13
		50

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 8 Reprezentare grafică tip histogramă a indicatorului *Independența justiției*



Sursa: date prelucrate de autori

Pe baza statisticilor descriptive putem extrage următoarele concluzii:

- Observăm o medie a indicatorului *Independența justiției*, la nivelul țărilor membre UE, de 4.80. Forma distribuției este aproximativ simetrică, întrucât coeficientul Skewness este cuprins între -1 și +1, dar cu o ușoară asimetrie negativă, $Sk = -0.04$. Acest aspect poate fi ușor observat pe baza histogramei (Graficul nr. 8). Ca atare, putem aprecia că, per ansamblu, în perioada noastră de referință, țările membre UE au o situație favorabilă în ceea ce privește indicatorul *Independența justiției*.
- Totuși, amplitudinea absolută, care ne arată plaja de variație a valorilor, (Range = 4.41) este destul de mare, ceea ce înseamnă că există diferențe semnificative între țările care înregistrează cele mai mari scoruri și cele care au cele mai mici scoruri ale acestui indicator.
- Mai putem extrage concluzia unei distribuții aplatizate, platikurtice, deoarece coeficientul Kurtosis < 0 , $K = -1.34$.
- Pentru a vedea dacă distribuția valorilor indicatorului ***Independența justiției*** este una omogenă, vom calcula, pe baza abaterii standard (Std. Deviation), coeficientul de variabilitate C_v , după formula (Vasile, 2016, pp. 127):

$C_v = s/m * 100$, unde:

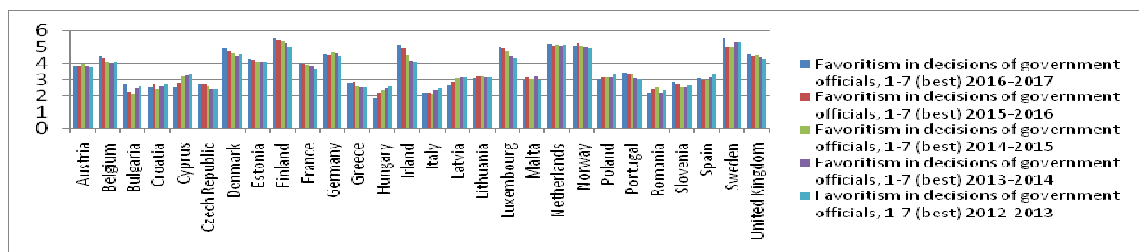
s = abaterea standard (Std. Deviation)

m = media (Mean)

Am obținut următoarea valoare: $C_v = 1.21/4.80 * 100$, deci $C_v = 25,20$. Observăm că acest coeficient este $> 15\%$ ceea ce înseamnă că distribuția este una eterogenă și media nu mai este reprezentativă pentru distribuție, deci folosim mediana pentru analiză. Mediana este 4.72. Putem observa că valoarea sub care se plasează 50% dintre valorile distribuției este 4.72, o situație deci, favorabilă, având în vedere faptul că valoarea maxim posibilă a acestui indicator este 7.

3.5. Următorul indicator supus analizei noastre este ***Favoritismul în deciziile oficialilor guvernamentali***. Scorurile obținute de țările europene, pe scala valorică de la 1 la 7, unde 7 reprezintă scorul cel mai bun, sunt ilustrate în graficul următor (Graficul nr. 9):

Graficul nr. 9 Favoritismul în deciziile oficialilor guvernamentali, la nivelul țărilor membre UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017*.

Observăm că cele mai bune scoruri ale acestui indicator sunt înregistrate în țări cum ar fi: Finlanda, Suedia, Olanda, Norvegia, Irlanda, Luxemburg.

Evoluția pe parcursul perioadei analizate a fost contradictorie, în sensul că sunt țări care au înregistrat o îmbunătățire a acestui indicator, cum ar fi: Republica Cehă, Slovenia, Portugalia, Grecia, Franța, Estonia, Anglia, dar și numeroase țări în care s-a deteriorat acest aspect: Ungaria, Italia, Croația, Cipru, Letonia

În România, situația este destul de nefavorabilă, fiind pe locul 3 după Ungaria și Italia, în privința favoritismului în adoptarea deciziilor de către oficialii guvernamentali.

Pentru o ilustrare obiectivă, cât mai corectă, a analizei noastre, am calculat, în ceea ce urmează, cu ajutorul softului informatic SPSS 23, statisticile descriptive ale indicatorului **Favoritismul în deciziile oficialilor guvernamentali** (Tabelul nr. 5).

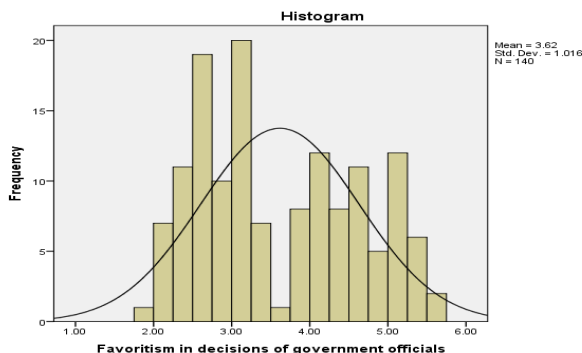
Tabel nr. 5 Statistici descriptive ale indicatorului Favoritism în deciziile oficialilor guvernamentali

Statistics		
Favoritism in decisions of government officials		
N	Valid	140
	Missing	0
Mean		3.61
Std. Error of Mean		.67
Median		.83
Mode		3.28
Std. Deviation		.50
Variance		2.56
Skewness		a
Std. Error of Skewness		1.01
Kurtosis		.557
Std. Error of Kurtosis		.085
Range		.83
Minimum		3.28
Maximum		5.0
Percentiles		
	25	2.69
	50	2.5
	75	3.28
		4.50
		5.00

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 10 Reprezentare grafică tip histogramă a indicatorului Favoritism în deciziile oficialilor guvernamentali



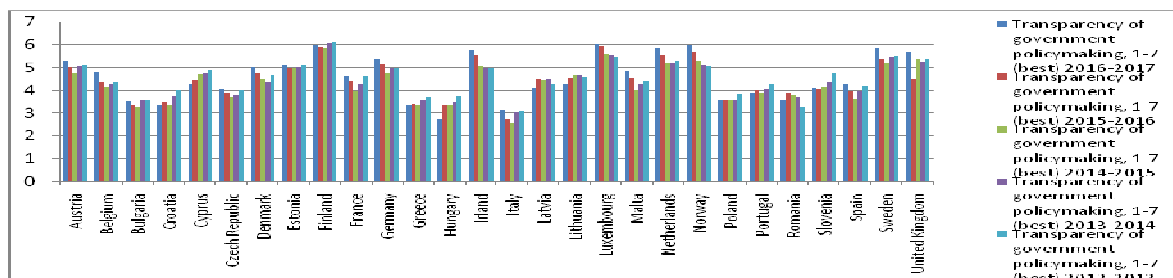
Sursa: date prelucrate de autori

Pe baza rezultatelor obținute putem extrage următoarele concluzii:

- Distribuția valorilor indicatorului **Favoritismul în deciziile oficialilor guvernamentali** este una relativ simetrică, având un coeficient de asimetrie $Sk=0.28$, deci inclus în intervalul $[-1, +1]$. Totuși, distribuția are o ușoară asimetrie pozitivă pe care o putem observa și pe baza histogramei (graficul nr. 10), ceea ce exprimă faptul că amplasarea valorilor se face preponderent spre stânga, deci spre zona valorilor mici. Ca atare, putem concluziona că cele mai multe dintre scorurile obținute de țările europene la indicatorul **Favoritismul în deciziile oficialilor guvernamentali**, se situează în zona valorilor mici. Să nu uităm că zona valorilor mici reprezintă situația nefavorabilă a scalei pe care o utilizăm în analiza noastră. Ca atare, putem extrage concluzia că **Favoritismul în deciziile oficialilor guvernamentali** este o practică destul de utilizată, la nivelul țărilor membre UE.
- Mai rezultă că valoarea sub care se plasează 75% dintre valorile distribuției este de doar 4.5 din maximul de 7 posibil. Acest aspect, exprimă, de asemenea, faptul că ar trebui să existe o preocupare mai mare în direcția reducerii și eliminării favoritismului în deciziile oficialilor guvernamentali.
- Media obținută este de 3.62. În continuare vom calcula coeficientul de variabilitate pentru a vedea dacă putem folosi media ca indicator reprezentativ al distribuției noastre sau vom folosi mediana, pentru analiză.
- $C_v = s/m * 100$, deci, $C_v = 1.02/3.62 * 100$, $C_v = 28,18$. Coeficientul de variabilitate fiind mai mare de 15%, exprimă faptul că distribuția scorurilor obținute de țările europene în privința **Favoritismului în deciziile oficialilor guvernamentali** este una eterogenă, deci mediana și nu media este indicatorul reprezentativ pentru analiză.
- Mediana distribuției noastre este 3.29. Acest scor exprimă și el faptul că marea majoritate a țărilor europene trebuie să intensifice demersurile în privința reducerii favoritismului în adoptarea deciziilor de către oficialii guvernamentali.

3.6. Un alt indicator important pe care îl vom reține ca parte integrantă a modelului bunei guvernante din perspectiva securității naționale este **Transparența elaborării politicilor guvernamentale**. Scorurile țărilor membre UE, în privința acestui indicator, sunt prezentate în graficul următor (Graficul nr. 11):

Graficul nr. 11 Transparența elaborării politicilor guvernamentale, la nivelul țărilor membre UE, în perioada 2012 - 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017*.

Analizând **Transparența elaborării politicilor guvernamentale**, așa cum ne-am obișnuit deja, cea mai favorabilă situație se înregistrează în: Luxemburg, Norvegia, Finlanda, Olanda, Suedia, Irlanda, Marea Britanie.

Cele mai mici scoruri, deci cea mai nefavorabilă situație se înregistrează în: Ungaria, Bulgaria și România.

O analiză aprofundată necesită realizarea statisticilor descriptive. Prin urmare, prezentăm, în continuare, datele obținute prin prelucrarea în SPSS.

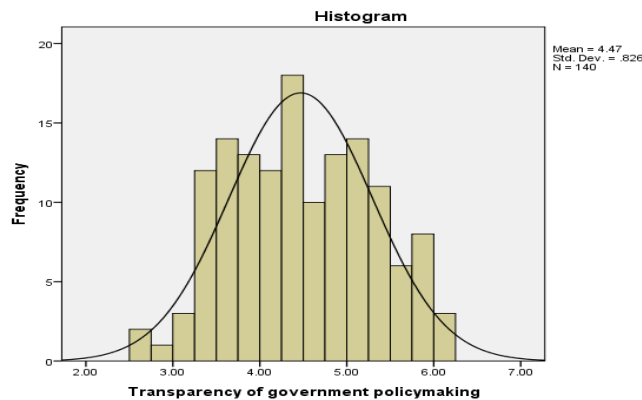
Tabel nr. 6 Statistici descriptive ale indicatorului Transparența elaborării politicilor guvernamentale

Statistics		
Transparency of government policymaking		
N	Valid	140
	Missing	0
Mean		4.4700
Std. Error of Mean		.06985
Median		4.4400
Mode		3.38 ^a
Std. Deviation		.82649
Variance		.68300
Skewness		.03020
Std. Error of Skewness		.20510
Kurtosis		-.76940
Std. Error of Kurtosis		.40710
Range		3.59
Minimum		2.54
Maximum		6.13
Percentiles	25	3.8175
	50	4.4400
	75	5.1000

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 12 Reprezentare grafică tip histogramă a indicatorului Transparența elaborării politicilor guvernamentale



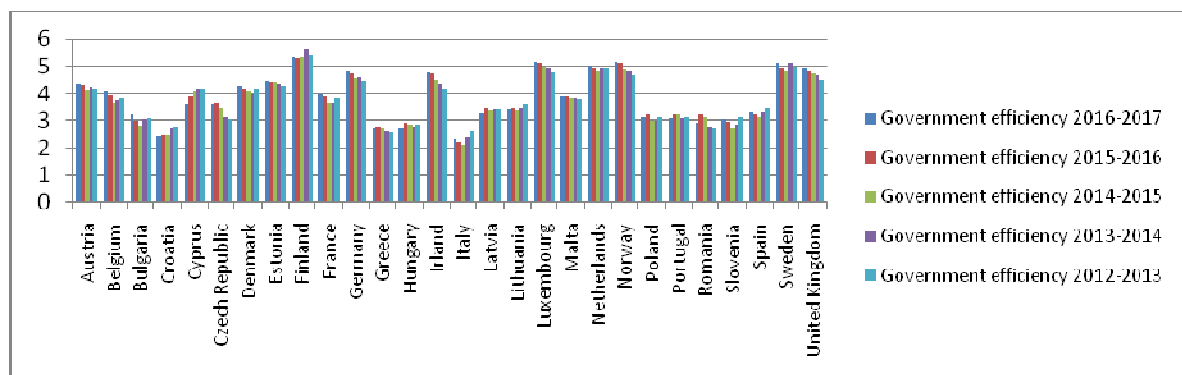
Sursa: date prelucrate de autori

Interpretarea rezultatelor obținute ne permite derivarea următoarelor concluzii:

- Distribuția valorilor indicatorului **Transparența elaborării politicilor guvernamentale** este una simetrică, aspect care rezultă din valoarea coeficientului de asimetrie Skewness $Sk=0.03$, care este foarte aproape de zero, știind că pentru $Sk=0$ avem o distribuție perfect simetrică (Tabelul nr. 6). Distribuția simetrică a valorilor acestui indicator este lesne observabilă pe baza histogramei (Graficul nr. 12). Ca atare, putem extrage concluzia că cele mai multe scoruri ale acestui indicator se află în aria de mijloc a clopotului lui Gauss, ceea ce, în termeni comuni înseamnă o situație de mijloc, un nivel mediu în care se află țările membre UE în ceea ce privește **Transparența elaborării politicilor guvernamentale**.
- Fiind vorba de o distribuție simetrică, putem utiliza media ca indicator elocvent pentru analiză. A rezultat o medie de 4.47 a scorurilor indicatorului. Comparând, de exemplu, media României de 3.64, cu media tuturor țărilor membre UE, putem extrage concluzia că trebuie făcute eforturi mult mai mari în vederea îmbunătățirii transparenței politicilor guvernamentale.
- Amplitudinea de 3.59, amplitudine care ne arată plaja de variație a valorilor, evidențiază faptul că încă există un ecart semnificativ între țările UE, în ceea ce privește **Transparența elaborării politicilor guvernamentale**.

3.7 Modul în care este percepută **Eficiența guvernării** în țările membre ale UE, este prezentat, conform scorurilor obținute, în continuare (Graficul nr. 13).

Graficul nr. 13 *Eficiența guvernării, la nivelul țărilor membre UE, în perioada 2012 – 2017*



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017.

Eficiența guvernării situează România peste scorurile mai multor țări, dintre care amintim: Italia, Croația, Grecia, Ungaria. De asemenea, pentru România este de apreciat tendința de ușoară îmbunătățire a acestui indicator, din 2012 până în anul 2016.

Din nou, țările nordice evidențiază cea mai bună evoluție a indicatorului **Eficiența guvernării**.

Aprofundăm analiza pe baza statisticilor descriptive obținute din SPSS.

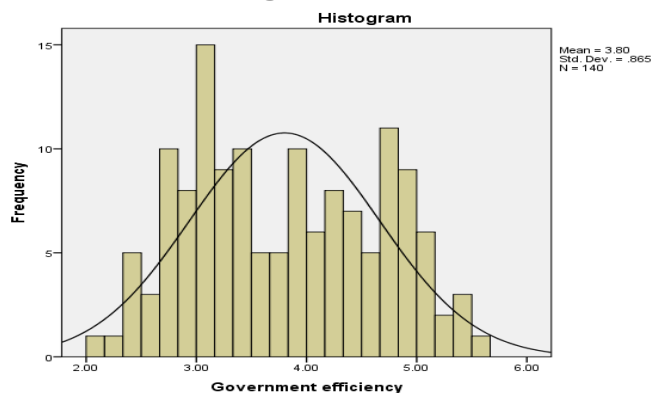
Tabel nr. 7 Statistici descriptive ale indicatorului eficiența guvernării

Statistics		
Government efficiency		
N	Valid	140
	Missing	0
Mean		3.8004
Std. Error of Mean		.07308
Median		3.7700
Mode		3.11 ^a
Std. Deviation		.86473
Variance		.748137
Skewness		.137205
Std. Error of Skewness		1.109407
Kurtosis		3.49212
Std. Error of Kurtosis		2.12561
Range		5.61
Minimum		3.07
Maximum		25
Percentiles	25	3.7700
	50	3.7700
	75	4.5400

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 14 Reprezentare grafică tip histogramă a indicatorului Eficiența guvernării

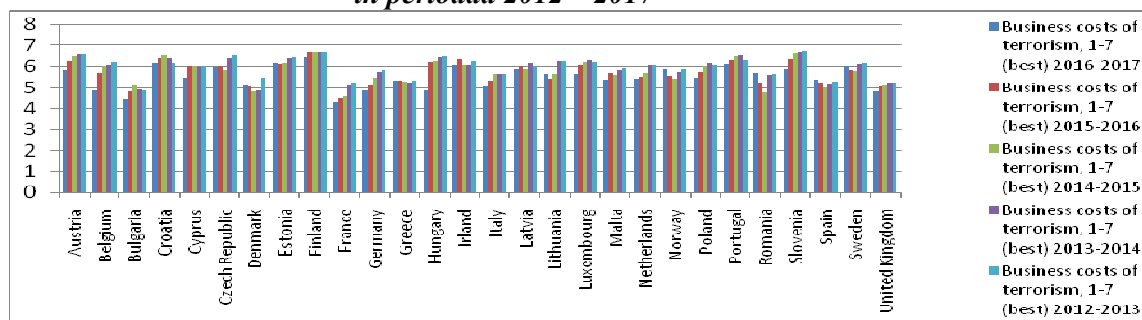


Sursa: date prelucrate de autori

- Un rezultat îngrijorător, obținut pe baza statisticii descriptive, este acela că valoarea sub care se plasează 75% dintre valorile distribuției este de doar 4.54 din maximumul de 7 posibil. Acest rezultat conduce la concluzia că, per ansamblu, țările trebuie să intensifice eforturile în ceea ce privește **Eficiența guvernării**.
- Valoarea maximă obținută la acest indicator a fost de doar 5.61.
- Pe baza coeficientului Skewness, care are o valoare pozitivă și încadrată în intervalul $[-1, +1]$, ($Sk=0.14$), putem extrage concluzia că distribuția scorurilor indicatorului **Eficiența guvernării** este una aproximativ simetrică, ușor amplasată spre stânga, deci spre zona valorilor mici. Ceea ce înseamnă că, la nivelul UE, predomină ponderea țărilor care au înregistrat scoruri sub medie ale acestui indicator.
- Coeficientul de variabilitate, calculat ca raport între abaterea standard și medie, are valoarea $C_v = 0.86/3.80 * 100$, $C_v = 22.63 \%$. Știind că, atunci când $C_v > 15\%$ distribuția este una eterogenă și mediana, nu media, este indicatorul reprezentativ, vom utiliza valoarea de 3.77 ca referință pentru analiză. România, cu o valoare de 2.96, deși este ușor sub medie, înregistrează o situație mai bună în ceea ce privește **Eficiența guvernării**, comparativ cu alți indicatori.

3.8 Având în vedere sfera de extindere și aplicabilitate a modelului pe care îl vom construi pe baza indicatorilor prezentați, și anume buna guvernare din perspectiva securității naționale, era firesc să integrăm și indicatorul **Costurile economice ale terorismului**. Datele culese la nivelul țărilor membre UE, pe o scală valorică de la 1 la 7, unde 7 reprezintă cea mai bună situație, cea dezirabilă, în timp ce 1 reprezintă cea mai slabă notă, deci situația indezirabilă, sunt evidențiate în graficul următor (Graficul nr. 15).

Graficul nr. 15 Costurile economice ale terorismului, la nivelul țărilor membre UE, în perioada 2012 – 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, *The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017*.

O situație deosebită este evidențiată de indicatorul **Costurile economice ale terorismului**, în sensul că cea mai nefavorabilă situație se înregistrează în țările: Franța, Germania, Grecia și Spania.

Așa cum se observă, acest indicator modifică ierarhia cu care ne-am obișnuit deja, în sensul că o situație favorabilă se înregistrează la multe țări care nu aveau scoruri mari la indicatorii pe care i-am analizat anterior. Astfel: Croația, Cehia, Ungaria, Estonia, Lituania, Portugalia și Slovenia se situează printre țările cu cea mai favorabilă situație.

În România, cel mai scăzut scor s-a înregistrat în perioada 2014 – 2015, respectiv 4.77 din maximumul posibil, de 7. La nivelul ultimei perioade supuse analizei, respectiv 2016 – 2017, România a înregistrat cea mai bună situație, având cel mai bun scor, de 5.67.

Prelucrările statistice conduc către rezultatele prezentate în cele ce urmează (Tabel nr. 8).

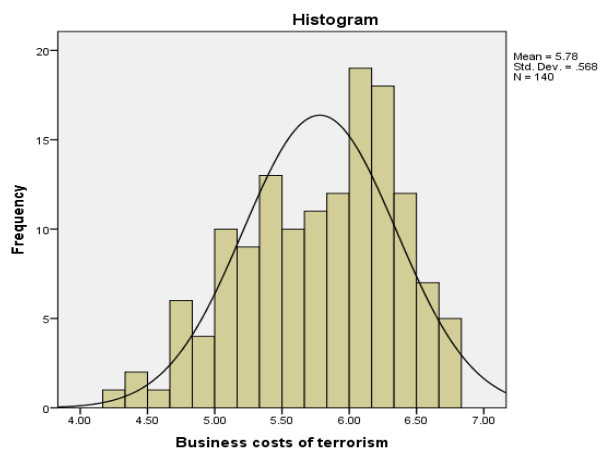
Tabel nr. 8 Statistici descriptive ale indicatorului Costurile economice ale terorismului

Statistics Business costs of terrorism		
N	Valid	140
	Missing	0
Mean		5.7805
Std. Error of Mean		.04805
Median		5.8550
Mode		5.09 ^a
Std. Deviation		.56849
Variance		.323
Skewness		.422
Std. Error of Skewness		.205
Kurtosis		.613
Std. Error of Kurtosis		.407
Range		2.45
Minimum		4.28
Maximum		6.73
CPercen	25	5.3500
	50	5.8550
	75	6.2175

a. Multiple modes exist. The smallest value is shown

Sursa: date prelucrate de autori

Graficul nr. 16 Reprezentare grafică tip histogramă a indicatorului Costurile economice ale terorismului



Sursa: date prelucrate de autori

Interpretarea rezultatelor indicatorului **Costurile economice ale terorismului** ne permite derivarea următoarelor concluzii:

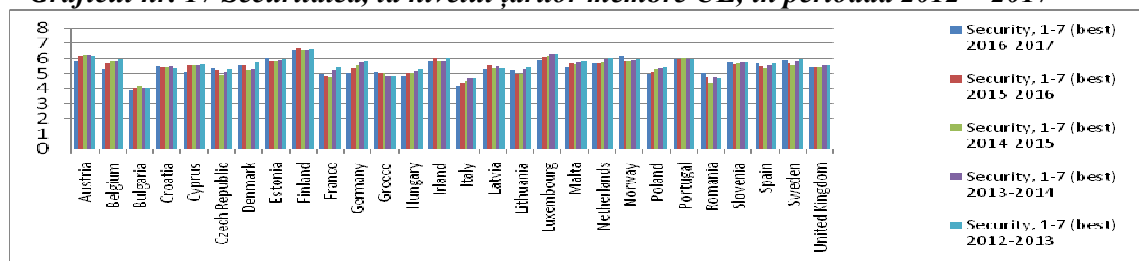
- Așa cum putem observa pe baza histogramei, cele mai multe țări ale UE, au obținut scoruri mari ale acestui indicator. Observăm o distribuție ușor asimetrică, spre dreapta, deci spre zona valorilor mari. Acest lucru înseamnă că cele mai multe țări ale UE au

înțeles necesitatea combaterii acestui flagel și depun eforturi serioase în privința eradicării terorismului.

- Un alt aspect favorabil este acela că, valoarea sub care se plasează 75% dintre valorile distribuției, așa cum rezultă din tabelul nr. 8, este de 6.22, din maximum de 7. Acest aspect pozitiv, demonstrează și el faptul că cele mai multe dintre țările UE au înțeles costurile economice ale terorismului și acționează în sensul combaterii terorismului.
- Un alt lucru pozitiv îl putem deduce pe baza rezultatului amplitudinii distribuției (Range = 2.45). Asta înseamnă că nu există diferențe foarte mari între țări, în ceea ce privește combaterea terorismului și că toate țările UE fac eforturi serioase în acest sens.
- Este de menționat faptul că o amplitudine atât de mică între scorurile țărilor UE nu am întâlnit-o la nici unul dintre indicatorii anterior analizați. Putem deduce, de aici, solidaritatea și eforturile conjugate ale tuturor țărilor Uniunii Europene, în vederea combaterii terorismului. Așa cum putem observa este printre singurii indicatori care a reușit o armonizare atât de bună a țărilor UE.
- Media distribuției are și ea o valoare semnificativ înaltă (Mean = 5.78) și mediana, de asemenea (Median = 5.86) și acestea constituindu-se în puncte forte ale analizei.

3.9 Ultimul indicator pe care îl supunem analizei, ca parte integrantă a temei supuse cercetării noastre și anume: buna guvernare din perspectiva securității naționale, este **Securitatea (Security)**. Datele culese din ultimele 5 rapoarte World Economic Forum - The Global Competitiveness Reports, pentru țările membre UE, sunt prezentate în graficul următor (Grafic nr. 17).

Graficul nr. 17 Securitatea, la nivelul țărilor membre UE, în perioada 2012 – 2017



Sursa: date prelucrate de autori, pe baza ultimelor 5 rapoarte ale World Economic Forum, The Global Competitiveness Report: 2012 – 2013, 2013 – 2014, 2014 – 2015, 2015 – 2016, 2016 – 2017.

În ceea ce privește percepția acestui indicator la nivelul țărilor Uniunii Europene observăm că: Finlanda, Luxemburg, Austria și Norvegia au cea mai bună situație în ceea ce privește securitatea. Scoruri care evidențiază, de asemenea, o situație favorabilă se înregistrează și în: Irlanda, Belgia, dar și Portugalia.

Aprofundarea analizei noastre continuă cu rezultatele generate din SPSS.

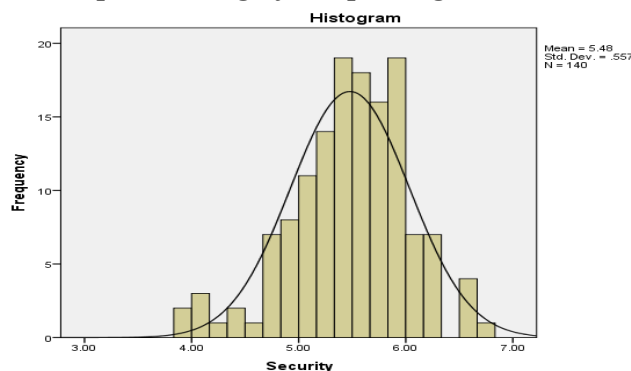
Tabel nr. 9 Statistici descriptive ale indicatorului Securitate

Statistics		
Security		
N	Valid	140
	Missi	0
ng		
Mean		5.47
		88
Std. Error of Mean		.047
		04
Median		5.52
		50
Mode		5.28

Std. Deviation		.556
Variance		.310
Skewness		-.541
Std. Error of Skewness		.205
Kurtosis		.445
Std. Error of Kurtosis		.407
Range		2.75
Minimum		3.92
Maximum		6.67
Percenti	25	5.16
les		00
	50	5.52
		50
	75	5.88
		75

Sursa: date prelucrate de autori

Graficul nr. 18 Reprezentare grafică tip histogramă a indicatorului Securitate



Sursa: date prelucrate de autori

Putem extrage următoarele concluzii în ceea ce privește indicatorul **Securitate**, la nivelul țărilor UE, în perioada supusă analizei noastre, respectiv: 2012 – 2017.

- Ca și în cazul indicatorului analizat anterior, respectiv **Costurile economice ale terorismului** și în cazul indicatorului **Securitate** observăm o situație favorabilă. Astfel, pe baza histogramei putem observa că cele mai multe dintre țările UE înregistrează valori mari ale indicatorului **Securitate** (Grafic nr. 18). Doar 25% dintre valorile distribuției au scoruri sub 5.16, situație deosebit de favorabilă.
- Observăm, de asemenea, o medie foarte bună de 5.48 și o mediană de 5.53, ceea ce înseamnă că la nivelul întregii Uniuni Europene, țările fac eforturi consistente în ceea ce privește securitatea (Tabel nr. 9).
- Un alt aspect deosebit de favorabil este armonizarea tuturor țărilor UE în direcția asigurării securității. Acest aspect poate fi dedus pe baza amplitudinii distribuției, care ne arată plaja de variație a valorilor, destul de mică comparativ cu alți indicatori dar și pe baza deviației standard de doar 0.56.
- România, cu o medie de 4.73 a indicatorului **Securitate**, are o poziție mult mai bună comparativ cu alți indicatori. Este de apreciat și progresul înregistrat în perioada 2012 - 2017. Astfel, cu excepția perioadei 2014 – 2015 când s-a înregistrat o ușoară scădere, evoluția acestui indicator a fost una crescătoare.

Toate aceste rezultate conduc către următoarele concluzii finale ale cercetării noastre. Aceste concluzii le ilustrăm atât la nivelul Uniunii Europene cât și la nivelul României.

- Așa cum am putut observa, multe dintre țările europene se confruntă cu probleme în privința încrederii în politicieni. Pe baza histogramei am văzut că cele mai multe scoruri ale indicatorului **Încrederea publică în politicieni** se situează în jurul valorilor mici, aspect nefavorabil, ceea ce denotă o încredere relativ slabă a populației în clasa politică, la nivelul țărilor UE.
- **România** înregistrează o medie de 1.98 a **Încrederii în politicieni** din maximul de 7 puncte posibile, aspect care demonstrează necesitatea intervenției urgente în această direcție.
- Cu privire la indicatorul **Mită și plăți ilicite**, putem observa că țările care stau cel mai bine în acest sens și care au obținut cele mai mari scoruri în privința modului în care știu să gestioneze și să combată aceste practici, sunt: Finlanda, Danemarca, Irlanda, Luxemburg, Olanda, Suedia, țări care sunt printre cele mai dezvoltate din punct de vedere economic, la nivelul UE, dar și care dispun de sisteme democratice de guvernare, bine puse la punct.
- România cu o medie a scorurilor de 3.72 se află foarte aproape de valoarea minimă, de 3.35, a indicatorului **Mită și plăți ilicite**, ceea ce înseamnă că trebuie făcute în continuare eforturi mari în vederea combaterii corupției.
- Referitor la indicatorul **Etică și corupție**, am demonstrat că cele mai multe frecvențe tind către valorile 3 și 6. Acest aspect polarizează practic țările în privința indicatorului **Etică și corupție**, evidențiind faptul că încă există diferențe suficient de mari, în sensul că sunt țări care depun eforturi pentru a minimiza fenomenul corupției și a adopta comportamente etice, dar sunt și țări care au probleme serioase în acest sens.
- România, cu o medie a indicatorului **Etică și corupție** de 2.82, se situează cu mult sub media țărilor UE.
- O privire de ansamblu, la nivelul tuturor țărilor UE evidențiază, de asemenea, supremația țărilor nordice în ceea ce privește **Independența justiției**, țări care sunt și cele mai dezvoltate din punct de vedere economic, respectiv: Finlanda, Norvegia, Olanda, Suedia, Danemarca, Irlanda. Am mai demonstrat că, per ansamblu, în perioada noastră de referință, țările membre UE au o situație favorabilă în ceea ce privește indicatorul **Independența justiției**. Totuși, amplitudinea absolută, care ne arată plaja de variație a valorilor, a fost destul de mare, ceea ce înseamnă că există diferențe semnificative între țările care înregistrează cele mai mari scoruri și cele care au cele mai mici scoruri ale acestui indicator.
- Referitor la indicatorul **Independența justiției**, România deși la nivelul perioadei 2012 – 2013 înregistra printre cele mai mici valori la nivelul țărilor membre UE, se observă o evoluție favorabilă, o tendință de creștere și îmbunătățire, reușind ca, în perioada 2016 – 2017 să depășească țări cum ar fi: Bulgaria, Croația, Ungaria, Slovenia, Polonia.
- Mediana distribuției valorilor indicatorului **Favoritismul în deciziile oficialilor guvernamentali** este 3.29. Acest scor exprimă și el faptul că marea majoritate a țărilor europene trebuie să intensifice demersurile în privința reducerii favoritismului în adoptarea deciziilor de către oficialii guvernamentali, deși distribuția este una eterogenă, existând diferențe semnificative în special între țările nordice și celelalte țări ale UE.

- În România, situația este destul de nefavorabilă, fiind pe locul 3 după Ungaria și Italia, în privința **favoritismului în adoptarea deciziilor de către oficialii guvernamentali**.
- În ceea ce privește indicatorul **Transparența elaborării politicilor guvernamentale**, am demonstrat că cele mai multe scoruri ale acestui indicator se află în aria de mijloc a clopotului lui Gauss, ceea ce, în termeni comuni înseamnă o situație de mijloc, un nivel mediu în care se află țările membre UE în ceea ce privește **Transparența elaborării politicilor guvernamentale**.
- Cele mai mici scoruri ale indicatorului **Transparența elaborării politicilor guvernamentale**, deci cea mai nefavorabilă situație se înregistrează în: Ungaria, Bulgaria și România.
- Cu privire la indicatorul **Eficiența guvernării**, am demonstrat că distribuția scorurilor este una aproximativ simetrică, ușor amplasată spre stânga, deci spre zona valorilor mici. Ceea ce înseamnă că, la nivelul UE, predomină ponderea țărilor care au înregistrat scoruri sub medie ale acestui indicator.
- **Eficiența guvernării** situează România peste scorurile mai multor țări, dintre care amintim: Italia, Croația, Grecia, Ungaria.
- Referitor la indicatorul **Costurile economice ale terorismului**, observăm o distribuție ușor asimetrică, spre dreapta, deci spre zona valorilor mari. Acest lucru înseamnă că cele mai multe țări ale UE au înțeles necesitatea combaterii acestui flagel și depun eforturi serioase în privința eradicării terorismului. Un alt aspect favorabil este acela că, valoarea sub care se plasează 75% dintre valorile distribuției, așa cum rezultă din tabelul nr. 8, este de 6.22, din maximul de 7. Este de menționat faptul că o amplitudine atât de mică între scorurile țărilor UE nu am întâlnit-o la nici unul dintre indicatorii anterior analizați. Putem deduce, de aici, solidaritatea și eforturile conjugate ale tuturor țărilor Uniunii Europene, în vederea combaterii terorismului. Așa cum putem observa, **Costurile economice ale terorismului** este printre singurii indicatori care a reușit o armonizare atât de bună a țărilor UE.
- În România, cel mai scăzut scor al indicatorului **Costurile economice ale terorismului** s-a înregistrat în perioada 2014 – 2015, respectiv 4.77 din maximul posibil, de 7. La nivelul ultimei perioade supuse analizei, respectiv 2016 – 2017, România a înregistrat cea mai bună situație, având cel mai bun scor, de 5.67.
- Ca și în cazul indicatorului analizat anterior, respectiv **Costurile economice ale terorismului** și în cazul indicatorului **Securitate** observăm o situație favorabilă. Doar 25% dintre valorile distribuției au scoruri sub 5.16, situație deosebit de favorabilă. Un alt aspect pozitiv este armonizarea tuturor țărilor UE în direcția asigurării securității. Rezultatele obținute exprimă faptul că la nivelul întregii Uniuni Europene, țările fac eforturi consistente în ceea ce privește securitatea.
- România, cu o medie de 4.73 a indicatorului **Securitate**, are o poziție mult mai bună comparativ cu alți indicatori.

Direcțiile viitoare de cercetare constau în elaborarea unui model al bunei guvernante din perspectiva securității naționale, model fundamentat pe baza indicatorilor prezentați în cadrul acestei cercetări.

De asemenea, vizăm și realizarea altor corelații și inferențe pe baza noului model creat și a diferitelor dimensiuni ale vieții socio – economice.

Tot în cercetări viitoare ne propunem să particularizăm și să adaptăm modelul bunei guvernante din perspectiva securității naționale, la realitățile concrete ale României.

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SECTION: FINANCIAL AND ACCOUNTING POLICIES AND CORPORATE GOVERNANCE IN THE GLOBAL CONTEXT

PLANNING INTERNAL AUDIT ACTIVITIES USING THE GANTT CHART

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Elena Ruse²

Abstract

The internal audit registers a large range of activities, which means that the internal auditor spends much of his time on documentation on missions, workbooks, delimitation of auditable objects and identification of significant risks. The internal auditor must "be covered with papers" for each opinion, recommendation, idea, written official/justificatory evidence is required to certify the auditor's statements. Planning internal audit (both annual planning and mission planning) it is a time-consuming stage, a recurring activity, the same documents are planned to be elaborated in every mission (Service order, declaration of independence, mission statement, etc). This paper aims to identify and show a computerized way of planning internal audit activity, so that this stage could be streamlined and done in a more efficient manner. In this aspect, we are working on a Gantt chart template searching for efficient ways for planning activities.

Keywords: internal audit, Gantt chart, quality of internal audit

JEL Classification: M10, M42

1. The necessity of planning internal audit activity

This paper refers to public internal audit regulated by Law 672/2002 and Government Decision No. 1086/2013, but the research can be applicable to all internal audit types.

Planning is an activity necessary in every field. Planning is a function of management, as described by Henry Fayol, considered to be the father of management. Planning consists of all the processes of work through which the main objectives of the company and its components are determined, together with the resources and means necessary for their realization. In our case, we refer at internal audit objectives and resources.

Planning is the exercise of anticipating the evolution of the conditions in which the social-economic system is being managed, as well as its state, behavior and functioning.

The planning can be seen as a foresight activity that requires a clear, rigorous definition of the objectives, for a good allocation of resources, responsibilities, setting the timetable for the objectives set.

The planning function (general management) includes decisions and actions to establish:

- ☐ company or organization objectives;
- ☐ the procedural and structural components;
- ☐ the ways of achieving them;
- ☐ dimensioning all resources (human, financial, material, etc.);
- ☐ intermediate and final terms.

Both the entity's management and the internal auditors can use, as assessment model, the fishbone diagram, also called the Ishikawa diagram (Ishikawa, 1986) or the Cause – Effect diagram. By means of this diagram, a profound analysis of an issue that requires a solution is required within a brainstorming meeting. (5, pg. 526)

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This method is used in order to identify the basic causes of the problem.

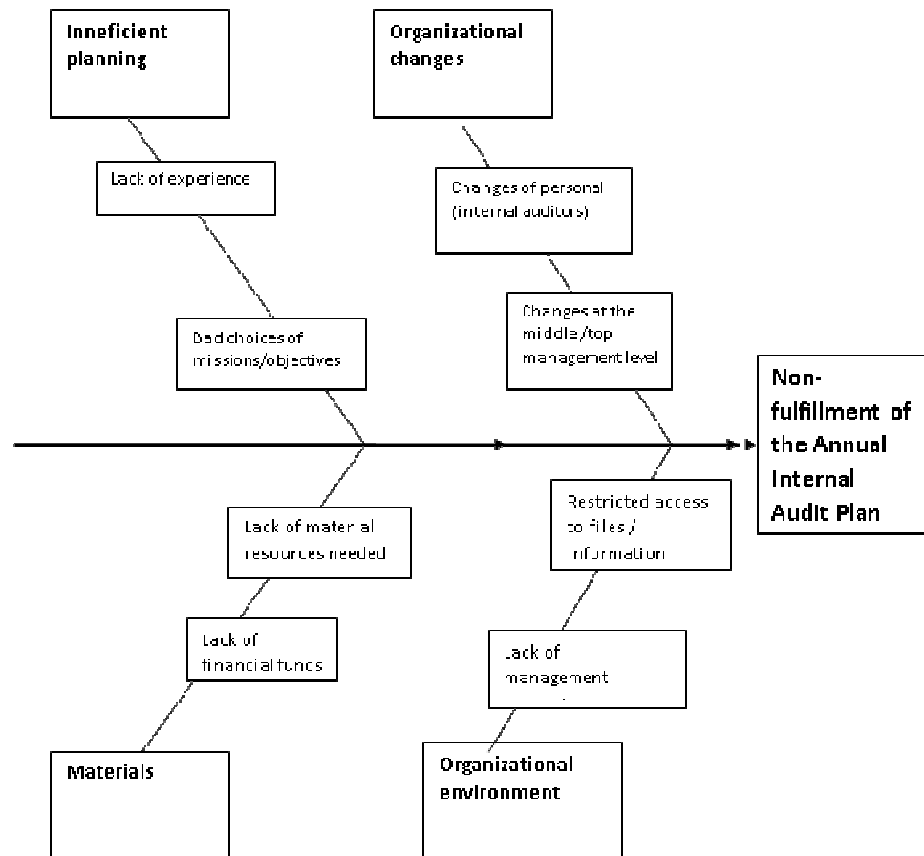


Fig. 1. Fishbone Diagram – internal audit

Source: own presentation

Starting from the Ishikawa diagram and establishing the problem, we identified possibilities for planning streamline. A possible way to streamline the planning of internal audit work is to use the Gantt chart.

2. Using Gantt chart for planning internal audit activity and missions

The Gantt chart is a tool used to plan projects, events and work in general, invented by Henry L. Gantt (American engineer and sociologist) in 1917.

The Gantt chart graphically illustrates an activity program that helps to plan, coordinate, and monitor tasks specific to a project and can be done on a sheet of paper, in a program in the Microsoft Office suite (Excel / Word) or in a project-specific project management: Microsoft. In this paper we used Microsoft Office Excel.

We consider this method useful to plan and follow the work done by the internal audit office, as all the staff involved in the internal audit activity can follow at any time the stage in which the documents are.

First, we will introduce data in an Excel sheet, as follows.

We have chosen the main activities to be developed in an internal audit bureau, in accord with the regulatory framework. Also, we introduced the start and end date of the activity. All data complies with the legal regulations in force.

The following activities were taken into account in Table 1. **Gantt chart data for planning internal audit annual activity** (with due dates, where extreme dates are the first day of the year-31.01.N and the last day of the year-31.12.N):

- Annual Report, 31.01.N;
- Court of Accounts Report: 31.01.N;
- Report of The quality assurance and improvement program (QAIP), 31.01.N;
- Risks report, 25.02.N;
- Questionnaire on the state of implementation of the internal/managerial control system, 15.03.N;
- Professional Training Report, 30.03.N;
- Forms/Procedures, permanent activity through the year, 31.12.N;
- Annual Plan, 30.11.N;
- Multiannual Plan, 30.11.N (once at three years);
- Risk registry (analyses and updating risks), 31.12.N;
- Annual Professional Training Plan, 25.01.N;
- Internal Audit Charter/ Internal Regulations (analyses and updating), permanent activity, 31.12.N;
- The quality assurance and improvement program (annual activity), 20.12.N.

The documents (activities) taken into account in Table 2. **Gantt chart data for planning internal audit missions** (with due dates, where extreme dates are the first day of the mission-04.10.N and the last day of the mission-16.11.N, based on our example) are referring to the classical documents that an internal auditor prepares during the internal audit engagement according to the legal norms.

In both tables (Excel worksheets), we manually introduce the start date and the duration in days. In the following columns formulas are introduced in order to automate data processing and transfer to the Gantt chart.

We are considering a total 8 hours working day, so where we mention 0,25 as the durations for a task, we are referring to a 2 hours' necessary work for accomplishing task.

All data are given as examples and are not exhaustive.

		by			days	days	days	comp
<i>Annual report</i>	CAE	CEO	01/01/	31/01/	30	0.00	30.00	0%
<i>Report for The Court of Accounts</i>	CAE	CEO	01/01/	31/01/	30	0.00	30.00	0%
<i>Report of The quality assurance and improvement program</i>	CAE		01/01/	31/01/	30	0.00	30.00	0%
<i>Risk Report</i>	IA	CAE	15/01/	25/02/	5	0.00	5.00	0%
<i>Questionnaire on the state of implementation of the managerial internal control system</i>	IA	CAE	01/02/	15/03/	19	5.70	13.30	30%
<i>Report on continuing professional training</i>	CAE/IA	CAE/CEO	01/03/	30/03/	29	0.00	29.00	0%
<i>Forms/Procedures</i>	IA	CAE-CEO	01/01/	31/12/	364	364.00	0.00	100%
<i>Annual Internal Audit Plan</i>	CAE	CEO	01/11/	30/11/	19	0.00	19.00	0%
<i>Multiannual Internal Audit Plan</i>	CAE	CEO	01/11/	30/11/	19	19.00	0.00	100%
<i>Risk register</i>	IA	CAE	01/06/	31/12/	29	29.00	0.00	100%
<i>Annual plan on continuing professional training</i>	CAE	CEO	15/01/	25/01/	10	0.00	10.00	0%
<i>Internal Audit Charter</i>	CAE	CEO/Board of Directors/ Superior institution	01/01/	31/12/	364	364.00	0.00	100%
<i>The quality assurance and improvement program</i>	CAE		01/12/	20/12/	19	0.00	19.00	0%

Source: own data

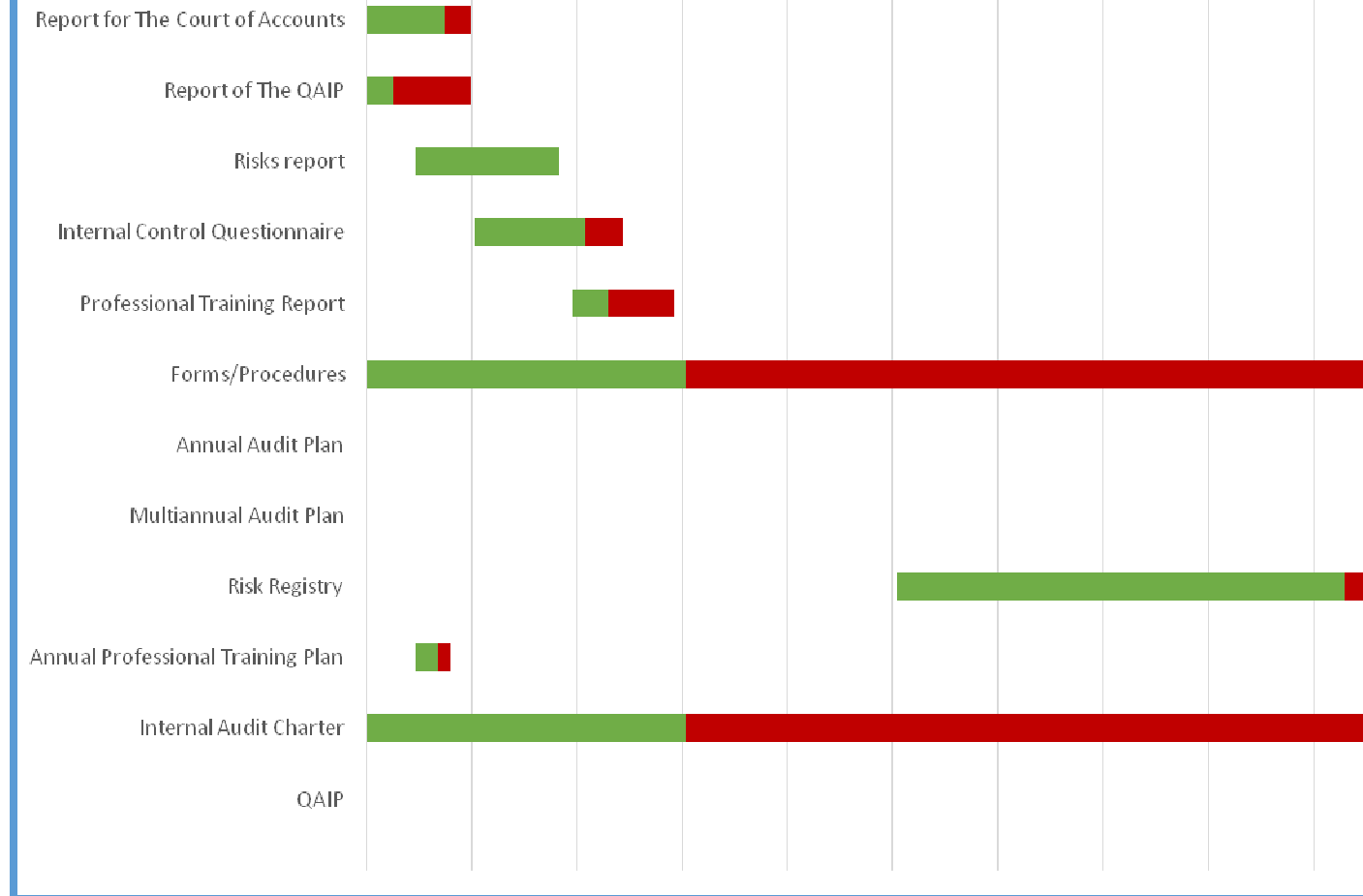


Fig. 1. Gantt Chart for Annual Planning

	<i>to</i>	<i>By</i>		<i>Date</i>	<i>(Days)</i>	<i>Complete</i>	<i>Remaining</i>	<i>Completed</i>
<i>Service Order</i>	CAE	CAE	04/10/	04/10/	0.25	0.25	0.00	100%
<i>Declaration of independence</i>	IA	CAE	04/10/	04/10/	0.25	0.25	0.00	100%
<i>Notification</i>	IA	CAE	04/10/	04/10/	0.25	0.25	0.00	100%
<i>The minute of the opening session</i>	IA	CAE	04/10/	04/10/	0.25	0.25	0.00	100%
<i>Getting to know questionnaire</i>	IA	CAE	05/10/	06/10/	1.25	1.25	0.00	100%
<i>Preliminary study</i>	IA	CAE	06/10/	09/10/	1.75	3.00	0.00	100%
<i>Risk hierarchy</i>	IA	CAE	10/10/	11/10/	1.75	1.75	0.00	100%
<i>The internal control questionnaire</i>	IA	CAE	11/10/	12/10/	1.50	1.20	0.30	80%
<i>Internal control evaluation sheet</i>	IA	CAE	11/10/	12/10/	1.50	1.50	0.00	100%
<i>Mission program</i>	IA	CAE	12/10/	13/10/	1.75	0.88	0.88	50%
<i>Tests</i>	IA	CAE	16/10/	06/11/	16.00	0.00	21.00	0%
<i>The identification and analysis sheet of the problem</i>	IA	CAE	16/10/	06/11/	16.00	0.00	21.00	0%
<i>Finding and reporting of irregularities</i>	IA	CAE	16/10/	06/11/	16.00	0.00	21.00	0%
<i>Supervision note</i>	IA	CAE	07/11/	08/11/	1.75	0.35	1.40	20%
<i>The minute of the mission ending</i>	IA	CAE	08/11/	08/11/	0.25	0.00	0.25	0%
<i>The draft internal audit report</i>	IA	CAE	09/11/	13/11/	2.25	0.00	4.00	0%
<i>Minutes of conciliation</i>	IA	CAE	-	-				0%
<i>Internal Audit Report</i>	IA	CAE	13/11/	16/11/	2.25	0.00	3.00	0%
<i>The follow-up recommendation sheet</i>	IA	CAE	16/11/	16/11/	0.50	0.00	0.50	0%
<i>Total days of auditing</i>					32	9.425	31.325	0.50
<i>Total hours of auditing</i>					256	75.4	250.6	

Source: own data

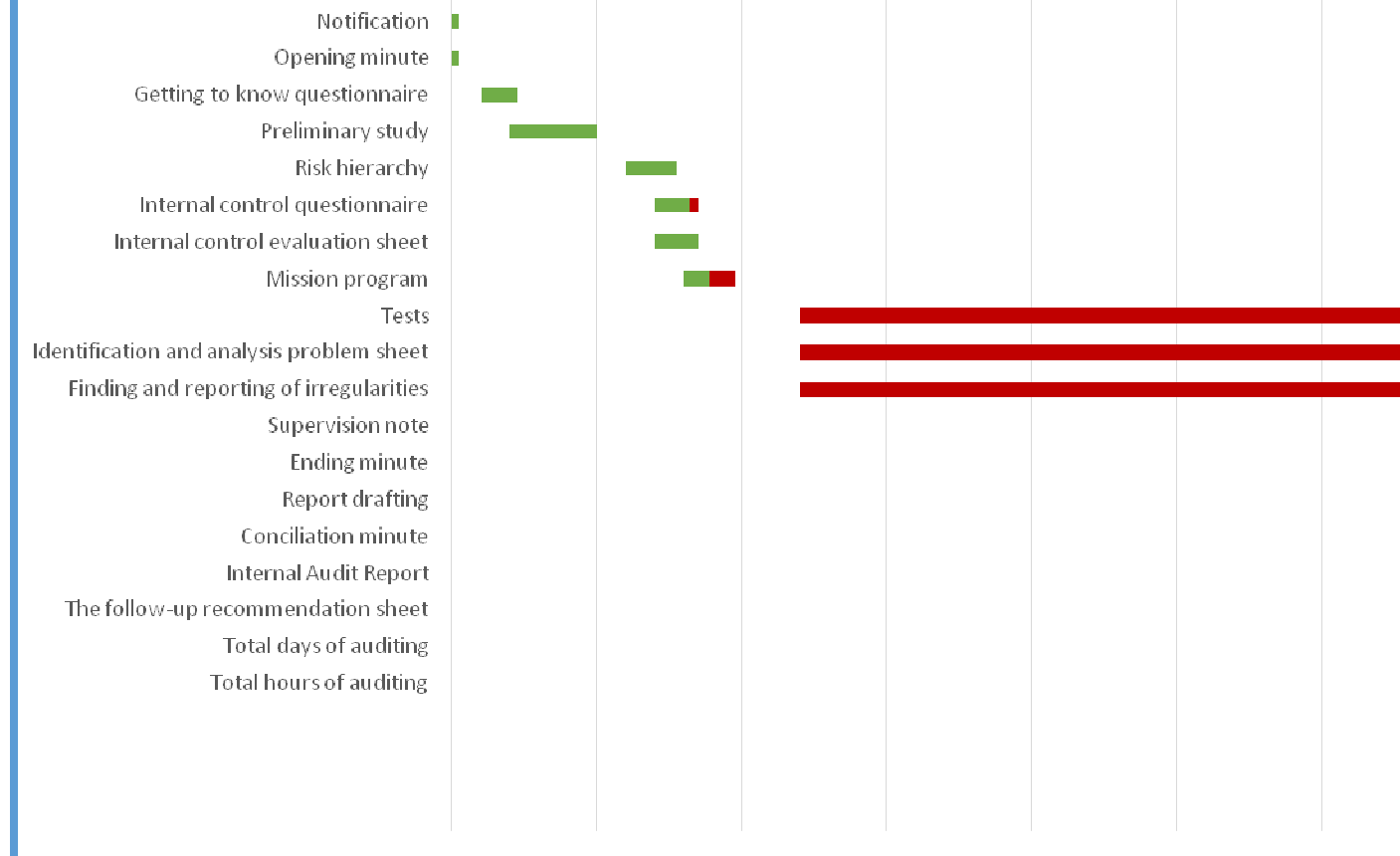


Fig. 2. Gantt Chart for Mission Planning

Conclusions

From our point of view, the elaboration and archiving of the supporting documents regarding the internal audit mission is a highly important activity, these being the basis on which the internal auditor finds and makes recommendations. However, we consider that the preparation of the documents should not be the main activity undertaken by the internal auditor, but the activity of testing, collecting evidence by various methods, such as direct observation (which according to the field of activity of the company and the objective of the mission internal audit or audit process can be one of the most appropriate audit evidence), interviews, verification and analysis of audit procedures, questioning audited audits and other methods and techniques considered to be used according to reasoning professional position of the internal auditor.

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BENCHMARK AND TREND ANALYSIS OF THE COMPETITION IN BANKING SECTOR

Belobrov, Angela ¹

Abstract

Competition in the banking sector brings a wide range of benefits: to clients-individuals, to clients-legal and as a whole to the economic development. Comparing to other sectors, where competition policies are oriented towards the promotion of a level near to a perfect competition, the banking sector faces a continuous trade-off between competition and stability: too much competition increases instability, but too little competition will also have dire consequences for consumers. There is a number of researches dedicated to this problem, however until today a consensus have not been reached yet.

In the absence of this consensus, were decided to be applied to the benchmarking analysis. In addition, trend analysis identifies which areas are getting worse.

For this purpose were selected a list of 8 countries in the region that are comparable either by territorial size, population size or cultural characteristics, including Armenia, Estonia, Latvia, Moldova, Romania, Russian Federation, Slovak Republic and Ukraine. The study contain analysis of concentration indices and of measures of market power.

The results of the study emphasize the existence of different levels of concentration and performances on the banking markets of the analyzed countries, as well as some similarities which allowed us to make some conclusions and recommendations.

Keywords: competition, banking sector, market power, market concentration, benchmarking analysis, trend analysis.

JEL classification: C4, G21, D40, D50, L11.

1. Introduction

Competition in the banking sector brings a wide range of benefits: to clients-individuals through increasing the access to the banking and financial services, higher interest rates at deposits and lower costs for credit, to clients-legal entities through decreasing the cost of financing and as a whole contributing positively to the economic development of the country and increasing of the population's welfare.

Universally, competition policy aims to ensure:

- technological innovation which promotes dynamic efficiency in different markets;
- effective price competition between suppliers;
- safeguard and promote the interests of consumers through increased choice and lower price levels.

Comparing to other sectors, where competition policies are oriented towards the promotion of a level near to a perfect competition, the banking sector faces a continuous trade-off between competition and stability: too much competition increases instability and the risk of systemic failure, but too little competition will also have dire consequences for consumers and investors.

There is a great number of researches dedicated to this domain, however *until today a consensus have not been reached yet*.

In the absence of this consensus, were decided to be applied to the benchmarking analysis, which involves the study of economic processes and phenomena in relation to a criterion considered as the basis of reference, thus establishing the proportional levels and the development level of the analyzed phenomenon.

In addition to the benchmarking analysis, trend analysis identifies which areas are getting worse.

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2. Brief review of concepts

Merriam Webster's online dictionary [10] defines benchmarking as "the study of a competitor's product or business practices in order to improve the performance of one's own company."

However, the term derives from the noun benchmark. The definition of a benchmark includes "a point of reference from which measurements may be made" and "something that serves as a standard by which others may be measured or judged." [4]

But we had decided to apply this method at macroeconomic level in order to assess the performance of the competition policy as a public policy.

Benchmarking is used to measure performance using a specific indicator resulting in a metric of performance that is then compared to others. [6]

Benchmarking *methodology* consists of four phases: Phase 1: Plan—establish the project scope, develop the data collection approach and requirements, and set the criteria for peer groups; Phase 2: Collect—collect data; Phase 3: Analyze—analyze and validate information collected to identify performance levels, leading practices, enablers, and proven templates and other tools; Phase 4: Adapt—report and develop action plan for change. [1]

Historically, the benchmark is based on Kaizer and comparative advantage thinking.

In this paper the benchmarking analysis was applied in order to estimate the appropriate level of competition in banking sectors, accordingly to the situation registered during last decade in several European economies, classified by the WorldBank as lower-middle-income economies and upper-middle-income economies.

The trend analysis, a form of comparative analysis, is an aspect of technical analysis that tries to predict the future movement of an indicator based on past data. Trend analysis is based on the idea that what has happened in the past gives an idea of what will happen in the future.

We believe that benchmarks should be used extensively to justify competition policies, improve banking regulation framework and to make predictable the behavior of regulators (Central Banks and Competition Authorities) for banks managers and clients.

Regulators are the rule-enforcers and they are appointed by the government to oversee how markets work and the outcomes that result for producers and consumers.

3. Analytical framework

Benchmarking criteria. So, firstly we had selected the criteria. The study contains analysis of concentration indices and of market power indicators, inclusively: the 3 and 5-bank assets concentration indexes, the Lerner index, the Boone indicator, the H-statistic index, the bank lending-deposit spread, the return on equity and the return on assets.

Geographical coverage. For the study were selected a list of 8 countries in the region that are comparable either by territorial size, population size or cultural characteristics, including Armenia, Estonia, Latvia, Moldova, Romania, Russian Federation, Slovak Republic and Ukraine. Where was possible the situation in the Euro area was analysed.

The analysis is carried out from the perspective of the Republic of Moldova.

Methodological limitation. The provided analysis do not measure the full range of competition indicators that characterise the state of competition in the banking sector. Although the case study assumptions for this benchmarking analysis make the data comparable at a global level, they also reduce their scope.

4. Data used and estimation results

For benchmark and trend analysis, were used annually publicly available data compiled by the World Bank and Central Banks.

In order to capture a Juglar cycle, were decided to analyse the period of 2006-2015.

The first indicator being analyzed is GDP growth, as a main macroeconomic indicator, which characterises the general macroeconomic context and trends.

Regarding on the trend of GDP, its evolution in the Republic of Moldova corresponds with the evolution in the selected countries, which confirms the assumptions made at the base of their choice as reference economies for our study (fig. no 1). Thus, in 2009 all the countries in the sample recorded negative economic growth.

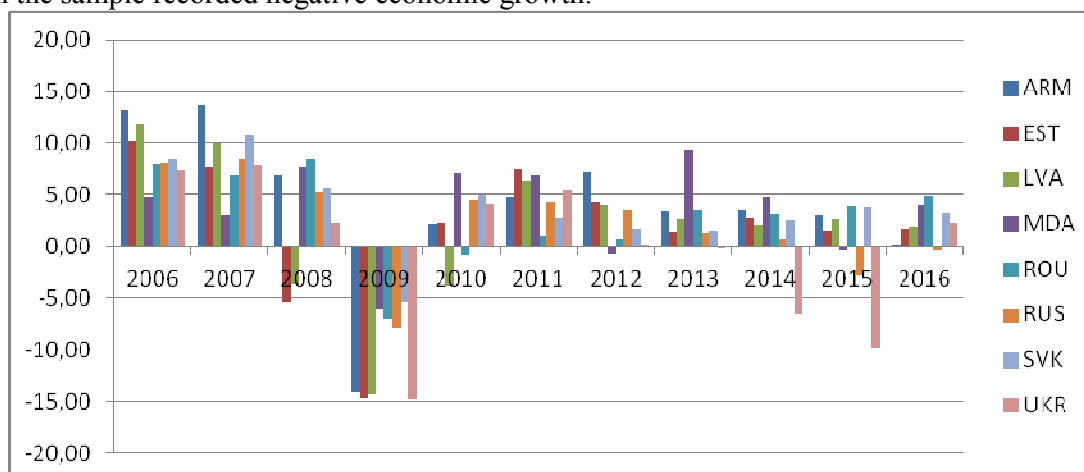


Figure no. 1. GDP growth (annual %)

Note: Armenia -ARM, Estonia – EST, Latvia –LVA, Moldova – MDA, Romania –ROU, Russian Federation – RUS, Slovak Republic-SVK, Ukraine- UKR.

The analysis of the situation in the Republic of Moldova referring to the analyzed countries leads to the following conclusions: in 2006 and 2007 recorded the lowest level of economic growth; in 2009 it recorded the second best level of the indicator, after Slovak Republic; in 2010 it registered the highest economic growth; in 2011 it ranked second with the strongest economic growth after Estonia; in 2012 was the only country (among the selected countries) that had negative economic growth; in 2013 and 2014 recorded the highest rate of economic growth; in 2015 there was a negative economic growth alongside Ukraine (which was affected by the military conflicts taking place in the Donetsk, Luhansk and Donbas regions) and Russia (which is affected by the EU and US sanctions); in 2016 it registered the second highest rate of economic growth, after Romania.

Secondly, were analyzed a set of indicators that characterize the level of financial development and inclusion in benchmarked countries.

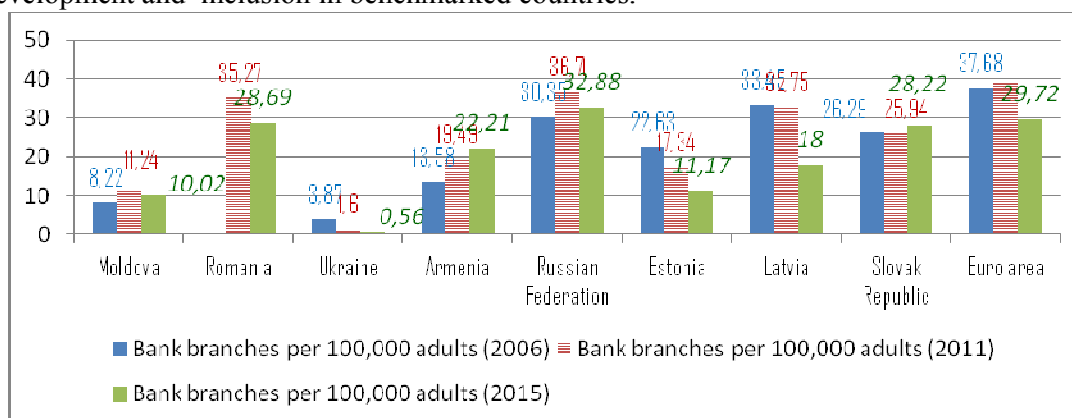


Figure no. 2. Bank branches per 100,000 adults in the Republic of Moldova among benchmarked countries

Source: IMF. Financial Access Survey (FAS).

Figure no. 2 shows how Commercial bank branches (per 100,000 adults) varies by country and depicts the indicator's trend. In most countries and in the Euro area, the number of Bank branches per 100,000 adults increased in 2011 compared to 2006. In 2015 it decreased compared to 2011. This is explained to a certain extent by the change in the channels of distribution of banking services and orientation from traditional to online channel.

In the 2015 year the country with the highest value is Russia, with a value of 32,88, followed by Romania with a value of 28.69. The number of bank branches per 100,000 adults in Euro area in 2015 constituted 29,72.

The country with the lowest value is Ukraine: 0.56. This is the lowest value in the world.

In Moldova, the number of bank branches per 100,000 adults in 2006 amounted to 8.22, after which it increased to 11.24 in 2011 and then dropped to 10.02 at the end of 2015.

The second financial inclusion indicator is Bank account per 1,000 adults. The world average for 2015 was 736.93 bank accounts. The highest value was in Estonia: 2096,73 bank accounts and the lowest value in the world was in Kuwait: 0.62 bank accounts.

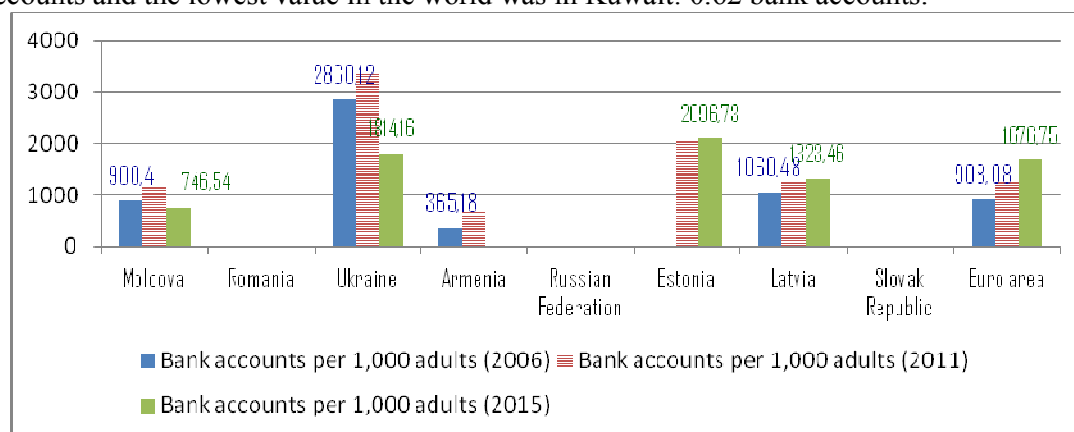


Figure no. 3. Bank account per 1,000 adults in the Republic of Moldova among benchmarked countries

Source: IMF. Financial Access Survey (FAS).

We would like to mention that we do not have data for several countries from the selected sample (Romania, Russia, Slovakia).

Of the analysed countries, most accounts are held by Estonian and Ukrainian citizens (2096.73 and 1814.16 respectively), which represents a level higher than in the Eurozone.

In the euro area the indicator's value is rising.

In the Republic of Moldova, the number of Bank accounts per 1,000 adults in 2006 amounted to 900.4, then increased to 2011 and then decreased to 746.64 by the end of 2015. The decline in the indicator in the Republic of Moldova was caused by the liquidation of three banks in 2015.

During the analyzed period, the deposit money banks' assets to GDP ratio in the Republic of Moldova increased. Despite of this, in 2015 was recorded the lowest level compared to all the reference countries (fig. no.3).

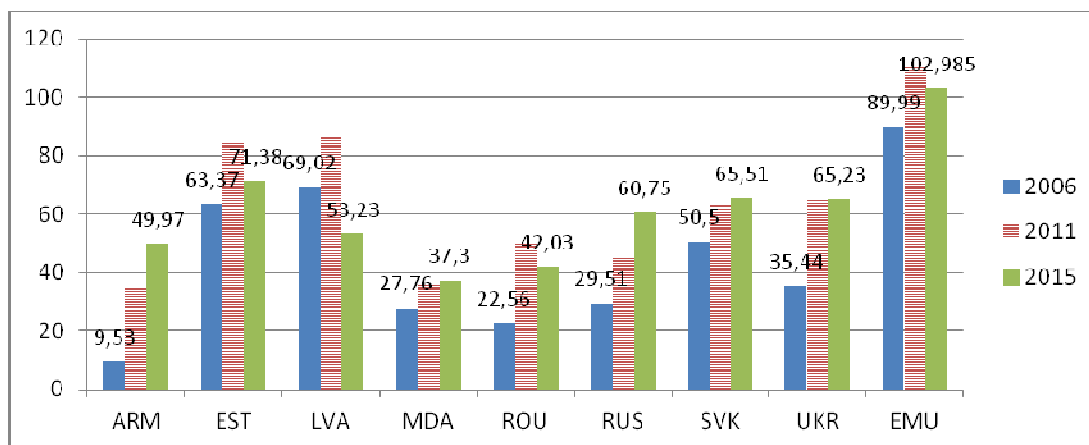


Figure no. 4. Deposit money banks' assets to GDP in the Republic of Moldova among benchmarked countries

Source: IMF. International Financial Statistics (IFS).

Thus, in the 2015 year, the value of the Deposit money banks' assets to GDP in Moldova is 2.76 times lower than in the Eurozone and represents only 60 of the value registered in Ukraine (fig. no. 4).

Another trend to be noticed is the decrease in the level of indicators in 2015 compared to 2011 in EMU and in analyzed countries (except for Slovakia).

The analysis of the situation in Moldova among the situation in the selected countries shows that in 2015 the value of the "Bank concentration" indicator, calculated as the sum for the three largest banks in Bankscope, is lower than in Estonia and Slovakia, but higher than in the rest of the analyzed countries (fig. no. 5).

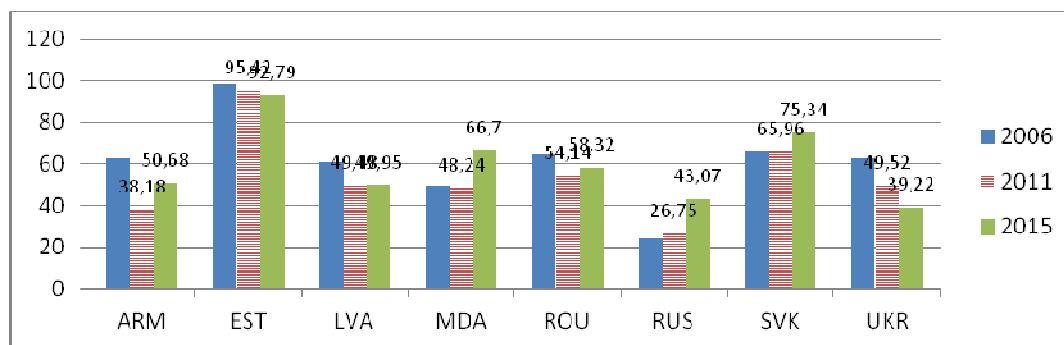


Figure no. 5. 3-Bank concentration in the Republic of Moldova among benchmarked countries

Source: Bankscope, Bureau van Dijk (BvD).

In the Republic of Moldova, in 2015, the "3-Bank concentration" indicator is 70% higher than in Ukraine and slightly higher than in Romania and Russia.

Based on the indicator 5-Bank asset concentration, the Republic of Moldova is placed on the top of analyzed countries, following Estonia and Slovak Republic.

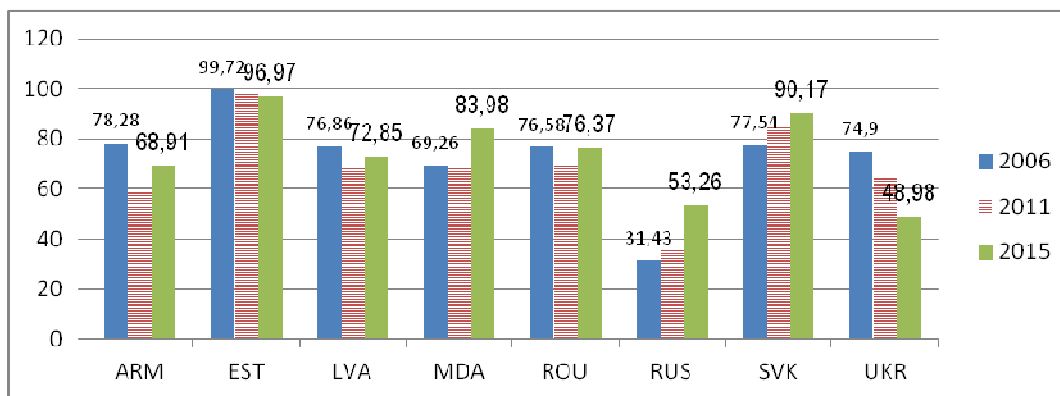


Figure no.6. 5-Bank asset concentration in the Republic of Moldova among benchmarked countries

Source: Bankscope, Bureau van Dijk (BvD).

The conclusion which arises from the fig. no. 6 is that large commercial banks clearly dominate the Moldovan banking industry in terms of size.

The non-structural approach assesses the degree of competition directly by observing behavior of firms in the market.

The Lerner index is a non-structural indicator, that measures the market power in the banking market. It compares output pricing and marginal costs (that is, markup). So, it is defined as the difference between output prices and marginal costs (relative to prices). The index ranges from a high of 1 to a low of 0, with higher numbers implying greater market power. [12]

An increase in the Lerner index indicates a deterioration of the competitive conduct of banks.

Analysis of the Lerner Index in the banking sector of the Republic of Moldova denotes the existence of a moderate level of competition in the banking sector.

In 2006-2011, the level of competition estimated considering the Lerner Index, was reduced. Unfortunately, for the 2015 period, data on the variation of these indices is not available.

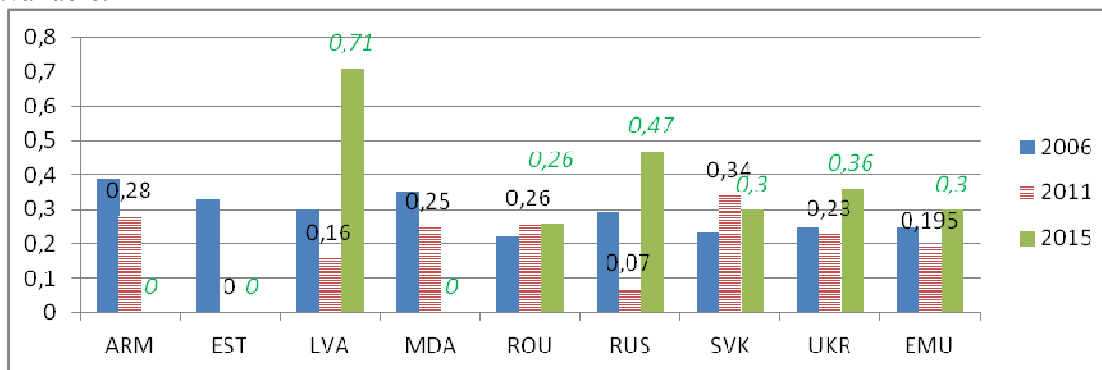


Figure no.7. Dynamics of the Lerner Index in the banking sector of the Republic of Moldova among benchmarked countries

Source: Bankscope, Bureau van Dijk (BvD).

The first and most important remark refers to the indicator's trend presented in the fig. no. 7 is that in most countries and in the Euro area, the **Lerner Index** decreased in 2011 compared to 2006, and in 2015 it increased compared to 2011.

In 2015 year the country with the highest value is Latvia, with a value of 0,71, followed by Russia with a value of 0,47.

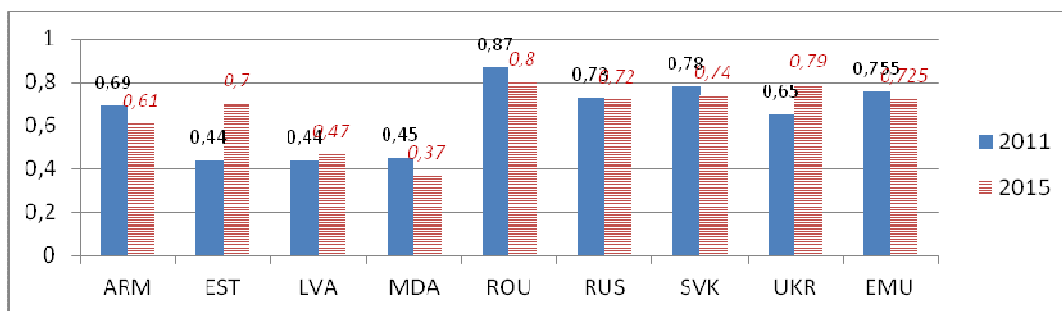


Figure no.9. Dynamics of the H-statistic index in the banking sector of the Republic of Moldova among benchmarked countries

Source: Bankscope, Bureau van Dijk (BvD).

Comparing to benchmarked countries, in the Republic of Moldova, the H-statistical index recorded the lowest livelihood, as 0,37 in 2015, indicating a low level of competition and low elasticity of banks revenue versus input prices. This allows the conditions on the Moldovan banking market to be characterized as: under the monopolistic competition.

In 2015, the highest level of the H-statistical index was recorded in Romania (0,8), followed by Ukraine (0,79), Slovak Republic (0,74).

The value of the H-statistic index in the Euro area in 2015 constituted 0,725.

Moldovan banks are relatively profitable compared to other banks in the developed world.

High profitability does not, in and of itself, equate to low levels of competition and contestability within a market – indeed, it should attract new players. Similarly, it does not necessarily lead to worse outcomes for consumers [6].

Sustained high profitability could be the result of factors which are not detrimental to consumers. For example, it could be the result of productivity gains from technological advances being captured for shareholders.

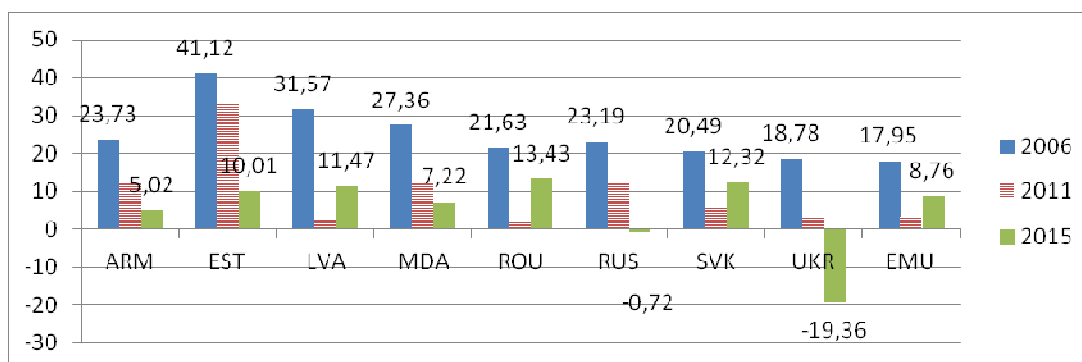


Figure no.10. Bank return on equity (% before tax) among benchmarked countries (%)

Source: Worldbank.

Ranking the banks operating in analyzed countries based on magnitude of ROE, shows that the most profitable is the banking system of Romania, which is followed by the banking system of the Slovak Republic and Estonia.

The ratio Bank return on equity (% before tax) in the Moldovan banking system is lower than in Euro area.

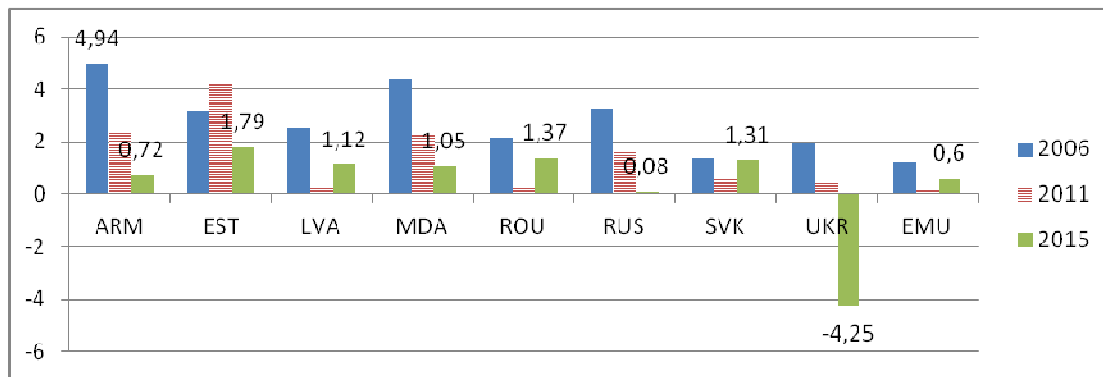


Figure no.11. Bank return on assets (% , before tax) among benchmarked countries (%)
Source: Worldbank.

Ranking the banks operating in analyzed countries based on magnitude of ROA, shows that the most profitable is the banking system of Romania, which is followed by the banking system of the Slovak Republic and Estonia.

The ratio Bank return on assets (% , before tax) in the Moldovan banking system is 1.75 times higher than in Euro area.

Another indicator that can be used as an indicator of price-cost margins is the lending-deposit spread.

Bank lending-deposit spread represents the difference between lending rate and deposit rate.

Lending rate is the rate charged by banks on loans to the private sector and deposit interest rate is the rate offered by commercial banks on three-month deposits.

Fig. no.12 shows descriptive statistics for the Bank lending-deposit spread across banking system in benchmarked countries.

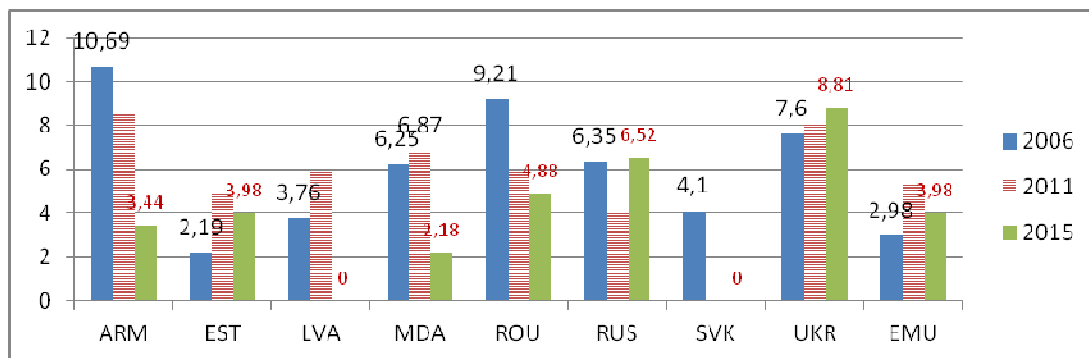


Figure no.12. Dynamics of the Bank lending-deposit spread in the Moldovan banking system among benchmarked countries
Source: IMF. International Financial Statistics (IFS).

Accordingly to the fig. no.12 the lending-deposit spread in Ukraine, Russia and Romania are consistently higher compared to the value recorded in the Moldovan banking system.

In 2006 and 2011, the level of Bank lending-deposit spread in the Republic of Moldova was higher than in neighbouring and euro area countries.

At the same time, the data presented in fig. no. 12 allow to conclude that in the Republic of Moldova in 2015 was recorded the lowest level of lending-deposit spread. From a competitive perspective, this indicates a high level of competition.

6. Conclusions

The results of the study emphasize the existence of different levels of concentration and performances on the banking markets of the analyzed countries, as well as some similarities.

The banking scene at the international level has undergone a transformation in the past decade, with the rapid globalisation and opening up of markets ; on both fronts of wholesale and retail banking.

Many empirical studies that were carried out have confirmed the hypothesis that higher seller concentration results in higher excess profit rates, which are accepted as indicator of market power.

According to the result of the study provided by Maudos, J., Guevara, J.[8], the market power, proxied by the Lerner index, affects the interest margin positively, and is highly significant.

In 2006 and 2011, the level of Bank lending-deposit spread in the Republic of Moldova was higher than in neighbouring and euro area countries.

Banks and other financial intermediaries tend to specialize in market segments where they exercise a competitive advantage. Whereas specialization facilitates banks to benefit from market conditions or their expertise, specialization may be accompanied by concentration of resources in counterparties, regions, industry sectors, or business products, compromising banks' diversification of their sources of business or income. This lack of diversification increases a bank's exposure to losses arising from the concentrated portfolio. Therefore, Concentration could work as a magnifying mechanism of financial shocks which may lead an institution to insolvency [2].

The benchmarking analysis has shown that in the analyzed countries there are no significant data that would derail great competition problems or financial stability problems.

But, the benchmarking is not a one-size-fits-all endeavor; the right approach should be based on declared aims. Furthermore, a wide range of expertise from assessment tools for real-time benchmarks to benchmarking studies were designed to address concrete country'specific needs.

Findings listed above are interesting and deserves to be tested in the context of future studies.

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FISCAL AND ACCOUNTING ASPECTS RELATED TO VAT SYSTEM IN ROMANIA

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Dorel Mateş²

Abstract

New regulations related to VAT generate significant changes in the accounting of economic entities operating in Romania. The purpose of the research is to present the main accounting and tax issues regarding value added tax, especially the new regulations related to the split VAT system. This paper seeks to identify the advantages and disadvantages and the impact of implementing this system in Romania. To achieve the objective, an empirical analysis was conducted on a group of accounting experts. For this study, a questionnaire was used as a research tool. The survey was conducted between October 1-31, 2017, in the Western Region of Romania, on a target group of 150 chartered accountants.

Keywords: VAT, accounting, treatment, analysis

JEL Classification: M41

1. Introduction:

Value added tax under Directive 2006/112 / EC is a general consumer tax that applies to business activities involving the provision of services and the production of goods.

Under Article 265 of the Fiscal Code, value added tax is an indirect tax owed to the State budget, which is calculated over the entire supply of goods and services, from the supplier / producer to the final consumer as the difference between the VAT collected (resulting from the sale goods and services) and deductible VAT (related to purchases). According to Chapter VIII, art. 291 of Law 227/2015, the standard VAT rate in Romania in 2017 is 19%, applicable to the tax base for taxable transactions, with the exception of those exempted or subject to reduced tax rates of 9% and respectively 5%.

In the current economic context, we note that value added tax, this general consumer tax, which encompasses all phases of the economic circuit, and through which the state has the possibility to cash in the fastest way to the budget, generates important changes in the accounting of entities it operates in our country.

This paper aims to present the changes made in the Romanian legislation through GO no. 23/2017, an ordinance regulating the split VAT payment - a system known as "split VAT" and the perception of professional accountants about the advantages and disadvantages of these legislative changes.

2. Methodology and data

The methodology used refers to the study of the specialized literature, the applicable accounting regulations and the comparative analysis of the accounting treatments applicable to VAT both from the OMFP 1802/2014 perspective and from the perspective of GO no. 23/2017 published in the Official Gazette of Romania, Part I, of 31 August 2017.

Empirical research was conducted to determine the perceptions of accounting professionals within entities regarding the main advantages and disadvantages of implementing the new system, and to assess the impact on entity performance, taking into

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account the perceptions of practitioners. Thus, the research is carried out in a quantitative approach, assuming measurement of the perception of practitioners.

The questionnaire on the "advantages and disadvantages of the application of the VAT split payment system within the entities in Romania" was disseminated among the professional accountants, our work being carried out between 1 and 31 October 2017. The purpose of the questionnaire is to identify the perception of professional accountants activity within entities in different areas of activity on the advantages and disadvantages of the system, and measurement of the impact of adoption on the performance of the entity. In order to carry out the research, we distributed the questionnaire in 500 copies, of which 150 respondents completed the interview, resulting in a 30% response rate and processed with Excel.

According to GO. no 23/2017, both taxable persons and public institutions are required to apply the VAT splitting system. By VAT-taxable persons, we understand all companies, whether registered or not for VAT purposes, national companies, self-employed registrars, or self-employed or self-employed persons if they are registered for VAT purposes. The split VAT payment applies to all VAT-charged transactions where the place of delivery of the goods or place of supply of services is considered in Romania.

The VAT split payment system does not apply to transactions where the recipient is liable to VAT by means of a simplification method, a method known as reverse charge

In the VAT accounts, we will be charged the amounts coming from:

- ☒ VAT on sales of goods / services;
- ☒ VAT deposits for cash or bank card sales;
- ☒ transfers from other VAT accounts;
- ☒ transfers from the current account opened either to the same banking institution or to the treasury;
- ☒ amounts earned as a result of material error fixes;
- ☒ amounts representing the VAT transfer between the members of the single tax group;
- ☒ amounts received as a result of correcting invoices or as a result of adjusting the taxable VAT base.

From the VAT account we can make the following payments:

- VAT paid to the supplier's VAT account;
- VAT paid to the state budget;
- transfer to another VAT account of the holder;
- VAT refunds for which refund is made to another VAT account;
- corrections for adjusting the VAT base due to the correction of invoices, for which the payment is made in another VAT account;
- refunds to the holder's current account, within the initial feed limit;
- VAT amounts settled within the single group.

Before analyzing the advantages, disadvantages and implications of the application of the VAT system broken down in our country, we wanted to find out what is considered to be the main reasons underlying this decision. The results were synthesized in the following table:

Tabel no.1 Reasons for split VAT

Reason	Number of respondents
Legal obligation	110
Increase the degree of budgetary debt collection	20
Reducing tax evasion	18
Tax facilities	2
TOTAL	150

Source: author's interpretation

From the answers received, we find that for the vast majority of respondents, the basis for the adoption of the split VAT system is given by the legal requirements, 73% of the respondents being of the opinion that the legal obligation is the basis for the application of this system in Romania. 13% of respondents believe that the split VAT payment will increase the collection of budgetary receivables by voluntary compliance of economic operators, 12% think the system will reduce tax evasion in Romania and 2% motivate the choice of VAT split the tax advantages the State offers to those applying this system, such as the cancellation of late payment penalties for the tax obligations of the main tax obligations of VAT.

Asked about the advantages of the VAT split payment system, the respondents offered the following answers:

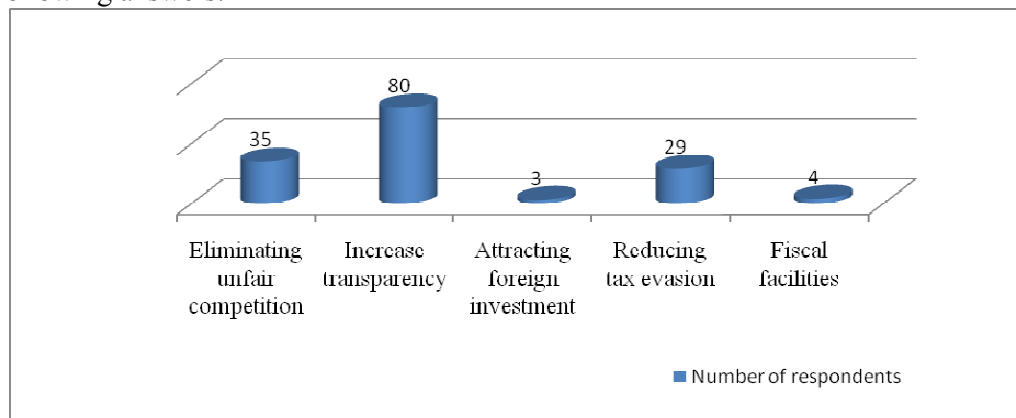


Figure no.1 Advantages of split VAT system

Source: author's interpretation

From the figure presented, it can be noticed that out of the total of 150 interviewees, 53% (80 respondents) consider that the VAT split VAT payment system will increase the transparency in the Romanian business environment. 35 respondents (23%) believe that VAT split will ensure a fair competition environment and 29 (19%) of the 150 people surveyed believe the new system will reduce tax evasion. Only 4 (3%) think that the scheme will create tax incentives for entities opting for voluntary application before the mandatory implementation deadline, and 3 (2%) respondents believe the VAT split will attract new investors to the business environment.

Regarding the factors that may cause difficulties in applying the VAT split VAT payment system, respondents provided the following answers:

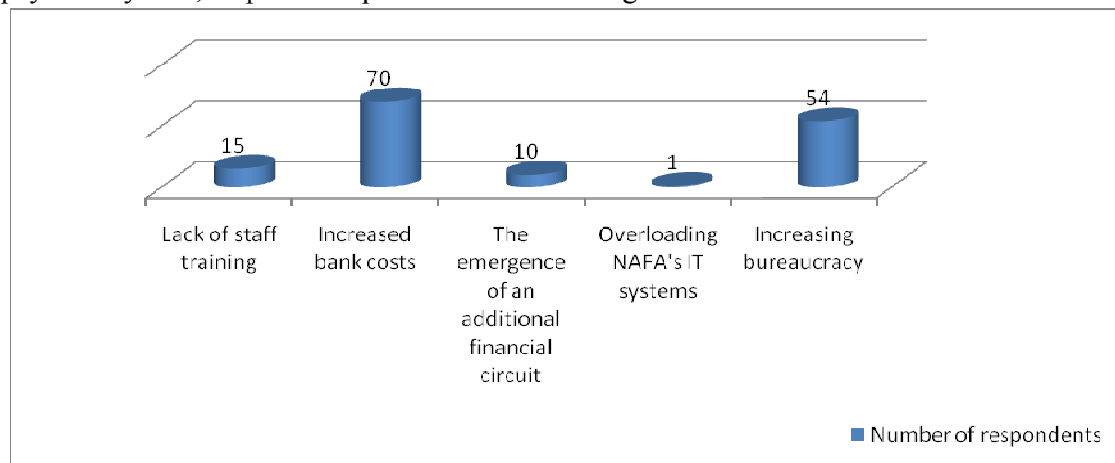


Figure no.2 Factors that can cause difficulties

Source: author's interpretation

From the figure presented, it can be noticed that of the total of the 150 interviewees, 47% (or 70 respondents) consider that the split VAT payment system will increase the bank costs. 54 respondents (36%) believe that VAT split will generate increased bureaucracy, and 15 (10%) of the 150 people surveyed believe the new system will require staff training. 10 (6%) think that the system will create an additional financial circuit, and a respondent believes the VAT split will overload NAFA's IT system, which will generate significant issues for entities.

In order to identify the economists' perception of the advantages and disadvantages of the application of the VAT split VAT system within the entities in Romania, we used the Likert scale with 5 levels of appreciation, as follows:

Mark 1 - to a very small extent;

Mark 2 - to a small extent;

Mark 3 - on average;

Mark 4 - to a great extent;

Mark 5 - to a great extent.

resulting in the following hierarchies for system benefits:

Table no. 2 Professionals' perception of the benefits of split VAT

Advantage/ Mark	1	2	3	4	5
<i>Eliminating unfair competition</i>	3	4	9	110	24
<i>Increase transparency</i>	1	2	7	10	130
<i>Attracting foreign investment</i>	19	78	50	2	1
<i>Reducing tax evasion</i>	5	8	95	40	2
<i>Fiscal facilities</i>	70	50	27	2	1

Source: author's interpretation

Those responding to our questionnaire considered that the most important benefit of adopting the VAT split VAT system was given by increased transparency (1), both at national and international level. Next, eliminating unfair competition (2), reducing tax evasion (3), tax incentives (4), and attracting foreign investors. (5).

Table no. 3 Professionals' perception of the disadvantages of split VAT system implementation

Disadvantage/ Mark	1	2	3	4	5
<i>Lack of staff training</i>	30	25	70	15	10
<i>Increased bank costs</i>	3	19	10	18	100
<i>The emergence of an additional financial circuit</i>	43	55	30	15	7
<i>Overloading NAFA's IT systems</i>	73	50	24	1	2
<i>Increasing bureaucracy</i>	14	30	6	98	2

Source: author's interpretation

Those responding to our questionnaire considered that the most important factor that may cause difficulties in adopting the split VAT system is the increase in bank costs (1). Then there is an increase in bureaucracy (2), personnel training costs (3), the introduction of a new financial circuit (4) and the overloading of IT systems. (5).

To calculate the practitioner's perception of the advantages and disadvantages of adopting the split VAT system, we will calculate the following statistical indicators:

- *Weighted arithmetic mean* (\bar{x}): this average is applied for a series of frequency distribution and is calculated by summing the frequency products ($x_i * n_i$) and reporting the result obtained to the total frequencies (n_i). In our case, the relationship is:

$$\bar{x} = \frac{\sum_{i=1}^n x_i * n_i}{\sum n_i}$$

- *Variable perception of the advantages / disadvantages of adopting the system: this indicator will be calculated for each benefit / disadvantage as follows:*

$$P_{A/DIFRS} = \frac{Sv \text{ split TVA}}{5}$$

Sv Split TVA– Variable split VAT advantages / disadvantages

$P_{A/D \text{ split TVA}}$ – The perception of professionals about the benefits and disadvantages of VAT split

Interpretation:

If:

- ✓ $P_{A/D \text{ split TVA}} \leq 0,4$ – low potential to generate benefits / economic costs after implementation
- ✓ $0,4 < P_{A/D \text{ split TVA}} \leq 0,7$ – medium potential to generate benefits / economic costs after implementation
- ✓ $P_{A/D \text{ split TVA}} > 0,7$ – high potential to generate benefits / economic costs after implementation

Table no. 4 Analysis of the benefits

Advantages	\bar{x}	$P_{A.\text{split TVA}}$
<i>Eliminating unfair competition</i>	3,99	0,80
<i>Increase transparency</i>	4,77	0,95
<i>Attracting foreign investment</i>	2,25	0,45
<i>Reducing tax evasion</i>	3,17	0,63
<i>Fiscal facilities</i>	1,76	0,35

Source: author's interpretation

Table no.5 Analysis of the costs

Disadvantage	\bar{x}	$P_{D.\text{split TVA}}$
<i>Lack of staff training</i>	2,67	0,53
<i>Increased bank costs</i>	4,29	0,86
<i>The emergence of an</i>	2,25	0,45

<i>additional financial circuit</i>		
<i>Overloading NAFA's IT systems</i>	1,73	0,35
<i>Increasing bureaucracy</i>	3,29	0,66

Source: author's interpretation

3. Results

$$PA_{split\ TVA} = \frac{0,80 + 0,95 + 0,45 + 0,63 + 0,35}{5} = 0,64$$

$$PD_{split\ TVA} = \frac{0,53 + 0,86 + 0,45 + 0,35 + 0,66}{5} = 0,57$$

In our situation, $P_{A,split\ TVA\ ci}$ has a value of 0,64, being placed in the range of $0,4 < P_{C,IFRS} \leq 0,7$ – reflecting the fact that the investigated sample gives the advantages of adopting the system within the entities in Romania an average potential to generate benefits after implementation.

$P_{D,split\ TVA}$ has a value of 0,57, being placed in the range of $0,4 < P_{C,IFRS} \leq 0,7$ – reflecting the fact that the sample investigated gives the costs of adopting the split VAT system an average potential to generate obstacles, respectively difficulties after implementation.

4. Conclusions

Considering the fact that in Romania the legislation is in constant change, from the desire to improve and facilitate the collection of state budget receivables, the business environment and the professional accountants have to cope with and adapt to the new legislative requirements.

As can be seen from the study, the 150 professional accountants observe and hierarchize both the advantages and disadvantages of this VAT split VAT payment system, which will become operational in Romania in a short time.

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CREATIVE ACCOUNTING AND FRAUD: A COMPARATIVE APPROACH

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Abstract

The famous scandals of the past few years, the collapse of Enron, Parmalat, Xerox, WorldCom, have highlighted the creative manifestations of accountants. These manifestations, on the limit of legality, or, more severely, outside of it, have seriously affected the way in which, on a side, the profession and its accountability were to be seen in the future, and, on the other side, the activity of the companies. Even if it is considered that we have overcome the financial crisis, the business world is still a risky one, a real jungle where the strongest survives. In order to win in the „struggle for survival”, the accountants were and are still using in some cases creative or fraudulent techniques. The concepts to which these techniques refer (creative accounting or fraud) are often considered synonymous in practice. In this paper we aim to present the characteristics, and to identify both the common points and the differences between the two.

Keywords: creative accounting, financial fraud, financial statements, financial reporting financial scandals

JEL Classification: M21, M41, M42

1. Introduction

The bankruptcies of Enron, Parmalat, Xerox, WorldCom have highlighted the creative manifestations of accountants. These manifestations on the limit of legality, or more severely outside of it, materialized in not qualitative financial reporting which has seriously affected the way in which, on a side, the profession and its accountability were to be seen in the future, and, on the other side, the activity of the companies. The purpose of financial reporting is to present useful information for economic decision-making process, for a wide range of users, (such as owners, shareholders, associates, potential investors on a side and, on the other side creditors and other lenders). The affecting of the process of financial reporting through creative or fraudulent techniques lead to an influence on decisions and implicitly to a decrease in the trust of people involved in the decision-making process. The concepts these techniques are referring to (creative accounting or fraud) are often considered synonymous in practice. By analyzing the characteristics of the two, we seek to identify both the common points and the differences between them.

2. Conceptual approach of fraud

The word fraud is perceived in the literature as a technical term used to briefly express a complex situation that is analyzed according to certain professional criteria that, at least at a quick assessment, have been violated (Dinica 2017). Fraud (according to the explanatory dictionary of the Romanian language) is the *act of acting in bad faith, in order to obtain benefits, for the attainment of the rights of another (damaging implied to another person)*. In the business world, fraud refers to an intentional act of one or more persons entrusted with conducting a company or working in it, involving the use of deception to obtain unfair advantages (Horomnea 2009). Usually, fraud is presented from the perspective of those responsible for discovering these techniques: financial auditors. Auditors do not make legal determinations of whether fraud has occurred. Rather, the auditor's interest specifically relates to acts that result in a material misstatement of the financial statements. The AICPA (Association of International Certified Professional Accountants), by the instrumentality of SAS 99 and SAS 113(Statements of Audit Standards), states that the primary factor that

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distinguishes fraud from error is whether the underlying action is intentional or unintentional and defines fraud as an *intentional act that results in a material misstatement in financial statements that are the subject of an audit* (AICPA 2002).

IFAC through International Standard on Auditing ISA 240 define it as „*an intentional act committed by one or more individuals within the management, personnel responsible for employee governance or third parties, involving the use of deception to obtain an unfair or illegal advantage*”(IFAC 2009), explaining also that the distinguishing factor between fraud and error is the intentional or unintentional character.

Based on the common elements of these definitions, we can say that fraud is an abstract concept, associated with a set of elements, events, processes, facts, and actions, influenced in bad faith, once or repeatedly, so that a consequence or all of the results violate one or all of the assessment criteria, regardless of whether damages or benefits of any kind are discovered (Dinica 2017).

There are multiple forms of fraud in a company. In fact, we cannot have a realistic view on the number of acts of fraud and their impact, as most of them are not advertised, being internally managed as each firm decides. Among the most popular forms found in the literature, we find: tax fraud, financial fraud, cyber fraud and insurance fraud.

Seen as a virus, financial fraud can take on various forms, ranging from the mere robbery committed by an employee to the large-scale cases that shook the world economy (Robu 2014). There are two major types of financial fraud: *fraudulent financial reporting* and *misappropriation of assets*.

Techniques to reach *fraudulent reporting* can take the form of:

- the falsifications and alterations of documents;
- the erroneous application of the criteria for recognizing and measurement of the elements of financial statements with direct implications on the financial position and performance, reflected in the reporting documents;
- misrepresentation of transactions or their intentional omission, with a direct impact on the contents of the list of journal entries;
- misapplication of accounting principles. In this case, we emphasize the reluctance of the managers and other persons responsible with the management of an entity on declaring disruptions in the going-concern concept, with a direct impact on the application of all the other principles;
- the accounting manipulations in the form of intentional mistakes and misrepresentations in the financial statements (which are intended to mislead or/and to influence users' decisions). Given that we have already referred to the presentation of financial position and performance, we are currently drawing attention to the application of materiality concept, with direct implications on the relevance of the information to be presented. Companies may decide not to provide timely and relevant information by setting a material threshold too high.

The *misappropriation of assets* mainly involves:

- taking assets from the entity without permission (especially for small and seemingly insignificant assets that can be easily stolen by employees of a company);
- the transfer of revenues into personal accounts;
- the use of the assets of an enterprise for personal purposes (for example, the use of a company asset for the purpose of securing a loan for personal purposes).

The factors that lead to fraud in accounting can be identified in the following situations:

- internal and external control systems are inefficient;
- investors' attention to the results of the company in most cases exerts pressure on those responsible for their management;
- poor internal audit;

- a reduced culture of sanctions regarding the inefficiency of internal control and audit systems.

There are three major categories of factors underlying fraud, presented in figure no. 1, structured in what literature calls the „triangle of fraud”: the *opportunity*, the *pressure* and the *rationalization*. Each angle materializes in a motivation to commit fraud (Robu 2014).

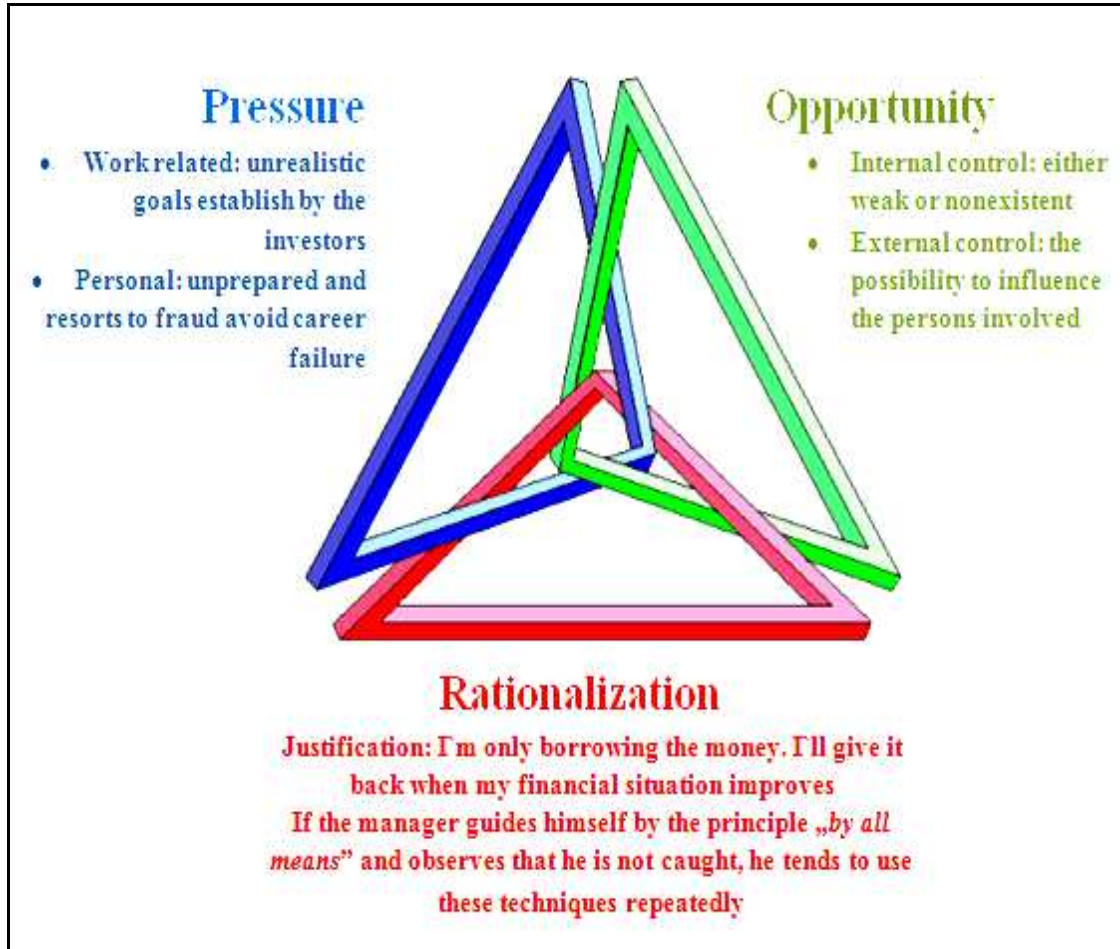


Figure no.1. The fraud triangle

Source: own processing after (Linker n.d.) available at <http://blog.stephenlinker.com/tag/why-people-commit-fraud/>

First, fraud involves *pressure* from investors (who are interested in business performance and sometimes impose unrealistic goals), from the economic environment and, last but not least, from the industry. The pressure of personal failure can also be taken into account when the person in charge of a particular task is unprepared and resorts to fraudulent techniques to avoid career failure.

Subsequently, the knowledge of the business environment, the breaches of the internal control and audit systems, the knowledge of the external control system or the possibility to influence the persons involved in carrying out these controls materialize in the *opportunity* for fraud.

Last but not least, the attitudes, the behavior, the reasoning of a professional hold a great influence on using fraudulent techniques. An individualist behavior will cause a manager to believe that the business belongs to him and will therefore justify his actions, thus

avoiding being trapped. If the manager guides himself by the principle „*by all means*” and observes that he is not caught, he tends to use these techniques repeatedly.

Fraud involves pressure and opportunity, on the one hand, and incentives, on the other. Unfortunately, this means that many organizations and individuals will continue to face difficulties that can materialize in pressure, opportunity and rationality in committing fraud (Ciubotariu 2010).

3. Conceptual Approaches to Creative Accounting

In the literature, creative accounting is said to be a deceptive practice, as it tends to lead users to make decisions based on manipulated accounting information and can be understood as an intention to hide something, whenever no additional explanatory information is provided (Cosenza 2002). Over the years, creative accounting has been widely debated in both international and national accounting practice, being considered a matter of great interest, which raises questions about the degree of compliance between accounting and auditing objectives (Amat & Oliveras 2004). The definition of this concept proves to be quite complicated: a multitude of interpretations and no clear and unanimous definition (Ciocan 2017). With Anglo-Saxon origin, this concept has evolved in both the use and the used expressions. It is known in the literature under names like „income smoothing”, „earnings smoothing”, „cosmetic accounting” or „accounting cosmetics”, „financial engineering”, „earnings management” being preferred in the United States and „creative accounting” in European countries.

Defining the concept of „creative accounting” may seem, at first sight, an extremely simple matter. The reality is different. Being seen as a nowadays topic in the literature, an actual phenomenon that has been mainly shaped by large-scale scandals such as Enron, Parmalat, or Andersen, creative accounting does not have a single definition. Many authors have built definitions to explain this concept, being described as:

- *a process by which the management of an enterprise takes advantage of the shortcomings or uses the blurs in the accounting rules to present a modified image of the results* (Shah 1998);
- *a transformation of annual accounts using the accounting options, estimates or other practices accepted by accounting regulations* (Amat & Gowthorpe 2004);
- *deliberate diminution of fluctuations in the level of earnings considered normal for an enterprise* (Barnea et al. 1976);
- *action taken by a company's management, that affects the reported earnings and does not provide an economic advantage to the organization, but may prove to be harmful in the long term* (Merchant & Rockness 1994);
- *a set of procedures used to modify the level of results (to optimize or minimize them), or to present financial statements without these goals being mutually exclusive* (Stolowy 2000).
The most complete, comprehensive definition belongs to Kamal Naser who considers creative accounting:
- *the process of manipulating accounting figures by taking advantage of the loopholes in accounting rules and the choices of measurement and disclosure practices, in order to transform financial statements from what they should be, to what managers want them to express;*
- *the process by which transactions are structured, to produce the required accounting results rather than reflecting transactions in a neutral and consistent way* (Naser 1993).

Quoted in Riahi-Bealkoi (2004), Meehan states that the use of creative accounting practices usually occurs during certain periods: when the managers of a company are changed (the new leadership is tempted to use this technique to demonstrate improvement of results in the years to come), when a company registers an extraordinary gain, for which they are

tempted to record expenses to hide this gain, and in times when earnings are weak, and management finds it appropriate to add additional expenses which normally belong to a future period.

If we have established up to this point which are the reasons invoked by practitioners for their creative accounting option, we also need to establish the typology of the creative accounting techniques. Which are the specifics of these techniques? Amat and Gowthorpe (2004) showed that the potential to use creative accounting techniques is found in six areas:

- regulatory flexibility (accounting regulations often allow the choice for a specific accounting policy);
- lack of regulation (there are transactions that are not fully regulated from accounting's point of view);
- managing opportunities for future prospects (which may occur in the case of estimates, and predictions), the timing of certain transactions (certain transactions can be programmed to lead to a desired image of the financial statements);
- use of artificial transactions (to manipulate balance sheets or to move the profit in another period, some transactions are used in relation to a third party, usually a bank);
- reclassification and presentation of financial information.

Ionascu (2003) classifies the creative accounting techniques in three main categories:

- techniques that affect the result (they influence elements in the profit and loss account). Many accountants are focused on organizing the company's income to deliver market-friendly signals to potential investors. For them and for the existing ones, a high profit at the end of the period indicates business performance and management's ability to lead. Sometimes the signals are wanted to be negative, not to attract the attention of public authorities, in search of funds for different activities. The most common technique applied to the income is to smooth it to create the illusion of financial stability in the eyes of investors.
- techniques with impact on the balance sheet (it influences its elements: assets, liabilities, equity). The handling of balance sheet items may be in response to the conditions imposed by various creditors that may ask for a certain level on indebtedness, liquidity or solvency ratios. It may also seek to offset some elements that create a less favorable image of the entity (a case that might be considered here is to ignore provisions and treat them as contingent liabilities, even when the risk of producing the event is high).
- techniques that influence the information presented in the appendix. By setting a high materiality threshold, professionals try to camouflage or selectively present certain situations.

According to Breton & Stolowy (2008), the techniques of manipulation through creativity are known in the form of:

- *big bath* - refers to the drastic reduction of profits in a period in order to cause their growth in a future period;
- *earnings management* - assumes obtaining a desired level of earnings for an enterprise;
- *income smoothing* - minimizes earnings variation from one period to another;
- *window dressing* - seeks to obtain the desired financial reporting.

The authors consider these techniques quite similar, in particular „earnings management”, „income smoothing” and „big bath” accounting, which in some way target the manipulation of the income of a company. The demarcation line between these three methods is a very fine one: many authors regard income-smoothing as a component of „earnings management”, and Breton states that „earnings management”, in case of change of management, is actually „big bath”.

4. Similarities and differences between creative accounting and financial fraud

The common element of the two concepts can be considered creativity. Whether we are talking about fraud or creative accounting, we must keep in mind that both involve a degree of inventiveness, innovation from the professionals. Manipulating financial results is also a common point between the two. When we are talking about creative accounting techniques (eg, misestimation of provisions, anticipated revenue recognition) or fraudulent techniques (eg, registering fictitious sales or underestimating the expense of a period), all of these lead to the alteration of financial accounting information and the misrepresentation of the economic reality. Whether it is legal, based on legislative gaps or illegal, the alteration of financial accounting information surely leads to change of reality and implicitly to different decisions.

The most important difference that can be systematized is related to the character of these techniques. As it can be seen from the definitions, creative accounting is considered a legal practice, located in the gray area of the accounting profession. Instead, fraud is knowingly breaking the law in order to get benefits from the presented situation. Creative accounting does not infringe the law. Bottom line, because it is considered to be positioned in the gray area of the accounting profession, creative accounting is distinguished from fraud by intent.

Using existing accounting options and the ability to interpret laws, manipulation of financial information through creative accounting is more likely to be a violation of the profession's ethics. It cannot be compared with infraction of ethics in the field of medicine, for example, but it must be borne in mind that the manipulation of financial accounting information can ultimately lead to the destruction of an entity and implicitly to the ruin of social status of the actors involved in the process. If we look at the case of the Anderson audit firm that was considered a credibility guarantor for Enron, we must bear in mind that the breach of the ethics code of the audit profession meant not only the collapse of the business but also the loss of the reputation for those involved in this action.

Conclusions

In the struggle for combating this phenomenon, the knowledge of fraud (its origin, influence factors and functioning mechanism, the profile of the fraudster and of the person to whom the act was committed) must be taken into account.

Extensive scandals highlighted the fact that society penalizes these manifestations. One of the differences that can be synthesized between creative accounting and fraud is related to those who can penalize these manifestations. If we consider creative accounting, it can be perceived more as a violation of ethics than law (creative accounting violates the spirit of the law, not its word), while fraud is a gross violation of legal regulations governing the business world. The sanction of creative accounting practices comes mainly from users directly involved in running a company (leading to lower confidence). Instead, fraud is prosecuted and sanctioned under the law.

For the business world, the main challenge remains to compute in numbers the influence that creative techniques have on the financial position and performance. Thus, although there are plenty of scientific papers that cover the problem of creative accounting versus fraud, we consider as necessary more quantitative approaches on the field.

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THE PUBLIC BUDGET - FROM EQUILIBRIUM TO IMBALANCE

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Abstract

For many countries, in recent decades, a characteristic feature of public finances was the budget imbalance, so the situation in Romania in recent years does not appear to be out of the question. Taking into account the fact that the fiscal-budget flows are formed and operate on the real circuit of the economy, they are influenced by decisions of economic, political, social or personal nature. A high-performance of fiscal policy must know and anticipate the potential disruptive factors for the public budget in order to adopt "on the go" measures to limit and counteract the adverse effects that may arise.

The budget deficits that have succeeded in our country since 1989 are chronic. These are not dangerous simply because they prove the lack of financial means for the normal functioning of the state, but rather the complexity of the factors that have generated and maintain them, as well as the financial and economic implications that follow.

Key words: budget balance, budget deficit, public expenditure, public debt, fiscal policy

JEL classification: E62

Introduction

As no economy is perfect, the optimal running of fiscal-budgetary flows can be affected by the manifestation of disturbing factors that may occur throughout their development. In many countries at different stages of development, there are malfunctions and imbalances in fiscal and budgetary flows: budget deficit, tax evasion, increased fiscal pressure, public debt accumulation, subsidies etc. In transitory periods, on the backdrop of less well-grounded regulations and free-market training, apart from the above, may arise: arrears (including tax ones); special extra funds and sustained for a long time; the low tax collection rate, due to the degradation of financial discipline and the inadequate dimensioning of budgetary indicators.

Each of these aspects may be the subject of a separate study addressing the generating factors, the magnitude of the manifestation, the length of time, the connections and the effects produced on the economic and financial processes as a whole. In this paper, we will only discuss about some of these to signal their disturbing effect on the public budget.

1. Budget deficit

In general, the budget deficit is formed on the background of some malfunctions in the real economy, generating, perpetuating or deepening, in turn, imbalances in the economy. The public financial deficit is one of the forms of manifestation of the general economic imbalance, as the balance between public revenues and expenditures has been affected by the imbalance between demand and supply of goods, services and labor, the discrepancies between the money income of the population (often eroded by inflation) and its living needs, the differences between the need for foreign exchange resources and the possibilities of purchasing them. The public budget deficit is also deepened by the influence of the results of companies that conclude their activity with modest profits and losses, delays / refuses to pay the taxes, fees and contributions due (already withheld to employees), postpones the payment of suppliers or loans to banks, generating chain debt in the economy. Sooner or later, these behaviors directly or indirectly propagate their influences on the balance of public budgets.

In terms of budget revenues, failure to achieve them at the projected level causes a number of negative effects in the economy, which are reflected in the budgetary balance.

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Induction of chain reactions reduces the possibility of unilateral effective intervention by the budgetary authority, requiring concerted, long-term actions in the real economy, banking and fiscal-budgetary framework. Thus, in addition to being unable to pay their tax obligations to the public budget, loss-making businesses are consuming public finances through subsidies - who lose their ability to act as a leverage, which leads to the failure of economic policy measures in certain periods. Often, in order to put banks out of the loop, the decision-makers have resorted to the non-performing loans for public debt, affecting the subsequent budgetary exercises.

The emergence and maintenance of budget deficits is a natural consequence of rising public expenditures - a consequence of the evolution of society - at a faster rate than rising gross domestic product and public revenues². From the status of the "golden principle" of the budget, the budget balance rule gradually lost ground to the idea of balancing the budget over periods of more than a year, or even to the creation of deficits to be used for economic recovery.

The budget deficit is public expenditure incurred on the domestic and external public borrowing. Any debt must be paid at maturity, plus additional expenses related to the launching and reimbursement of the loan. If the budget deficit covers expenditures for the maintenance of an administrative apparatus inappropriate for the economic and social situation of the period or unjustified economic or social costs, then the budget deficit produces a waste of social effort which will, without any benefit, press on the task of budgetary exercises subsequent.

Corresponding to Keynesian demand-side economics, public spending can be a driver of economic recovery through the multiplier of budget expenditures. In this situation, the budget deficit can be an important source of direct economic growth and economic growth in general under certain economic and financial circumstances.

It has been found that policies of economic recovery through budget deficits or increasing public spending have a limited impact, sometimes even adverse to growth and employment. Thus, in order to finance its expenditures, the state borrows on the capital market, amplifying the demand for financial funds, which increases the interest rate. In addition, there is a phenomenon of evasion of private investment that counteracts or offsets the impact of public spending on global demand for goods and services, and by creating currency, destabilize the monetary system and increase prices. Also, if with inflation there is also an increase in wages, not only does not achieve the desired job creation effect, but it can even produce the opposite. Although public spending can be productive by providing services and increasing national wealth in future periods, the stock of productive assets belonging to the state is continuously degrading.

The Keynesian economists' reasoning - according to which the recovery through budget expenditures accelerates economic activity, increasing the circulation rate of the currency and implicitly the saving, so that the budget deficit can encourage private spending - worked under certain conditions: the existence in the economy of important unused financial resources; insufficient development of the hoarding instruments, which has facilitated the financing of the budget deficit through the issuance of government securities; reduced capacity to anticipate economic behavior; and reduced communication speed.

The success of the theory depends on the concrete conditions of the market, the type of measures and their intensity, as well as the structure of the country's economy. Thus, we consider that the Keynesian guidelines had their glory in the 1950s and 1960s, justifying the

² The patterns of public spending development have, over time, had many followers. Since 1880, Adolf Wagner has stated "the law of the increasing expansion of public activities and, in particular, of the state", according to which the increase of public expenditures in all economic activities is related to a number of factors: industrialization, modernization of economy, demand for goods collective or quasi-selective, which is elastic to income, as well as the inefficiency of private firms.

term "Keynesian Revolution" when objective factors (low inflation, high saving, insufficient financial market, capacity and speed of information reduced) but also subjective³ have enabled their success and the influence of recovery policies on economic activity and job creation, over short periods of time.

As a result of the impact of expectations in the economy, and especially in the case of inflation, contrary to the Keynesian vision, it was noted that economic agents do not react passively to recovery policies, but adjust their behavior according to their forecasts of prices and incomes, learning from mistakes. By the phrase "in the short term, we are all Keynesians," Milton Friedman admits that fiscal and monetary policies can influence economic growth and job creation in the short term.

The adepts of rational anticipations have taken this reasoning by claiming that people can not be systematically deceived, and they obtain very quickly and using any information about economic conditions. As a result, individuals quickly adapt their behavior to new information, which causes macroeconomic policies to be ineligible on budget, tax and currency. In the eyes of school of rational expectations followers, this type of policy is doomed to failure, both in the short and long term, as employees, entrepreneurs, investors and consumers adapt to changing environment and change their attitudes whenever a new policy is put into practice, so only unanticipated policies can have real effects.

Also, if the expected positive outcomes (growth and employment) are limited in time, negative outcomes (cost of measures), especially inflation, manifest and persist for much longer periods. Hence, it is necessary: to set, to announce and to maintain medium and long-term credible targets on the evolution of taxation, public spending, money supply and other market reforms - which is consistent with the concepts of monetarists. As a consequence, one should limit the application of short-term policies that are incapable of influencing economic activity and job creation in a sustainable manner and, on the other, focusing on measures of medium- and long-term economic policy, characterized by stability and predictability.

As Nouriel Roubini said, "inflation is always and everywhere a fiscal phenomenon ... In the face of a structural deficit, trying to reduce inflation by issuing bonds rather than by issuing money leads to an increase in public debt that will force the government at a certain time (when the debt ceiling is reached) to resort to monetization of the deficit, which will generate inflation. Thus, inflation is a fiscal phenomenon and its avoidance is not possible as long as the issue of the structural budget deficit is not addressed ... Consequently, the immediate cause of high inflation is always monetary, as inflation is associated with high growth rates of aggregates but the real structural cause of high inflation persistence is often a fiscal deficit that is not eliminated by budget cuts and / or tax increases ... ". (Nouriel Roubini, 1998)

In Romania, over the last decades, public loans to finance the budget deficit contracted from the domestic market had an unfavorable influence on the money market, as they contributed to raising the interest rate on the borrowing capital, thus increasing the credit for the real economy. In order to obtain the necessary resources on the public lending path, the state offered potential creditors higher interest rates than commercial banks, which was even more damaging to the economy, as the main purpose of public lending was to cover expenses consumption - mainly salary - and, to a lesser extent, capital expenditures.

³ The so-called "Keynesian Revolution" was determined by a series of objective factors linked to the demands that the interwar economic crisis had on economic science and the contribution of J.M.Keynes to meeting these requirements. The success of Keynesian theory was also favored by subjective factors; referring to them, H. Jonson (Jonson H., 1972) notes with no irony that JMKeynes's theory was sufficiently iconoclastic to abolish the recognized economists' authority and sufficiently unexpected to surprise and marginalize the followers of theory classics, which he found unprepared to give an adequate response (C.A. Pigou, D. Robertson etc.). Unlike them, the new generation of economists (A. Hansen, J.R. Hicks, J. Robinson etc.), still insufficiently stated, found in the new theory a field that they could impose quickly and, using this opportunity, contributed from full of consecration of that theory.

Although the budget deficit in Romania had an increasing trend and the chance of rebalancing the budget over a long period is modest, the public authorities did not outline a financing strategy for it. The lack of a strategy for combining sources of financing the budget deficit in recent years has led to major changes in legal regulations, limited capacity to source available financial resources, high costs in deficit financing, and ultimately, additional inflationary pressures.

Internal financing of the budget deficit was mainly made from the surpluses of other treasury accounts and, secondly, by the inclusion in the treasury of accounts that were not initially considered (the case of the unemployment fund and of the supplementary pension).

It should also be noted that the Ministry of Public Finance also faced the Court of Accounts' ban on making loans when it was available in the Treasury (under the pretext of protecting public money), which would have allowed it, at certain times, to benefit from favorable market conditions. "As a result, instead of being proactive and counter-cyclical, the Ministry of Finance was reactive and pro-cyclical - which impeded the formation of a liquid market of government securities and substantially increased their cost". (Rădulescu Eugen, 1999)

2. Public debt

Public debt is the result of the evolution of budget (im)balance, so it can be said that its negative repercussions are, in fact, the direct consequences of budget deficits. Accumulating a high level of public indebtedness has negative effects on real economic activity, due to the fact that:

- involves a high debt service and a downturn in order to finance the budget deficit;
- puts pressure on the level of the interest rate in the direction of growth, which discourages private investment;
- diminish domestic saving and foreign investment in the country, postponing the potential growth of production;
- reduces the credibility of government policy, leads to rising risk premium, fueling monetary expansion and inflation;
- increases the vulnerability of the economy to shocks, while restricting budget policy flexibility;
- generates slowdown in labor productivity growth mainly due to reduced investment and slower growth of capital stock.

According to the convergence criteria established by the Maastricht Treaty, the level of public debt considered acceptable for European Union member states is 60% of GDP. The degree of indebtedness in 1999 was in Romania at 34.7%, well below the level set by the Treaty. At that time, the specialists warned: "But this should not calm us, because the foreign public debt service of our country shows significant increases from one year to the next, while neither gross domestic product nor exports are keeping pace with reimbursements of external credits, nor with interest and commissions related to external public debt". (Iulian Văcărel, 2001) In 2015, Romania's public debt amounted to 38.4%, which confirms previous fears about its growth trend.

The choice of financing sources, the extent to which they will be used, the consequences and who will support them becomes an issue that is more difficult to solve, as the increase in public debt increases the cost of financing.

Public debt (internal and part of the external public debt administered by law through the state budget) is the natural consequence of the budget deficit accumulated during successive budgetary exercises. By public debt, future earnings are being spent at the moment. Public debt is a financial burden for subsequent budgeting, which will be perceived by future generations as an additional tax burden (transfer of value between generations according to

the classical concept) if there is no increase in gross domestic product over time and of the income of the population. It would be possible for the public debt not to fully recover to future generations, unless for its pay, the present generation would make efforts to production re-launch, work more and reduce their living standards (offsetting the excess of public spending) deficit "is no longer a deferred tax. It's simply a diffuse tax". (Jean Rivoire, 1992)

To prevent the escalation of domestic public debt, it is also necessary to use it as a tool for managing the money supply in the economy, which would give it an active role. For this, at the level of the Ministry of Public Finance, a dynamic financing strategy can be developed, both for the chronic budget deficit and for the current treasury deficits. In this sense, it is necessary to change the role and amplify the Public Treasury's attributions, which at present has an exclusively passive role, functioning as a "simple financial relay" (Emil Călin Dinga), which determines that the surpluses recorded are not fructified, and deficits lead to government loans generating internal public debt. As the Public Treasury manages large fiscal-budget flows, we believe that it can be given limited bank credit responsibilities specific to treasury activity to enable it to actively and efficiently manage current account surpluses / deficits (including management related risks).

3. Arrears and degree of tax collection

It has emerged since the beginning of the 90s, due to some deficiencies in the lawmaking, development and control of financial relations, the arrears have gained a great deal in the next period, immediately finding their place in the Romanian economy, a fact remarked by specialists: "Stabilization policy caused the growth of arrears in the economy, which, without being part of the money mass, took over some of its functions, respectively overcoming the money crisis and flexibility of the money circulation". (Stoica Victor, 1998)

Given the frequent occurrence of incapacity for payment, arrears have become a form of pseudo-liquidity that allowed them to continue their activity (Eugen Rădulescu, 1999). The global clearing solution in question has had the effect, on the one hand, of increasing inflation and compromising the foreign exchange mechanism introduced in 1991 (increasing the demand for currency and lowering the level of its repatriation on exports) and, on the other hand, maintaining the behavior which has led to the creation of arrears, through the government's tolerant attitude towards financial indiscipline. Periodically, some components of the quasi-fiscal deficit were explicitly recognized by the authorities, being taken over by the public debt (the losses accumulated by the Agricultural Bank and Bancorex resulting from the preferential financing of agriculture and energy).

Given the major risk of the accumulation of losses and arrears in the sector of companies where the state is a major shareholder in fiscal and budgetary sustainability, public authorities have had to intervene with public resources, which has led to a deterioration in the public finances situation, respectively by increasing the budget deficit. Thus, starting with 2000, the reduction of arrears of state-owned companies was among the Government's concerns, these being monitored, including within the framework of agreements concluded with international financial institutions.

Most of the arrears of state-owned companies were to the consolidated general budget, especially to the social security budget, as opposed to private companies whose arrears affected mostly suppliers. Beyond the direct fiscal and budgetary consequences that arrears of state-owned companies generate - by depriving the consolidated general budget of the revenue due - the accumulation of outstanding payments to the private sector is likely to create liquidity problems and hinder economic growth. Operating them under conditions of low financial discipline harms the business environment, with direct and indirect impact on public finances.

In 2013, the top 10 hierarchical state-owned companies in terms of outstanding payments amounted to more than 60% of the total arrears of state-owned companies, being concentrated in particular in the rail, mining and chemical industries. (Fiscal Council, 2016)

If until 2013, the rate of decrease in arrears was relatively slow, after the implementation of EU Directive no. 7/2011 on combating late payment in commercial transactions (Law No 72/2013), as well as other legislative measures⁴ taken in recent years to reduce the stock of arrears, in recent years there has been remarkable reduction in outstanding payments of the consolidated general budget (from 3.8 billion lei in 2012 to 0.5 billion lei in 2016).

It is also worth mentioning the progress made in recent years in making the tax collection administrative apparatus more flexible and efficient, on the one hand, by reducing their number at the central level (while increasing the number of employees within them); and on the other hand, in terms of the ease with which the taxes are paid. We consider it necessary to continue the effort to reduce both the number and the staff at the level of the local structures, as Romania is still above the average of the new European Union member states on the number of financial administrations per inhabitant.

The reduced collection of compulsory deductions⁵ is transposed into public revenue streams below the amount foreseen by the annual budget laws, so they will not be able to finance the projected level of budgetary flows, which creates an imbalance in the overall fiscal-budgetary circuit.

The low level of public revenues in Romania and the increased discrepancies between the projected and the realized level of revenues, especially those of a fiscal nature, are determined not by the reduced taxation, but also by the low level of tax collection. In this context, it is of particular importance that the fiscal revenues are dimensioned on realistic basis within the framework of the consolidated general budget links, as well as their equitable distribution by categories and groups of taxpayers.

The need for realistic dimensioning of tax revenues is closely related to the payer's real contributory capacity and is based on at least two major considerations: on the one hand, to avoid worsening the taxpayer's financial situation with repercussions on saving and, on the other hand, so that budget policy does not rely on illusory revenues that can generate or increase budget deficits.

The oversupply of the tax liabilities of economic agents has at least two major effects: (1) the failure to achieve the tax revenues in the envisaged amount, which leads to an increase of the gap between the public revenues and expenditures and (2) the discouragement of the economic agents from paying the mandatory levies set in a volume that exceeds their contributory possibilities.

Conclusions

This paper attempted to briefly present some of the problems faced in recent decades by the financial practice in our country. The existence of some of them can be considered as objective, given that phenomena such as public debt, budget deficits, fiscal pressure above the optimum level were also manifested in economically developed countries. We believe that, in order to solve them, the authorities in the field had to demonstrate transparency and cooperation with foreign specialists so that we could benefit from the experience gained by other states and implement the necessary measures in due time.

⁴ Among these legislative measures we mention: GEO no. 29/2011 for the regulation of the payment schedule; GEO no. 3/2013 which restricts the possibility for local authorities to contract new loans strictly for extinguishing arrears; GEO no. 12/2013 which introduced a mechanism for the settlement of reciprocal payment obligations

⁵ According to the Fiscal Council's calculations regarding the degree of collection of revenues to the budget by categories of taxes, four of the main taxes (income, profit, social security contributions and excises) are at approximate 80%, while VAT is decreasing and tends to 40%.

With regard to arrears, including tax and low tax collection, all these have become ways by firms to weaken their budgetary constraints. This means that governments, on the one hand, showed a lack of firmness in the application of existing legislation and, on the other hand, they were the main factor contributing to the decline in financial discipline.

The reform initiated in our country, in addition to the efficiency and simplification of tax collection activities, posted positive results below the initial expectations, as the World Bank assessment in February 2016 characterized as "moderately unsatisfactory" both the progress of the project, as well as its overall implementation, the initial commitments being respected at a much slower pace and with delays.

Recognizing the existence of disturbing phenomena in the course of fiscal-budgetary flows, their mode of action and the effects produced can transform them from generating factors of imbalances and malfunctions into factors of response to defective macroeconomic management, offering indirect suggestions for improvement economic legislation, the orientation of the behavior of economic agents, the implementation of appropriate institutional changes etc.

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INCIDENTS OF THE FISCAL RELAXATION ON FISCAL PRESSURE

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Abstract

As a component of economic policy, fiscal policy has to mediate two totally opposite interests: the state's intention to collect higher levels of public revenue, which corresponds to a large fiscal pressure versus the willingness of taxpayers to pay taxes as small as possible, to withstand lower tax pressure. The tax measures adopted in our country in recent years reveal a fiscal policy aimed at promoting the financial function of tax deductions, to the detriment of the economic and social function. This reflects the lack of a coherent vision with objectives proposed on medium and long terms.

Thus, the phenomenon of fiscal pressure remains a topical issue alongside other fiscal policy coordinates, such as: the type and size of taxes that support budget revenues; the adoption or not of tax incentives; respecting tax equity with regard to taxpayers; tracking and quantifying tax administration costs etc. The paper also presents a pertinent point of view, including possibilities of fiscal relaxation applicable in the Romanian economy.

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Research into the phenomenon of fiscal pressure must be an equidistant approach to the taxpayer and to the state, as the state must not become stronger on the basis of increasing public revenues, but must ensure the sustainability of these revenues, which implies that on the one hand, to represent the interests of individuals and economic agents and, on the other hand, to be the guarantor of their prosperity.

Key words: fiscal policy, tax deductions, fiscal pressure, fiscal relaxation, taxpayer

JEL Classification: E62, K34

Introduction

On the background of the modernization of the Romanian tax system during the transition period, the problem of fiscal pressure faces two major aspects: on the one hand, the lack of available capital to be (re)invested, and on the other hand, the low level of income obtained by the majority categories of taxpayers, inadequate to bear too much tax.

In Romania, in the 1990s, fiscal pressure was at a "supportive level" - from the point of view of the authorities of the time - while taxpayers (decapitalized and low-yielding enterprises and the majority of whose income was at the limit or even below subsistence) perceived it as burdensome. The requirements of a high taxation have manifested itself in the context of a large bureaucracy and a state that retains wider powers in the field of regulation and economic decision-making.

Taking into account the large inclination of the population for saving on the basis of simplified calculations carried out at the level of 1996 (in the absence of official figures and excluding from calculation of the local taxes and fees), it resulted that an average contributor - category which included 60-70% of the total taxpayers - spent all net income on livelihoods, the rest of the taxpayers had a saving rate of no more than 24%. It was then estimated that the low level of savings could compromise future consumption, and the motivation to work more and better. Unfortunately, this alarm signal was not received, and this confirms the author's opinion. (Hoanță Nicolae, 1997)

1. Tax pressure - theoretical aspects

Fiscal pressure is the phenomenon whereby the nominal incomes of individuals and businesses are adjusted through taxation and, at the same time, shows the extent to which the public budget generates revenues through tax evasion, which gives it great economic relevance. Fiscal pressure expresses the intensity with which revenues from natural and legal persons or from the whole of society through taxation are taken. Tax pressure is a way to measure the incidence of taxes.

The fiscal pressure quantification indicator is the tax rate, which can be calculated at the level of the national economy, the economic operator or the individual.

Given the complexity of the fiscal pressure phenomenon, attempts by numerous theorists to quantify the maximum level of fiscal pressure were overtaken by economic developments¹. It is difficult to make a pertinent opinion on the existence of a maximum threshold, especially since fiscal pressure is more a perception that differs according to economic, political and psychological circumstances than an objective concept.

The calculation of the fiscal pressure rate as a percentage between mandatory levies and gross national product (GDP) has a fairly rational support, using the overall

¹ Over time, many theorists have advanced value as the maximum admitted for the tax pressure rate, so that there are no adverse effects, but the practice has exceeded those figures from one period to the next. More prudent, the economists of the past decades are summed up to some correlations that should be taken into account. Thus, before World War II, E. Sax and A. de Viti de Marco considered that the optimal level of public spending is achieved when their marginal utility is equal to the marginal utility of private revenue left to taxpayers, and AC Pigou considers that the optimal fiscal pressure is the one that corresponds to the equality between the social utility of marginal public expenditures and the social disutility of marginal tax deductions.

characterization of the phenomenon. Many authors note, however, some shortcomings in the level of taxation thus calculated, because: on the one hand, they ignore the second phase of redistribution - through budgetary flows, which are likely to mitigate the fiscal pressure generated by taxes; and, on the other hand, does not reflect the efficiency of public money spending (in the past, present and future) etc.

Considering these aspects, it can be appreciated that the indicator mainly captures the quantitative side of the phenomenon, not the qualitative side.

The level of the fiscal pressure is influenced by various factors, including: the degree of economic development, demand and supply for public services, the efficiency of public money spending, the level of education and taxpayers' consent, the state of democracy, the level of bureaucracy etc. Because of this diversity of causes, it is not possible to establish a rigorous correlation between the level of taxation and GDP; in other words, at a certain degree of economic (and social) development, an "ideal value" of the tax pressure rate can not be advanced.

In the 1980s, Arthur Laffer, representative of the supply theory, graphically highlighted, with the so-called "Laffer Curve", the ratio between the tax pressure rate and the tax revenue collected by the administration, also mentioning the negative effects of the increasing the rate of taxation, beyond certain limits¹.

A. Laffer estimates that there is a threshold for the maximum rate of fiscal pressure, beyond which, any increase in the tax rate generates a reduction in tax return, so that, in the purely hypothetical case of a 100% tax rate, tax revenue would be zero. The level of the fiscal pressure is considered optimal when it corresponds to the maximum amount of tax revenue that can be taken to the budget. The value of mandatory withdrawals is therefore an ascending function in relation to the tax pressure rate, up to a maximum point, after which it becomes a decreasing function.

The notion of fiscal optimum, both from the point of view of the taxpayer and the public administration, is difficult to quantify and achieved in practice. Theoreticians, however, are advancing many pertinent views on the fiscal pressure limits that are economic, psychological and political. At the same level of taxation, the fiscal pressure is felt at a lower or higher intensity, depending on how influence factors are manifested, which entitles some authors to talk about the "variability of fiscal pressure limits" (Hoanta Nicholas, 1997).

Thus, psychological limits arise from the level of education and the responses of taxpayers to measures to increase fiscal pressure when it becomes too stiff. Policymakers generally act in the direction of increased taxation, for the implementation of the proposed programs, although often the promises of the pre-election periods include even the reduction of taxes.

The economic limits take into account the fact that too high taxes can have the effect of hindering the propensity to work and taking risks, reducing entrepreneurship, lowering saving and investing capacity, declining international competitiveness, tax evasion and tax evasion - all repercussions negative on the performance of an economy.

We consider that, given that the optimal value of the tax pressure rate can not be accurately calculated, the fact that in the society are manifest the effects of a pressing fiscal pressure may be an alarm signal to the tax authorities that the fiscal pressure exceeded the admissible level.

Considering that in the conditions of the competitive economy, the level of competitiveness of economic agents is of great importance, we consider that the public authorities' interest in this point of view is to allocate their tax duties equitably and as easily

¹ Among the effects of increasing fiscal pressure above the optimal value, the following are the occurrence of tax evasion and evasion, including the underground economy; increasing the risk of inflation through taxation; decrease in savings and investment capacity; reducing the competitiveness of domestic firms internationally.

as possible. This, as the increase of the tax on economic agents beyond the threshold considered admissible, has a number of negative consequences, such as: the reduction of the resources left at their disposal for reinvestment; decreasing international competitiveness (through prices and technologies); the deterrence of value-adding activities; the emergence of the generic phenomenon of "fleeing capital" to other low taxation countries (tax havens); the rise in prices as a result of tax increases, which leads to a reduction in demand for goods and services, resulting in a slowdown in economic development; producing and exacerbating tax evasion, a process that is both an effect and a cause of rising fiscal pressure beyond the optimum level in the economy and once triggered by this harmful spiral, phenomena are increasingly difficult to master.

Tax evasion is a threat to the budget revenue collection process, and the magnitude of these phenomena is widespread, because in the absence of measures to prevent and combat tax evasion, it negatively affects economic stability. Reducing tax evasion can be achieved by educating payers on the importance of paying tax liabilities, but also by developing systems and procedures that can detect in time and eliminate tax fraud. (Pătrașc, Șerban, 2012)

2. The fiscal pressure in Romania

During the transition period, in our country the tax pressure rate followed a sinuous evolution, the maximum being 33.5% in 1992, and the lowest being 26.5%, in 1997, with a decreasing trend. Compared to the average level of the European level (38-40%), it can be estimated that the fiscal pressure in our country was at an average level but felt to be high in the context of a developing economy. (Cioponea MC, 2004)

The fiscal pressure was at these hard to bear by taxpayers values, for various reasons: the need for increased public administration's financial resources and for sustaining bureaucracy; reduced number of taxpayers compared to pensioners to be supported - 1/3); weaknesses in fiscal policy that constantly pursued the short-term objective of procuring budget revenues, ignoring the medium and long-term objectives that contribute to the creation and consolidation of the tax base; the expansion of the underground economy that has outweighed some important revenue; the increase in tax evasion, which has prompted tax decision makers to increase taxes to counter the failure to achieve tax revenue at the expected level; the low degree of tax collection, which tends to increase the tendency of decision-makers to increase tax hikes.

Since the comparative analyzes of the fiscal pressure, tax revenues and gross domestic product, it was found that in some years of the transition period, the three indicators had opposite developments - in the conditions of falling gross domestic product, increasing the amount of collected tax revenues, or in periods economic growth rates declined - it was considered that fiscal policy, despite having been burdened by a burdensome tax policy, did not reach its main goal of bringing enough financial funds to the budget, and attempts to use taxes as tax leverage failed. (Cioponea MC, 2004)

In the fiscal policy of our country, important changes to income taxation was brought in 2004-2005. Thus, with regard to personal income tax, the graduated system with differentiated rates of between 18% and 40%, was abandoned in favor of a single rate of 16%,. In the corporate tax, the progressive system had been abandoned a long time ago, opting for a fixed rate that gradually diminished from 38 to 25%, so that in 2005 the same 16% .

During 2003-2008, Romania's economy experienced a boom that led to unsustainable overheating and imbalances. According to sources of the Ministry of Public Finance, the average GDP growth was above 6.5% per annum, with foreign direct investment and capital inflows contributing to a significant increase in consumption and investment. Also, the growth of exports to the European Union countries reflected a process of increasing

integration with the Western European economies, causing fiscal and budgetary revenues to increase, which allowed to increase tax pressure on taxpayers during this period.

After Romania's accession to the European Union in 2007, the level of the tax rate followed a downward trend, as Romania aimed at harmonizing the fiscal regulations more closely with the European ones.

With the economic crisis manifesting in our country in 2009, consumption decreased, which resulted in a decrease in tax revenues, especially the deterioration of VAT collection. The sharp fall in tax revenues from this source (which since the introduction of VAT was the first of the three "pillars" of Romanian taxation) caused growth from 19% to 24% VAT rate (increase starting in the middle of next year).

From the VAT rate survey, it was found that increasing the VAT rate in 2010 to 24% has increased tax evasion from 8% to 9.6%. The rising trend that tax evasion has started to hold has also remained for the coming years, reaching 16.2% of GDP in 2013 (Voica, Vintila, 2016).

From the evolution of the budgetary revenues and of the gross domestic product in 2006-2016 (Table no.1), the values of the fiscal pressure rate also fall. Thus, during the global economic crisis, the fiscal pressure in Romania was lower than in the previous years, because taxpayers' tax relaxation was attempted and economic stimulation was economically difficult.

Table no.1. Evolution of consolidated budget revenues and GDP over the period 2006-2016 (budget execution data - billions)

No crt	Ann	GDP	Total income	% from GDP	Tax revenue (Tr)	Tr % from total income	Tax pressure rate %
1	2016*	758.500	223.721,9	29,5	136.406,1	61,0	18,0
2	2015	704.542	233.554,3	33,1	138.302,1	59,2	19,6
3	2014	674.300	213.833,6	31,7	124.973,9	58,4	18,5
4	2013	625.617	200.045,7	32,0	119.109,7	59,5	19,0
5	2012	585.200	193.148,2	33,0	114.044,6	59,1	19,5
6	2011	547.829	181.566,9	33,1	104.687,0	57,7	19,1
7	2010	511.581	168.598,5	33,0	93.060,1	55,2	18,2
8	2009	505.503	156.624,9	31,0	88.324,3	56,4	17,5
9	2008	505.000	164.466,8	32,0	94.044,4	57,2	18,3
10	2007	390.800	127.108,2	32,5	76.365,8	60,1	19,5
11	2006	335.900	106.975,3	31,8	63.792,4	59,6	19,0

Data source: Ministry of Public Finance

* Operational data

This indicator ranged between 17.5% and 19.6%, with relatively slow year-to-year fluctuations in most of the range taking values between 19 - 19.6%, which denotes a relative stability of the phenomenon analyzed.

From the analysis of these data, it can be seen that the governments of our country managed, on the one hand, to increase the budget revenues (a doubling of the tax revenues in nominal absolute values), by enlarging the taxable base or by modifying the tax rates - in order to could pay off the debts and obligations assumed during the difficult times caused by the economic crisis, and on the other hand, to meet the expectations of the taxpayers, that the fiscal pressure be reduced. According to the experts, the values of the tax pressure rate in recent years place our country in the group of low-income countries, corresponding mainly to underdeveloped economies than developing countries.

It is difficult to compare international fiscal pressure, even at the highest level of aggregation - the tax burden at national level - as in the short term, countries can choose to have lower tax burdens without reducing their spending if they are willing to have budget deficits and accumulate public debt. Also, comparing the rate of fiscal pressure in our country with those recorded in other countries - as has often been the case for representatives of public authorities to justify its high level - is not entirely conclusive as it is based on tax systems with different structures, levels of different economic development, with high productivity and living standards.

From the amount of the indicators of the general consolidated budget (Table no.1), there is a special structure of the budgetary revenues, meaning that the share of the tax revenues in the total revenues of the general consolidated budget - which in the market economies amounts to over 85 - 90%, in the analyzed period ranged between 55.2 and 61.0%.

3. Possibilities for achieving fiscal relaxation in Romania

Given that increasing the tax pressure rate from one period to the next is an objective process, we believe that reducing it - even on the basis of very solid arguments - is a goal with fewer chances to achieve in practice. That is why we consider it more appropriate and timely to focus the decision makers' attention on measures that will lead to the relaxation of taxation in the coming period. In the literature, fiscal relaxation¹ is a concept that is not necessarily based on the reduction of the average tax rate but, in particular, on the restructuring of the tax system, correlated with issues related to budget expenditures and the implementation of a market economy functional.

Specialists consider that tax relaxation can be achieved through measures such as:

- rethinking the distribution of tax burden between direct and indirect taxation, by shifting the emphasis on indirect ones. Some of the arguments that favor this idea are related to the psychological limits of the increase in the rate of tax pressure, as the taxpayer sees in the taxes a confiscation of his income and a restriction of the right to spend. By lowering income taxes characterized by high transparency, on the one hand, the share of income left to the taxpayer will increase and, on the other hand, the degree of acceptance and supportability of taxes will increase. Also, with a higher income remaining after tax, the taxpayer's sense of spending limitation will decrease (or even disappear), because he will indeed be able to spend more. However, this will be reflected in additional tax revenues through indirect taxes, at least at a level that can offset the decrease in direct tax receipts. In this way, by reorienting tax burdens between direct and indirect taxes, the taxpayer may experience a fiscal relaxation at the same calculated level of the tax pressure rate;

- the redistribution of tax burdens between natural and legal persons in the sense of reduction in the economic agent and towards the direction of households. The attenuation of the tax burden on economic agents is based on arguments such as: passing or dividing the fiscal burden of profit tax on the final consumer through the repercussion phenomenon; affecting the investment capacity (business development function) with unfavorable implications on competitiveness, especially externally, assuming that all economic agents bear the same fiscal burden within the country. The main beneficiaries of the benefits of public spending are the households, as employees, customers, even in the case of subsidies that have maintained the social function at many companies. The reduction of the taxation at the level of the economic agents leads to the increase of the interest and the possibilities of investing, refurbishing, with beneficial effects in the field of labor productivity; as a result, the competitiveness of enterprises will be increased and will result in higher profits. As a consequence, revenues will be collected at least in the same amount as

¹ Tax relief is the set of normative measures designed to bring as much as possible (to the limit, to the coincidence) the set of fiscal constraints operating in the economy, the ability of the economic system to respond with a sufficiently high degree of voluntary compliance to these constraints. (Emil Dinga)

in the earlier situation of a higher rate of corporation tax; investing in expanding the business would generate job creation and / or increase employee wages; higher amounts of household income lead to an increase in their contributory capacity - which will be an additional revenue for the budget;

- limiting the appeal to fiscal facilities because of their adverse effects: (1) lead to a fall in tax revenue, often not entirely justified by arguments of an economic or social nature; (2) against the backdrop of an economy in the process of transformation and of tough and flawed legislation, can generate the widespread use of tax evasion at the shelter of the law; (3) distorts the competitive climate and fueling certain clientele behaviors that can overcome (or even overcome) the positive effects expected for the economy or various socio-professional groups;

- reducing labor costs by lowering social contributions paid by the employer - so far high in our country - could lead to a shift of the workforce from the underground economy to the official economy, which would increase the tax base;

- rationalizing public spending, first by giving up those that "do not serve a particular purpose, present or future" (Galbraith J.K., 1997). Such expenses may be: the result of an excess of staff (the number of employees being often mistakenly related to the position and persistence of the institution); expenditures that meet limited political or economic interests and not the broad needs of the population; expenditures that survive the original purpose to which they were intended and to which they have already served in an earlier period. In such situations, the problem is to locate them in order to then focus on other areas of public interest;

- the judicious dimensioning of public spending, depending on the objectives of the reform and the requirements of social policy. In this sense, we consider it necessary to generalize the substantiation of budgetary expenditures on the basis of projects or programs and to abandon the practice of budgetary rectifications, which, after the adoption of the initial budget law, introduces categories or amounts of expenditure which, when debating the draft budget, were considered unjustified;

- limiting tax evasion, on the one hand, by reducing gaps allowed by inappropriate legislation and, on the other hand, by laying down and enforcing deterrent measures for those who breach the law (lifting the right to work, deprivation of liberty associated with recovery full damage to the product, etc.) since the current sanctions and their discretionary application do not constitute barriers to the evasion phenomenon;

- effectively managing the budget deficit so that there is a correlation between spending supporting public debt and increasing the state's financial means to pay it. To this end, the interest rate on government debt should have a relatively constant weight in the increase in the global income from which it is paid. "Always taking into account a certain overall efficiency of public administration and intelligent determination of the state's attributions, the deficit and interest rate should increase over time in proportion to the general economic development. If the deficit and the interest rate rise faster, we need to ask whether they include some non-contributing expenditures, as expected for economic growth" (Galbraith J.K., 1997);

- eliminating / diminishing subsidization of losses in the economy, by detecting inefficient and unreasonable branches and businesses (in economic and social terms). We take into account the fact that, under the current conditions, on the one hand, the subsidy lost its role as an instrument of intervention in the economy, becoming a simple palliative for the entire population, and on the other hand, the coverage of the losses in the economy introduces asymmetries and preferences, being anticompetitive.

We appreciate that tax restructuring can achieve fiscal relaxation even in the context of an increase in the average rate of fiscal pressure, as the change in the tax structure respects the voluntary compliance with the payment of budgetary obligations. In this way, certain segments of the tax base (which can undergo such a change) will see an increase in the individual tax burden, and in others there will be a decrease. Also, by stimulating economic

growth and conducting an efficient activity, there will be an increase in gross domestic product and, on this basis, an increase in budget revenues. We believe that through these measures, fiscal relaxation is achievable and dynamic, focusing on enhancing tax bases, resulting in the sustainable preservation of tax revenues and the self-sustaining increase in tax revenues - aspects of medium and long term strategies of tax policy.

Conclusions

Taking into account the intentions of increasing the fiscal pressure - justified by the public authorities in our country, which is facing a low tax collection - a more rational and objective approach to this phenomenon is needed by the financial management at macroeconomic level. Thus, it is advisable to know and take into account the conclusions of the bidding economists on the correlation between the magnitude of the tax pressure rate and the volume of tax revenue.

In this respect, it is necessary to continuously monitor the evolution and correlation of these indicators, in order to avoid a situation in which too high fiscal pressure will lead to a decrease in tax revenues.

Any change in the tax system or in the level of taxes should take into account the impact on the overall flow of tax revenue, as in many cases a reduction in the tax burden is compatible with maintaining or even increasing the budget revenues if there is a simultaneous increase of production - similar to the extension of the tax base. Thus, the tax pressure rate can become a very important and highly effective macroeconomic variable in fiscal policy, whose signals are used to support economic growth.

However, the fiscal pressure in the period under review, although below the European average, has been felt to be severe in the economy, on the one hand, due to the narrowing of the correct taxpayer segment and the increase in the number of tax evaders "encouraged" by the slight sanctions provided by the legislation, and, on the other hand, the level and the decreasing quality of public services offered by the state.

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ANALYSIS OF RCA INSURANCE DURING 2010-2017

Maria-Elena, Gheordunescu¹

Abstract:

Insurance, is a very important field but also a segment of commercial sales that have a permanent development. Currently, the RCA insurance market is going through one of the most chaotic periods of time confronting with various issues that put under question its operation and evolution.

The Romanian insurance market is characterized by the excessive addiction of the auto portfolio - auto insurance represents 74% of the total gross written premiums for general insurance and 60% of the total gross written premiums at the market level.

Through the presented data, the present paper focuses on the analysis of the evolution of the RCA insurance which is until now the only mandatory general insurance requirement imposed by the Romanian state.

To understand better, theoretical and practical information we used as methods of research synthesis, comparative analysis, classification.

Keywords: insurance, market, premium, RCA, damage, insurers.

JEL Classification: I15

1. Introduction

Insurance is an essential aspect of modern life. Without insurance, many elements of today's society and economy could not work. The insurance industry provides coverage for economic, climatic, technological, and demographic risks, enabling people to live their daily lives and companies to operate, innovate and grow.

Civil liability insurance also called **RCA** is insurance whereby third parties injured as a result of a car accident caused by the insured driver's fault are compensated for material damage and / or death or personal injuries sustained in the accident.

The insurance industry has made many progresses over time, and its existence has generated other sectors of related activity, such as civil liability insurance. In other words, RCA is the method of protection by which those affected by car accidents are helped by providing compensation that varies from case to case.

2. Research methodology

Considering the above, the main objective of this paper is to analyze civil liability insurance by means of specific terms.

This paper is based on various types of data provided by the insurance market through different sources of information, which gives it a qualitative and quantitative character.

3. Presentation and analysis of data

2010 was the year in which cost reductions on all affected insurance budgets, expansion targets were replaced by customer retention, phase reflected in price reductions and commercial subscriptions by market players, even under the which car insurance is responsible for the ever-increasing growth losses of the insurance industry in recent years.

However, the civil liability category increased by 11.3% of premiums written, so its share in non-life insurance increased by more than 6 percentage points to 37%.

Thus, in 2010, compulsory RCA insurance generated a gross written subscriptions of about 2.5 billion lei, equal to the level of CASCO subscriptions, with more than 6.5 million contracts. Regarding complaints submitted to CSA by RCA customers, in 2010, the number was 5.300, as insurers opened over 350,000 claims last year.

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Thus, only 2.4% of companies' open claims files were subsequently reported to CSA as complaints

At the same time, RCA insurance concluded with the application of a malus class accounted only for 2% of the total of policy for insured individuals. The rest of the policies were concluded with the application of a bonus class, respective a 5% or 10% reduction, depending on the policy validity period.

The difference between this 2% value and the initially estimated 10-12% was attributed to data entry errors based on CEDAM, as well as the fact that are taken into account only the paid claims, not those approved.

Also, as a consequence of the implementation of the bonus-malus system, but also in view of the economic context, more and more companies have begun to apply retail tariffs to individuals using vehicles financed by leasing. In 2010, compared with 2009, compensation paid by the Road Victims Protection Fund for accidents caused by uninsured RCA vehicles or an unknown author increased by 107%, although in the same period the number of compensated persons increased by only 35%. In these conditions the average compensation paid by the Fund increased by 53%, reaching to 15,786 Ron the total amount paid as compensation amounting to 6,57 million in 2010. Number of persons compensated by F.P.V.S. has reached to 416, 35% more than in 2009, when 308 people were compensated. In terms of approved cases, their number increased from 608 in 2009 to 860 in 2010.

So if 2009 was the year when the crisis hit, with the first annual decline in the insurance market, 2010 was for the insurers the year when they actually faced its effects, so the main growth advantage of the few years, the development of the auto segment, which generates double digits, has become the main threat to the market.

If we are talking about **2011**, the insurance market in Romania dropped by 7.4% in the first semester, to 4.02 billion, given that the 3.81% increase in life insurance was offset by the decrease by 10, 08% of underwritings on the non-life segment, according to the Insurance Supervisory Commission (CSA). At the same time, premiums written on civil liability insurance decreased by 17.49% compared to the same period of 2010 to 1.13 billion, as a direct and exclusive effect of the high tariff cuts of insurance companies.

In total, motor insurance generated in the first six months of 2011 a volume of gross written In contrast, the rate of damage recorded in 2011 at the level of the entire MTPL insurance market was 94%, rising to 2010, when the paid compensation level accounted for 80% of the total subscriptions.premiums of 2.13 billion meaning 19.1% less than in the same period of last year.

In contrast, the rate of damage recorded in 2011 at the level of the entire MTPL insurance market was 94%, rising to 2010, when the paid compensation level accounted for 80% of the total subscriptions. Although the number of paid claims files dropped by 8%, from 330,100 files in 2010 to 302,488 files in 2011, the value of paid claims remained at 1.6 billion lei, the average MTPL damage increasing by 9%, from 4,855 lei, to 5,297

At the same time, RCA subscriptions declined by 21% in 2011 to just below ROL 2 billion, both as a result of the decrease of the number of concluded contracts and in the context of the reduction of the tariffs applied by the insurers.

Table no. 1

Quarterly rate of return for main classes of non- life insurance (%) Period	Indicator	Class III	Class VIII	Class X
T3 2011	Damage rate	81,72	18,38	92,01
Costs rate	31,75		47,19	38,83
Combined rate	113,47		65,56	130,84
T3 2012	Damage rate	93,24	21,8	99,06
Costs rate	34,19		37,54	41,25
Combined rate	127,43		59,34	140,3
T3 2013	Damage rate	88,37	19,66	78,29
Costs rate	35,04		40,52	38,89
Combined rate	123,41		60,18	117,19
T3 2014	Damage rate	79,89	32,1	80,71
Costs rate	35,82		42,86	39,52
Combined rate	115,72		74,96	120,23
T3 2015	Damage rate	79,43	19,33	94,48
Costs rate	37,09		38,48	37,67
Combined rate	116,52		57,61	132,15

Source: <https://asfromania.ro>

Thus, at the level of the entire market, the average annualized insurance premium recorded in 2011 was 480 l, decreasing by 26% compared to 2010, when the first average value was 646 l. The number of concluded insurance contracts registered a slight decrease compared to 2010 respectively, 2% with a total of 6,400,241 insurance policies, compared to 6,554,509 in 2010, of which only 34% were contracts concluded on period of 12 months.

Table no.2

The evolution of the first RCA average and the average market damage in 2011	2011
Number of RCA contracts completed in the reporting year - 1 month	296.955
Number of RCA contracts completed in the reporting year - 6 months	3.856.165
Number of RCA contracts completed in the reporting year -12 months	2.185.317
Number of RCA contracts concluded in the reporting year	6.338.437
Subscribed premiums RCA - of which:	1.849.005.264
Annual exposure units (12-month contracts + 6-month contracts divided by 2 + 1-month contracts divided by 12)	4.138.146
The first annual average RCA - RON calculated as the report between	446,82
gross written premiums and annual exposure units	
Average RCA damage	5.285

Source: <https://asfromania.ro>

Of the total number of insurance policies subscribed during this period, 4,852,161 policies (76%) represent policies concluded for individuals

Table no.3

<i>Evolution market shares registered on the RCA in 2011 Nr.crt</i>		<i>Society</i>	<i>Share</i>
1		EUROINS	12,80%
2		CARPATICA	9,20%
3		ASIROM VIG	15,60%
4		CITY INSURANCE	0,30%
5		OMNIASIG VIG	20,40%
6		ASTRA	20,30%
7		ALLIANZ - TIRIAC	8,00%
8		GROUPAMA	4,30%
9		UNIQA	4,30%
10		GENERALI	4,60%
11		ABC	0,10%
Total		100%	

Source:<https://asfromania.ro>

As far as the damage reserves are concerned, it is noted that, at the level of the entire RCA market, they have registered increases compared to previous year, almost all authorized insurers have to practice the RCA by increasing their reserves. Therefore, the registered indemnity reserve, constituted on December 31, 2011, in the amount of 1.5 billion was 335 higher compared to the end of 2010, while the IBNR registered a plus of 23 %, to 702 millions . Analyzing the costs incurred in connection with MTPL insurance, there is a market share of 33%.. Taking into account both the loss rate and the expense, the combined ROA market rate for 2011 was 127%, rising over the same period previous year, when it was 110.

In terms of damage to body fatalities and death, CSA data show a decrease in the number of licensed dossiers by 10%, accompanied by a increase of 140% increase in paid claims and 73 % as well as on the registered loss reserves.

The value of the average damage paid for corporal vouchers was 62,868 l, the share of this type of damage in the total damages paid for the indemnity increased by 13 percent.

In the financial year **2012**, 11 non-life insurance companies were compulsorily insured for motor vehicle damage (MTPL), namely: *ABC INSURANCE - REINSURANCE SA, ALLIANZ-TIRIAC INSURANCE SA, ROMANIAN INSURANCE - ASIROM VIENNA INSURANCE GROUP SA, REINSURANCE ASSURANCE ASTRA SA, CARPATICA ASIG SA, INSURANCE AND REINSURANCE SOCIETY CITY INSURANCE SA, EUROINS ROMÂNIA INSURANCE - REINSURANCE SA, GENERALI ROMÂNIA INSURANCE - REINSURANCE SA, GROUPAMA INSURANCE SA, OMNIASIG VIENNA INSURANCE GROUP SA and UNIQA INSURANCE SA.*

The number of insurers authorized to underwrite MTPL insurance has changed during 2012, given that BCR VIENNA INSURANCE GROUP SA merged through absorption with SC OMNIASIG VIENNA INSURANCE GROUP SA.

Total volume of gross written premiums for the 2012 subscription year increased by 10% compared to 2011, as the number of concluded insurance contracts increased by 6% compared to 2011. The value of the first insurance premium at the level of the entire MTPL insurance market registered a decrease of 4%, from about 480 l in 2011 to about 463 l in 2012. The total gross written premiums for compulsory MTPL insurance in 2012 was 2,054,456,000 l, out of which:

a) the gross premiums written for compulsory MTPL insurance for vehicles belonging to individual entities totaled 1,158,664,000 l representing 56.40% of the total gross written premiums;

b) the gross written premiums for compulsory MTPL insurance for vehicles belonging to legal persons amounted to 895,792,000 l, representing 43.60% of the total gross written premiums for this form of insurance.

In 2012, were concluded 6,776,429 compulsory MTPL insurance policies, out of which 4,040,929 policies (59.63% of the total) with a validity of 6 months, 2,263,356 policies (33.40% of the total) with a validity of 12 months and 472,144 policies (6.97% of the total) with one month validity. Of the total insurance policies concluded, 5,235,211 were issued to individuals and 1,541,218 to legal persons.

Table no 5

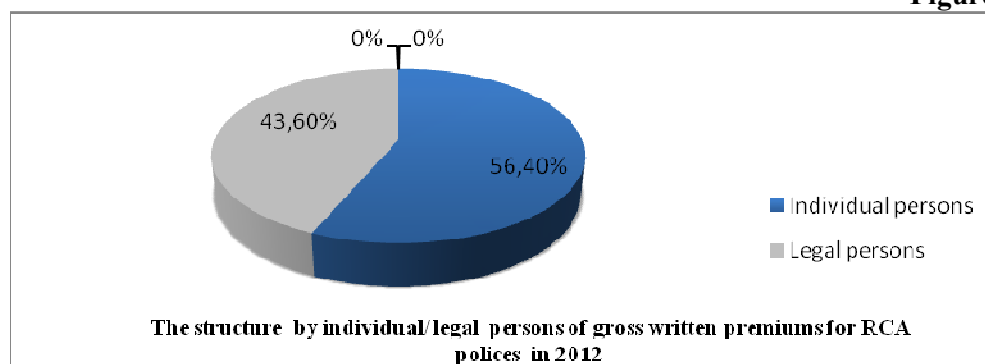
Evolution of premiums written for insurance mandatory RCA and the number of RCA issued in 2010-2012

Year	Subscribed premiums (million)	Number of RCA policies (thousand)
2010	2.464	6.555
2011	1.875	6.400
2012	2.054	6.776

Source: <https://asfromania.ro>

Also, according to the information obtained on 31.12.2012, were in force 4,200,565 RCA insurance policies, out of which 3,144,819 policies for individuals, representing 74.87% of the total, and 1,055,746 policies concluded for legal entities, accounting for 25.13% of the total.

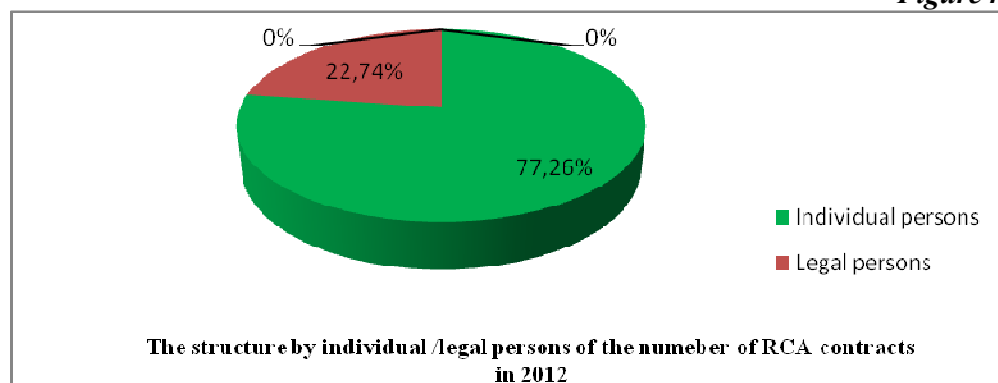
Figure no.1



Source: <https://asfromania.ro>

In 2012, insurance companies authorized to carry out MTPL insurance have approved 296,291 claims files, down 5% compared to 2011, and have paid 292,622 claims, 3% less than 2011. The amount of gross indemnities paid by insurance companies during the financial year 2012 under the compulsory MTPL insurance amounted to 1,781,827,000 lei, registering a nominal increase of 11% compared to 2011. The value of the average damage paid at the level of the entire MTPL insurance market registered a nominal increase of 15%, from 5,307 lei in 2011 to 6,089 lei in 2012. The value of the average damage paid at the level of the entire MTPL insurance market registered a nominal increase of 15%, from 5,307 l in 2011 to 6,089 l in 2012.

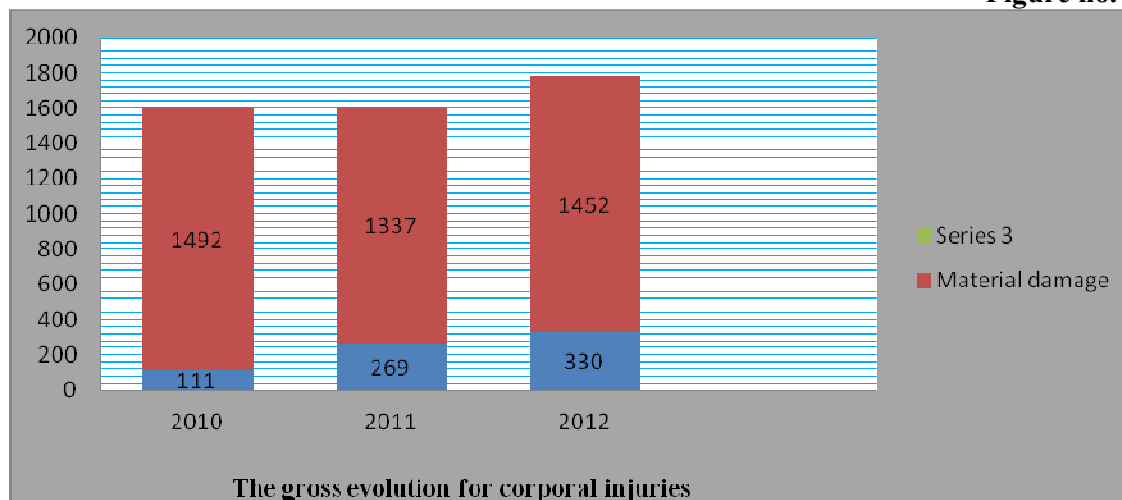
Figure no.2



Source: <https://asfromania.ro>

Increased average damage paid in the context of a higher volume of gross indemnities paid and a slight decrease in the number of paid cases is a result of the increase in compensation costs. Of the total gross indemnities paid during the financial year 2012, the largest share is held by the indemnities paid for material damages, namely 81.48%, while for injuries paid the compensations represented 18.52% of the total. Extending the territorial validity of compulsory MTPL insurance across the EEA space and increasing the compensation limits are prerequisites for increasing the value of compensation for bodily injuries. Gross indemnities paid during the 2012 financial year for corporal injuries registered a nominal increase of 22.68% compared to 2011.

Figure no. 3



Source: <https://asfromania.ro>

Technical reserves

a) Reserve premium The total volume of the premium reserve at 31.12.2012 was by 731,155,000 RON, up by 11.67% compared to 2011.

b) Reserve for Indemnified Damages The total gross reserves for endowment claims as of 31.12.2012 amounted to RON 1,357,877,000, down by 10.05% in nominal terms compared to 2011, in the context of the amendment of the legislation regarding the for the creation of damages for personal injuries.

c) Reserve for non-settled claims (IBNR) The total volume of gross indemnities for non-settled claims (IBNR) as of 31.12.2012 was by 716,727,000, RON with a nominal decrease of 4.42% compared to the year 2011.

Table no.6

Year	Indemnified damages	Reserves unreported damage
2010	1.126	569
2011	1.510	750
2012	1.358	717

Source: <https://asfromania.ro>

Therefore, we can say that in 2012 the RCA assurances had a positive evolution, registering increases in all categories

If we talk about the year **2013**, the share of RCA insurers in total underwritings on general insurers was close to 38%, which, under the conditions of uncontrolled damage, could have generated systemic risks according to specialists. The combined RCA injury rate was among the largest in Europe respectively 130.8%

Table no.7

<i>Evolution market shares registered on the MTPL in 2013</i> Nr crt.	Society	Share
1	EUROINS	19,50%
2	Carpatica	17,30%
3	ASIROM	8,60%
4	VIG	
4	City Insurance	7,50%
5	OMNIASIG VIG	7,90%
6	ASTRA	15,10%
7	ALLIANZ - TIRIAC	8,70%
8	Groupama	5,20%
9	UNIQA	8,20%
10	GENERA LI	1,70%
11	ABC	0,30%
Total		100%

As for the related premiums, they had a value of 2,467 billion lei more than the revenues in 2012, when they had only 2,137 billion RON.

Table no.8

The evolution of the first MTPL average and the average market damage in 2013	
Indicator	
Number of RCA contracts concluded in the reporting year -1 month	489.705
Number of RCA contracts concluded in the reporting year -6 month	4.107.785
Number of RCA contracts concluded in the reporting year -12 months	2.304.367
Number of RCA contracts concluded in the reporting year	6.901.857
Subscribed prime RCA – RON of which:	2.367.107.761
Annual exposure units (12-month contracts + 6-month contracts divided by 2 + 1-month contracts divided by 12)	4.399.068
The first annual average RCA - RON calculated as the ratio between	538,09
gross written premiums and annual exposure units	
Average RCA damage	5.285

Source: <https://asfromania.ro>

Regarding the damages granted, the insurers paid in 2013 by 5.74% less than in 2012 respectively 1.925 billion RON

On the other hand, damages for bodily injury and death accounted for 19.6% of total RCA indemnities in 2013

An analysis carried out by UNSAR on the RCA market in several European countries has highlighted the fact that the first averages in the segment of Romanian Motor civil Liability Insurance in 2013 continued to remain at a low level compared to other countries

The level of the first RCA class average in Romania amounted to 114 Euros in 2013, and the average premium paid on this segment placed Romania among countries where this indicator was close to 1,400 Euro, which is a mean value among the countries analyzed.

In terms of average damage recorded on the MTPL market, it has maintained its growth trend, from 1,252 Euros in 2011 to 1,385 Euro in 2013. The increase was due to compensation for bodily injuries and death, which reached , to hold a share of 19.16% in the total damages paid by the Romanian insurers.

It should be highlighted that the indicator that best measures the profitability of an insurance segment, namely the combined loss rate, registered in 2013 the highest value among all the analyzed countries, namely 130.8%

So, it can be said that 2013, was a difficult year for the RCA segment, which faced many problems, and consequently the profitability was extremely low

During **2014**, until the end of the third quarter, 11 insurance undertakings had authorization to conduct RCA activity. As follows:

Table no.9

<i>Evolution market shares registered on the MTPL in 2014</i>	Society	Share
	1 EUROINS	16,60%
	2 CARPATICA	18,00%
	3 ASIROM VIG	9,40%
	4 CITY INSURANCE	10,70%
	5 OMNIASIG VIG	9,90%
	6 ASTRA	15,40%
	7 ALLIANZ - TIRIAC	8,30%
	8 GROUPAMA	4,30%
	9 UNIQA	5,50%
	10 GENERALI	1,70%
	11 ABC	0,30%
Total	100%	

Source:<https://asfromania.ro>

As for the total amount of insurance premiums subscribed for RCA, in 2014 at the end of the third quarter, it reached the value of 1,944,189,977 RON . Compared to the same period of 2013, when the premiums written for motor civil liability insurance amounted to 1,756,811,038 RON , there was an increase of 11% on the total market and the number of insurance contracts concluded in the first three quarters of the year, was 5,371,183, rising against the same period of 2013, by about 4%.

Table no.10

Indicator	01.01-30.09.2013	01.01-30.09.2014
Gross written premiums (million lei)	1.756	1.944

At the level of the entire market, the average annualized insurance premium recorded in the analyzed period was 515 RON, slightly increasing by 3% compared to the one recorded in the similar period of 2013 when the first average value was 502 RON.

Table no.11

Indicator	30.09.2013	30.09.2014
The first annualized average (RON)	502	515

Source:<https://asfromania.ro>

Regarding the damages and the damage reserves on the total market, between 01.01-30.09.2014 were registered, a number of 202,351 registered claims files decreasing by 10% compared to the same period of 2013, when 225,885 files were notified. The number of claims files paid during the same period decreased by 11%, from 228,962 files on 30.09.2013 to 202,694 files on 30.09.2014. The amount of paid claims decreased slightly by 1% from 1.401.787.275 RON on 30.09.2013 to 1.390.271.648 RON on 30.09.2014.

The average damage paid on the total market amounted to 6,859 RON, up 12% compared to the similar period of 2013, when the average paid damage was worth 6,122 RON. The value of the average damage paid for material damage was 5,266 RON, maintaining the same level as compared to the similar period of 2013, respectively 5,239 RON.

The value of the average damage paid for personal injuries and death was on September 30, 2014, of 63,308 RON, up by 14% over the same period of 2013, when the value of the average damage was 55,630 ROL.

Table no.11

Indicator	01.01-30.09.2013	01.01-30.09.2014
Filed folders	225.885	202.351
Compensation paid (million RON)	1.402	1.390
Paid Average Damage (RON)	6.122	6.859

Source:<https://asfromania.ro>

Regarding the registered indemnity reserve, constituted on 30.09.2014, in the amount of 1,503,795,018 RON, it recorded a 21% increase compared to the reserve constituted on 30.09.2013. The IBNR also increased by 9%, being on 30.09.2014 in the amount of 830,632,652 ROL.

Table no.12

Indicator	30.09.2013	30.09.2014
Indemnified Indemnity Reserve (ROL million)	1.245	1.504
IBNR (milioane lei)	761	831

Source:<https://asfromania.ro>

On the other hand, across the market, the damage rate in 2014 was by 84%

Analyzing the costs incurred in connection with MTPL insurance, is found a market share of 34% .An important share of the expenses is represented by the intermediation commissions, respectively the entire market represents 18.6% of the gross premiums earned.

Taking into account the recorded expenses the combined rate at the level of the entire MTPL market, on September 30, 2014, was by 117%.

Table no.13

30.09.2009	30.09.2010	30.09.2011	30.09.2012	30.09.2013	30.09.2014
Damage Rate (%)	95	74	94	105	80
Combined rate (%)	123	104	128	140	114

Source:<https://asfromania.ro>

At the same time, 3,894 injury and death cases were reported, down from the same period in 2013, when 4,548 files were notified. The amount of damages paid for personal injuries and death in the amount of 352,181,546 RON increased by 40% compared to the similar period of 2013. Of the total compensation paid for personal injuries and death, about 70% is indemnity paid for non-pecuniary damage (moral damages). The Indemnified Damage for Personal Injury and Death was, on 30.09.2014, in the amount of 626,950,052 lei, slightly decreasing compared to the registered indemnity reserve registered on 30.09.2013.

Out of the total of approved damage claims for personal injuries and deaths, about 62% represent reserves set up for non-pecuniary damage (moral damages).

Table no.14

Indicator	30.09.2013	30.09.2014
Damages paid for injuries (millions ROL)	252	352
Indemnified damages for injuries (millions ROL)	630	627

Source:<https://asfromania.ro>

It should be stressed that the compensation paid for personal injuries and deaths accounted for 25% of the total compensation paid and the value of the approved damages for personal injuries and death amounted to 42% of the total value of the indemnity damages.

Given the presented data, we can say that in 2014, RCA's assurances again crossed an agitated stage where many changes were made on the market, insurers wanted cheap policies on the basis of which to quickly obtain compensation, and insurance companies woke up with more and more petitions whose damages were as we mentioned in the increase.

At the beginning of **2015**, the following insurance undertakings authorized by the ASF for the RCA activities were operating on the insurance market: *ABC Insurance Allianz-Țiriac Insurance S.A., Romanian Insurance - Asirom Vienna Insurance Group S.A., Reinsurance Insurance, Astra S.A., Insurance - Reinsurance Company City Insurance S.A., Carpatica SA, Euroins România Insurance – Reinsurance S.A., Generali Romania Insurance - Reinsurance S.A., Groupama Insurance S.A., Omiasig Vienna Insurance Group S.A. and Uniqa S.A*

If we talk about the gross premiums written for RCA, the total amount in 2015 reached the value of 3,155,103,957 ROL, compared with 2014 with an increase of 16,64%.

Table no.15

Period	PBS RCA (rol)	PBS Class X (RCA + CMR) (rol)	PBS RCA change rate (%)	PBS RCA weight in PBS class X (%)
2014	2.670.798.666	2.800.428.974	12,83%	95,37%
2015	3.115.103.957	3.289.018.458	16,64%	94,71%

Source: <https://asfromania.ro>

Concerning the number of contracts in force at the market level at the end of 2015, there were 5,191,915 contracts and the number of new contracts concluded during the same period was 7,314,599.

In 2015, at the market level, the number of claims filed declined by 0.17%, from 274.426 files on 31.12.2014 to 273.975 files on 31.12.2015. while the amount of compensations paid increased by 2.80%, from 1,893,894,056 RON on 31.12.2014, to 1,946,900,171 RON on 31.12.2015

The average market price paid for the total market was about 7,106 lei, up by 2.97% compared to the same period in 2014, when the average paid damage was 6,901 lei.

At the market level, 6,792 injury cases were paid in 2015, the amount of gross claims paid amounted to 438,045,048 RON.. Therefore, the average compensation for bodily injuries was 64,494 RON. For material damages, gross were paid, indemnities amounting to 1,508,855,123 RON resulting in an average compensation of 5,647 RON.

At company level, the situation regarding the number of claims files paid and the amount of gross claims paid in 2015 was the following:

Table no.16

Situation of claims files paid in 2015Nr. Crt.		Society		Number of paid claims files (pcs)		Weight in total (%)		Compensated gross claims (RON)		Weight in total (%)	
VC		DM		Total		VC		DM		Total	
1	ABC Asigurări	13	219	232	0,08	1.122.057	1.664.573	2.786.630	0,14		
2	Allianz Tiriac	389	19.464	19.853	7,25	22.682.620	99.308.746	121.991.366	6,27		
3	Asirom VIG	1.037	24.590	25.627	9,35	45.797.744	155.836.788	201.634.532	10,36		
4	Astra	548	22.733	23.281	8,50	39.347.731	114.663.209	154.010.940	7,91		
5	City	319	29.229	29.548	10,78	12.213.352	166.242.200	178.455.552	9,17		
6	Carpati ca	1.468	44.142	45.610	16,65	74.998.590	266.467.038	341.465.628	17,54		
7	Euroins	942	70.529	71.471	26,09	102.530.977	351.117.252	453.648.229	23,30		
8	Genera li	233	4.884	5.117	1,87	11.308.814	27.013.466	38.322.280	1,97		
9	Groupa ma	456	12.763	13.219	4,82	27.006.669	75.223.117	102.229.786	5,25		
10	Omnias ig VIG	1.072	26.044	27.116	9,90	68.212.296	138.861.651	207.073.947	10,64		
11	Uniqa	315	12.586	12.901	4,71	32.824.198	112.457.083	145.281.281	7,46		
TOTAL		6.792	267.183	273.975	100,00	438.045.048	1.508.855.123	1.946.900.171	100,00		

It can be said that the RCA insurance market in Romania has reversed the downward trend in the previous period in 2015 and has registered a positive evolution after a long time.

As for the year **2016** on the insurance market, the following authorized insurers for RCA activities were: *Allianz-Tiriac Insurance S.A., Romanian Insurance - Asirom Vienna Insurance Group S.A., Reinsurance Insurance, Astra S.A., Insurance - Reinsurance Company City Insurance S.A., Carpatica SA, Euroins România Insurance – Reinsurance S.A., Generali Romania Insurance - Reinsurance S.A., Groupama Insurance S.A., Omniasig Vienna Insurance Group S.A. and Uniqa S.A.*

Table no.17

Nr. crt.	Society	Total subscribed premiums	Market share
1	EUROINS	833.142.226	20,65%
2	ASIROM VIG	698.875.670	17,33%
TOTAL (1-2)		1.532.017.896	37,98%
3	CITY INSURANCE	650.398.378	16,11%
4	CARPATICA	424.054.342	10,51%
5	ALLIANZ - TIRIAC	382.351.193	9,48%
6	OMNIASIG VIG	359.604.951	8,92%
7	GROUPAMA	282.239.447	7,00%
8	GENERALI	204.985.868	5,08%
9	UNIQA	197.982.872	4,91%
TOTAL		4.033.634.947	100

Source: <https://asfromania.ro>

There is a significant concentration on the top first insurers, reaching the situation where the first two insurers accumulate about 38% of the Romanian RCA portfolio. At the same time, there is a significant increase in the market share for most of the MTPL insurance companies (eg City Insurance rose from 10.4% to 16.1%) due to the redistribution of the Carpatica portfolio, an important player on the RCA market in the past.

If we refer to the total amount of insurance premiums subscribed for RCA, in 2016 it reached the value of 4,033,634,947 RON, the remainder up to the total of the A10 class representing the carrier's insurance for the goods transported as a carrier. It can be appreciated that compared to the same period of the previous year, was registered an increase in gross written premiums by 29.5%.

The number of MTPL contracts concluded in 2016 was by 4,983,409 contracts, which is equivalent to an increase of 5.07% over the previous year.

In 2016, similar to previous years but decreasing, the largest share is represented by policies with a valid 6 months.

Table no.18

Number of contracts concluded during the period in total contracts according to the contracted period - 2015-2016		T4 2015	T4 2016
Over the 12 months	35,08%		37,92%
Over the 6 months	57,52%		51,37%
Over the 1 months	7,40%		10,71%
Total	100%		100%

Source: <https://asfromania.ro>

In the analyzed year, there were no significant changes in the structure of customer portfolios, so that the share of contracts with individuals entities remained at a constant level, around 78%.

Table no. 19

<i>Share of contracts concluded during the period in total contracts depending on the contractor (individual person or legal entity) - 2015-2016</i>	2015	2016
Individual entities	78,80%	78,29%
Legal entities	21,20%	21,71%
Total	100%	100%

Source:<https://asfromania.ro>

The first annual average annual RCA can be said that the whole of the market has risen by about 23% in 2016 compared to the previous year, reaching 809 RON

Table no.20

<i>Evolution of the first annualized RCA average over the period 2015-2016</i>	2015	2016
Market total	657	809
Individual entities	455	528
Legal entities	1.311	1.725

Source:<https://asfromania.ro>

With regard to the average RCA damage paid for personal injury, it decreased by 11% in 2016 compared to the previous year, while the material damage increased by 2% per total, the average loss remaining at a relatively constant level.

Table no.21

<i>Evolution of RCA paid damages - body injuries</i>	2015	2016
Damages paid IE	256.575.512	252.414.068
Damages paid LE	182.603.559	165.861.391
Total damages paid	439.179.071	418.275.459

Source:<https://asfromania.ro>

Table no.22

<i>Evolution of claims paid to RCA - material damage 2016</i>	2015	2016
Damages paid IE	826.935.413	846.950.774
Damages paid LE	683.675.610	664.660.729
Total damages paid	1.510.611.023	1.511.611.503

Source:<https://asfromania.ro>

In conclusion, it can be said that the RCA insurance market continued its sustained growth trend in 2016, registering a growth of gross written premiums by 29.5%.

In the first quarter of **2017** on the insurance market the following insurers authorized by A.S.F. for RCA activities: *Allianz-Țiriac Insurance S.A., Romanian Insurance - Asiom Vienna Insurance Group S.A., Reinsurance Insurance, Astra S.A., Insurance - Reinsurance Company City Insurance S.A., Grawe Insurance, Euroins România, Reinsurance Insurance SA, Groupama Insurance S.A., Omiasig Vienna Insurance Group S.A. and Uniqa S.A.*

In the first quarter of 2017 there is a significant concentration on the top first insurers, reaching the situation where the first 2 insurers accumulate about 59% of the Romanian RCA portfolio.

Table no.23

Market share in the first quarter of 2017	Society	Total subscribed premiums (RON)	Market share
1	CITY INSURANCE	336.106.868	31,63%
2	EUROINS	294.184.808	27,68%
TOTAL (1-2)	630.291.676	59,31%	
3	ASIROM VIG	108.705.403	10,23%
4	ALLIANZ - TIRIAC	90.663.883	8,53%
5	OMNIASIG VIG	76.690.099	7,22%
6	GENERALI	65.220.416	6,14%
7	GROUPAMA	53.670.747	5,05%
8	UNIQA	36.902.360	3,47%
9	GRAWE	519.595	0,05%
TOTAL	1.062.664.179	100,00%	

Source:<https://asfromania.ro>

In the last year there were no significant changes in the structure of client portfolios depending on the type of the insured, so that at the level of the entire market the share of the contracts concluded with individuals remained at a constant level, around 78%.

Table no.24

Share of contracts concluded during the period in total contracts depending on the contractor (individual or legal person) - 2012-2017	2016	2017
Individual Persons	77,35%	78,52%
Legal Persons	22,65%	21,48%
Total	100%	100%

Source:<https://asfromania.ro>

With regard to the first annual average RCA on the whole market, it is estimated to have decreased by about 3% in the first quarter of 2017 compared to the same period of the previous year, reaching 727 RON.

Table no.25

	T1 2016	T1 2017
Market total	747	727
Individual Persons	477	533
Legal Persons	1.593	1.340

Source:<https://asfromania.ro>

Average RCA paid for personal injury in the first quarter of 2017 grew by 48% compared with the same period last year, while material damage fell by 3%.

In the first quarter of 2017, compared with the same period last year, the first average recorded a decrease of 3% and the average damage an increase of 2%.

Table no.26

Evolution of RCA paid damages - body injuries	T1 2016	T1 2017
Damages paid IP	56.216.290	82.041.282
Damages paid LE	41.843.743	62.710.230
Total Damages Paid	98.060.033	144.751.512
The Evolution of Damages Paid RCA - Material Damage	T1 2016	T1 2017
Damages paid IP	231.004.383	242.702.238
Damages paid LE	184.733.647	159.286.029
Total Damages Paid	415.738.030	401.988.267

Source:<https://asfromania.ro>

4. Conclusions:

The macroeconomic factors as well as the decrease in the financing activity have determined that the segment of RCA insurers faces many problems in the analyzed period, leading to uncertainty about the market evolution and poor results.

However, RCA assurance remains a particularly important role and remains a basic branch of general insurance.

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THE ACCOUNTING MANAGEMENT: AT THE LIMIT BETWEEN TRADITIONAL AND MODERN

Guni Claudia Nicoleta¹

Abstract

The profound mutations of the Third Millennium Society have transformed the informational administrative accounting system into a "black box", the most important source of information in a socio-economic context. The administrative accounting is a guidance tool, a management adviser providing the "database" needed for leadership in decision-making.

Keywords: *full cost accounting, management information system, target cost, ABC method*

JEL Classification: G3; G32; G34

1.Introduction

The technical progress requires the advanced production technology, thus revolutionizing, besides the way of making the products, also a remodeling of administrative accounting. Under these circumstances, it is absolutely necessary to abandon the traditional calculation systems in favor of modern costing calculation systems. This hypothesis is pertinent in the context of efficiency, effectiveness, and rationality of information systems tailored to the requirements of modern management. But we currently live in a world of limited resources, which also requires a rigorous analysis of the social, economic, cultural, historical context of the entity that implements a particular costing calculation method. Making use of the only inexhaustible resources, creativity and intelligence, we need to decide in an objective manner the opportunity of a particular calculation system.

The change is beneficial to any organization when it is one of substance, a profound restructuring and not just an imitation of the form on an inexistent basis. An analysis of the current trend of adopting modern calculation systems to the detriment of traditional ones and the adaptability of this reform in general practice, and especially in Romanian practice, is relevant. Thus, the theory, the ideal state, must be adapted in an appropriate manner to practice, the actual state, in fact.

The Society of the Third Millennium is a universe of uncertainties, limited resources, speculation, of drastic overturning of the situation, being in general the equivalent of an unfavorable situation, which pushes us to the permanent identification of salvation solutions, that is to capitalize on the unique inexhaustible resources, creativity and intelligence in order to be able to break into this luscious and perverse environment.

The technical progress, the environmental instability and the complexity of the information circuit are required for the need to establish the concept of flexibility in the context of a real change management. The management of economic entities in charge of ensuring the vitality and robustness of the organization towards change, thanks to the constant coordination of its activities, efforts and resources, comes to their support, being the absolutely necessary guide to finding your own way in confusing circumstances, to strive to give meaning to ambiguous messages, read the signals, look around and listen all the time, deal with conflicts, and strive to accomplish your tasks by establishing and maintaining a network of relations and relationships. In order to manage the future and to report consistently to the present, managers need to have an efficient information system, a true reliable tool, enabling them to know at any time the situation of the enterprise, its objectives, as well as the

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situation of its competitors. An important source of information is provided by accounting in general and by administrative accounting, in particular.

Administrative accounting is accounting beyond appearances, beyond the curtain and the limitations highlighted by the financial accounting, in its depth, at the origin of its implementation in an organizational system. Administrative accounting is attempting to identify a part of the solution and remove a part of the problem. This is the foundation, the basis of any entity operating in the economic environment, so that any imbalance generated by various internal or external disturbing factors can only be rectified by a reassessment, in another perspective, of administrative accounting.

The continuous globalization of the markets and the rapid technological changes in the field of production have created a fierce competition everywhere in the world. In order to achieve any competitive advantage, the functional entities in a society must adopt strategies that integrate the opportunities of the environment, the market, and the advantages of the technique in the most efficient way. In this context, there is the issue of modernization, administrative accounting transformation, an adaptation to the realities and requirements of the present, to the modification of the tools, processes and methods of work so that they correspond to current technical and scientific progress.

The following problem arises: the traditional calculation systems have become totally inefficient, remaining only a theoretical part in the evolution of management accounting history, leaving place to modern calculation systems to suit the current requirements. Many would unambiguously support this current trend, but it is always good to be aware of the fact that the theory is the ideal, pure state, while practice gives rise to real, actual state. So we need to know our past very well in order to move forward with certainty.

Every type of calculation system, both traditional and modern, has their place well deserved. However, administrative accounting is currently at the limit between traditional and modern, being a well thought-out mix, tailored to the specificity of each entity, representing the "internal cuisine", in which the chef always manages to surprise by adding a new spice to a traditional culinary specialty.

2.The Administrative accounting - a fundamental tool of the management activity

Accounting is the unparalleled judge of the past, the necessary guide to the present, and the indispensable advisor of the future in every enterprise. Under the current conditions of the market economy, the administrative accounting is an up-to-date approach and a real interest for both specialists and managers of companies. In the current context, managers need to assimilate elementary knowledge of administrative accounting, consisting not only of specific terminology but also of some essential techniques in this field regarding the efficient use and management of information available for decision-making, but especially the understanding of the boundaries of these information.

Businesses, once entering the market, are required to create a management information system designed to provide their protection and the ability to react to competition shocks as well as the exacerbation of the turbulences in the external environment, makes it imperative to assimilate the essential knowledge of the administrative accounting by the managers so that they can base their decisions on a real basis in order to ensure the survival of the entity whose leadership they are responsible for and last but not least, to ensure the desired performance. Currently, the need to manage a complex set of complex problems faced by any organization makes administrative accounting one of the most handy tools available to the manager, which he can use to evaluate opportunities, orientate directions of action, and develop company strategy.

Administrative accounting is an accounting information system that aims to help managers and influence behaviors by shaping the relationships between allocated and consumed resources and the goals pursued. So managers use accounting information to trace the general trajectory to be

followed by the entity, by implementing an optimal strategy for the pre-defined purpose of managing each of the activities or the functional spheres they are responsible for, and to coordinate these activities or functions within the organization as a whole. In order to cope with the technological process, competition from the market and, above all, the achievement of the fundamental objective of any organization, namely to strengthen its market position, decision makers will have to organize, implement, supervise and improve an internal information system. It takes the form of administrative accounting and is the foundation of the management act.

In the past few years, the role of an accountant in an organization has passed from numbers' processor and financial historian, to a business partner and trusted consultant. It follows the obligation to correlate the administrative accounting information provided by the entity's objectives, only in this way can the administrative accounting be a useful tool in the decision-making process. In this respect, both the managerial accounting and the management of an organization need to develop a genuine solid business partnership. Administrative accounting should aim at both knowing the costs and shaping the decision makers' behavior. Of course, in a complex, turbulent and uncertain environment, managers' information needs grow and diversify, and administrative accounting, as a privileged source of information for the management system, can meet management requirements, provided they permanently adapt their tools and practices to decision-makers' requests.

Unlike the price, which is a "reality" corresponding to a transaction, cost is "a choice": the enterprise has the freedom to decide in setting its costs. This choice is fundamental because it directly affects the result of the exercise and the amount of inventory in the balance sheet. Cost reduction is an effect of experience. In Romania, the Accounting Act stipulates the obligation of the administrative accounting, the concrete way of organizing it remaining at the discretion of each undertaking: companies have the obligation to organize and manage their own accounting, namely financial accounting and administrative accounting adapted to the specifics of the activity.

Full cost accounting is based on the sharing of costs in direct costs and indirect costs, on cost carriers. This differentiation does not take into account the dependence of costs on activity (variable costs and fixed costs), consequently cost reimbursement, on cost carriers is not done rationally, ie in relation to their occurrence.

Under these circumstances, there are presented the errors of consequence, by not taking into account the dependence on activity, respectively the functional relations between costs and achievements. It appears as follows:

- a proportionality in terms of the fixed cost allocation technique by treating identically (common) fixed and variable (indirect) costs, to cost relocation;
- an arbitrary proportionality of fixed costs, not related to the appearance of the reference sizes in the enterprise (for example, according to the holding capacity or the cover contribution).

Obviously, in an informational plan, the results based on these errors hide the danger of the wrong direction of the company's management in assessing and controlling economic efficiency and decision-making processes. The full cost of a product derives from phenomena that often vary independently:

- ☐ the volume of production and sales;
- ☐ price of inputs used;
- ☐ the technical factor of the production factors.

In this optics of management accounting, it is essential that the respective influence of each factor is carried out with the specific purpose of assessing the responsibilities. The rational imputation of fixed costs is a means to carry out this analysis as it tends to neutralize the effect of volume on costs. Both the Accounting Act and IAS 2 Inventories refer to the necessity of "rational distribution of indirect costs on manufactured products, labour and services rendered." By applying the complex costing method to the rational imputation of fixed expenses, the full cost is determined, which represents the full cost traditionally corrected with the incidence of activity level variation.

3. The limits of traditional calculation systems

The aspects of traditionalism and conservatism found in the field of cost calculation have become increasingly apparent during the course of technical progress. As a result, there has been an acute need to improve the processes and calculation techniques by formulating computerized systems appropriate to the state of evolution of production technology.

Thus, in the specialized literature, it is blatantly advocated abandoning traditional or classical systems for processing cost information, considered to be inadequate to current requirements, and the introduction of modern and advanced methods whose effectiveness would be much higher. The traditional calculation systems on-order (job-order costing), per phase (process costing) and the calculation of standard costs, still widely used, have been adopted in the first part of this century to calculate the costs of production in the types of enterprises that existed, characterized by the predominant share of the total costs of direct expenditure, by the promotion of uniform and standardized products, by the tendency to preserve products, and also the calculation methods. According to classical systems, all indirect expenses are cost-related, sized according to the volume of activity.

In the economic entities in our country, the cost calculation is in most cases conservative, as the methods used are the same as three decades ago, despite the fact that the character of production in our country has seen an upward trend. Thus, the cost calculation is based exclusively on the method by orders or the phase method, sometimes combined with different procedures specific to the unique conditions of each entity. The ante-calculation practiced at the section level or at workshop level, is completed with a post calculation performed within the accounting compartment. The classical computerized systems present the disadvantage that they offer a reduced information capacity, not having the potential to provide operational information to the company's management in order to make optimal decisions in time. The post-calculation within the traditional methods leads to obtaining tardive information, lacking operability and to the reflection of certain aspects of production that can no longer be interfered with.

Due to these inconveniences, the actual cost is called historical cost in the specialized literature. The continuous evolution of the technical progress, the obvious changes in the conditions of competition in the internal and external markets have put their mark on the traditional computerized systems, characterizing them to some extent as inefficient. In the new current environment, the entity is automated and computerized, the products have a short lifecycle, the services evolve, constantly adapting to consumer requirements.

In the sphere of competition one can see an evolution of the criteria that characterize the way it manifests, from purely quantitative criteria (price) to qualitative criteria (product quality, security of services offered, etc.). However, it is obvious that the administrative accounting information system integrates, to a small extent, the qualitative aspects, generally limiting to the quantitative ones. Another aspect highlights the change in the structure of production costs, in the sense of increasing the share of indirect costs to the detriment of direct production costs, which vary in the long run according to the range and complexity of the manufactured products.

Concluding, it can be said that the rigidity of the current accounting information system makes it difficult to track costs, set standards, analyze product and service deviations, as part of the changes in the current economy. This makes it required the acute need for true cost management by building a pertinent information system, tailored to current requirements.

4. Evolutionary Trends in Cost Accounting

The unprecedented evolution of the production technologies, the changes especially manifested in the new competitive environment, have proliferated in the specialized literature a series of new theories and concepts that reflect, in addition to the novelty aspect, also a special purpose in terms of efficiency at the level of the entities in which they found their practical applicability.

The converging studies and concerns of accounting professionals with those in other related fields such as marketing, management, etc. have generated a real revolution in the costing systems methodology. Thus, the way in which products are made is characterized by drastic changes based on the use of advanced production technologies, especially in the case of world-class producers.

The concept of advanced production technology includes automated production technologies, computer-aided design and production, robotics, flexible production systems, total quality control, total quality management, and so on. By finding these methods, techniques and programs at the level of an entity, depends its success or failure, its existence on the market or its bankruptcy.

According to accountancy specialists, traditional costing and measurement systems are practically incompatible with the use of advanced production technologies. Johnson and Kaplan assert that almost all of the accounting management tools appeared until 1925, and Peter Drucker drew the attention, since the 1960s, on the risk of using traditional cost systems that were losing pertinence in an environment that had nothing in common with the time when these systems were designed and developed. Professor R.S. Kaplan argues that traditional managerial accounting simply produces wrong measures. It directs the company in the wrong direction, rewards managers for endangering the business, and does not provide any improvement. The best thing we can do is deactivate it, stop it!

Given the radical plea to exclude traditional systems from practice, it is desirable to refine the cost system by better appreciating the uneven consumption of resources. This has resulted in two types of costs that primarily concern the overall management of resources and the behavior of those involved. These are costs per activity (by process) and target costs. The Activity Based Costing system highlights the causal link between resources, activities and the object of calculation, according to the principle, activities consume resources and products consume activities.

Such an approach assumes the abandonment of the vertical leadership of the enterprise with cutting on functions and the adoption of a cross-cutting approach along the value chain, a concept developed by Michael Porter. Activity-by-process costs do not only meet the ultimate goal of costing, they can serve as much as inventory valuation, but also as decision-making. The ABC system is much more complex, promising a cleaner and more cost-effective way for managers.

Thus, the question is: is ABC the solution?

Target Costing is part of a broader approach to analyzing the cost carrier throughout its lifecycle, especially at the conception stage. The target costing system is a market-oriented approach that is applied from the design phase of the product. The design of the product takes a long time because it is still being pursued at this stage to eliminate any further changes that are more costly to implement.

The target cost is determined by deducting from the sales price of the product/service, a profit margin that the enterprise wishes to obtain. Target costing is not just a cost control method, but also a profit and cost planning approach.

Advantages of using the ABC method mainly refer to providing two ways to reduce costs: helps identify opportunities for real cost reduction (through cost inductors) and provides simulations of the cost reduction impact. By the causality established between activity, cost inductor and resource consumption, the cost of quality and non-quality can be quantified and controlled. In addition, cost management should not go down to the level of the product but act at the level of the cost inductor. Key terms are cost inductor, activity sheet, added value, cost simulation. This method is not only content to allow full cost calculation; it can also be seen as a means of managing the performance of the enterprise.

The use of the ABC model raises the issue of defining cost drivers and the difference between the notion of inductor and that of activity measurement unit. The difference between the two concepts is mainly related to the time horizon considered. According to an analysis by

Brimson, the cost stimulator is a factor whose emergence is at the origin of the cost. The activity measurement unit is the factor by which the cost of an activity varies most directly, as activity measurement unit it is a dependent variable in the sense of regression analysis.

In fact, certain conditions appear to be necessary:

- first of all, the activity must be characterized by a genuine stimulator and not just by a measurement unit (which translates only through a correlation and not through a real causality);
- the stimulator determined for an activity must correspond to a decision variable of the process of conception and development of the new product. These decision variables can be articulated around several important areas:
 - product and market-related decisions that rely heavily on defining product functionalities;
 - decisions related to product technologies that rely on the capabilities that the company is looking to gain competitive advantage with;
 - decisions relating to product architecture, which refer to the definition of product subsystems and their interfaces;
 - decreases related to production technologies and processes.

According to Lorino, for a new product it may be difficult to opt from implementing the ABC method for the assessment of the activity which corresponds to the decision variables in terms of conception and development. In this situation, an ad hoc analysis should be conducted to determine the cost stimulators of activities, provided that these stimulators correspond to true design parameters. Actually, certain stimulators may be determined by choosing technologies or by previous decisions in terms of development strategy and, in this case, they are not genuine control variables of the project considered.

One reason for using the ABC method instead of traditional calculation methods is the need to obtain a more effective cost. The accuracy with which full cost can be analyzed in accounting, by activities, depends on the level of fineness of the model, so its complexity. Anderson proposes an analysis of the production costs generated by the design of a new product in terms of complexity costs and distinguishes two types of complexity:

- the external complexity, perceived by consumers, which can be the source of value, if appreciated;
- internal complexity, which refers to parts, raw materials, machinery and processes.

This complexity is not generally exploited by the consumer and generates costs. Consequently, diversity needs to be reduced using standardization procedures.

The main cost incentive for Anderson is the batch size, which is determined by the number of changes in production. Increasing batch size leads to increases in the cost of the following:

- stocks of products in progress;
- the space required for production;
- recurrent costs of non-quality: the larger the batch, the higher the cost of a possible quality problem;
- transports and internal repairs.

On the other hand, the costs of diversification are inversely proportional to the size of the batches in regards to the following two elements:

- the rate of use of the equipment, provided that the turnaround time is negligible;
- working costs for installing production batches.

One of the objectives of mass production is to reduce internal complexity to the point where products can be made flexibly, without incurring the costs and times of change of the series. For Anderson, this can be achieved through the standardization of parts, raw materials, installations and

manufacturing processes during the product design phase. Standardization can be applied to the various elements mentioned in order to reduce the costs of diversification.

One of the means of encouraging standardization is to have a costing system that favors the reduction of raw material consumption, the number of parts, machinery (obviously, all costs related to diversity, especially indirect costs, will emerge). From this point of view, one of the advantages of the ABC costing system is to highlight the heterogeneity of resource consumption laws on products, especially from the use of activities on individual products. Instead of retaining only volume-related consumption laws, the implementation of the ABC method allows for the retention of different types of variables that explain costing.

The large complexity reflected by the computerized system brings a high degree of accuracy, but also a more cumbersome use and higher implementation costs. Data is also changing more easily. In conclusion, the high complexity is only justified if the strategic margin analysis on products is critical, sensitive and a priority.

For fixed costs, rational imputation is required to obtain a manageable figure. The ABC method allows for easier calculation of the cost of the sub-activity. The cost of the sub-activity is the part of the fixed expense that is not absorbed by the variable volume of activity.

5.Conclusion

From the extensive theoretical plea, overflow the net superior advantages of modern costing systems, promoting the idea of transforming traditional systems into a history page in the specialized literature. The spirit of abandonment of traditionalism is unanimously sustained, but that wise note of thought must always be kept even under theoretical ecstasy because we risk for any economic advantage to be ephemeral and any bet on the future to be extremely risky. So, according to Herbert Simon, Nobel Prize-winner for economics, the question arises obsessively: Which of the different solutions is the best?

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THE IMPACT OF THE INTERNAL / MANAGERIAL CONTROL OVER ACCOUNTING

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Abstract

The increasing need for information in the public sector entities, corroborated with the need to provide comparable and transparent information, have constituted consequences of the development and popularization of IPSAS standards, high quality standards inspired by IFRS, which, since 1996, have led to the development of an original doctrine on all public sector issues. The process of developing the accounting of public institutions, includes the adoption of accrual accounting in the assessment and reporting of the financial performances in accordance with IPSAS, according to which the use of accrual accounting is a principle of accounting by which transactions and events are recognized at the time of their occurrence and not at the time of their materialization in cash or cash equivalents received or paid.

Keywords: financial performance, national accounting regulations, treasury result, internal control

JEL Classification: G3; G32; G34

1. Introduction

In our country, the adoption of the accrual accounting in the public sector was based on national regulations inspired, to a small extent, by the International Public Sector Accounting Standards, and in the reporting the financial performance, it is used with cash accounting. In this respect, it was necessary to group the expenses and revenues in the accounting, according to the nature of the activity, in expenses and ordinary incomes and extraordinary expenses and income. Under the new regulations, any activity engaged by an entity as part of its business or commercial activities is an ordinary activity. Ordinary activities (activities the entity carries out to achieve its fundamental objectives) include any related activities in which the entity engages in the incident promotion or the one deriving from these activities. We mention that it should be considered the distinction between the current income, ie the expenses generated from the exploitation activities, of those arising out of the ownership of assets or those related to the financing of the entity's operations.

2.The Implementation of the International Public Sector Accounting Standards (IPSAS) - Comparative study

However, the latter can not be included in the category of extraordinary activities. Under the accrual accounting, the effects of the transactions and of other events are recognized when they occur and not as cash is accrued or paid, and recorded in the accounting and reported in the financial statements of those periods. In other words, the income for services provided to third parties are recognized at the time of billing and the expenditure on benefits received from third parties are recognized at the time of receiving the invoices, as follows:

- claims, debts and capitals are recognized when rights and obligations of economic value arise;
- revenue is recognized when it is realized;
- expenses are recognized when they are consumed.

The concept of accrual accounting is adopted in accordance with the principle of exercise independence, according to which the net profit of each period should reflect the events, transactions and circumstances of that period. Information obtained as a result of

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compliance with the requirements of the accrual accounting concept, adequately reflects the financial position and performance of the entity.

The changes that took place in the public accounting system in our country, regarding the harmonization with the IPSAS standards and the European accounting directives, were profound.

We can conclude that, in the context of national accounting regulations, based on accrual accounting, the only component that has the objective of measuring financial performance is the patrimonial asset account.

Regarding the form elements we highlighted in the three reporting patterns, by performing a comparative analysis thereof, it appears that there is clear interference between the national accounting regulations and IPSAS 1 in terms of the basis for reporting and the presentation format. At the same time, there are differences in the titles of the models even though they have the same content, due to the different translations of the original texts into Romanian which has created certain difficulties in the process of reporting and disseminating the financial performances for all categories of users.

As it can be seen, from the comparative analysis of the patrimonial asset account from the point of view of the underlying elements, by applying national accounting regulations as compared to IPSAS 1 results in the following:

- according to the accounting regulations in our country, the patrimonial asset account presents the situation regarding the financing, the income and the expenses, but without taking into account their impact equity and the accentuation of the fiscal connotation. Contrary to these, IPSAS 1 provides more complete information on the financial performance, information that can be used by a wide range of users to make decisions on the allocation of resources;
- the criterion for disclosure of information according to national accounting regulations is maximal, unlike IPSAS 1 which offers a minimum of elements specific to the reporting of financial performance through the patrimonial asset account; It is noted the absence of an alternative for presenting information also through other elements of the financial statements, as well as the uniqueness of the classification of expenditures and revenues, which lead to the diminishing of the relevance and comparability of the information on financial performance;
- the unrealistic association, by the national accounting norms, of the concept of the patrimonial result with the economic result.

The cash flow statement is of low interest to users in measuring the financial performance on the basis of the treasury result. This is due to the divergences between the vision of the national and the international accounting norms in connection with the absence of the indirect method of determining the cash flows from the operational activity as well as the reference to the special cases, thus limiting the informational value of these situations. On the other hand, the inclusion by the accounting standard setters of the budget execution account in the set of financial statements has led to a reduction in information value of the cash flow statement as a model for reporting financial performance. The further practice of cash accounting, subsequently completed by accrual accounting, gives an erroneous perception of the information on the performance disseminated by the cash flow statement. Also, It is not explicitly recognized the situation of changes in net assets / equity, by national accounting norms as a model for reporting financial performance in the public sector, which is why its presentation is made succinctly. Difficulties in reporting the financial performance are also generated by ignoring the impact of revenues and expenditures on equity, the absence of actual accounting policies and implicitly the effects of changes in accounting policies and error correction.

Among the advantages of adopting IPSAS by our country, we can list: the significant increase in the quality of financial reporting by the public institutions, increasing the credibility and transparency of the information presented, better control and greater

transparency of assets and liabilities, detailed cost information and, implicitly, performance-oriented management and resource efficiency management, more efficient service delivery, valuation of responsibilities at the level of all the resources managed by the entity. Also, the adoption of standards has also had a favorable impact on making the decisions regarding providing resources or developing new activities, assessing the financial position, of the performance and cash flows of public institutions, a greater consistency and a better comparability of the financial statements due to the fact that each standard requires the submission of uniform, detailed and specific information.

3. The role of internal control on the quality of the information, obtained in the financial-accounting activity of public entities

It is well known that the financial-accounting activity of any entity represents an important function as it measures the evaluation, knowledge, management and control of the assets, debts and capital, as well as the results obtained from the economic activity. Within this function, there are recorded the chronological and systematic recording, processing, dissemination and use of information on financial position, financial performance and cash flows necessary for all stakeholders. We appreciate the information that the financial-accounting activity provides to the internal and external users, both to the management of the organization for making decisions and to the other users, it is of particular importance, requiring the implementation of an efficient risk management system. The quality of the information obtained depends on the quality of the internal control that identifies the inherent errors belonging to the accounting operations, to ensure the reliability or accuracy of their transmission and the completeness of the information developed in "the upstream processes", a role exercised by:

- the identification of significant processes and categories of operations and the accounts or groups of accounts to which these are associated;
- identifying the control activities implemented to prevent, detect or correct risk areas, irregularities, inaccuracies and procedures related to the prevention of fraud and error;
- the identification of legal and regulatory provisions in accounting, tax and financial matters;
- insuring the assets of the entity's patrimony;
- ensuring that the entity's accounting events are properly identified and documented.

Therefore, the proper functioning of the entity's internal processes, including those related to the protection of assets and the reliability of financial information, is a major objective of the internal control. We consider that, for a proper functioning of the financial - accounting activities, the entity must establish and implement sets of measures to ensure, to a possible extent, rigorous accounting and reporting, measures that make up the internal accounting and financial control. It must aim at ensuring that:

- the accounting and financial information published comply with applicable regulations;
- management's instructions on accounting and financial information have been fully applied;
- the entity's assets have been protected;
- it has been acted to prevent and detect accounting and financial fraud and irregularities;
- it has been assured the reliability of the published accounting and financial information and it has been communicated to stakeholders.

We appreciate that in order to ensure the reliability of the financial information, the internal control must be based on the internal rules and procedures approved by the entity's management regarding:

- initiation and approval of all financial and accounting operations;
- management and access to all the assets of the entity;
- protection and access to files and records and financial statements;
- inventory of assets, liabilities and equity.

Regarding the quality of the information in the accounting system of public entities, it is very important that the internal control action should aim, in particular, at meeting the following criteria:

- the completeness and integrity of records - all the operations in an entity must be reflected in appropriate supporting documents and recorded in the accounting in the order of occurrence of events (asset write-offs / write-downs) without omissions or transactions accounted for several times; the adequate inventory of all the elements of the entity's assets and liabilities.

- the reality of the records - all information recorded in the accounts and summarized in the financial statements must be based on verifiable supporting documents.

In our opinion, the proper functioning of the activity also involves protecting assets against fraud and error or poor management decisions, actions that must always concern management. It should also be taken into account the processes in which the accounting and financial information is prepared and processed through the following successive stages:

- comparing the desired, ideal situation, with the real situation;
- the analysis and assessment of the risks that threaten the activities of the verified entity and of the deviations from established parameters;
- the capitalization of the results;

Therefore, the reliability of the financial information can only be achieved through the implementation of internal control procedures, which accurately capture all the operations that the entity performs.

In conclusion, the internal control of an entity's financial and accounting activity is applied to ensure rigorous accounting management and to pursue its financial activities so that the entity's objectives are not jeopardized. It targets all the processes in which it takes place the obtaining and disseminating of accounting and financial information, thus contributing to the achievement of reliable information, complying with the legal requirements in force.

4. The financial - accounting information covered within the internal control system

Even though the internal control activities are directed towards all the activities and functions of the entity, the quality of the financial-accounting information is a major objective. However, the control activities are not only limited to traditional checks or regulations on accounting operations or financial statements, but they also imply a wider reflection on the risks that threaten these activities, as well as the identification of the effective means of their management, such as: segregation of duties, information security system, reliability of reporting.

The quality of the financial-accounting information is particularly important for any entity, as qualitative characteristics are the attributes that determine the usefulness of the information reflected in the financial statements. There are four main qualitative features, defined as:

- the intelligibility - the information provided by the financial statements must be easily understood by the users;
- the relevance - is given by the ability to influence the economic decisions of users, which helps them evaluate past, present or future events, confirm or correct their previous assessments;

- the credibility - the information is credible when it does not contain significant errors and is non-biased (neutral, free of influence) and provides users with confidence that events and transactions that have taken place within the entity are faithfully reflected in its accounting and financial records;

- the comparability - the information must be comparable over time in order to be able to identify financial position trends and their performance.

In our opinion, for information to be relevant and credible, it must be sincere and appropriate so that the users can make decisions in a timely manner and the benefits accruing from the use of that information outweigh their cost. This information needs to be synthesized and analyzed from the point of view of its accuracy and correctness. In this respect, based on the two fundamental principles of accounting, the principle of double representation of assets and the principle of double entry in the accounts, the accounting method uses the verification balance as the bridge between the account (information provider on each asset and liability item) and the balance sheet (the overall situation of the budgetary institution's activity at a given point in time).

It performs the outlined role by performing the following functions:

- a) **the function of checking** the accuracy of the economic operations in the accounts;
- b) **the function of grouping and centralizing** the data recorded in the accounts, which provides information of the volume of changes in the patrimony structure, of the financial results both for the current period, as well as the cumulation of the previous period;

- c) **the link between the Synthetic Accounts and the Balance Sheet** - the final balances of the synthetic asset accounts and of the passive ones are recorded in the verification balance and then taken over, processed and grouped according to the needs of the balance sheet;

- d) **the link between the Synthetic Accounts and the Analytical Accounts** – the balances of the analytical accounts shall be drawn up for each synthetic account and shall verify the consistency between the analytical accounts and the synthetic accounts to which they belong;

- e) **the function of analysis** of the economic-financial activity is done by grouping current account data.

So, with the help of the verification balance, it is centralized the entire economic and financial activity of the institution reflected in the accounts to provide comprehensive information on all the assets under their operative management and on the activity during a given management period. At the same time, it helps to verify the accuracy of accounting records and to check the consistency between the synthetic and analytical accounting and it is the main instrument underlying the preparation of the financial statements.

5. The evaluating and reporting of the financial position of the public entity

It is well-known that each entity, regardless of ownership, is required to prepare and report timely, according to legal provisions, the annual financial statements. As part of the financial reporting process, the financial statements are presented in the form of formal reports reflecting the financial position and profitability at the end of a period in the current financial year and represent the basic information source for internal control. The purpose of these financial statements is to provide reliable information on the results and the financial position of the organization and the economic reality of the transactions made, while being impartial, understandable, prudent, relevant, fair, comparable and credible.

The financial statements consist of: balance sheet, property statement, cash flow statement, the statement of changes in the net asset / equity ratio, the budget execution accounts and the annexes to the financial statements (accounting policies and explanatory notes).

The annual balance sheet

Being considered a static instrument, the annual balance sheet is also necessary information for the authorizing officers, its analysis being made in order to determine the financial situation of the institution compared to that of the similar units. Also, the balance sheet is also used to monitor the evolution of certain financial indicators based on the data in the financial reports.

As the main method of accounting, we can say that the balance sheet represents the fundamental information base, which comprises in its synthetic form and in terms of value, the patrimonial economic means, the sources of their constitution, as well as the patrimonial outcome at a given moment. We appreciate that all accounting information merging from the balance sheet, constitutes the support of its analysis and underpins the development and substantiation of managerial decisions, filtered through internal control system actions.

In conclusion, the balance sheet represents the most complete and accurate source of characterization of past activity, but also of the development of the forecasts for the institutions, and their quality depends to a great extent on the quality of the internal control.

The property account

The property income account presents the income, financing and expense statement for the current year. Revenues and financing are presented, on revenue types, by their nature or source of origin, regardless of whether they were cashed or not, and expenses are presented on the types of expenditures, by their nature or destination, whether paid or not. In the patrimonial income statement there is also presented the revenue calculated, which does not imply a payment (eg income from the resumption of provisions and value adjustments).

Statement of cash flows

The objective of cash flow statements is to require the disclosure of historical changes in cash and cash equivalents of an entity by means of a cash flow statement that classifies cash flows during the period from operational, investment and financing activities, as follows:

- cash flows from operating activity - include cash movements arising from current activity: receipts and payments;
- cash flows from investment activity - show cash movements resulting from purchases or sales of fixed assets: receipts and payments;
- cash flows from financing activity - are materialized in cash movements resulting from borrowings received and reimbursed or from other financial sources: receipts and payments.

In our opinion, an entity's cash flow information is useful to provide users of financial statements with a basis for assessing the entity's ability to generate cash and cash equivalents and its needs for the use of those cash flows. At the same time they are necessary for taking economic decisions, by users and impose an assessment of an entity's ability to generate cash and cash equivalents, as well as for their placement in time or for the safety of their generation.

Accounting treatments

Accounting treatments refer to how items in the balance sheet are measured and reflected. In the accounting of public institutions the patrimonial items are valued in four moments: entry into the patrimony, inventory, balance sheet and when exiting the patrimony.

Attachments to the financial statements

The annexes are an integral part of the financial statements and contain: accounting policies and explanatory notes. The explanatory notes provide additional information that is not included in the financial statements.

Accounting Policies

The accounting policies represent those accounting concepts related to each organization, on solving all the financial problems and require the establishment, by the management of that institution, of a set of procedures for all the operations underway, starting with the preparation of the supporting documents up to the quarterly and annual financial

statements. Once the configuration of the accounting policy has been established, it can only be amended unless the normative acts in force provide for it or result in more relevant or more credible information on the operations of the public institution, which must be mentioned in the explanatory notes.

Explanatory notes

Explanatory notes are an integral part of an organization's financial statements and help to create the most accurate image of the assets, liabilities, outcome of the period and the financial and economic position of the institution.

Budget execution account

The budget implementation account shall comprise all financial transactions during the financial year in respect of the revenue received and the payments made in the structure in which the budget was approved and shall contain:

- income information: initial budget provisions, final budget provisions - established entitlements - payments received - receivable established entitlements;
- information regarding expenditure: initial budget appropriations, final budget appropriations - budgetary commitments - legal commitments - payments made - legal commitments to pay - actual expenditure (costs, resource consumption);
- information on the outcome of budget execution (receipts minus payments made).

The budget execution account shall be drawn up on the basis of the data taken from the debit and credit operations of the disposable accounts that must correspond to those in the accounts opened with the Treasury or the banks, as the case may be.

6. Conclusions

Within the public entities in our country, the internal control system functions in a constantly changing environment due to the inherent legislative changes, but also to the influence of politics. Depending on the specificity and complexity of the institution they administer, managers must establish a set of precise and clear rules, flexible at the same time, from one situation to the next, tailored to the level of each activity, to facilitate efficient and effective control. In this context, we appreciate that for the good functioning of the public sector, the proper functioning of the internal control system and the prevention of errors and dysfunctions that may arise, the control system builders will have to focus on developing those internal control tools that may influence the activity of the entity as a whole. The functioning of the control system within public institutions must take into account the following characteristics: accountability and reporting, compliance with applicable regulations, conducting systematic operations, efficient and effective, and also the protection of resources.

Between the four characteristics and the representative elements of the internal control (control environment, risk assessment, control activities, information and communication, monitoring), there is a direct relationship at all levels of the entity, regardless of its nature or size.

Regarding the role of internal / managerial control in ensuring the reliability of the accounting system and the reality of financial reporting, given that the accounting process is the central point of internal financial and accounting control, we believe that the achievement of this goal can be done through the implementation of internal control procedures that encompass all financial-accounting operations performed within the entity. Also, obtaining quality financial-accounting information leading to making the correct decisions in line with reality, assumes that, the control function, to manifest itself in all phases of economic operations both at the time when the expenses are incurred and when the income is earned as a result of their own activity.

The information that the financial and accounting activity provides to internal and external users, to the management of the organization for decision-making as well as to other

users is of particular importance, which implies the implementation of an efficient risk management system. The quality of the financial-accounting information obtained, depends on the quality of the internal control to identify the inherent errors in accounting operations, to ensure the reliability or accuracy of their transmission and the completeness of the information developed in the "upstream processes".

The development of an effective control strategy requires, in advance, studies on the setting of control objectives, the types of control to be applied, the documentation on improving control methods and procedures as well as the method to evaluate controls.

However, the limitations of internal control should not diminish its responsibility for good management and performance at each organizational level.

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EVOLUTIONS IN THE CREDIT FIELD IN ROMANIA

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Abstract:

In my opinion, the crisis through which the Romanian economy passed between 2008 and 2012 had a turning point in lending. At the time of 2008, in Romania, most of the economic equilibria had deteriorated strongly. The bank financing, made through the credit lines that the Romanian banks received either from the parent banks outside the country or from other sources, was the engine of economic growth. That is why I believe that the evolution of domestic credit needs to be monitored permanently in order to quickly diagnose the "bubble" dynamics. From the data analyzed, it can quickly be concluded that the dynamics of domestic lending has been on the rise in recent years, but did not reach the 2006-2008 values. But it should not be forgotten that in those years the increases were related to much lower credit volumes than current values. Regarding the structure of credit, we see a change of structure noted and in the years of crisis, the credit for the population exceeded the credit given to enterprises. As a major difference to the 2008 crisis, when the credit engine was its currency component, the dynamics of domestic credit is currently traced by the RON component. This structural change is associated with lower risks. So the main question is whether the current credit values are long-term bearable, and future earnings expectations of borrowers will not be realized and they will no longer be able to honor their debt service to banks.

Keywords: crisis, credit, internal credit dynamics, credit structure, risks

JEL classification: G21

1. Introduction

In my opinion, the crisis through which the Romanian economy passed between 2008 and 2012 triggered a series of financial phenomena, such as the liquidity crisis and credit crunch.

Undoubtedly, in 2008, in Romania, most economic balances had deteriorated strongly, and the growth of some macroeconomic aggregates was so high that they could not be sustained in the long run, a strong deterioration of these dynamics being possible anytime, which happened in the 4th quarter of 2008 and, moreover, the monthly values even recorded negative dynamics. From table no. 1, we find that some indicators, while recording significant decreases, remain in the positive range:

- Dynamics of real GDP registered values of 8 and 9% in the first three quarters of 2008, well above potential GDP, as to fall to less than 3% in the fourth quarter;
- the GDP deflator registered increases between 13 and 15% in each of the quarters of 2008;
- investments have exceeded 30% in the first two quarters of 2008, as to fall to 23% in the third quarter, and ten times lower in the fourth quarter.

Other indicators decrease so much that the negative rhythms occur, especially during the fourth quarter. Here are some examples: industrial production, labor productivity, retail, services for the population.

**Table. 1. Dynamics of some macroeconomic indicators
(annual growth over the same period of the previous year)**

Year	Nominal GDP (billion. lei; current prices)	Dynamics of real GDP (%)	GDP deflator (%)	Investments made in the national economy (%)	Industrial production (%)	Labour productivity in industry (%)	Domestic retail (%)	Market services rendered to the population (%)
2005	288,95	4,2	12,2	10,8	2,0	6,2	17,5	9,5
2006	344,65	7,9	10,6	19,7	7,2	9,9	13,5	31,4
2007	412,76	6,2	12,7	28,1	5,4	6,4	17,8	3,7
2008	503,96	7,1	14,0	17,1	2,70	-10,14	21,70	2,70
2008 T1	91,13	8,2	14,9	34,4				
2008 T2	115,07	9,3	14,3	30,2				

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Year	Nominal GDP (billion. lei; current prices)	Dynamics of real GDP (%)	GDP deflator (%)	Investemnts made in the national economy (%)	Industrial production (%)	Labour productivity in industry (%)	Domestic retail (%)	Market services rendered to the population (%)
2008 T3	138,32	9,2	13,4	23,2				
2008 T4	159,43	2,9	14,1	2,3				
jan.08					6,00	8,80	13,20	20,00
feb.08					7,60	11,00	24,40	8,30
mar.08					3,00	6,50	10,50	3,30
apr.08					13,40	17,10	22,00	17,80
may.08					2,80	6,10	8,30	12,00
june.08					4,50	7,70	19,80	10,70
july.08					5,10	8,80	22,60	2,50
aug.08					-1,70	2,3	20,0	0,7
sep.08					9,2	13,6	22,2	1,9
oct.08					1,3	5,7	15,4	-6,20
nov.08					-9,40	-4,40	7,4	-12,30
dec.08					-12,60	-6,00	-1,50	-23,20
jan.09					-16,40	-7,10	-0,60	-4,20

Source: NBR, Monthly Bulletins, periodicals section, www.bnr.ro

Deterioration of economic conditions is also noted at the level of some aggregates that assess the relations with foreigners. Thus, exports and imports declined as early as August 2008 and the current account deficit reached almost 17 billion euros, or more than half of the proceeds of export. Similarly, the number of employees has been decreasing since August 2008, and the number of registered unemployed and unemployment rate have increased from month to month. The dynamics of gross and net wage registered growth absolutely unsustainable, around 25% (calculated over the same period of the previous year), so that they would decrease from the fourth quarter of 2008 (Table 2).

Table 2. Evolution of some macroeconomic indicators

Year	Export (fob, billion. EUR)	Import (fob, billion. EUR)	Balance of trade balance (fob, billion. EUR)	Current account balance (billion. EUR)	Number of employees in the econoy (thousand pers.)	Total number of registered unemployed (thousand pers.)	Unemployment rate (%)	Gross wage dynamics (%)	Net wage dynamics (%)
2005	22,26	30,06	-7,81	-6,89	4.559,00	523,0	5,9	17,0	24,6
2006	25,85	37,61	-11,76	-10,16	4.667,00	460,5	5,2	18,9	16,1
2007	29,55	47,37	-17,82	-16,68	4.885,00	367,8	4,0	22,6	20,3
2008	33,61	51,81	-18,20	-16,88	4.806,00	403,4	4,4	23,6	23,1
jan.08	2,50	3,60	-1,10	-1,20	4.765,20	384,0	4,3	32,9	30,7
feb.08	2,80	4,00	-1,20	-2,10	4.775,50	379,8	4,3	22,1	20,5
mar.08	2,70	4,30	-1,60	-3,40	4.803,60	374,1	4,2	19,0	17,7
apr.08	2,70	4,60	-1,90	-4,90	4.820,00	352,5	3,9	26,2	24,8
may.08	2,90	4,40	-1,50	-6,30	4.829,20	338,3	3,8	25,2	23,3
jun.08	3,00	4,70	-1,70	-7,90	4.827,40	337,1	3,8	26,2	24,4
july.08	3,20	4,70	-1,50	-9,40	4.833,20	340,5	3,8	26,2	25,8
aug.08	2,65	4,08	-1,43	-10,78	4.828,90	345,5	3,8	23,9	24,0
sep.08	2,96	4,98	-2,02	-12,97	4.834,60	352,9	3,9	24,1	24,6
oct.08	3,25	4,92	-1,67	-14,41	4.825,10	364,2	4,0	22,0	22,4
nov.08	2,55	3,93	-1,38	-15,88	4.791,20	377,0	4,1	21,2	21,4
dec.08	1,92	3,11	-1,19	-16,88	4.738,60	403,4	4,4	16,9	17,6
jan.09	1,91	2,30	-0,39	-0,53	4.736,70	444,9	4,9	15,6	12,9

Source: NBR, Monthly bulletins , periodicals section, www.bnr.ro

But the crisis started as a result of financial market events (Table 3). Thus, the leu exchange rate (against the euro), although in depreciation since 2007, showed signs of reversing the trend throughout the spring and summer of 2008, in order to deteriorate by almost 15% in the fourth quarter of 2008, being 4 lei for one euro. The reference interest rate - a kind of average of the Romanian banking market - increases from 7.5% to 10.25%, and the same increases (around 40%) can be seen also at the average interest rate on loans (which grow from 13.16% to 17.47%) or at the average deposit interest rate, which almost doubles in 2008 (the increase is from 6.96% at 13.22%). Evolution of these indicators means a credit crunch or preference for bank deposits at the expense of investment or consumption. Here, for example, the total or non-governmental domestic credit, which rises in 2008 by about 50 billion lei, but in the last months of 2008, the nominal increases are becoming smaller and smaller. Moreover, if we add that about 55% of the loan volume was granted in foreign currencies, and as they have appreciated against the leu, we can even speak of a decrease in the value of the loan. Other examples: (a) Romania's medium- and long-term external debt reaches EUR 50 billion, rising in 2008 by a quarter, (b) foreign debt service increases by 50% in 2008, from 8 to 12 billion euros. (c) the budget deficit increases three times, from 9.45 billion lei in 2007 to 27.32 billion lei in 2008). All these developments speak of a need for money from banks, businesses, the state, which, in order to get the liquidity they need, pay any costs, but even more importantly, they steal from the normal circuit, the money that had so far been made to increase the economy. So, the real economy, yielding to those who need money, is contracting, and the crisis also occurs at its level.

Table 3. Evolution of some financial indicators

Year	Exchange rate (RON/EUR) at the end of the priod	Reference interest rate (% p.y.)	Average market interest rate on loans (%)	Average market interest rate on deposits (%)	Total domestic credit (billion. lei)	Non-governmental credit (billion. lei)	External debt on TML (billion. EUR)	External debt service on TML (billion. EUR)	Balance of the consolidated general government (billion. lei)
2005	3,6771	9,68	21,04	8,34	63,10	59,81	24,64	5,31	-2,68
2006	3,3817	8,45	14,83	6,51	95,92	92,38	28,62	6,50	-5,10
2007	3,6102	7,45	13,32	6,70	157,75	148,18	38,53	8,47	-9,45
2008	3,9852	8,76	15,29	9,93	215,35	198,09	50,12	12,11	-27,32
jan.08	3,6960	7,50	13,16	6,96	163,90	154,30	38,00	0,84	0,00
feb.08	3,7269	8,00	13,49	7,31	168,60	158,30	38,90	1,20	0,91
mar.08	3,7276	9,00	13,75	7,66	174,70	164,60	39,90	1,90	0,08
apr.08	3,6759	9,03	14,36	8,33	178,80	168,70	41,80	2,20	1,10
may.08	3,6213	9,50	14,40	8,72	182,50	171,80	43,10	2,90	-2,70
june.08	3,6475	9,75	14,40	9,16	189,20	178,20	44,80	4,30	-5,20
july.08	3,5366	9,75	14,60	9,50	189,90	178,70	45,40	6,00	-3,10
aug.08	3,5330	10,00	14,90	9,92	194,99	183,63	47,46	6,91	-5,14
sep.08	3,7336	10,25	15,29	10,28	205,70	194,17	48,10	8,05	-7,17
oct.08	3,6610	10,25	16,67	11,06	205,07	193,06	49,10	9,38	-10,09
nov.08	3,7794	10,25	17,45	12,04	208,24	195,13	49,72	10,02	-17,31
dec.08	3,9852	10,25	17,47	13,22	215,35	198,09	50,12	12,11	-27,32

Source: NBR, Monthly Bulletins, periodicals section, www.bnr.ro

The liquidity crisis of 2008 shows best by analyzing developments on the Romanian interbank market (Table 4). We can observe that the stock of interbank transactions drops to about 25% compared to the values at the beginning of the year (3.94 billion lei in December 2008, compared to 14.5 billion lei in January 2008) and the average interest rate on the interbank market is almost doubled (7.96% in January 2008 to 15.14% in February 2009). The largest contraction took place (table 4) in October 2008, when the stock of interbank operations

halved, the average interest rate rose from 11.86% to 15.72%, and daily transactions fell from 2.28 billion lei to 1.23 billion lei. Let's add that the ROBOR rate for a week increases in October 2008 to 22.98%, compared to an average of 12.75% in the previous month.

Table. 4. Monthly evolution of some financial indicators

Month	Daily average stock of interbank operations - (bilion. lei)	Average interest rate on interbank operations (% p.y.)	Daily average transactions on the interbank market (billion. lei)	ROBOR - 1 week. (%py)
Jan.08	14,50	7,96	3,31	8,37
Feb.08	9,49	9,35	2,51	10,10
Mar.08	10,14	9,44	2,92	9,82
Apr.08	8,81	10,34	2,31	11,21
May08	7,64	10,68	2,11	10,49
June.08	7,22	10,40	2,04	10,41
July.08	7,44	10,75	2,03	10,74
Aug.08	7,12	12,07	2,41	12,63
Sep.08	7,13	11,86	2,28	12,75
Oct.08	4,88	15,72	1,23	22,98
Nov.08	3,96	15,04	1,62	15,95
Dec.08	3,94	12,80	2,02	13,90
Jan.09	3,61	13,07	2,20	14,66
Feb.09	3,95	15,14	1,73	15,73

Source: NBR, Monthly Bulletins, periodicals section, www.bnr.ro

My conclusion is that the evolution of financial indicators, and in particular of domestic lending, must be monitored continuously in order to be able to quickly diagnose “bubble” dynamics.

2. The dynamics and structure of internal credit

After 2008, against the backdrop of the economic crisis at the beginning, and after 2012, in the wake of a timely resumption of economic growth, domestic credit dynamics remained within sustainable limits (Table 5). However, starting with the end of 2016, and in particular during 2017, domestic credit appears to register higher and higher growth. Thus, total domestic credit adds, in 2016 together with 2017, almost 20%, of which 12%, only in 2017 (by September). Higher increases are recorded in the household credit segment, which increases by 30% in the last two years and 17% in 2017 and at the level of credit to non-residents, which has increased by more than 50% in the last two years, but in size the latter is half of the credit to the population and to businesses. In respect to business credit, it declined in 2016 and grew by 9% in 2017. Activation of the lending process at the population level is also evident from the analysis of the internal credit structure. Thus, the credit for the population exceeded, as a share, the credit for businesses, the first holding 40% of the total, and the one for businesses 35%, the difference being higher than the one recorded during the crisis. Let us also note that non-residents attract 20% of total domestic credit.

Table. 5. Evolution of domestic credit in Romania

Year	Total domestic credit (billion. lei)	Of which credit granted to				
		households	non-financial corporations	non-monetary financial institutions	public administration	nonresidents
Dec. 2006	133,4	40,2	48,8	3,4	2,6	38,2
Dec. 2007	175,6	71,5	73,0	3,7	3,6	23,8
Dec. 2008	224,2	99,2	94,5	4,3	6,2	19,9
Dec. 2009	271,1	100,2	96,2	3,5	11,3	59,9
Dec. 2010	271,1	102,1	104,6	2,6	11,2	50,5
Dec. 2011	265,6	104,3	115,4	3,4	10,8	31,8

Year	Total domestic credit (billion. lei)	Of which credit granted to				
		households	non-financial corporations	non-monetary financial institutions	public administration	nonresidents
Dec. 2012	284,7	104,5	118,8	2,6	9,9	49,0
Dec. 2013	277,6	103,2	112,3	2,9	9,9	49,2
Dec. 2014	259,2	102,1	105,5	3,6	9,8	38,2
Dec. 2015	262,9	108,0	104,8	4,6	10,0	35,5
Dec. 2016	286,0	113,0	101,6	5,4	10,5	55,4
Sep. 2017	301,9	120,0	106,2	6,5	10,0	59,1
index 2006 = 100 (%)						
Dec. 2006	100,0	100,0	100,0	100,0	100,0	100,0
Dec. 2007	131,7	177,9	149,5	109,3	140,1	62,3
Dec. 2008	168,1	246,8	193,7	127,1	240,4	52,2
Dec. 2009	203,2	249,3	197,1	102,2	435,0	156,7
Dec. 2010	203,2	254,0	214,4	75,8	432,5	132,2
Dec. 2011	199,1	259,3	236,4	100,2	414,7	83,1
Dec. 2012	213,4	259,9	243,4	76,1	380,4	128,3
Dec. 2013	208,1	256,8	230,2	84,6	379,9	128,9
Dec. 2014	194,3	254,0	216,1	105,3	376,5	100,1
Dec. 2015	197,1	268,5	214,8	135,7	383,5	93,0
Dec. 2016	214,4	281,2	208,3	159,5	403,3	145,1
Sep. 2017	226,3	298,5	217,6	191,9	385,1	154,8
total domestic credit rate (%)						
Dec. 2006	100	30	37	3	2	29
Dec. 2007	100	41	41	2	2	14
Dec. 2008	100	44	42	2	3	9
Dec. 2009	100	37	35	1	4	22
Dec. 2010	100	38	39	1	4	19
Dec. 2011	100	39	43	1	4	12
Dec. 2012	100	37	42	1	3	17
Dec. 2013	100	37	40	1	4	18
Dec. 2014	100	39	41	1	4	15
Dec. 2015	100	41	40	2	4	14
Dec. 2016	100	40	36	2	4	19
Sep. 2017	100	40	35	2	3	20

Source: NBR, calculations of the author using indicators taken from the interactive database www.bnr.ro

However, after 2008, the main change in the credit for businesses and the population is noted in the case of its structure by the granting currency (table 6). Thus, both at the level of credit for businesses and at the level of credit for the population the share of the loan in lei increased and decreased accordingly the credit granted in other currencies. Thus, the credit for the population is granted in the amount of 58% in lei and 42% in foreign currency (compared to 43%-57% at the time of the 2008 crisis), and the credit for businesses is structured 64% in lei and 36% in foreign currency (as against 41%-59% at the time of the 2008 crisis). Although foreign currency credit has declined as a share, however, about 40% of the loans are granted in foreign currency, and any depreciation of the leu increases the debt service of these borrowers and may increase the volume of loans which register delays in repayment or even credit losses.

Table. 6. The evolution of the credit for businesses and the population in Romania, according to the currency of granting

Date	Loans to non-financial corporations - billion. lei			Loans to households - billion. lei		
	Total	of which		Total	of which	
		in lei	in foreign currency		in lei	in foreign currency
dec. 2006	48,8	22,7	26,1	40,2	23,7	16,5
dec. 2007	73,0	32,6	40,4	71,5	33,6	37,9
dec. 2008	94,5	40,9	53,7	99,2	40,9	58,3
dec. 2009	96,2	39,2	57,0	100,2	38,8	61,4
dec. 2010	104,6	40,0	64,6	102,1	35,9	66,2
dec. 2011	115,4	44,6	70,8	104,3	35,0	69,2
dec. 2012	118,8	48,8	70,0	104,5	34,4	70,1
dec. 2013	112,3	49,0	63,3	103,2	34,6	68,6
dec. 2014	105,5	50,1	55,4	102,1	40,2	62,0
dec. 2015	104,8	54,3	50,5	108,0	52,6	55,3
dec. 2016	101,6	56,5	45,1	113,0	66,1	47,0
sep. 2017	106,2	61,6	44,6	120,0	77,3	42,7
index 2006 = 100 (%)						
dec. 2006	100,0	100,0	100,0	100,0	100,0	100,0
dec. 2007	149,5	143,5	154,7	177,9	141,7	229,9
dec. 2008	193,7	180,0	205,6	246,8	172,7	353,1
dec. 2009	197,1	172,8	218,3	249,3	163,8	372,2
dec. 2010	214,4	176,1	247,7	254,0	151,5	401,1
dec. 2011	236,4	196,5	271,1	259,3	147,9	419,5
dec. 2012	243,4	215,1	268,1	259,9	145,1	424,7
dec. 2013	230,2	215,8	242,7	256,8	146,1	415,9
dec. 2014	216,1	220,6	212,2	254,0	169,4	375,5
dec. 2015	214,8	239,4	193,4	268,5	222,0	335,3
dec. 2016	208,3	248,9	173,0	281,2	278,8	284,6
sep. 2017	217,6	271,4	170,8	298,5	326,2	258,6
total domestic credit rates (%)						
dec. 2006	100	46	54	100	59	41
dec. 2007	100	45	55	100	47	53
dec. 2008	100	43	57	100	41	59
dec. 2009	100	41	59	100	39	61
dec. 2010	100	38	62	100	35	65
dec. 2011	100	39	61	100	34	66
dec. 2012	100	41	59	100	33	67
dec. 2013	100	44	56	100	34	66
dec. 2014	100	47	52	100	39	61
dec. 2015	100	52	48	100	49	51
dec. 2016	100	56	44	100	58	42
sep. 2017	100	58	42	100	64	36

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

However, the previous dynamics do not tell everything about the evolution of domestic credit, because the new credits can be counterbalanced by credit reimbursements granted in the past. Therefore, a correct appreciation of the activation of the lending process can only be made taking into consideration the flow of new loans granted by banks. Thus, from table no. 7 we can conclude that the flow of new loans is continuously increasing since 2013 and annual flows are higher and higher. For example, in 2016, when credit activation was not at high rates as in 2017, new credit streams accounted for about 20% of the stock of loans, or better said 1 leu out of 5 lei in credits came from loans granted in 2016. Also, in 2016, the new bank loans accounted for about 60% of the maximum credit flow granted in the crisis year. Has the maximum flow of new loans in the crisis year been exceeded in 2017?

Table. 7. Evolution of the new credit granted by banks - billion lei

Period	New credit - lei	New credit – foreign currency	Total new credit	Stock of loans to the population
2007	8,68	22,15	30,83	71,51
2008	10,80	25,09	35,89	99,20
2009	5,11	6,49	11,60	100,22
2010	6,33	8,88	15,21	102,10
2011	9,18	9,44	18,62	104,26
2012	6,16	6,27	12,43	104,46
2013	8,12	5,05	13,17	103,24
2014	14,64	0,77	15,42	102,12
2015	17,59	0,33	17,92	107,95
2016	21,30	0,20	21,50	113,04

Source: BNR, Financial Stability Report, December 2016, www.bnr.ro

3. Conclusions

In my opinion, the crisis which the Romanian economy went through between 2008 and 2012 triggered a series of financial phenomena, such as the liquidity crisis and credit crunch. Undoubtedly, in 2008, most economic balances in Romania had deteriorated strongly, and the growth of some macroeconomic aggregates was so high that they could not be sustained in the long run, a strong deterioration of these dynamics being possible, which it happened anyway in the 4th quarter of 2008 and, moreover, the monthly values even recorded negative dynamics.

But the crisis started as a result of financial market events. Thus, the leu exchange rate (against the euro) depreciated strongly in the 4th quarter of 2008, approaching 4 lei per 1 euro, and the benchmark interest rate increased by about 50% and the average interest rate on credits and the average interest on deposits almost doubled in 2008. Evolutions of these indicators signify a credit crunch or preference for bank deposits to the detriment of investment or consumption.

All of these developments speak of a need for money from banks, businesses, the state, which, in order to get the liquidity they need, pay any costs, but even more importantly, steal from the normal circuit, the money that had until then made the economy grow. So, the real economy, yielding to those who need money, is contracting, and the crisis also occurs at its level.

After 2008, against the backdrop of the economic crisis at the beginning, and after 2012, with a shy resumption of economic growth, the dynamics of domestic credit remained within sustainable limits. However, starting in the end of 2016, and in particular during 2017, domestic credit appears to be rising higher and higher. Higher increases are recorded in the household credit segment and the credit extended to non-residents. As far as the business credit is concerned, it declined in 2016 and grew in 2017. However, after 2008, the main change in credit for businesses and households is noted in the case of its structure by the granting currency.

However, as the new loans can be counterbalanced by credit reimbursements granted in the past, a fair appreciation of the activation process of the lending process can be made taking into account only the flow of new loans from banks. Thus, the flow of new credits is continuously increasing since 2013 and the annual flows are increasingly higher, with new credit streams reaching 20% of the total stock of loans in 2016.

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ROMANIAN BANKS AND DIGITAL TRANSFORMATION

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Abstract:

Digitization and digital transformation radically changes society, business, and models, and financial operations seem to know the most important remodeling. Hence, the concerns of banks and their efforts towards digital transformation. Banks that have advanced positions on the digital transformation line have clear strategies, offer interfaces that shape the bank's profile rather than impose uniformity on the client. The Romanian banks, analyzed by their actions, appear to be easily offset in time, disadvantaged not only by their inertia due to the 90% share in the Romanian financial market, but also by the Romanian client profile. The Romanian uses the card because he received it from work, frequently for cash withdrawals and rarely or sporadically for shopping. Banks are the ones who have stimulated using cards, imposing costs and other negative barriers, so the customers have to use the card.

Keywords: digitization, bank, card, bank machines

JEL classification: G21

1. Digitization - Digitization - Digital transformation

A simple search on the Internet with digitization tag or digital transformation and dozens of articles, studies, conferences on this subject appear. You find strategies, sectoral approaches, steps, effects, and other things about our present and future, about the things next to us, and about how these concepts will affect what is left of your life.

However, we have found fewer about what digitization or digital transformation is. Evidence that digitization or digital transformation has come too quickly and transforms everything so quickly that we do not have time to understand it. Let's start with a brief outline of digitization - digitization - digital transformation.

Digitizing means creating a digital version, that is, expressing in bits and bytes, analog / physical things such as paper documents, microfilm images, photos, sounds and more. So it's simply a conversion and / or representing something non-digital (other examples include signals, medical records, location data, identity cards, etc.) in a digital format that can then be used by a calculation system. But, very importantly, digitization does not mean replacing the original document, image, sound, etc. Sometimes the digital representation is destroyed (after digitizing a document on paper you can destroy it or keep it, for example, by legal requirements), sometimes it disappears anyway (eg if someone is capturing - filming / recording - my sound and motion while presenting this communication, the digital format will continue to exist, while my voice and physical presentation during the presentation have disappeared forever) or sometimes reality is transformed (if you take a picture of a person you have a digital representation of them, but the person is not digitized, or you may have an analog image you scan in order to digitize it, but that's not about digitization in the strictest sense).

So we digitize mainly by using physical information carriers (paper documents or analog, printed images). But we can also scan when we just take a picture with the cell phone. This scan creates a digital representation (documentary imaging) of a scanned document, photo, etc. But digitization does not stop at document imaging. We also scan because we want to use the data that the analog elements contained. So, it's more important that data in the scanned image can be taken over by a software. That is, using all kinds of smart and less intelligent capture technologies, the scanned data is extracted in a digital form and used to feed the workflow, process, system, whatever is needed to get a result.

Digitization means using digital technologies and digitized data to replace / transform processes: create revenue, improve business, technology flow, in one word to create a digital business environment.

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In business, digitization mostly refers to the improvement and / or transformation of business and / or business types and / or business models / processes and / or activities using digital technologies and digitized data. So digitization refers to knowledge systems that use digitized data and processes.

Digitization also means that employees work using digital tools such as mobile devices and mobile technologies and / or using social communication platforms or digital systems that enable them to work in a more "digital" way.

But digitization goes beyond business and refers to the continued adoption of digital technologies in all societal and human activities. For example, to increase digital medical care, digitization in governance, customers using digital technologies to buy, etc. Digital transformation, as we use it today, is more than digitization as a way to move to the digital business. Digital transformation involves digital business and digitization. Digital transformation is the deep and accelerated transformation of businesses, processes, skills and business models to fully harness the changes and opportunities of digital technologies and their impact on society.

According to the World Economic Forum, the main technologies that transform the business environment today would be: artificial intelligence, autonomous vehicles, customized production and 3D printers, Big Data and cloud, the Internet of Things, robots and drones, augmented reality and virtual reality, social media platforms.

2. Banking transformation into the banking system. Bank of the Future - Open Bank

Obviously, digital transformation also affects the financial environment and within it banking and bank operations. The big problem is that for a long time the banks have benefited from very strict regulations, numerous entry barriers, elitism behaviors that have rejected a large number of customers, and all of these, now that the virtual world is already more and more comprehensive, are confronted with a competition that until recently did not exist and with technologies that were rejected for a long time and with staff who did not understand at all or very little the new products and working environments. New bank competitors are young: Paypal, TransferGo, etc., live more or totally in a virtual environment (for example, SaxoBank), so they are less controllable, promise much lower costs (they promote their services by comparing their commissions with banks', several times larger), because they do not have too many walls and numerous staff, promise or even offer impossible gains (see cryptocurrencies) or the possibility of hiding less cleaner incomes and, last but not least, less regulation, plus convenience, fewer roads and more free time. However, this does not mean the disappearance of banks. The money they have allows them to recover the setbacks. But only if they prove smart.

An interesting idea is suggested by Saxo Bank, through Open Banking, a strategy based on a banking operating system not based on more or less unwieldy applications offered to customers, but by a system that allows the systems used by bank customers to interconnect with its systems. Thus, giving customers the flexibility and the ability to innovate and, at the same time, outsource processes that add low value. Thus, the new strategy seems to be a lego, to the bricks represented by the bank system are added the bricks represented by its customers' systems. Thus, systems are integrated, each using its resources for innovation and gaining more added value.

A study on bank digitization, titled European Digital Banking, conducted in 2017, 11 European states indicate that:

- between 49-76% of the surveyed audience positively assesses digital banking services, considering that they make their lives easier and safer;
- digital banking services save time for consumers, they are considered safe and easy to use and offer great availability;
- they rarely go to the bank when they need advice (in the case of some countries, more than half of the respondents said they had spent more than a year since their last visit to the bank);

- About 75% of respondents are sure about lowering the number of bank agencies over the next 10 years;
- almost half of those interviewed believe that the first thing for which they would change the bank service provider would be its availability everywhere and ease of use;
- 62% to 92% respondents are clients of online banks or have used a bank's online and / or mobile services;
- between 53-83% conducted financial transactions online or through mobile applications daily, weekly or once every two weeks;
- the criteria taken into account when using a digitized banking solution are: safety and security, convenience, ease of use and product diversity;
- between 7 and 27% of respondents would change their bank for one online in the next 12 months and between 23-45% postpone the change of bank for more than 12 months. Would refuse to change the traditional bank with an online one 21-52% of respondents, and between 9 and 39% (39% in Russia) were already online;
- The reason why respondents believe that the demand for online services will increase is that they make transactions simple and convenient.

From the previous observations, it is easy to deduce that the future belongs to the banks that offer digitized services, that the traditional bank has no future, and those that do not adapt are destined to exit the market. The consumer is already familiar with digital products, they are comfortable and tailored to his needs, he does not like the classic banking agency and predicts his disappearance. The traditional bank should be afraid of this prospect, because the new customers want something else, they want something simple, convenient, adaptable, time-saving. But the new, tailored bank, which offers digital services to customers, should critically look at the future, consumers are no longer loyal, they would quickly change one financial service provider to another, if what they offer it is available everywhere and it is easy to use.

3. Romania and digital banking services

Romania, was not a member of the surveyed countries, but a recent poll. But to give a perspective on Romania's digital transformation process, it should start with the five conclusions of the Digitization Barometer, 2017 edition:

- 60% of companies did not make digital transformation a component of their business strategy;
- 69% of companies have not nominated a responsible for digital transformation;
- 63% of companies did not use digitization to have a competitive advantage;
- 55% of companies say the main brake on their digitization is the lack of digital consumers;
- 46% say the main benefits of digitization would be cost reduction and simplification of processes.

For the Romanian banking system there are no thorough studies to analyze the digital transformation of this field. There are a few programs, plans and desires for the management of a few banks or banking organizations, but they appear to be "forms without substance".

The Romanian Banking Association mentions in the 2016-2017 Report as a strategic objective a "Digital Agenda", defined as "a national and international project". The main issues RBA wants to solve in the project are:

- knowledge of digital clients ("simplification of authentication and identity verification procedures in the" customer knowledge "procedures);
- acceptance of digital documents and customer digital agreement;
- simplifying procedures for proofing customer income and making scoring by using digital records (which for almost two years is already possible for most banks).

However, the difference from reality to desideratum is quite significant because in the study "Digital Agenda", the Romanian Association of Banks states that:

- in Romania, the proportion of the non-banked population is 40%, compared to 10% of the EU average;

- Romanian consumers make only 12% of transactions online, compared to 55% in the EU;
- 94% of transactions in Romania are carried out with cash, compared to 68% in the western part of the EU;
- In Romania, only 7% of the transactions carried out by SMEs participate in online transactions, compared to 17% in the EU.

In the following we intend to analyze some aspects of the digital transformation of banks in Romania.

Table. 1. Evolution of cash in circulation

Year	Intermedite money (M2)	Of which		Share in M2		GDP -current prices	Share in GDP	
		Restricted money supply (M1 = cash and overnight deposits)	Cash in circulation	M1	Cash		M1	Cash
	(billion. lei)	(billion. lei)	(billion. lei)	%	%		%	%
2006	106,3	51,6	13,5	49	13	347,0	15	4
2007	148,0	79,9	21,4	54	14	418,3	19	5
2008	173,6	92,5	25,3	53	15	524,4	18	5
2009	188,0	79,4	24,0	42	13	510,5	16	5
2010	199,6	81,6	26,8	41	13	533,9	15	5
2011	212,1	85,8	30,6	40	14	565,1	15	5
2012	221,8	89,0	31,5	40	14	595,4	15	5
2013	241,3	100,3	34,8	42	14	637,5	16	5
2014	261,6	118,6	39,9	45	15	668,1	18	6
2015	286,1	149,6	46,5	52	16	712,7	21	7
2016	314,0	180,0	54,7	57	17	761,5	24	7
2017	332,2	199,9	61,6	60	19	797,5 (e)	25	8

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

One of the prerequisites for bank digitization is the use of cash. A digital economy emerges from one of the fundamental elements of the old analogue economy, the cash being replaced by electronic payment instruments. Unfortunately, in Romania, in recent years, is witnessed an increase in cash, both in absolute value and as a share in the total money supply, but also as a share of GDP. Thus, between 2006 and 2017, the cash in circulation increased fourfold, and as a share of the total money mass increased from about one-eighth to about one-fifth. Also, in the same period, currency doubled as a share of GDP, reaching 8% (Table 1). The cash correspondent in the digital economy, the card, has high dynamics, with over 16 million cards in circulation in the NBR's statistics, increasing by more than 1.6 million units in the past two years.

Table. 2. Evolution of the number of cards

Date	Total number of cards in circulation	Number of cards with a payment function	Number of cards with a credit function	Number of active cards
	(mill. units)			
Mar. 2015	14,56	14,50	2,31	11,29
Dec. 2015	14,96	14,87	2,48	11,03
Dec. 2016	15,96	15,90	2,83	11,87
Jun. 2017	16,17	16,13	2,80	12,36
Date	%			
Mar. 2015	100,00	99,62	15,88	77,57
Dec. 2015	100,00	99,43	16,57	73,75
Dec. 2016	100,00	99,62	17,70	74,36
Jun. 2017	100,00	99,74	17,33	76,44

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

In terms of structure, over 99% are those of payment (so those with exclusive cash withdrawal function are negligible in number), so they would be prerequisites for developing cashless payments. Of the total of cards, about one in six are credit cards. Unfortunately, only three-quarters of the cards in circulation are active, that is, used with a certain frequency for transactions.

Table. 3. The evolution of the number of POSs

Date	Number of POSs provided by PSP residents	Number of EFTPOSs provided by PSP residents	Number of EFTPOSs provided by PSP residents
	(units)	(units)	%
Mar. 2015	132.245	129.848	98,19
Dec. 2015	144.441	142.001	98,31
Dec. 2016	161.905	160.630	99,21
Jun. 2017	189.609	188.428	99,38

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

Infrastructure required for the use of cards, POS and ATMs was at about 200,000 units in the middle of 2017, of which nearly 190,000 were POSs. It should be noted that the number of POSs increased in almost two years by almost 50%. Most of the POSs in Romania are electronic (over 99%) and the mechanical ones are just over 1000 units. With regard to ATMs, their turnover has fluctuated in the last years between 11.2 thousand units, 93% of which have the cash withdrawal function, but 87% can also be used to make payments, so conditions are created for the decongestion of banking agencies by the client who wants to withdraw cash or just make payments.

Table. 4. The evolution of the number of ATMs

Date	Number of ATMs provided by PSP residents	Number of ATMs with cash withdrawal function	Number of ATMs with credit transfer function	Number of ATMs with cash withdrawal function	Number of ATMs with credit transfer function
	(units)	(units)	(units)	%	%
Mar. 2015	11.544	10.741	9.921	93	86
Dec. 2015	11.492	10.682	10.019	93	87
Dec. 2016	11.127	10.341	9.616	93	86
Jun. 2017	11.208	10.373	9.740	93	87

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

Over the past two years, the number of card transactions has almost doubled, rising from around 62 million transactions to more than 110 million. Obviously, due to the high number of debit cards, the highest growth is recorded at their level, which grows from about 50 million transactions to 97 million. Transactions, as well as credit cards, increase by 4 million transactions, 40% more than in mid-2015.

Depending on the destination of most transactions, we notice a meaningful mutation for the digital transformation of the Romanian banking system. So, if two years ago cash withdrawals accounted for more than half of transactions made with the card, in mid-2017, most of them are POS transactions and almost 20% more than cash withdrawal transactions. In terms of ATM cash deposits, they represent about 2-3 million transactions, meaning 2% of total card transactions.

Table. 5. The evolution of the number of card transactions

Indicator	Mar. 2015	Dec. 2015	Dec. 2016	Jun. 2017	Mar. 2015	Dec. 2015	Dec. 2016	Jun. 2017
	(million)				%			
Total payment transactions with debit and credit cards issued by PSP residents	61	76	98	112	100	100	100	100
Number of payment transactions with debit cards issued by PSP residents	52	65	84	97	84	85	86	87
Number of payment transactions with credit cards issued by PSP residents	10	11	14	14	16	15	14	13
Number of POS and ATM transactions with cards issued by PSP residents	105	121	140	154	100	100	100	100
Number of ATM cash withdrawals with cards issued by PSP residents	54	59	61	64	52	49	44	41
Number of ATM cash deposits with cards issued by PSP residents	2	2	2	3	2	2	2	2
Number of POS transactions with cards issued by PSP residents	49	60	76	88	47	50	55	57

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

The same increases are also seen at the level of transaction values. Thus, the payment transactions with the card increase from about 8 billion lei, to about 15 billion lei, almost 85% of these are carried out with debit cards, and the difference with credit cards. According to the destination of the transactions, the increase is 50%, from a value of 37 billion lei. Two years ago, to 55 billion lei, in the middle of 2017. Unfortunately, in value terms, cash withdrawal transactions represent 75% of the total (42 billion lei), less than 20% (10 billion lei) represent transactions to POSs, and the difference (6%) cash deposits to bank machines.

Table. 6. Evolution of the number of card transactions

Indicator	Mar. 2015	Dec. 2015	Dec. 2016	Jun. 2017	Mar. 2015	Dec. 2015	Dec. 2016	Jun. 2017
	(million)				%			
Total amount of payment transactions with debit and credit cards issued by PSP residents	8.331	11.067	13.904	14.973	100	100	100	100
Value of payment transactions with debit cards issued by PSP residents	6.939	9.153	11.488	12.627	83	83	83	84
Value of payment transactions with credit cards issued by PSP residents	1.393	1.914	2.416	2.346	17	17	17	16
Total value of ATM and POS transactions with cards issued by resident PSP residents	36.821	45.028	51.621	54.896	101	100	100	99
Cash withdrawals at ATM with cards issued by resident PSP residents	29.563	35.270	39.356	41.495	80	78	76	76
ATM cash deposits with cards issued by resident PSP residents	1.605	2.202	2.997	3.745	4	5	6	6
Value of POS transactions with cards issued by PSP residents	5.653	7.556	9.268	9.656	16	17	18	18

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

But if we look qualitatively, the issue of card transactions, from the point of view of the average value of a card transaction, the increases almost disappear. Thus, on average, a payment transaction with the card has a value of 134 lei, two lei below the average of a transaction two years ago. The average value of a credit card transaction is slightly higher and in slight increase than the average transaction value with the debit card. This development shows that among customers who make card payments are added segments of the population with lower incomes compared to the previous period, especially as they are made with debit cards commonly used by the lower income population, less financially sophisticated. The average amount of a cash withdrawal is 650 lei, slightly more than a half

of wage of the employee with the minimum wage, which means that at the majority of the employed population, paid at or near the minimum wage, the card is not used for payments. Card payments to merchants (at POSs) show a decrease in the average value of a transaction, but here too, the explanation is that it also starts to be used by lower-income people. The only significant increase in the value of a transaction is seen in cash deposits, from 900 lei to 1,400 lei, but it may be due more to deposits made by small entrepreneurs to avoid queues at bank counters.

Table. 7. Evolution of the average value of a card transaction

Indicator (million lei)	Mar. 2015	Dec. 2015	Dec. 2016	Jun. 2017
The average value of a transaction with debit and credit cards issued by resident PSPs	136	145	142	134
The average value of a payment transaction with debit cards issued by resident PSPs	134	141	136	130
Value of payment transactions with credit cards issued by PSPs	146	170	178	163
The average value of an ATM and POS transaction with cards issued by resident PSPs	349	372	369	356
The average amount of ATM cash withdrawals with cards issued by resident PSPs	544	599	646	650
The average value of a ATM cash deposit with cards issued by resident PSPs	899	1.095	1.266	1.399
The average value of a POS transaction with cards issued by resident PSPs	115	125	121	110

Source: NBR, calculations of the author using indicators taken from the interactive database, www.bnr.ro

Obviously, the digital transformation of banks and their clientele also involves the provision of banking services through alternative channels to the classic window: the Internet (Internet banking-IB), the mobile phone (mobile banking-MB) etc. In Romania, most banks with significant market shares offer such services in many cases promoted at zero costs or included in current account balances with minimal costs. Unfortunately, there are no statistics either on the banks that offer the services in question or on the degree of their use.

However, it is important to note, not only that, for Romania, there are no statistics in this respect, the existing ones (mostly fragmentary) are also less credible. For example, a survey conducted by a financial publication in 2015, at the level of 16 banks currently operating in Romania stated that "The total number of clients of Internet banking services declared by banks was about 4.38 million, a surprisingly large figure in appearance. Apparently only because if we add the total number of clients of the 16 participating banks we get about 16 million customers and a simple conclusion: over 27% of the clients of the credit institutions use the internet banking service, which is perfectly feasible. Considering that some customers use more Internet banking services from different banks, it can be estimated that the number of enrolled "unique customers" has reached 4 million, an acceptable threshold. "

A year later, another study for the Financial Market publication noted that "the total number of active clients is about 2.2 million. The y / y increase was over 15%, a robust figure of two digits. The number of active individuals reached 1.8 million, 16.6% more, and enterprises over 390.000, almost 10% more than in 2015. Out of a total of over 796,000 active companies officially registered 2016, 49% are already IB customers. "

However, given the evolution of cards, it is possible, as in this IB or MB field, to exist increases and a more often use than to say two years ago but certainly they remain poorly represented not only at the level of the adult population, but also the level of the service portfolio used by the banking clientele and, most importantly, used rarely or very rarely, stands proof the increase of the cash in circulation and the value of an average transaction with the card.

Let us also notice that the increase of the card and its use, of the new channels of communication with the bank (IB, MB) are reflected at the level of the banking network and the banking staff, and the management of the banks will accelerate these processes because they have invested in the remote bank type services, which must be amortized, and the costs with the banking network (agencies, staff) affect the bank's profit.

Table 8. The evolution of the size of the banking network and banking staff

Indicator	m. u.	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total number of employees	Thousands	71,6	67,9	66,8	65,8	61,8	58,6	57,7	55,9	55,4
	% to 2008	100,0	94,8	93,2	91,8	86,2	81,8	80,6	78,0	77,4
Total number of units	units	6.552,0	6.425,0	6.170,0	6.040,0	5.679,0	5.450,0	5.304,0	4.906,0	4.757,0
	% to 2008	100,0	98,1	94,2	92,2	86,7	83,2	81,0	74,9	72,6

Source: Statistical data series used in graphs in Financial Stability Reports 2011-2016, www.bnr.ro, periodical publications section and author calculations using data from "2016 banking system indicators", www.bancherul.ro

4. Conclusions

Digitization and digital transformation radically changes society, business, and their models, and financial operations seem to know the most important remodeling. Hence, the concerns of banks and their efforts towards digital transformation. Banks that have advanced positions on the digital transformation line have clear strategies, offer interfaces that shape the bank's profile rather than impose uniformity on the client. The Romanian banks, analyzed by their actions, appear to be easily offset in time, disadvantaged not only by their inertia due to the 90% share in the Romanian financial market, but also by the Romanian client profile. The latter is cantonated in banking conservatism, aggravated by the rapid changes in the Romanian financial environment, timid by the lack of income and mistrust of banks, given the frequent crises in the relationship with the financial intermediaries, no matter who they are and what notoriety they have. The Romanian adult's profile is that more than half of it is a client of the banks. He loves cash and can not be separated from it, he even prefers it, because they make their activities less identifiable and can boast of a full wallet rather than if it is full of cards. He uses the card only to withdraw cash and sporadically to make payments. He uses the card because he received it from work, and banks have imposed costs if you want to make cash withdrawals or bill payments at the counter or avoids a few tens of minutes of queues at the classic counter, especially that banking agencies seem to have become more and more squeamish, and the employees of such a unit appear to be less and less.

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ACCOUNTING FOR SUBSIDIES WITHIN ENTITIES IN ROMANIA

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Abstract

Through this paper we want to present a study of the subsidies obtained in order to develop the activity of the entities and to analyze the impact they have on the profit and loss account, the balance sheet and the main economic and financial indicators. This paper is intended to be a systematic work on operating grants to show how important they are to the continuity and expansion of an economic entity.

Given that the goal of any entity is to obtain profit as a result of resource consumption such as: time, human, technological, material or monetary resources, it is expected that the investments made will result in accordance to the effort made to ensure good continuity of work and to ensure job security.

The aim of this paper is to present the theoretical and practical aspects regarding the accounting of grants and their impact on the performance of an entity's performance.

Key words: *subsidies, assets, accounting, fiscal treatments*

JEL Classification: *M41*

1. Introduction

Government grants are represented by government-sponsored aid, having the configuration of transferring funds to a particular company. All this if certain conditions are met regarding the operation of that entity. Government assistance is rooted in governmental action, with the objective of conferring specific economic benefits on an enterprise or category of entities that enshrine certain principles.

It is also important to note that European directives, in accordance with accounting regulations, define the notion of subsidies and fall within the category of asset-related subsidies and in the category of subsidies related to income. Grants in general are the amounts received from government or government agencies and other similar, national and international institutions for:

a. covering losses resulting from calamities, offsetting certain expenses, or securing certain future expenses. These are income-related grants.

b. procurement of fixed assets or their construction. These are asset-related grants.

The implementation of European funds to finance development work brings a positive impact to ensure profitability and competitiveness for any economic entity.

Subsidies are used by the government as economic and financial levers, with the aim of indirectly influencing the economy by supporting investment. Subsidies can become a mechanism of balance between different areas of the country or between different levels of government, especially towards poorer areas.

In order to ensure a good performance, under the most efficient and optimal conditions it is indispensable for the entity to have a diversified and adapted range of tangible assets that are necessary for society but also to meet the requirements of the market. It is important to have such a fixed asset because it is reflected in the results of the entity's business. The higher the tangible assets of the entity, the more efficient, but also the easier to manage

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2. Accounting and fiscal treatments applicable to subsidies

2.1. Accounting treatments

Given that in Romanian law, our accounting is a commitment, the obligation is usually that revenue is recognized when a claim is made, and when the debt is incurred, the expense is recognized.

In IAS 20, we have the "Government Grants Accounting and Statement of Government Assistance Information":

Government assistance is represented as an action taken by the government to help one or more businesses to achieve a future economic benefit.

Analyzing this Standard, we note that government assistance does not only provide indirect monetary support, but that these actions influence general economic factors, such as infrastructure provisions in development areas, or the imposition of commercial constraints on competing companies.

Government grants are Government assistance, these being resource transfers for an entity but with the exchange of assurance that the conditions required for the entity's operating activity will be met.

Subsidies remove forms of government assistance that can not reasonably be attributed to a price as those transfers with the government, in which normal business operations can not be carried out.

Asset subsidies are government grants, which, in order to be granted, are the main condition that the entity that will benefit from them must purchase or realize immobilized assets. As secondary conditions are the restriction of the location, the type of assets, or the periods when they will be acquired or owned.

Income subsidies contain all government subsidies other than assets.

Non-reimbursable loans are loans whose creditors take the responsibility to exempt the borrower from their return if the pre-established obligations are met.

The fair value is an amount in the amount of which one or more assets may be traded voluntarily between the parties concerned at the place where the transaction price is objectively determined.

Subsidies are recognized by an economic company when they meet their assumed obligations when their receipt becomes a certain thing and when their size can be determined.

In the financial statements, IAS 20 describes two approaches to the recognition of government grants, such as:

- Balancing approach. what is the capital approach that refers to a subsidy that is passed directly to equity?
- Result-based approach is an income approach, under which a grant will be included in revenue over a period or periods of management and will not be passed directly to equity.

As for the two approaches, there are pros and cons.

The argument that subsidies are charged directly to equity is that as long as no repayment is required, the subsidies must be directly credited to the interest of the shareholders, ie equity capital.

The arguments for the direct allocation of equity grants take into account that since no repayment is requested, subsidies must be credited directly to the interest of the shareholders, ie equity.

These are incentives received from the government without the associated costs, it would be inappropriate to recognize them directly in the profit and loss account.

The arguments for allocating grants to revenue over time refer to the idea that grants are input sources, not shareholders, which implies that they should not be directly credited to shareholders' interest and must be recognized as income correlate the related costs.

These subsidies are not free, as the enterprise receives them only after they ensure that the required conditions and obligations are met.

Subsidies can be considered a prolongation of fiscal policies, so they need to be recorded as revenue as taxes and taxes are recorded at lower costs if they are tax incentives.

The Standard recommends a second approach, the outcome, ensuring that grants are recognized as income in the period in which they can be correlated with related expenses in order to make the compensation and not directly to equity

In principle, costs covering subsidies and related periods can be easily identified and determined.

So the passing of income subsidies is done on a systematic basis, their direct switch would be a deviation from the accounting records, if they are not already recorded.

If a government grant is received as a compensation for a certain expense or for a loss already incurred, it will be recognized as income from the period that the claim is part of.

Evaluating and recording non-monetary grants raises another problem. This situation causes the asset and the grant to be recorded at fair value, otherwise the subsidy and the asset may be recorded at face value.

In accordance with IAS 23, leniency treatment includes: depreciation of premiums on debt securities, interest and other borrowing costs, such as: commissions and fees of creditors and IAS 17, financial charges associated with finance leases and differences results of the exchange rate of a foreign currency loan, as it is seen as an adjustment of interest expense and others.

According to IAS 23, "Borrowing Cost", it comprises the cost of interest and other costs borne by an enterprise related to the borrowed funds.

In the following, we will present the pros and cons of capitalization. These will be highlighted in the table below:

Table no. 1. Pros and cons of capitalization

Arguments for capitalization	Arguments against capitalization
<ul style="list-style-type: none"> * purchasing or production costs are costs of indebtedness, * the assets included in the cost of some assets will be related to the income of the future periods, * the result being better, comparing the assets built up in own direct with the purchased ones. 	<ul style="list-style-type: none"> * the possibility of choosing whether we want to correlate the costs of dealing with a specific asset, * different capitalized values of the same asset may result from different funding methods, * if we highlight the costs of indebtedness as spending, it will attract better comparable results.

Recognition of borrowing costs leads us to a general recognition of an expense. The expense will be recognized at once with the increase of a debt or the decrease of an asset.

Typically, expense is associated with associated income in the same accounting period, except for impairment charges. Hence, borrowing costs will be capitalized in order to be directly related to the revenue generated by the assets made with help from borrowed funds.

Thus, an interest rate can be capitalized only for an asset that, in its nature, needs a long training cycle to become operational, ie it will not capitalize the interest associated with the funds secured to the purchase of assets that will be ready for use when they are bought. Thus, on the entire path of the asset mentioned above, the financial expenses will be correlated with the income generated by the respective asset.

The cost of borrowing resulting from the amount of capitalized expenses could have been avoided if there was no expense with the asset that has a long manufacturing cycle.

Loans can be of two types:

- specialized loans are the funds borrowed in an identified manner for obtaining an asset for which the fact that is to be capitalized is represented by a real cost incurred over the entire period of its trip, except the revenues from the temporary placement of the funds borrowed;
- non-specialized loans are generally borrowed funds, they are derecognized as a result of the cost of borrowing that will be capitalized, applying the weighted average of the cost of the borrowing to the asset expense.

The amount of borrowing costs incurred during that period should not be exceeded by the amount capitalized over a period.

Capitalized interest is therefore part of the cost of an asset. The interest capitalization requirement does not apply:

- if assets occur in large quantities, in a repetitive manner,
- whether those assets that could be used immediately, whether or not they are used.

If we position ourselves in a situation where the interest is capitalized, then that amount will be shown on the balance sheet as a going asset, which will be passed on expense over the life of the asset by amortization.

If we position ourselves in the other situation when we do not capitalize the interest, then it would result in a decrease in the result when the interest expense will be recorded, without correlating with the expected revenues to result from the investment made.

So it is necessary for the economic society to ensure the same accounting treatment and the cost of indebtedness so that the comparability of the economic information can be sealed.

2.2. Fiscal treatments

Subsidies fall under the tax regulations because at one moment or another, they will generate revenue. Thus we have presented the subsidies in several articles of the Fiscal Code:

- Art. 24 lit. r), refers to subsidies received for the purchase of goods, if the grants were granted under the legislation, they fall under the category of non-taxable income.
- Art. 108 letter c), shows how from the taxable base of a tax on the income of micro-enterprises the income from the exploitation activity is reduced, having the share of the government subsidies and other resources for the realization of the financing of the investment.

The annual profit and loss account is directly influenced by the registration of the income subsidy granted, the reflection of which on the profit is a positive one. Thus, European accounting regulations indicate the passage of income subsidies while the investments made are amortized and the amount of depreciation related to that part subsidized from the total value of the investment is represented.

As a remedy for the economic situation of an entity in difficulty and with outstanding tax obligations, there are reductions and exemptions on outstanding obligations, they are especially applied to entities that are owned by the state. They also have the effect of lowering tax liabilities on the balance sheet.

Exemptions from reinvested tax have a balance sheet effect, a rise in fixed assets, but also a decrease in the obligations to the budget. This has a direct effect on the profit and loss account, if it reduces the expenses related to the corporation tax due, and if it increases the turnover due to efficient investments, then it is an indirect effect. The second effect is an incentive that helps the entity grow.

3. Organization and management of subsidy accounting

3.1. Accounting for income-related subsidies

These subsidies consist of all government grants, other than those for assets, to finance expenditure such as:

- Buying raw materials and materials indispensable to the production process,
- Ensuring the quality of the personnel, ie their training,
- Payroll,
- Ensuring the provision of consultancy services,
- And other.

Amounts to be received in the partners' account to be transferred to the Managing Authority must be shown in account 458, called "Settlement of Joint Ventures", with separate analytics for the respective partners.

If we have pre-financing, we will charge it to the grant account to be registered as a debt, account 462 "Various Creditors" because they are not free, and their obligations must be met. Prefinancing will close with account 445 "Subsidies" when you actually bind the fund.

In order to become eligible for receiving funds, the potential beneficiary must contribute financially but prove it.

Private co-financing can be made, if available, from its own sources or from donations and sponsorships received, or from bank loans.

If the conditions for granting income subsidies have not been met, there is a reimbursement that will be recorded in the accounting as a changed accounting estimate, which affects only the current and subsequent years.

This reimbursement, related to revenue, involves resuming the grant amounts reflected in the deferred income. If this amount exceeds the deferred income, then that difference will be passed as an operating expense.

3.2. Accounting for investment subsidies

These grants are granted if their beneficiary buys or acquires fixed assets.

Asset proceeds, as well as inventory surpluses, of the nature of intangible and tangible assets, are accounted for in the investment grant accounts.

In the case of special funds, they are used as set out in the normative acts on the basis of which they were constituted, such as: the acquisition of maturing rates made for external credits ensured the payment of property providers or the cost of indebtedness, but also for other destinations.

Investment grants are accounted for using the "Investment grants" account and the accounts:

4751 "Government grants for investment"

4752 "Non-reimbursable grants for investment grants"

4753 "Donation for investment"

4754 "Inventory Assets of the nature of Assets"

4758 "Other amounts received in the form of investment grants"

If we pay directly, the debts in foreign currencies for certain encyclopaedias or subsidy financing, from the sums repaid by those subsidies, without transiting the accounts of the company, we will reflect in the accounting the debt in foreign currency but also the receivable from the corresponding subsidies.

If, at the end of the reporting period or at the end of the month, the debt accounts for suppliers and subsidy balances have a balance, then they will be valued so that the related expenses and revenues do not affect the outcome of that month.

3.3. Reflection of subsidies in the accounting of entities in Romania

Main operations related to income subsidies:

- If subsidies are received to fund certain expenditures, and they have not yet been made, the funds will be credited with upfront revenues:

445 "Subsidies"	472 "Revenues recorded in advance "
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- Receipt of subsidy:

5121 "Banks accounts in lei"	445 "Subsidies"
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- Including the grant at the expense

6xx "Expenses..."	401 "Providers"
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- Resumption of subsidies as revenue is recorded as follows:

472 "Revenues recorded in advance "	741 "Income from operating subsidies"
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Key operations for investment subsidies:

- Subsidies registration:

445 "Subsidies"	475 "Investment subsidies"
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- Receipt of subsidy

5121 "Banks accounts in lei"	445 "Subsidies"
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- Purchase of an asset:

2xx "Properties"	404 "Properties providers"
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- Recording monthly depreciation:

6811 "Operating Expenses on Depreciation of Fixed Assets "	281 " Depreciation of an fixed asset"
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- Înregistrarea trecerii subvenției la venituri:

475 "Investment subsidies"	7584 " Income from Investment subsidies"
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4. Conclusions:

Each entity is made up of different perceptions of transformation that will generate expenditures, ie consumption and at the same time produce income, that is, results. These can be grouped into two activities, namely financial and exploitation activities. The exploitation activity varies from one entity to another, depending on its subject matter, as opposed to the financial activity that is similar in content to any company.

The acquisition of new tangible assets, as well as the bringing of existing ones to the optimal level imposed by the current technical progress, is limited by the actions made in investments, which with their innovative characteristic modifies the existence of the economic situation, thus causing the emergence of other technological elements.

In view of these conditions, the purchase of new fixed assets will be conditional upon taking into account factors such as the ability of the enterprise to assure the necessary conditions of operation and use, its overall objectives and the company's development strategy, reason for which receiving subsidies is an aid to any entity that operates in the Romanian business environment.

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ACCOUNTING FOR THE PROSPECT OF DISINVESTMENT IN ROMANIA'S AGRICULTURE

Florentina Moiescu¹

Abstract:

The fixed assets held for sale have a special accounting treatment, being used by companies as a result of managerial decisions aimed at creating new sources of financing during financial crisis situations. In this context of economic instability, companies are oriented towards financial stability rather than towards achieving steady profit growth. As a result of the sale of assets, the disinvestment process has been achieved, which has gained amplitude in recent years. This paper presents the phenomenon of disinvestment and the accounting characteristics of fixed assets held for sale by a company, analyzing the principles of recognition, classification of fixed assets for sale, as well as the accounting treatments applicable to them, referring to the specialty literature, the national and international norms.

Key words: assets held for sale, disinvestment, agriculture, fair value, Altman model

JEL Classification: M41, Q14,

1. Introduction

In 2004, the International Accounting Standards Board adopted IFRS 5 "Fixed assets held for sale and discontinued operations", in the desire to converge with the accounting standards in the American system. The adoption of this standard was represented by the abrogation of IAS 35 standard "Discontinued Operations". Penning argues that the adoption of the new standard is a more comprehensive legal aid, providing detailed information on how to implement and the benefits obtained by the companies that report respecting the requirements of the International Accounting Standards (Penning, 2009).

The term of "held for sale" has been introduced at international level in the same time with the adoption of IFRS 5 regulations "Fixed assets held for sale and discontinued operations," and may be explained by the intention and ability to dispose of an asset (Raso, 2012). The decision to sell a fixed asset is an important commercial event that produces changes and significantly influences the results of an entity, its net asset. The impact of this event on selling fixed assets and how they are reported is a major interest to investors, analysts and other users of financial statements. Applying international regulation can have a significant effect on the profit or loss of a company, on the value of the asset and the presentation of the results. The impact on financial statements may extend to past and future accounting periods. Experience over time has shown that the implementation of IFRS 5 standard is complex and involves more time consuming.

From an accounting point of view, international regulation sets out requirements for the classification, valuation and presentation of fixed assets held for sale (Raso, 2012). These requirements to be met when it is about a fixed asset held for sale, have to be analyzed against the requirements that are met for fixed assets in general, with special attention paid to the revaluation of assets of the two categories.

The process of investment and disinvestment within an entity was highlighted, being closely related to the issue of assets held for sale. The process of disinvestment is represented as a rationalizing process of the entity's capital, of rational use and reorganizing of assets in order to obtain new resources to prevent possible financial crises at the company level (Moiescu, 2012). Disinvestment includes the following activities (Stoica, 2001): sale of part of the company's assets; Decommissioning (demolition, scrapping, dismantling) of part of the

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company's assets; Evacuation of machinery and hazardous waste; Organizing of recovery and valuation activities for the decommissioned items.

Disinvestment should not be seen as a failure for a company's activity, but being a managerial decision that contributes to better results in the future. Disinvestment has an impact on the company's performance and on the results it achieves.

The year 2012 represents a moment of essential changes in the Romanian accounting system by passing on the application of International Accounting Standards (IFRS) as a basis for the accounting, by certain categories of entities, the listed companies.

The implementation of international accounting standards in Romania is considered a complex and difficult process that has to take into account many factors (Albu, others, 2013), among which the most important could be considered: "the characteristics of the Romanian accounting system, its historical perspective, the characteristics and attitudes of the Romanian companies, users of the financial statements, and their expectations, the features of the Romanian accounting profession.

The application of these standards was achieved in Romania through the adoption of Ministry of Finance Order 1286/2012, and represented a complex process in which several parties were involved; yet, the economic, financial, intellectual efforts were supported by the respective entities, the auditors and their consultants. The modification of Ministry of Finance Order 1286/2012, introduced in the Romanian accounting a new account "Fixed assets held for sale".

A fixed asset classified as held for sale is assessed at the lower value of the accounting amount and the fair value, minus the sale costs (Monea, 2010). What is important for Romanian accounting is that a fixed asset is not depreciated while it is classified as held for sale. This regulation produces relevant changes in accounting.

The specialty literature sets out two major directions for analyzing assets held for sale. One of them is the accounting delimitation between the assets held for sale and the fixed assets, and the second is the link and the impact of the recognition and, possibly, the sale of the assets held for sale on the financial performance of the company.

This paper presents the phenomenon of disinvestment in the field of agriculture, and the accounting peculiarities of fixed assets held for sale by an agricultural company, analyzing the principles of recognition, classification of fixed assets for sale, as well as the accounting treatments applicable to them, referring the specialty literature, national and international norms.

2. Classification of fixed assets held for sale

IFRS 5 International Standard "Fixed assets held for sale and discontinued operations" regulates that a fixed asset may be designated by a company as held for sale if its accounting value will be recovered mainly by a sale transaction and not as a result of its continued use. The standard also regulates the principles of recognition, assessment of assets held for sale.

An asset enters into the asset category held for sale if it is subject to sale in its current condition. The group of assets held for sale is represented by a series of assets or even liabilities related to it that the entity intends to alienate or exchange with other assets in a single transaction.

In this situation, the asset or the disposal group must be available for an immediate sale as it stands at that time and subject only to common and existing terms for such assets and the sale of the asset or group of assets are highly probable.

The sale of the asset may be highly probable if a sales plan is drawn up for it by an appropriate level of management that must also include an effective program to search for potential buyers and complete the plan. The market promotion of the asset must be performed at a price correlated with the fair value of the asset, and the sale plan should specify that the

possibility of modifying the sales plan or its interruption is minimal. Another important regulation for this asset category is its finalization within 12 months of the date when the asset was classified as held for sale. There are also situations when, due to events or circumstances, the sale period may be prolonged, meaning that the 12-month period is exceeded. In this case, strong arguments must be presented to support the fact that the sale is postponed due to events that cannot be controlled by the company, and that the asset sale plan continues. There are also cases where the immobilized asset is acquired with the intention of reselling it. For this case, the asset is recorded as held for sale only at the time of purchase only if the resale is realized within one year.

A company assesses a fixed asset for sale at the lower of the accounting value and the fair value less the sale costs. In the cost of sales category there are included the direct expenses related to the disposal of the asset, which would not have existed if the disposal had not been achieved. Prior to determining the recognition of a fixed asset as being held for sale, the net asset value of that asset should be determined in accordance with the applicable standards. After the change from fixed assets to assets held for sale, no depreciation is recorded for the respective asset.

In the case of impairment losses for any initial or subsequent decrease of the accounting value of an asset, the entity shall perform a subsequent assessment until the accounting value is equal to the fair value, less the sale costs. The company recognizes profit from any subsequent increase in the fair value, less the sale costs, provided that such increase does not exceed the cumulative impairment loss that was recorded according to IFRS 5 or on an earlier date according to IAS 36.

3. Basis for the decision to disinvest in the field of agriculture

Disinvestment or disposal of assets refers to how to obtain additional financial resources from an internal source by selling some assets that are not useful for the company's core business in their current condition, with the purpose of developing the company.

The specialty literature places disinvestment in the funding categories of an entity alongside with: self-financing, capital increase, medium or long-term loans, listing on the stock exchange, investment funds, and European funds. Disinvestment can be explained or can be produced when replacement investments are higher than gross investments, and thus there is a reduction in real technical capital. Disinvestment is seen as a "creative destruction" that offers opportunities to redistribute resources to other more productive activities.

Disinvestment must not be confused with the liquidation of a company. There are major differences between the two, disinvestment being the creation of some financial resources from the disposal of some assets to finance other activities or other investments that are more productive for the continuation of the business activity, and the liquidation of a company represents the sale of all assets for the payment of debts and closure of the company.

Disinvestment must be a decision made as a result of a market analysis, as it has both positive and negative effects, depending on what is being abandoned and funded later. A negative effect can be found when giving up some assets as a result of its physical and moral wear and tear. A positive effect is when by cession of assets are obtained sources of finance that can support other investments.

Disinvestment should be seen as an inverse process of an investment, as a result of this specification, when analyzing the disinvestment decision, account is taken of the methods and techniques of forecasting an investment, but interpretations are reversed. Therefore, for the valuation of an investment, account is taken of the allocation of an amount sum of money, the measurement of the profitability of the treasury cash flows obtained from the time allocation, and for the valuation of the disinvestment first it is released the assigned amount of money, the cash flows that are lost being assessed. For both investments and disinvestments, the net

present value is assessed, which, as specified, must be the opposite of the two situations, meaning that for VAN investments it must be positive and the highest, and for the disinvestment it should be negative and as much smaller.

In an agricultural company, certain machines that are no longer productive are given to the divestiture. In the field of agriculture, companies choose the disinvestment as a way to fund the core business because it represents financial support and revenue growth, or financing another more useful and performing asset for the time being. In this area, agriculture has begun to develop more the mechanization side of all man-made activities, and therefore more and more machines are emerging, making it easier to carry out activities. Funding of agriculture from foreign sources is more difficult because there are few companies that have access to the capital market because of the conditions imposed by it. Due to the limited access to external financing sources, agriculture uses disinvestment, which should not be seen as a negative factor in the development of the company, but as a way of renewing the asset portfolio by interrupting an investment that proves to be unprofitable at the moment of its conclusion, and the orientation to another investment.

In the field of agriculture, obtaining profits each year depends not only of an efficient management, but of a good production capacity of the machines or of a market where there is a fairly high demand for agricultural products, but it depends very much of the climatic conditions, especially drought. Even if science has advanced and modified the genetic structure of cereals, of the planting seeds so as to resist a longer period to drought, if there is no water either from nature or from irrigation, the production per hectare is minimum, not providing financial stability to the entity, exiting obligations (lease agreements in general) that have to be honored regardless of climatic conditions.

For an agricultural company, getting production below the minimum per hectare for two consecutive years is way to bankruptcy. The existence of tangible assets that can be alienated in a crisis situation may represent the rescue from bankruptcy, meaning the disinvestment operation, rationally used and based on indicators and market conditions favorable to the economic context of the company. The share of tangible assets in total assets is quite important, and also the evaluation and re-evaluation policies taken by the management and valuation policies are significant and have a major impact on the entity's financial condition; they must be based on well-established forecast policies (Diaz, 2008). The cession of an asset may be a success for the entity if a fair assessment of the financial statements, the asset and the relationship between them is performed so that the incomes of the sale determine an increase in the financial result.

Economic analysts have tried to find answers to any decision about the entity's situation, including forecasting the bankruptcy of a company.

A mathematical model used for this forecast is the Altman model, which was first used in the United States in 1968 (Ilea, 2006). The model determines the success or failure of the entity on the basis of a score function that is formed of financial indicators that can determine management decisions for the disposal of some tangible fixed assets in order to obtain incomes that provide the profits of an entity if there is a risk of profit decrease.

The model has been designed in a period of about 10 years and presents a formula for both listed and non-listed companies, which increases its efficiency and appreciation. The mathematical formula consists of five variables representative for the financial statements, with the following writing (Anghel, 2002):

$$Z = 0,717 r_1 + 0,847 r_2 + 3,107 r_3 + 0,420 r_4 + ,998 r_5$$

where:

r_1 = working capital / total assets - company flexibility

r_2 = reinvested profit / total assets - asset self-financing rate

r_3 = gross profit / total assets - rate of economic profitability

r_4 = size of own capitals / total debt - the company's leverage ability
 r_5 = net turnover / total assets - return on assets

Depending on the result obtained from the calculation of Z formula (Dumitrescu, 2010), the following interpretations are deduced: if $Z \geq 3$, the company concerned is not in danger of bankruptcy, meaning that it is solvable; If $1.8 \leq Z < 3$, the entity has financial difficulties, but they can be solved if a suitable strategy is applied, if $Z < 1.8$, the company is bankrupt or the risk of bankruptcy is imminent.

Table 1. Calculation of the Z formula according to Altman Model

Year	R ₁	R ₂	R ₃	R ₄	R ₅	Z
2014	0.355513	0.282061	0.372704	3.520161	0.769252	3.897982
2015	0.444622	0.020916	0.024379	2.629362	0.729772	2.2449
2016	0.364385	0.193906	0.255003	2.402762	0.641884	2.867556

The results obtained following the application of the Altman model are in line with the financial statements and reflect a true and fair view of it. In 2014, the company holds a rate bigger than 3, which indicates the solvency of the entity, in the following years, the rate is bigger than and less than 2, meaning that the entity needs to take certain security measures to ensure financial stability. Decreasing the Z function is due to the allocation of investment credits, therefore it has to be checked whether the investment will provide the company with higher benefits than the present value.

As a result of the evolution of the Z function, the management of the company performs an analysis of the tangible assets situation, it can be conceived a new strategy, the giving up to a new credit for financing a new investment, the purchase of a machine, and the implementation of the disinvestment to unlock financial resources to ensure part of the investment and the difference, if applicable, from the current year profit.

In this case, disinvestment may be a source of funding, if it is based on a strong ground, following the analysis of financial indicators. The classification as an asset held for sale involves renouncing to records of depreciation expense, which has an impact on the financial statements by increasing the profit. If the decision to transfer a tangible asset to assets held for sale proves to be a failure, and the entity transfers the asset to tangible assets, in the accounting being calculated and recorded the depreciation related to the asset classification period is recorded, which generates additional expenses, and results in a decrease in profit. Thus, a simple depreciation record influences the entire financial situation of the entity in question. That is why international and national norms provide for distinct mentions of these assets in the financial statements and explanations underlying this process.

4. Conclusions

The mathematical model presented in this paper may represent a management support in interpreting the financial statement, the entity performance, and a financial forecasting method, as well as the taking of the decision to assign an asset. The analyzed company is not listed on the stock exchange, but the analysis has been made from the perspective of aligning Romania to international accounting standards, highlighting the main advantage, the one of the reduction of expenses by stopping the depreciation record.

Following the application of the mathematical model to the entity's situation, it has been demonstrated that the company is not about to become bankrupt, but it needs a strategy to obtain new sources of funding for a new investment, excluding a bank loan.

Over time in Romania the disinvestment process was not used for the benefits it offers, and the financial resources obtained from the cession were not used to fund a new investment but to cover a deficit in the financial statements of the companies. It is also advisable that management carefully study the financial statements, the economic context, the possible unpredictable situations before making the decision to disinvest.

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ANALYSIS OF THE ROMANIAN MUTUAL FUND MARKET PERFORMANCE WITHIN PRE-CRISIS, CRISIS AND REVIVAL DURING 2008-2014

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Abstract

The study was developed in evaluating the performance of Romanian mutual funds highlighting the results of several selected key indicators. A comparative analysis was developed in order to define the benefits and risks assumed by these investment vehicles beside other available investment alternatives on the Romanian market within the last 8 years' horizon from 2007 to 2014. The aim of our research is to examine the classical rates performance measurement (Sharpe, Treynor and Jensen) and to get an overview of the hierarchy based over the domestic mutual funds market. In determining these rates, it was necessary to obtain coefficients of correlation and volatility, including standard deviation for each category of the mutual funds - equity funds, diversified funds and funds bond. We exclude from the analysis the money market funds as their yield is folded in relation to the exposure of monetary instruments included in the portfolio and which confers a relative stability.

Keywords: investment market, financial instruments, volatility, risk, performance

JEL code: E22, G23, O11.

Introduction

Assessing investment funds performance must take into account the interaction between investment funds and portfolio companies, and afterwards we can identify three categories of factors that might affect the results of investment funds as follows:

- the characteristics and the results of the company included in the portfolio;
- the investment strategy changes of the fund (amendment allocations, changes in the portfolio distribution, etc.);
- market conditions as external factors influence both for the company's portfolio and the management strategy of the fund.

Starting from investor motivation, any form of investment must be justified in terms of three criteria (Bailesteanu 1998): profitability, liquidity and safety. Since profitability is a basic measure of the performance (Filip 2008) that comes to define the added value derived from the value increase in the unit value of the fund assets, the other two elements complement the "magic triangle of investments" (Bailesteanu 1998).

Alignment of the three items is not guaranteed and conflicts may be occurred between them, such as:

- safety vs profitability - a high degree of safety is often associated with low profitability, while considerable results are obtained mostly with high risks;
- liquidity and profitability - requires a high liquidity diminished returns.

We find that the binomial profitability - risk cannot be dissociated and the onset of one of these elements is assured by the expense of the other, respectively, a level considered risk arises as the desire to obtain higher yields. Thus they were established in the literature a number of methods for measuring the performance of investments consisting of risk assessment as well as the evaluation of risk-adjusted returns.

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Literature review and theoretical/conceptual framework

While managing portfolios the investment funds performance is related to assessing the effectiveness of the managed portfolios. (Fairly 1999) associated the following potential benefits derived from unit funds ownership:

- increasing mutual fund asset value (+ $\Delta\%$ ATN);
- dividends paid by the portfolio company for the relevant shareholding in the capital;
- capital gains earned by the investment fund after investment activity.

The option of choosing the best measures for assessing the performance of investment funds by the criterion of profitability - risk is a fundamental statement of performance measurement adequacy calculation.

Most research on explaining the performance of investment funds (Giles, Alexeeva & Buxton 2003) (Chan et al. 2009), (Sanchez & Sottorio 2009) (Haslem 2010) (Shi 2013) identified and agreed that following approaches express unitary the performance evaluation, according to the Table 1 structure.

Table 1 Measures in assessing the investment funds performance

<i>Standard indicators</i>	<i>Alternative indicators</i>
Sharpe rate Treyner rate α Jensen	Sortino rate (Sortino & Price, 1994) Entropy rate Modigliani squared rate (M^2) Pederson-Satchell rate Omega index VaR și VaR conditional (CVaR) Non-parametric models (e.g. Data Envelopment Analysis) Multifactorial models (Fama & French, 1993; Carhart, 1997;)

Source: (Pedersen & Rudholm-Alfvin 2003), (Filip 2008), (Nițu 2009), (Luckoff 2010)

Due to the fact that the majority of the alternative methods are specific to the US fund market, we encounter difficulty in transposing them to the domestic market and we appreciate to use within the research the traditional rates to relate the performance evaluation (moreover due to the fact that local historical records are barely developed since 2000). At the same time, we recognize the shortcomings of traditional measures for assessing performance, but consider them appropriate to use such appreciation rates for the domestic investment fund market as long as these investment vehicles benefit from a diversified portfolio differentiated only by the degree of exposure in assets and a market risk near total risk the portfolio. Thus, this situation is equivalent to the application of the classical rates i.e. Sharpe, Treynor and Jensen rates.

To assess the measures of mutual funds' performance the database considered was provided by the Association of Asset Managers Romania (abr. AAF), the Financial Supervision Authority (abr. ASF former CNVM) for the period 2007-2015, considering domestic fund categories - 74 active mutual funds on the Romanian market.

Methodically, we focused on analyzing the performance of each category of funds as benchmarks using comparable indicators in relation to their exposure in the market. In this respect, to assess the performance of the equity funds and diversified, we will consider that progress benchmarks indices BET and BET -FI. Instead, for low risk funds (i.e. money market and bonds funds), the most representative benchmark for their performance is the gain associated with an investment in a bank deposit capitalization for the period of calculation. Therefore, we used the average interest rate for 3-month deposit rate, the yield of government securities on 6 -months, treasury bills profitability, all calculated according to the Romanian Central Bank statistics.

Also, the performance analysis of local mutual funds considers assessing the indicators provided by the Association of Asset Managers Romania (abr. AAF) and by patterns of performance evaluation risk-adjusted (relative to rates Sharpe, Treynor and Jensen). For investors, the variables related to performance and risk funds are the most important criteria for the selection of any investment placement. The data analyzed are reported in monthly ranges of the last 10 years, i.e. 2007-2015. For issuing relevant comparisons between the evolution rates of return and risk associated with the local mutual funds, we considered the BET index in assessing the market volatility, monthly average interest rate of government bonds as a measure of the lowest risk rate and the inflation rate to assess changes in the value of the purchasing power of money. Data were retrieved and analyzed based on AAF, CNVM&ASF, National Bank of Romania and National Institute of Statistics records.

Main results

While the study focuses on the period between 2007-2015, we considered opportune to breakdown the performance analysis over 3 sub-periods: 2007-2009, 2010-2012 and 2013-2015 - intervals corresponding to the onset of the global capital market crisis, financial crisis - the debt crisis period, as well as the revival period. Thus, the performance analysis is thorough observation into returns, volatilities and correlations between times of instability (2007-2013) and the period of economic recovery, aiming to identify possible interdependencies between profitability indicators calculated and overall economy. Derived records expose the following evidences for the risk-performance analysis of equity funds (abr. FDA), as presented in table 2.

Tabel 2. Best 3 performances of FDA funds in Romania 2007-2015

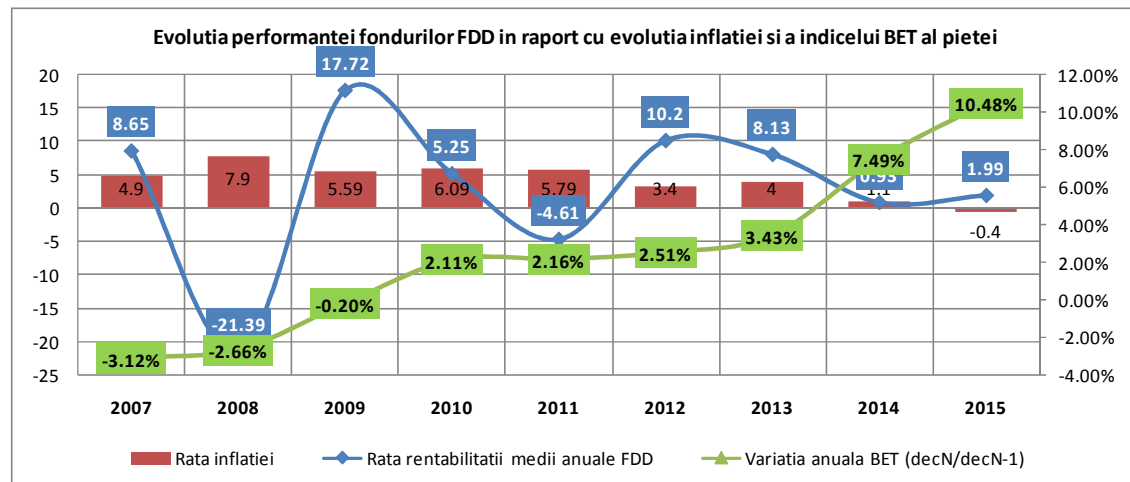
Time period	<i>Sharpe rate</i>	<i>Treynor rate</i>	<i>Jensen rate</i>
2007-2009	Active Dinamic Raiffeisen Prosper BT Maxim	Active Dinamic Raiffeisen Prosper BT Maxim	Active Dinamic Raiffeisen Prosper Certinvest Maximus
2010-2012	ERSTE Equity OTP Avansis Certinvest Maximus	ERSTE Equity OTP Avansis Certinvest Maximus	ERSTE Equity OTP Avansis Raiffeisen Prosper
2013-2015	ERSTE Equity BT Maxim Raiffeisen Actiuni	ERSTE Equity BT Maxim Raiffeisen Actiuni	ERSTE Equity BT Maxim Raiffeisen Actiuni
Overall period 2007-2015	Certinvest XT Index ERSTE Equity BT Maxim	Certinvest XT Index ERSTE Equity Raiffeisen Prosper	Certinvest XT Index ERSTE Equity Raiffeisen Prosper

Source: author's own processing

According to the high exposure in shares, equity funds have generated results below the market average until 2012 except ERSTE Equity Romania fund which has improved its profitability- risk scores from 2010-2012, registering positive values for all three calculated rates. Period 2013-2015 outlines the relaunch of equity market, e.g. 6 of the 10 funds included in the analysis leading to positive rates of performance. Thus, the records of Sharpe rate, Treynor and Jensen rates unitary define the top three equity funds with returns in excess of the assumed risk, namely: (1) ERSTE Equity Romania fund, (2) BT Maxim and (3) Raiffeisen Actiuni.

Considering the balanced funds performance analysis, for the past 3 years we see that in the most cases they have followed the benchmark (i.e. the yield of the bank deposit rate of 13%) which represents a minimum in terms of a conservative approach. In contrast, only part of the diversified funds have exceeded the best performing funds with low risk over the past 3 years, e.g. Carpatica Global , Erste Balanced RON and Raiffeisen Benefit .

Figure 2 shows the diversified or balanced fund (abr. FDD) performance evolution against the market dynamics (represented by the annual change in BET) and inflation. Herewith we observe as well the W dynamics in 2007-2012 range, being strongly influenced by the global financial crisis (2007-2009) and its enlargement towards the debt crisis in the next period (2010-2012).



Source: author's own processing

Figure 2. FDD performance evolution vs inflation rate and benchmark rate

During the financial market turmoil, investors' preference for low-risk instruments has created opportunities for bond funds which proposed the highest average returns across the analyzed investment horizon. If the average annual return on mutual funds was 3.88% on a long term investment (8 years), bond funds had to remunerate the subscription to these instruments at 6.91%. The same positive spread has been proposed by medium-term and short term, with an annual average rate of return of 7.16% (5 years' investment), of 5.86 % (3 years investment) and 5.43% (for the last year 2014 / 1 year investment), higher than the suggested rate of other collective investment undertakings, all surpassing even the remunerative rate of the traditional bank deposits of 2.90 % (2014). Thus, we find that for bond funds the most attractive yields (see Table 3) were generated by Horizon funds, OTP Bonds and BCR Clasic for long-term investments (8 years). Zepter Bonds and Raiffeisen Benefit supplement the performing funds with an average annual return of about 10% for 5 years' investments.

Table 3. FDO performances in Romania, 2007-2014

Top	FO - TOP 10 performante / Bottom 10							
	Randament mediu 2007-2014 (8 ani)		Randament mediu 2010-2014 (5 ani)		Randament mediu 2012-2014 (3 ani)		2014 (ultimul an)	
	Fond	Randament	Fond	Randament	Fond	Randament	Fond	Randament
1	Orizont	11.90	Orizont	11.51	Zepter Obligatiuni	10.47	Raiffeisen Benefit	8.01
2	OTP Obligatiuni	8.44	Zepter Obligatiuni	10.47	Raiffeisen Benefit	9.54	ING International Romanian Bond Fund	7.36
3	Bcr Clasic	7.97	Raiffeisen Benefit	9.54	Certinvest Tezaur	7.10	ERSTE Bond Flexible RON	6.13
4	Certinvest Obligatiuni	7.26	OTP Obligatiuni	8.44	ERSTE Bond Flexible RON	7.09	Carpatica Obligatiuni	6.08
5	Certinvest Tezaur	7.20	ERSTE Bond Flexible RON	8.27	ING International Romanian Bond Fund	6.75	OTP Obligatiuni	5.27
6	ERSTE Bond Flexible RON	6.99	Certinvest Obligatiuni	7.26	OTP Obligatiuni	6.31	Stabilo	4.87
7	Vanguard Protector	6.97	BT Obligatiuni	7.17	Certinvest Obligatiuni	6.15	BT Obligatiuni	4.83
8	BRD Obligatiuni	6.95	Certinvest Tezaur	7.10	BT Obligatiuni	5.91	Certinvest Obligatiuni	4.74
9	Stabilo	6.83	BRD Obligatiuni	6.30	Stabilo	5.41	Erste Bond Flexible Romania EUR (Alte Fonduri)	4.09
10	Fortuna Gold	6.64	ING International Romanian Bond Fund	6.08	BRD Obligatiuni	4.86	BRD Obligatiuni	3.79
11	Raiffeisen Benefit	6.38	Stabilo	6.00	Carpatica Obligatiuni	4.12	Zepter Obligatiuni	0.00
12	BT Obligatiuni	6.21	Carpatica Obligatiuni	4.12	Erste Bond Flexible Romania EUR (Alte Fonduri)	2.04	Certinvest Tezaur	0.00
13	ING International Romanian Bond Fund	6.08	Erste Bond Flexible Romania EUR (Alte Fonduri)	2.04	ERSTE Money Market RON	0.00	ERSTE Money Market RON	0.00
14	Zepter Obligatiuni	4.68	ERSTE Money Market RON	0.00	FDI FIX INVEST	0.00	FDI FIX INVEST	0.00
15	Carpatica Obligatiuni	4.12	FDI FIX INVEST	0.00	Orizont		Orizont	0.00
16	Erste Bond Flexible Romania EUR (Alte Fonduri)	2.04	Bcr Clasic		Bcr Clasic		Bcr Clasic	0.00
17	ERSTE Money Market RON	0.00	Vanguard Protector		Vanguard Protector		Vanguard Protector	0.00
18	FDI FIX INVEST	0.00	Fortuna Gold		Fortuna Gold		Fortuna Gold	0.00

Source: author's own processing using AAF statistics

Bond funds (abr. FDO) show a strong correlation to money market instruments (coupon rate of government bonds, the attributed rate for treasury bills and the rate for bank deposits) (Table 4), for which the performance is in excess of 80 % of these rates. Recognized as fixed income investment instruments, bond funds give better stability compared to equity funds and balanced ones.

Table 4. Determinants of FDO performance

Correlation coefficients of FDO against indicators	Value
Government bond remuneration rate	0.894915
Treasury certificates remuneration rate	0.986529
Banking interest rate (12M)	0.955762
Annual variation BET index (decN/decN-1)	-0.7628

Source: author's own processing

We note, however, that these funds are inversely correlated with the stock market (correlation coefficient of -0.7628), respectively market instability does not dictate the evolution of bond funds performance in the local market. Under these conditions, the unitary value of the net assets is more stable in the case of fixed income funds (bonds) compared to equities and diversified funds, giving investors regular income under a reduced risk of investing.

The starts of the investment funds in the post-crisis period (after 2009), the local money market funds have generated higher net gains on bank deposits, becoming the principal catalyst that has supported the development of the mutual funds industry (Dumitriu 2015). Thus, in the last year, the average earnings brought by bank deposits was about 3.32%, while the most representative money market mutual funds - Certinvest Prudent and ERSTE Money Market RON obtained yields of about 5% (e.g. 5.31% -June 2014 - Prudent Certinvest, 4.93% - the period January to March 2014 for ERSTE Money Market RON).

Within the analyzed period, the money market funds have achieved higher returns over inflation and better results than traditional bank deposits in 2009 and 2010.

Table 5. FDM results between 2007-2014

Top	FM- TOP 10 performante / Bottom 10							
	Randament mediu 2007-2014 (8 ani)		Randament mediu 2010-2014 (5 ani)		Randament mediu 2012-2014 (3 ani)		2014 (ultimul an)	
	Fond	Rm	Fond	Rm	Fond	Rm	Fond	Rm
1	Bancpost Plus	11.14	Bancpost Plus	24.37	Raiffeisen Ron Plus	7.18	ERSTE Money Market RON	3.87
2	Certinvest Tezaur	7.78	Raiffeisen Monetar	9.67	Certinvest Tezaur	7.07	Certinvest Prudent	2.68
3	BRD Simfonia 1	7.67	Bcr Monetar	8.72	Bcr Monetar	6.97	Raiffeisen Ron Plus	na
4	Raiffeisen Ron Plus	7.33	Certinvest Tezaur	7.78	OTP ComodisRO	6.54	Certinvest Tezaur	na
5	Bcr Monetar	6.88	OTP ComodisRO	7.76	BRD Simfonia 1	5.60	Bcr Monetar	na
6	OTP ComodisRO	6.72	Raiffeisen Ron Plus	7.33	IFond Monetar	4.58	OTP ComodisRO	na
7	Raiffeisen Monetar	6.12	BRD Simfonia 1	6.89	Certinvest Prudent	4.41	BRD Simfonia 1	na
8	Fortuna Gold	5.58	Fortuna Gold	5.58	Fortuna Gold	4.14	IFond Monetar	na
9	Certinvest Prudent	4.41	Certinvest Prudent	4.41	ERSTE Money Market RON	2.31	Fortuna Gold	na
10	IFond Monetar	2.47	IFond Monetar	2.47	Raiffeisen Ron Flexi	0.01	Raiffeisen Ron Flexi	na
11	ERSTE Money Market RON	2.31	ERSTE Money Market RON	2.31	YOU INVEST Active EUR	0.00	YOU INVEST Active EUR	0.00
12	Raiffeisen Ron Flexi	0.01	Raiffeisen Ron Flexi	0.01	Bancpost Plus		Bancpost Plus	0.00
13	YOU INVEST Active EUR	0.00	YOU INVEST Active EUR	0.00	Raiffeisen Monetar		Raiffeisen Monetar	0.00

Source: author's own processing using AAF statistics

With lower exposure to risk, these types of funds were preferred by investors during the economic crisis, proposing rates of return of up to 24.37 % during the financial crisis (Table 5).

Final remarks

Considering the potential fulfilment and the restoration of the investment climate stability, we believe that investors will return to the temptations obtain higher earnings by shifting their actions and changing their position towards equities and equity funds.

We expect that the market will see investors' movement from collective investment towards low risk investment vehicles and gradually diversified to stock funds. Alike (Moses 2015) considers

that the main determinants of investors shifting toward risk and are increasing their interest in financial planning. As the level of financial education will increase, customers of investment funds will be able to accurately define performance expectations and risks that may occur. Consequently, it is assessed that the risks taken will rise, and implicitly will develop those investment funds assessed for higher risks (i.e. equity and diversified funds).

This research approach is significant as there were fewer studies that have included the local industry on the map of the global investment funds market. It becomes one of the studies that observes the main development areas of the national investment funds industry. As well, the research outlines the industry's redimensioning trends and sets a pillar for the local literature.

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SECTION: EUROPEAN LAW AND PUBLIC POLICIES

CODE OF GOOD PRACTICES - DEVELOPMENT MEASURE OF LOIAL PARTNERSHIP BETWEEN MARKET ACTORS

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Abstract

The activity and development of market actors is conditioned by their interaction with downstream and upstream market players. Signing of long-term cooperation contracts ensures the stable activity of economic agents. In most cases, the economic agent with a higher market power tends to express his superiority and consolidate his position on the market. He claims contractual conditions, which the other party has to accept from the necessity to survive on the market. Anticompetitive contractual conditions are likely to take the form of abuse of a dominant position. This way, networks directly push suppliers to sell at a certain price or quantity, as well as requiring customer selection. At the same time, they can take the form of a cartel agreement, which leads to the creation of entry barriers for other suppliers.

An effective measure to prevent and remove breaches in contractual relationships between retailers and suppliers is to undertake commitments to correct and avoid anti-competitive practices by market actors. As a consolidation of good practices, The Code of Good Practice is the agreement of loyal relations with market players, ensuring a free competition market.

Keywords: *Loyal practices; Commitment policy; Code of good practices; Cartel agreement; Abuse of dominant position.*

JEL Classification: K2, K4

1. The commitment policy

One of the Competition Authorities's concerns in the regulatory activity to ensure competitive appearance of the market participants actions on the market, presents the violations occurring in the relationship between market players.

The control mechanism of the market in terms of competition law is complex, and identifying and punishing their violation requires effort and material costs. In this context, in recent years are increasing practices of alternative instruments, such as negotiation, successfully used by competition authorities, to achieve a quick result correcting and maintaining competitive market environment.

The perfectionation of competition law in recent decades it has undergone changes through regulatory models. This is reflected in the changes that have taken place in competition enforcement strategies by the competition authorities, namely the focus on finding appropriate and rapid solutions to anti-competitive behaviors rather than punishment. The position of the Competition Authorities is found in market regulation, with the role of establishing forward-looking behavioral conditions for market players, and commitment decisions have become the alternative enforcement tool to the legal framework for dealing with cases of abuse of a dominant position[1,2,3].

The Commitment Decision is an instrument introduced in the European context, in Article 9 of the European Commission Regulation no. 1/2003. This instrument is a negotiating procedure for competition authorities through competition rules. This mechanism allows termination of an investigation without a finding of infringement, based on appropriate concessions offered by the undertaking (s) controlled.

Nearly 2 decades of practice have demonstrated both the efficiency and the privilege of this procedure for European competition authorities (both at EU and national level) as they provide for a faster resolution of a case and, in some cases, has made it possible to obtain more effective remedies than in the case of investigations and litigation[1].

The commitment policy is a measure addressed to economic agents, designed to correct anti-competitive actions. This method is a possibility for economic agents to correct their violations by avoiding sanctions, and also has the role of educating loyal behavior on the market. Companies that have committed to correct infringements in contracts, automatically take responsibility not to break the law the second time, otherwise sanctions will be much severe.

Through this, the Competition Authorities can remove mass violations on a particular market and ensure that they do not reappear, maintaining monitoring of the commitments.

A formal decision by the competition authorities to accept the commitments would mean the conclusion of the investigation into a possible breach of the competition law. Commitments are offered voluntarily by the companies involved in the investigation. And the decision to accept the commitments makes them binding on the companies that have assumed them. Such a decision concludes that there are no longer grounds for action by the Authority. Decisions on commitments do not make a finding of an infringement, nor do they conclude that a violation would be terminated.

Advantages of accepting commitments:

- Quick and effective recovery of the competitive environment on the market, for the benefit of market players and final consumers;
- Effectiveness of solving competitive issues, due to the lack of necessity to investigate the case and to issue law enforcement decisions;
- Reduce procedural steps in relation to the investigation process, which makes it possible to make more efficient use of the Authority's resources;
- Lack of a decision on the infringement case, and avoidance of fines, is an attractive asset for the companies involved;
- Education of competitive behavior, as a result of companies' duty, by assuming commitments and the need to report on their achievement[4].

According to the Rules for Acceptance of Commitments established by the Competition Authority of the Republic of Moldova, they must fulfill certain conditions:

- The commitment initiative must belong to the companies involved in the investigation. They must decide the type, content and duration of the proposed commitments in order to remove the situation that determined the initiation of the investigation.

- Commitments are accepted in situations where it is obvious that the intervention of companies, by assuming commitments and by applying them in practice, leads to the rapid and sustainable restoration of the competitive environment, or in a more efficient manner than would have been achieved through the intervention of the authorities, by issuing a decision, imposing a fine and / or imposing remedies. In cases where sanctions are better suited to the objectives of the competition policy, commitments will not be accepted.

- Only engagements that eliminate the situation under which an investigation has been initiated and which contribute to the protection of competition are accepted. Commitments must completely eliminate competition concerns and must be complete, effective and effectively enforceable. The effectiveness of the commitments will be assessed in terms of their capacity to resolve the identified competition issues. Commitments must provide a degree of certainty as to their implementation. The implementation and / or monitoring of commitments must not be difficult. Commitments must be relevant and proportionate to resolve the identified competition issues. Relevant are also those commitments whose fulfillment facilitates the fulfillment of other proposed commitments. In its assessment, the Competition Authority takes into account the legitimate interests of third parties.

- When analyzing the acceptance of commitments, it will be considered all relevant factors related to the respective commitment: the type, scope and scope of the proposed commitment, using as reference terms the structure and distinctive features of the market, including the position of the involved enterprises and other undertakings on the market.

From executive point of view, commitments can be behavioral or structural, which can be combined to achieve a more efficient result.

Behavioral commitments are the obligation to adopt certain behavior on the market with respect to third parties. They are positive when they are an obligation to behave in a certain way and negative when they imply a restriction. At the same time, behavioral commitments have a low level of certainty and can not be accepted as independent commitments unless the parties submit in written form the unconditional agreement of that third party.

Structural commitments produce immediate and permanent change in the market structure and does not require a medium or long-term monitoring.

No commitments are accepted for high gravity acts, such as harsh cartels and types of dominant position abuse that have particularly serious consequences for the market, producing effects in large areas, where the importance of punishment and discouragement prevails[5].

At the same time, according to the European action plan on retail trade, are set successor measures to improve the competitive relationship on the market.

In the food sector, European good practice principles for vertical relations were adopted in 2011 by key members of the High Level Forum for a Better Functioning Food Supply Chain Expert Platform on Business to Business Contractual Relations of the Food Supply Chain.

These principles have been considered a good basis for developing a voluntary code of conduct for fair business practices between food sector companies.

As a result of the research carried out by this platform at the request of the European Commission, a set of voluntary good practice principles and a list of examples of unfair and incorrect practices in vertical trade relations were developed. This voluntary initiative provides that the parties accepting the contract act in strict accordance with the applicable laws, including competition law. In addition, the general principles suggest consumer protection, loyal contract and transactions; whereas more detailed principles specify the importance of written contracts, the predictability of rules and behaviors, respect for confidentiality, etc[6].

As a result, a code of good practice exemplifies the professional values and behaviors that underpin the most ethical considerations and meet legislative regulations.

2. The problems in the competitive relations of market actors in the retail sector

The clauses of unfair relationships between actors in the food supply chain stipulated in the Green Paper on Unfair Commercial Practices in the European Commission's Food Supply and Non-Food Supply Chain are set out in the following categories:

- Ambiguous contractual terms that make possible the impose of additional obligations on the weaker contracting parties.
- Lack of written contracts. Ineligible clauses are easier to enforce when they are not submitted in writing.
- Retroactive contractual changes. Retrospective changes, such as deduction of the billed amount to cover promotion fees, unilateral discounts based on sold quantities, enrollment fees, etc.
- Unfair transfer of commercial risk, e.g. counterparty fees, trade loss compensation obligations, long-term delays, "reverse margin" practices, etc.
- Incorrect use of information, including when one party requests information to the other and then uses them to develop a competitive product; or non-respect of confidentiality.

- Inappropriate end of a commercial relationship and, in particular, sudden and unjustified termination without a reasonable period of notice.
- Territorial supply constraints imposed by certain multinational suppliers that prevent retailers from supplying identical goods and distribute them to other members[6].

Some of these clauses are found in the practices of the retail networks of the Republic of Moldova, which are imposing conditions on suppliers and distributors of products, making unfair collaboration contracts.

Violations occurring in contracts contain points that characterize abuse of a dominant position, where networks directly press suppliers; or cartel understanding, where suppliers voluntarily accept constraining conditions, creating entry barriers for new suppliers on the market.

Anticompetitive contractual clauses typically include conditions such as:

- Parties agreements on dividing the territory of the product delivery and offering exclusive sales on it, which is an anti-competitive agreement.
- The condition to distribute only from that company
- Conditions for restricting the territory of distribution, and training of new clients without the company's permission.
- The condition not to distribute products to other similar companies.
- The Company reserves the right to form the territory of distribution during the term of the contract.
- The Company reserves the right to create a list of customers for whom distribution is prohibited.
- Collecting the penalties and canceling the bonuses for the breach of the distribution territory, stipulated in the contract.
- Right to cancel the customer from the distribution territory in the case of incomplete supply.
- Terms of termination of the contract if the distributor sells similar products of other companies.
- Conditions for the formation and modification of prices, with penalties for breaching these conditions.

The use of these clauses distorts the competitive environment on the market, leading to the strengthening of dominant positions and the creation of entry barriers. Which affect the economic relations of market players, and ultimately, the consumer.

Distorting the competitive environment in prohibited practices among networks in their dealings with suppliers have a negative impact on the economic environment.

Typically, unfair practices arising from imbalances in the power of the parties. This may be the case when weak parties have no real alternative in the business to business relationship, when one party depends on its counterparts due to other factors, such as technology and know-how, or when one of the parties can exploit the information advantages to the detriment of the other party.

Unfair practices among food retail market players is a special case, and is discussed in detail, including the so-called "fear factor", which apparently inhibits the weaker party from filing a lawsuit against their stronger partners. The fear factor appears more likely when the products are perishable and the supplier does not have a real alternative to the commercial relationship with the stronger part, the retail networks that impose unfair contractual terms, and legislative processes are costly and risky[7].

3. Applying of non-regulatory measures to remedy the competitive market in the food retail sector

Assuming commitments to remedy the competitive environment in the food retail sector by adjusting contractual conditions to the legislative framework is able to remove the competition authorities' concerns about possible law breaches and anti-competitive practices among market actors.

The successor to the engagement policy, in order to ensure compliance with commitments by companies that have taken them is the Code of Good Practices. The Code of Good Practices ensures loyalty policy among market players. This code clearly and discreetly expresses the obligations or responsibilities of economic operators on the market. Moreover, the Code contains the conditions that both suppliers and retailers must observe in order to maintain the market with free competition.

The content of the Code of Practice, developed to ensure fair relationships between distributors and retail networks, is presented below.

3.1. Code of Good Practices

Purpose and scope of the Code

Code of Practice on the relationship between retail networks and suppliers of consumer goods (hereinafter - the "Code" or "Code of Practice") is a set of recommendations on the interaction between retail networks and suppliers of consumer goods.

Practices not included in this code can not be considered contrary to the principles of reasonableness, fairness and justice simply because such practices are not included in the Code or not fully meet the standards of the Code.

The main objectives of the Code are:

- developing interaction practices based on the principle of good faith, negotiating and executing contracts between suppliers and retail networks, and balancing the commercial interests of retail networks and suppliers;
- increasing the efficiency of the interaction between retail networks and suppliers and optimizing costs throughout the supply chain;
- create the conditions for ethical compliance by all market actors with the use of negotiating power and the promotion of competition on the market;
- helping to meet consumer needs for high-quality consumer goods.

The rules contained in this Code may be applied by suppliers and retail networks within the territory of the Republic of Moldova, as used in pre-contractual and contractual relationships in the context of contracts for the delivery of goods and services, and do not apply in their relations within the territory of other countries.

The provisions of this Code are not mandatory for retail networks and / or suppliers, unless the enterprise expresses written consent to accept the provisions of this Code.

General principles applied to the relationships between retail networks and suppliers

1. This Code is based on the fundamental principles of civil law, namely the principles of recognition of equality of participants in the commercial circuit, the inviolability of property, contractual freedom, the inadmissibility of arbitrary interference by any person in private affairs, the unrestricted application of civil rights, violated rights and their legal protection. The code is based on the principles of reasonableness and good faith of retail networks and suppliers, The Code is based on the principles of the reasonable and bona fide nature of retail networks and suppliers, regardless of the application or non-application of the provisions of this Code.

2. Predictability for contragent (potential contragent) to define the conditions for trading in contracts (transparency criteria for selecting counterparties dependence trading conditions of efficiency of joint proportionality of penalties, if any, damage suffered following the breach of the party). Promoting competition and forming partnerships in the

relationship between suppliers and retail networks, which would optimize costs and minimize losses at the stages of co-ordination of the terms of collaboration and the fulfillment of the parties' obligations. At the same time, both suppliers and retail networks can take any measures provided by the legislation in force to restrict the access of its competitors to the individual conditions of commercial contracts and other confidential information.

3. Each supplier and retail network independently supports business risks and determines its sources of income. At the same time, one of the main sources of network retail and suppliers is commercial additions, and other conditions may vary depending on the sales volume targets, brand development (brand awareness), increasing of customer loyalty and other economically justified criteria. The parties do not have the right to transfer to the contragent costs on: attracting new suppliers, marketing research, opening / refurbishing the business unit. Parties have the right to transfer the contragent costs of: attracting new suppliers, marketing research, opening / renovation business unit. Suppliers and retail networks are making every effort to ensure fair competition and do not interfere with the business activities of partners and their competitors.

4. The exchange of information between the supplier and the retail network takes place on a voluntary basis, without breaching the competition laws of the Republic of Moldova, and other normative acts that ensure the confidentiality of the information received from the partners.

5. All agreements, including the agreement of intent, are made in written form (including the use of electronic means of communication), it is mandatory to record all agreements and trading conditions in the contract between the parties and their strict observance, simulated and fictitious transactions are not allowed

6. Suppliers and retail networks joint efforts to increase predictability for part of the volume of orders and delivery schedule of goods, provision of services, in order to optimize the costs of production, storage, delivery and sale of goods.

7. Suppliers and retail networks are working together to identify low-quality consumer goods and consumer goods whose compositional information is not true.

Principles applied to the relationships between retail networks and suppliers regarding the quality of consumer goods

Implementation of the principles of relations between networks and retail suppliers on product quality is achieved by combining the efforts of suppliers and network retail to identify goods that do not meet the standards, counterfeit goods, and goods whose information about composition on its packaging does not correspond to the truth and does not reflect their actual composition. Also, it includes informing consumers on the composition of consumer goods and the promotion of the use of high-quality consumer goods, including goods which, according to consumer properties and its characteristics exceed the minimum requirements set by technical regulations and national standards.

Choosing the counterpart

When selecting the contragent and concluding the contract, equal conditions of competition between suppliers should be ensured for a contract with the retail network (similarly between retail networks for the conclusion of the contract with suppliers), also and equal access to information on selection conditions of the contragent for the conclusion of the delivery contract.

Determination of the commercial terms of interaction between the parties in the context of contracts for the delivery of consumer goods and contracts for the provision of consumer goods promotion services should be clear to the parties.

Contractors should apply a non-discriminatory approach when determining the terms of payment of the goods, the amount of remuneration, the size and the application of sanctions and the cost of services (if these services are provided under a separate service contract).

Retail networks and suppliers are committed to informing the other part about corrupted behavior of staff and helping to prevent such cases.

Conclusions

An assessment by competition authorities of each breach of competition law by setting anti-competitive contractual conditions requires resources and time. And the main objective of the competition authorities' activity is to maintain and restore rapidly the competitive environment on the market.

The application of non-regulatory measures to remedy the concerns of the Competition Authorities on the consumer goods supply chain is beneficial both to the parties involved and to the Competition Authorities. The lack of a regulatory decision and the enforcement of punishments in line with it determines the companies involved to collaborate, and the Competition Authorities manage to achieve results, saving resources.

The practice of non-regulatory instruments applied to competition law, used for almost two decades, has contributed to the development of relationships to maintain a loyal competitive environment. Currently, almost one third of cases of abuse of dominant position are elucidated by methods involving the negotiation and collaboration of the Authorities with the parties involved. No commitments are accepted in serious cases, which considerably affect the competitive environment.

At the same time, the application of non-regulatory methods, involving the collaboration of market players with competition authorities, contributes to informing and educating good behavior. And when certain limits in action are explained and understood, they tend to be respected.

Assuming commitments, as well as accepting a Code of Good Practices, offers the opportunity to remedy the competition environment voluntarily, which contributes to the long-lasting preservation of loyal relations accepted by the parties. In a particular view, the role of the Competition Authorities in remedying the competitive environment through the implementation of the engagement tool and the Code of Good Practices is to mediate and adjust policy actions in the relations between market actors so that they are acceptable to the parties and respected.

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THE CASE SHOULD BE EXAMINED BY AN INDEPENDENT, IMPARTIAL TRIBUNAL, ESTABLISHED BY LAW, A COMPONENT OF THE RIGHT TO A FAIR TRIAL

Nicolae, Gradinaru¹

Abstract:

Establishing by law the tribunal, as an element of a fair trial, takes into account the jurisdiction to solve the case, both from a material and a territorial point of view.

In this context, the legal provisions in the internal legislation are clear and precise, clearly delimiting the competences of the courts involved in the execution of the act of justice.

The right to a fair trial also departs from a technical detail, namely the random assignment of causes. This random criterion, however, has proven to be essential in the way the process is going on for many of those who are the subjects of Justice. The current regulation effectively assures the right to a fair trial from the perspective of the existing regulation in Romania regarding the random assignment, thus, according to art.11 of the Law no.304 / 2004, the trial activity is carried out in compliance with the principles of the random distribution of the files and the continuity, except in cases where the judge can not participate in the trial for objective reasons, and Article 53 paragraph 1 of the same normative act stipulates that the distribution of the cases on a complete court is done randomly in a computer system.

Keywords: *tribunal, independent, impartial, fair, random process.*

One component of the right to a fair trial is the examination of the case by an independent, impartial tribunal established by law.

According to art. 10 of the Law no. 304/2004, all persons have the right to a fair trial and to solve the cases within a reasonable time by an impartial and independent court, established according to the law.

The right to a fair trial is a fundamental principle of the civil process provided for in the Code of Civil Procedure governed by Article 6, so that any person has the right to a fair trial in an optimal and predictable manner by an independent court, impartial and established by law. For this purpose, the court is obliged to dispose of all the measures allowed by the law and to ensure the speedy conduct of the trial.

This right is enshrined in Article 6 (1) of the Convention for the Protection of Human Rights and Fundamental Freedoms. The Convention for the Protection of Human Rights and Fundamental Freedoms, in Article 6 (1), provides for the right of everyone to a fair trial, thus, "Everyone has the right to have the case heard fairly, publicly and within a reasonable time , by an independent and impartial tribunal established by law, which will decide either on the violation of civil rights and obligations or on the merits of any criminal charges against him. The judgment must be pronounced in public, but access to the meeting room may be forbidden to the press and the public throughout the trial or part thereof in the interests of morality, public order or national security in a democratic society, where the interests of minors or the protection of the private life of the parties to the proceedings so require, or to the extent strictly necessary by the tribunal, where, due to particular circumstances, advertising would be likely to prejudice the interests of justice. "

According to Article 10 of the Universal Declaration of Human Rights², the right to a fair trial is established according to which "any person has the right to full equality of fairness and public hearing by an independent and impartial tribunal that will decide either on the rights and its obligations, either on the merits of any criminal prosecution against him ", and

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² The Universal Declaration of Human Rights, adopted by the UN General Assembly on December 10, 1948.

Adopted and proclaimed by the General Assembly of UNO by Resolution 217 A (III) of 10 December 1948.

Romania signed the Declaration on 14 December 1955 when it was accepted by the Member States through R 955 (X) of the UN General Assembly.

Article 30 of the Declaration states that "no provision of the latter may be interpreted as implying for any state, grouping or person the right to indulge in any activity or to commit any act directed towards the abolition of some of the rights or freedoms enumerated therein", and by art.14 p.1 of the International Covenant on Civil and Political Rights¹.

The analysis of the text of the Convention shows that the right to a fair trial has several components, namely:

- free access to justice;
- to examine the case fairly, publicly and within a reasonable time;
- to examine the case by an independent, impartial tribunal established by law;
- publicity of court judgments.

Independence involves two sides, namely the independence of the courts and the independence of the magistrate.

The independence of the courts takes into account that the system of courts through which justice is carried out is not part and is not subordinated to executive or legislative power.

This is reflected in Article 126 paragraph 1 of the Constitution of Romania, which provides that justice is exercised by the High Court of Cassation and Justice and by other courts established by law, namely judges, tribunals and courts of appeal. Article 2 paragraph 2 of Law no.304 / 2004 stipulates that justice shall be performed by the following courts: High Court of Cassation and Justice; courtesy courts; courts; specialized courts; military courts; judges.

In the same sense are the provisions of art. 126 paragraph 3 of the Constitution stipulating that by law the competence and the procedure for the trial are established.

The independence of judges is reflected in Article 124 paragraph 2 of the Romanian Constitution, which provides that judges are independent and subject only to the law.

This implies, as in the case of the courts, that the magistrates can not be influenced by the executive or legislative power in the act of justice.

Independence, so understood, does not exclude the intervention of the judicial control courts that intervene following appeals against judgments.

At the same time, it should be underlined that the verifications ascribed to the Law no.92 / 1992 on the judicial organization, within the competence of the head of the court, do not affect the independence.

This control does not in any way affect the work of judgment.

Thus, Article 18 para. 4 of the Law no.92 / 1992 on judicial organization states that "Under no circumstances can the checks carried out lead to interference in the ongoing processes or to the renegotiation of what has already been judged".

The independence of judges is given by the guarantees in this respect, by its status.

Thus, by the special provisions provided by the Law no.92 / 1992 for the judiciary organization, the appointment and promotion of magistrates (title IV) are regulated.

At the same time, the proposals for appointment according to magistrates are given to the competence of the Superior Council of Magistracy, under the conditions of its organic law (according to article 125 paragraph 2 of the Romanian Constitution).

¹ The International Covenant on Civil and Political Rights, adopted by the United Nations General Assembly on 16 December 1966, entered into force on 23 March 1976, was ratified by Romania by Decree No.212 / 31.10.1974, published in B.Of. No 146 / 20.11.1974.

All men are equal before the courts and courts of justice. Everyone has the right to have a fair and public hearing of the litigation to be dealt with by a competent, independent and impartial tribunal, established by law, to decide either on the merits of any criminal charge against it or on the rights appeals and its civil liability. A court hearing may be declared secret in whole or in part for its conduct, either in the interests of good morals, public order or national security in a democratic society, or, if the interests of the particular lives of the parties in question so require, in so far as the tribunal considers this to be absolutely necessary when, due to the particular circumstances of the case, advertising would harm the interests of justice; however, any judgment in criminal or civil matters shall be public except in cases where the interest of minors requires otherwise, or when the trial concerns marriage or custody of children.

Another guarantee given to magistrates and ensuring their independence is given by their immobility.

This implies that any advancement or transfer can only be done with the consent of the judges.

Immobility is regulated in the Constitution of Romania, at the rank of principle; thus, according to Article 125 paragraph 1, the judges appointed by the President of Romania are irremovable. The same text shows in paragraph 2 that the promotion, transfer and sanctioning of judges is within the competence of the Superior Council of Magistracy.

Impartiality, as an element of a fair trial, is the guarantee of the trust of the judges in the magistrates and the institutions in which they carry out their activity, through which the act of justice is carried out.

The importance of this issue is recognized by the dedication of a whole chapter of the Code of Civil Procedure, which provides for the concrete cases in which a magistrate and the other persons involved in the act of justice are incompatible, as well as the procedures to be followed in the event of their intervention.

Issues of impartiality can also be found in Section 3 of Chapter IV on procedural incidents relating to the jurisdiction of the court, in the Code of Civil Procedure, on the transfer of trials.

At the same time, the Constitution acknowledged the importance of this aspect of a fair trial, providing that the position of judge is incompatible with any other public or private function, except for teaching functions in higher education.

Establishing by law the tribunal, as an element of a fair trial, takes into account the jurisdiction to solve the case, both from a material and a territorial point of view.

In this context, the legal provisions in the internal legislation are clear and precise, clearly delimiting the competences of the courts involved in the execution of the act of justice.

(Chapter I, Title III of the Code of Civil Procedure), territorial jurisdiction (Chapter II), cases of extension of jurisdiction (in special provisions Chapter III), as well as the procedure for the occurrence of incidents procedural aspects of the jurisdiction of the court with regard to lack of competence and conflicts of jurisdiction (Chapter IV).

The right to a fair trial also departs from a technical detail, namely the random assignment of causes. This random criterion, however, has proven to be essential in the way the process is going on for many of those who are the subjects of Justice. The current regulation effectively assures the right to a fair trial from the perspective of the existing regulation in Romania regarding the random assignment, thus, according to art.11 of the Law no.304 / 2004, the trial activity is carried out in compliance with the principles of random distribution of files and continuity, except in cases where the judge can not participate in the trial for objective reasons, and Article 53 paragraph 1 of the same normative act stipulates that the distribution of the cases on a complete court is done randomly in a computer system.

According to Article 199 paragraph 2 of the Code of Civil Procedure, after the registration, the application and the accompanying documents to which they are attached, where appropriate, the evidence of how they were transmitted to the court shall be handed over to the president of the court or person appointed by him, who will take immediate measures to determine the court panel at random, and art. 475 of the same Code stipulates that the president of the court of appeal or the person appointed by him, as soon as he receives the file, resolution, measures for random assignment to a panel of judges.

According to art. 94 of the Decision no.1375 / 2015 of the SCM¹, it envisages the registration and distribution of the applications to the courts, the file circuit

The court documents filed in person or through a representative, arriving by post, courier or fax or by any other means provided by law, shall be filed with the Registry, where,

¹ Decision No. 1355/2015 of the SCM for the approval of the Internal Rules of the Courts, published in the Official Gazette, no.970 / 28.12.2015.

on the same day after the determination of the subject matter of the case, they are received, except as provided in law, clear date and number in the ECRIS application.

By exception, if the same day or later is found that identical court vouchers have been filed, they will receive a single number in the ECRIS application, forming a single file.

The appeals against the same judgment shall be filed in the same file and shall be settled by the original invitations.

The unique file number consists of: the general electronic register number / court identification number / year of registration of the file.

The number in the electronic general register is the file number in the electronic register for the whole court. This number starts at 1 for the first file of the current year and continues incrementally for each new folder created.

The court identification number represents a unique court identification number. The list of court identification numbers is set out in the Annex which forms an integral part of this Regulation.

The unique number given by the court of first instance is kept unchanged throughout the settlement of the case until the enforcement of the judgment. In cases where the program objectively does not allow the same number to be retained, a new number will be generated in the computer system.

Dossiers filed before the generalization of this application receive unique numbers in the computer system if they are re-routed or if a request is made in relation to them requiring a settlement term.

The files will be registered both in the register of the court's general registry and in the general register of the department to which each case has been assigned.

The determination of the subject matter is usually done by a higher court clerk under the supervision of a judge. Once the number in the ECRIS application has been established, the files are handed over to the staff responsible for random assignment, with attached proof of how they were transmitted.

If, for objective reasons, the court referrals have not received a number in the ECRIS application, they will be processed with priority on the next day, with the approval of the court president or the person designated by the court, and the minutes shall be terminated and mention as the date of filing the filing document at the registry.

Other requests and documents of any kind, including administrative correspondence, arriving by mail, courier, fax, e-mail or any other means of communication, shall be recorded in the General Ledger, the Entry-Outtaking Registry in the register of petitions, and shall, as the case may be, present to the president of the court or to the president of the division, if it concerns his or her activity, or, when the application concerns a case pending before the court to which the case was assigned or the court clerk, . If an application or an act concerns a case pending before the court on the day of filing, after registration, the Registrar Registrar will hand over the application or the act directly to the meeting clerk.

The evidence of the communication of the proceedings is received at the registry of the court under signature, after which they are handed over to the archivist who attaches them to the file, mentioning it on the concept of citation.

Evidence of completion of procedures and communications by telephone, telegraph, fax, e-mail or other means of communication received by the Registrar or the person who transmitted them shall be filed in written form as soon as they have been received.

Documents and documents that can not be attached to the file as well as items serving as evidence shall be handed over directly to the Chief Registrar of the Section or the Chief Registrar, in compliance with the provisions of this Regulation on the Management of Corps.

Registration, keeping and keeping of documents not intended for advertising will be done under the conditions stipulated by law.

Envelopes containing confidential correspondence shall be recorded in the mail entry register, with this indication, without undoing, and then handed over to the addressee.

Courts will take steps to complete all ECRIS application fields with complete and accurate data according to usage instructions.

Under Article 101 of the Rules of Court, case allocation will be carried out in a computer system through the ECRIS program.

If the distribution in the IT system can not be applied for objective reasons, the distribution of the causes is done by the cyclical method.

Random distribution in the IT system is done once, and in cases where procedural incidents occur in the course of the process, the procedural rules set out in this Regulation appear.

Requests for a randomly assigned case shall be judged by the same body unless otherwise provided by law.

For the purposes of applying the random criterion, complements shall be constituted at the beginning of each year and shall be numbered by court or, where appropriate, by section, taking into account the matters in which it is judged, the specialization of the completeness and the stage of the proceedings. Changing the number of the panels or changing the judges who make them will be possible only for objective reasons, according to the law.

Any changes to the composition of the panel of judges or to the allocation of files under this Regulation will be highlighted in the random assignment software.

In the cases of modification of the composition of the panel, copies of the sentences, the decisions of the board of directors and the minutes shall be kept in separate files.

A file shall be deemed to be randomly assigned even if a single party can settle a case if this is due to objective reasons.

Whenever it is necessary to exclude a unit from the random assignment, it shall be ordered by the section president or by the president of the court, as the case may be.

Closely related to this principle of the random distribution of files is the principle of continuity, which presupposes that the same judges who are part of the panel can not be replaced, so Art. 19 of the Code of Civil Procedure stipulates that the judge in charge of dealing with the case can not be replaced during the trial only for good reasons, and Article 214 of the same code provides that members of the panel hearing the case must remain the same throughout the course of the trial.

In cases where, for grave reasons, a judge is prevented from participating in the case, he will be replaced.

If the replacement took place after the parties have spoken, the case is pending.

According to art. 53, paragraph 2 of the Law no. 304/2004, the cases assigned to a panel of judges can not be passed to any other than in the conditions stipulated by the law.

According to Article 19 paragraph 1 letter b), c), d), e), f), g), h), i), j) of the SCM Decision no.1375 / 2015, the management board shall perform the following tasks related to the general management issues of the court:

b) determines the composition of the sections, depending on the volume of activity and the complexity of the cases, also taking into account the specialization of the judges;

c) proposes to the president of the court, in relation to the nature and number of cases, the establishment and dissolution of the specialized teams;

d) approves the establishment and dissolution of the judges, other than those provided under c);

e) order the repartition of judges from one section of the court to another, in cases where the change of specialization is justified by the existence of an obvious and lasting imbalance between sections in terms of volume of activity;

f) informs the Superior Council of Magistracy of the modifications regarding the structure and the nominal composition of the sections of the court;

g) in courts where several departments with the same specialization operate, establishes for each year the items in the ECRIS system corresponding to each section, taking into account the concrete circumstances of the court, as well as the need to ensure the random and balanced distribution of files between sections;

h) establish, at the beginning of the year, the composition of the court panels and, where appropriate, the judicial assistants that are part of these panels, in order to ensure their continuity;

i) approves the configuration parameters of the court panels in the ECRIS application, at the proposal of the section presidents or, as the case may be, of the president of the court;

j) Approves exceptionally the change of the members of the judges' panels and of the judges, in cases where, for objective reasons, this is required.

Changing the composition of the panel may be the result of procedural incidents - the incompatibility of judges (absolute incompatibilities, art.42 other cases of incompatibility, art.43 abstaining, art.44 recusal, art.45 invoking absolute incompatibility, judge can not participate at the trial, even if it has not been abstained or has not been recused.)¹ of measures for the good functioning of justice (except for the connection - art.139, the transformation of the processes - 146, the delegation of the court - art.147 of the Civil Procedure Code), but also administrative cases (rest leave, medical leave, special education leave, parental leave up to 2 years old, suspension from office for up to 6 months or exclusion from the magistracy)².

Violations of these principles are sanctioned with absolute nullity and may be invoked at any time during the trial because they are rules of judicial organization, public order.

According to Article 488 paragraph 1 (1) and (2) of the Code of Civil Procedure, the quashing of judgments may only be requested for the following grounds of illegality:

1. when the court has not been constituted according to the legal provisions;
2. if the judgment has been handed down by a judge other than the judge who took part in the substantive debate of his or her own trial other than the one determined randomly to settle the case or whose composition has been changed in violation of the law.

It is indisputable that random assignment of cases is a rule of judicial organization of principle, established by art. 11 and art. 53 of Law no. 304/2004 in order to provide additional guarantee to the judge's functional independence and the impartiality of the act of justice, the main method of random assignment being the computer³.

¹ Article 45 of the Code of Civil Procedure

In the cases provided by art. 41, the judge can not participate in the trial, even if he has not abstained or been denied. Irregularity can be invoked in any state of the cause.

Art.110 of the SCM Decision no.1375 / 2015

The procedural incidents relating to the incompatibility, the recusal or the abstention of all members of the panel will be settled by the next issue with the next number, which will judge in the same matter. If there is only one trial unit in the matter, the procedural incidents relating to all members of the panel will be settled by him. If there is no longer a body that judges in that matter, the incidents will be settled by the panel in the matter and by the rules established by the court's governing college.

If following the resolution of the procedural incidents stipulated in paragraph (1) it is found that, for reasons provided by law, the allocation of which the case has been randomly assigned to him, is not in a position to judge, the case is randomly distributed. If there is one complete body judging in that matter, the cause is assigned to it.

The cases in which all judges of a section have become incompatible to judge shall be assigned according to the rules established by the governing board.

If the procedural incidents refer to a part of the members of the panel of judges, they will be settled by a panel formed by the inclusion of the judge or the judges established by the permanent planning on subjects, at least quarterly.

If, following the resolution of the procedural incidents according to par. (4) the incompatibility of one or several members of the panel of judges shall be ascertained, the completion of the panel shall be carried out by the participation of the judge or judges enrolled in the permanent list after the judge or judges who participated in the settlement of the procedural incident.

² Art.79 and Art.100 of the Law no.303 / 2004 on the Status of Judges and Prosecutors, republished in the Official Gazette 826 / 13.09.2005.

³ Art.11 of the Law no. 304/2004

The trial is conducted in accordance with the principles of random distribution of files and continuity, except in cases where the judge can not participate in the trial for objective reasons.

By art. 139 of the same Law delegates to the Superior Council of Magistracy the power to adopt secondary norms in order to organize the execution of the law and gives it the right to appreciate in this respect, since by the internal rules of court order adopted by the Superior Council of Magistracy are established , according to par. (1) lit. b) of the said Article, "the manner and criteria for the distribution of cases on full court, in order to ensure observance of the principles of random distribution and continuity".

The right of appreciation which the law confers upon the issuing authority is intended to ensure the administrative rules of organization of courts the necessary flexibility to ensure the public interest in the good performance of justice which, in addition to the principle stated in art. 11 of Law no. 304/2004, is governed by a number of other guarantees of the right to a fair trial, enshrined in domestic and international legal instruments, including a reasonable period of time which could be affected by the rigid application of the random assignment, computer system, for any type of incidental or incidental claim arising in the course of a dispute¹.

Publicity of court judgments.

In addition to the advertising of court hearings, the law also ensures the publicity of judgments².

The publicity of the pronouncement ensures the knowledge of the judgment by the justices in accordance with Article 402 of the Code of Civil Procedure, the decision shall be pronounced in a public hearing at the place where the debates were held, by the president or by a judge, a member of the panel , which will read the minute, indicating also the remedy that may be used against the decision, of course with the exception provided by art.396 paragraph 2 which stipulates that, in case of postponement of the pronouncement, the chairman, with the announcement of the term to which the adjournment was postponed , may determine that the judgment will be delivered by making the decision available to the parties through the court registry.

Speaking at a public hearing allows the party whose cause has been unfavorably disposed of to take legal action before the court of first instance, so that the party present in the judgment may waive the appeal, making a reference thereto in a report signed by the President and the Registrar. (Article 404 of the Code of Civil Procedure).

Pursuant to art. 517 of the Code of Procedure for the appeal in the interest of the law, at paragraphs 3 and 4, the decision shall be motivated no later than 30 days after its pronouncement and shall be published no later than 15 days after the motivation in the Official Gazette of Romania, Part I.

The legal separation of court law issues is mandatory for courts from the date of publication of the decision in the Official Gazette of Romania, Part I.

According to Article 521 of the Code of Civil Procedure, the issue of legal issues is mandatory for the court that requested the removal from the date of the decision, and for the other courts, from the date of publication of the decision in the Official Gazette of Romania, Part I.

Article 53

The distribution of the cases on the full court is done randomly, in a computer system.

The cases assigned to a panel of judges can not be passed on to another only in the conditions provided by the law.

¹ Decision No. 5103/2011 of the High Court of Cassation and Justice

² Art. 12 of the Law no. 304/2004

Meetings are public, except for cases provided by law. Decisions shall be handed down in public, except in the cases provided for by law.

Decisions shall be handed down in public, except in the cases provided for by law.

CONSIDERATIONS ON FORCED EXECUTION ON INCOME EARNED BY INDIVIDUALS

Nicolae, Grădinaru¹

Abstract

Considering the principle according to which the forced prosecution of the goods should not lead the debtor to be unable to provide his means of subsistence, the legislator establishes in art. 729 of the Code of Civil Procedure, which are the limits of the pursuit of the money income. The setting of the limits for the pursuit of salaries and other regular income is done exclusively by reference to certain parts of them (one third or a half) without interest in the amount of the periodic income. In the lawyer's view, regardless of the type of debt or debt, and regardless of the amount of regular income, creditors will not be able to pursue more than half of the debtor's regular income. In this sense, it is also aligned. (3) of art. 729, which establishes the maximum limit of traceable income, when the amount of the debtor's income is less than the amount of the net minimum wage in the economy. In such a case, only sums exceeding half the amount of the net minimum wage in the economy can be traced. Therefore, irrespective of the claim, it will not be possible to track the monthly income of the debtor, the amount of which is less than or equal to half of the minimum income for the economy.

Keywords: forced execution, enforceable title, attachment, debtor, bailiff, interest, penalties.

The main category of enforcement bodies is represented by bailiffs and is governed by the provisions of the Law no. 188/2000 regarding the bailiffs, which stipulate in art. 1, that "Enforcement of any enforceable title, with the exception of those relating to revenues due to the general consolidated budget, the budget of the European Union and the budget of the European Atomic Energy Community, shall be carried out only by the bailiff, even if by special laws otherwise". According to art. 2 par. (1) of Law no.188 / 2000, the bailiffs are appointed to perform a service of public interest².

Article 627 of the Code of Civil Procedure establishes the active role of the bailiff. Thus, throughout the course of the execution, the bailiff is obliged to act actively, stating, by all means admitted by the law, for the full and speedy fulfillment of the obligation stipulated in the enforceable title, in compliance with the provisions of the law, the rights of the parties and other persons concerned³.

Establishing the principle of the active role of the bailiff is the consequence of the fact that he carries out a public service whose normal course of action must be guaranteed by the state, in virtue of the positive general obligation regulated in art. 626 of the Code of Civil Procedure. The guideline prescribed for the executor to exercise his or her role is to use all the means admitted by the law in order to achieve the aim pursued, namely the full and speedy fulfillment of the obligation stipulated in the enforceable title.

In the light of the principle of legality and the principle of good faith, the legislature establishes that law-abiding persons must have conduct consistent with those established by a court order or other enforceable title and to execute voluntarily their obligations.

Under Article 632 of the Code of Civil Procedure, enforced enforcement may only be enforced under an enforceable title.

Enforceable judgments shall be enforceable, enforceable judgments, final decisions, and any other judgment or writings which may, under law, be enforced.

There are enforceable judgments:

1. the decisions given in the appeal, unless otherwise provided by law;

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² Law no.188 / 2000 on bailiffs, republished in the Official Gazette no.493 / 11.07.2011.

³ Law no.134 / 2010 The Civil Procedure Code, republished in OJ No. 247 / 10.04.2015, modified by GEO no.1 / 2016 for the amendment of the Law no. 134/2010 on the Civil Procedure Code and some related normative acts, published in the Official Gazette no.85 / 04.02.2016, approved with amendments by the Law no. 17/2017 published in the Official Gazette No. 196 / 21.03.2017.

2. the decisions given at first instance, without the right of appeal, or those in respect of which the parties have agreed to directly exercise the appeal, according to art. 459 par. (2)¹.

There are definite judgments:

- 1 judgments not subject to appeal or appeal;
2. the sentences given at first instance, without a right of appeal, not settled by appeal;
3. the sentences given at first instance, which have not been appealed;
- 4 the sentences given in the appeal, with no right of appeal, as well as those not settled by appeal;
5. the sentences given in the appeal, even though the substance of the case has been settled;
6. other decisions which, according to the law, can no longer be appealed.

The aforementioned judgments shall become final on the date of expiry of the term of the appeal or of the appeal or, as the case may be, at the date of its pronouncement.

Arbitration decisions may be enforced, even if they are challenged with the action for annulment, as well as other judgments of the bodies with definitive jurisdiction, as a result of their non-enforcement before the competent court.

European Enforcement Entities in respect of which European Union law does not require prior recognition in the Member State in which enforcement is sought shall be enforceable by law without any prior formalities.

Enforcement of a court judgment subject to judicial review, which is an enforceable title, can only be made at the risk of the creditor if the judgment can be appealed by appeal or appeal; if the title is subsequently amended or abolished, the creditor will be held, under the law, to pay the debtor in full or in part, as the case may be.

These provisions shall apply accordingly in the event of the enforcement of an arbitration award.

According to art. 638 of the Code of Civil Procedure are other enforceable titles: the summaries and minutes drawn up by the law enforcement bailiffs, the authentic documents, in the cases provided by law, the notarial enforceable titles issued under the conditions provided by law, as well as the credit or other securities writings to which the law recognizes executory authority. If the debtor does not voluntarily execute the obligation, the creditor may commence forced execution. Enforced execution of any enforceable title, with the exception of those relating to revenue from the general consolidated budget or the budget of the European Union and the budget of the European Atomic Energy Community, shall be performed only by the bailiff. The State is required to ensure through its agents the prompt and effective execution of court rulings and other enforceable titles, and in case of refusal, injured parties are entitled to full compensation for the damage suffered. The role of the state is the same regardless of whether a judgment or other enforceable title is enforced, such as an authenticated act by a notary who establishes a certain, liquid and exigible claim or a document establishing a tax claim.

The act authenticated by the notary public, which establishes a certain, liquid and exigible claim, is a writ of execution. In the absence of the original, the enforceable title may be the duplicate or the certified copy of the copy of the notary's archive.

In the case of annulment by the court of the document certified by the public notary, civil liability of the notary public can only be committed for the violation by him guilty of his professional obligations, followed by the damages, determined by a final court decision.

¹ In the case of appeals, if it has not been exercised, the appeal is inadmissible. However, a judgment which is amenable to appeal and appeal may be appealed, within the time-limit for appeals, directly to the court which would have jurisdiction to hear the appeal against the judgment given in the appeal, if the parties expressly consent, by authenticated or by verbal statement, given to the court whose decision is appealed and recorded in a minutes. In this case, the appeal can only be exercised for the wrongful violation or misuse of substantive rules.

Credit Titles: Bills of exchange, promissory notes and checks, as well as other debt securities, shall be enforceable if they fulfill the conditions laid down in the special law.

Private enrollments are enforceable titles only if they are recorded in the public registers, in the specific cases and conditions provided by law. Any other clause or convention is null and is considered as unwritten.

According to Article 626 of the Code of Civil Procedure, the State is obliged to ensure through its agents the prompt and effective execution of judgments and other enforceable titles, and in case of refusal, the injured are entitled to full reparation the damage suffered.

Failure by the State to comply with that obligation entitles injured parties to full compensation for the damage suffered as a direct action against the State.

According to art.628 of the Code of Civil Procedure, obligations can be enforced, the object of which is the payment of a sum of money, the handing over of a good or its use, the dismantling of a building, planting or other work, the custody of the minor, his place of residence and his visit or in taking another measure established by the enforceable title.

In the event that interest, penalties or other amounts, which are accrued to the creditor, have been stipulated or granted, without the amount being established, they shall be calculated by the bailiff, according to the law.

Also, the bailiff may, at the request of the creditor, update the amount of the principal principal's principal, irrespective of its source, according to the criteria contained in the enforceable title. If the enforcement order does not contain such a criterion, the bailiff shall, at the creditor's request, update the inflation rate calculated from the date on which the judgment became enforceable or, in the case of the other enforcement titles, from the date when the claim became due and until the actual payment of the obligation contained in any of these titles.

If the executory title does not include interest, penalties or other amounts, but they are fully entitled to the creditor, according to art. 1.535 of the Civil Code or other special legal provisions, these will be determined by the enforcement court at the request of the creditor, by termination with the summons of the parties.

For these sums, the execution of the court of execution or of the bailiff is an enforceable title.

Although forced execution can take place simultaneously and in any form, the debtor's income and assets may be subject to forced execution only to the extent necessary to achieve the rights of the creditors and only if they are traceable under Art. 629 of the Code of Civil Procedure¹. The text comes to protect the rights of the debtor, which could be subject to simultaneous tracking of assets and income which, cumulatively, far exceed the value of the claim. The law leaves the executor a margin of discretion with regard to the determination of the assets and incomes the pursuit of which is necessary and sufficient for the realization of the claim. However, the debtor dissatisfied with the simultaneous pursuit of goods and incomes with a net value superior to the executed claim may challenge the execution.

According to art. 727 of the Code of Civil Procedure indicates movable goods that can not be prosecuted and art. 728 of the Code sets out the assets that can only be tracked for the performance of certain obligations, that is, only in the absence of other traceable goods and under certain conditions. The immovable property that can be prosecuted and the limits of the pursuit can be determined in art. 813-818 of the Code, while the limits of the pursuit of monetary income are expressly dealt with in Art. 729 of the same normative act. Goods that have a special regime of movement may be prosecuted only in compliance with the special regime prescribed by law. Also, according to art. 224 of the Fiscal Procedure Code, taxes, duties, contributions and any other revenue of the general consolidated budget can not be

¹ The debtor's income and assets may be subject to forced execution if, according to the law, they are traceable and only to the extent necessary to achieve the rights of the creditors.

Goods subject to a special circulation regime may be prosecuted only under the conditions laid down by law.

prosecuted by any creditor for any class of debt under the forced execution procedure. With respect to the scope of the person's sphere, the rule is that forced execution can be initiated against any natural or legal person, whether governed by public or private law. The exception to the rule is a strict interpretation and refers to persons enjoying immunity from enforcement, which is part of the immunity from jurisdiction and must be expressly provided for by law. According to art. 631 par. (1) of the Code of Civil Procedure, whoever may be a debtor, but this does not mean that all persons have the status of debtor in relation to a specific enforceable title. In other words, in the case of violation of the general legal obligations not to do so, the lawsuit and enforced execution takes place only in contradiction with the person or persons who violated the negative obligation. Enforced execution is performed against the actual debtor in a specific enforceable title.

Title II of Book V of the Code of Civil Procedure, entitled "Forced Tracking on the Debtor's Property", which governs the legal regime of movable property, is based on the unlimited liability of the debtor, with all the assets. According to art. 1.518 of the Civil Code, unless otherwise provided by law, the debtor personally responds to the fulfillment of his obligations; the liability of the debtor may be limited only in the cases and under the conditions provided by law. The rule is that movable goods, including money income, are traceable and subject to forced execution. Although art. 629 of the Code of Civil Procedure speaks of goods which, "according to the law, are traceable", the legislator does not make an enumeration of them, but, on the contrary, establishes the assets which, according to the law, "can not be traced". Therefore, the debtor will have to notify the executor of the non-repayable character of a particular asset, indicating the reason for the exemption from the pursuit.

Considering the principle according to which the forced prosecution of the goods should not lead the debtor to be unable to provide his means of subsistence, the legislator establishes in art. 729 of the Code of Civil Procedure, which are the limits of the pursuit of the money income. The setting of the limits for the pursuit of salaries and other regular income is done exclusively by reference to certain parts of them (one third or a half) without interest in the amount of the periodic income. In the lawyer's view, regardless of the type of debt or debt, and regardless of the amount of regular income, creditors will not be able to pursue more than half of the debtor's regular income. In this sense, it is also aligned. (3) of art. 729, which establishes the maximum limit of traceable income, when the amount of the debtor's income is less than the amount of the net minimum wage in the economy. In such a case, only sums exceeding half the amount of the net minimum wage in the economy can be traced. Therefore, irrespective of the claim, it will not be possible to track the monthly income of the debtor, the amount of which is less than or equal to half of the minimum income for the economy.

The provisions of art. 729 of the Code of Civil Procedure provide, both in para. (1) and par. (3) that the limits of the prosecution are applicable when the money income is intended to secure the debtor's means of subsistence. The limits of the follow-up of the periodic income are those in art. 729, even if the debtor has other goods or non-regular income. The creditor may also be able to pursue the goods or income concerned in order to satisfy the claim without, in such a situation, claiming that regular income could be pursued in its entirety because it would not be intended to provide its means of subsistence.

On the other hand, the provisions of Art. 169 of the Labor Code stipulate that no deduction from salary can be performed except in the cases and conditions stipulated by the law and in the case of the plurality of employees' creditors the following order will be observed: the maintenance obligations, according to the Civil Code, the contributions and taxes owed to the State, damages to public property through illicit acts, and finally, covering other debts. Moreover, art. 169 para. (4) expressly states that "Withholding from accumulated wages may not exceed half of the net salary each month."

From the analysis of the legislation in force, the Constitutional Court found that the forced execution of income from salaries, allowances or any other form of remuneration provided on the basis of an employment relationship is made on the basis of the provisions of the Labor Code and the Code of Civil Procedure. As regards the forced execution of enforceable titles related to revenues due to the general consolidated budget, art. 236 par. (4) of the Code of Fiscal Procedure states that "Amounts representing the incomes of a debtor as an employed person, pensions of any kind, as well as special aids or allowances shall be subject to prosecution only under the conditions laid down in the Code of Civil Procedure ". In other words, this revenue can not be subject to enforceability under the Code of Fiscal Procedure, which remains subject to the rules of ordinary law.

With the entry into force of the Code of Civil Procedure on February 15, 2013, the legislator waived the requirement of enforceability, so that neither the judgments nor the documents to which the law recognizes the character of the enforceable title are subject to enforcement by enforceable form, they are subject only to the enforcement of forced execution at the enforcement court. As regards court rulings, they are no longer subject to such formalities, since it is self-evident that, being enforceable titles and taking into account the fact that they emanate directly from the judicial power, they give the lender the opportunity to use executive power agents for forced execution. Therefore, with regard to court decisions, the creditor must make a request for forced execution, a request subject to the consent of the executing court. With regard to enforcement titles other than court rulings, by amending the Civil Procedure Code by Law no. 138/144, the legislator reintroduced the enforceable sentence, this operation being carried out by the court in whose constituency the domicile or the seat of the creditor or the debtor is located , as the case may be, in the council chamber, without quoting the parties; In this respect, Art. 641 par. (3) of the Code stated that the court will verify that the document meets all the formal requirements required by law to be enforceable, as well as other requirements in the specific cases provided by the law. The enforcement of the enforceable title, other than a court order, was, therefore, conditional, first of all, on its execution by a writ of execution, and, secondly, on the enforcement request made by the creditor and approved by the court enforcement.

According to the provisions of art. 781 of the Code of Civil Procedure, the salary and all regular income assimilated to the salary shall be amounts of money which may be subject to forced execution by means of attachment, regardless of the title to which they are due by the third party to the intended debtor, except where the law declares insignificant , in whole or in part, certain amounts of money owed to the intended debtor. Also, bank money amounts may be denied, in which case the bonding shall be carried over both the bank balance of these accounts and the future proceeds. In respect of the pursuit of amounts owed by a third party to the debtor, including those in bank accounts, the provisions of Art. 729 of the Code of Civil Procedure, which establishes the limits for the pursuit of the intended debtor's income: salaries and all regular income assimilated to the salary are subject to absolute insensibility (in relation to any of the creditors), but partial, a share of the salary of the proceeds assimilated to it is reserved for the following creditors as follows: up to half of the net monthly income for the amounts due as a maintenance obligation or child allowance, respectively up to one third of the net monthly income, for any other debts. A special provision of social protection has been introduced in Art. 729 par. (3) in respect of labor income or any other amount that is regularly paid to the debtor and is intended to cover his livelihoods if they are lower than the amount of the net minimum wage in the economy. Thus, this revenue can only be tracked over the part that exceeds half the amount of the net minimum wage in the economy.

In applying the provisions of art. 729 of the Code of Civil Procedure, the provisions of Art. 787 of the same code establishes the obligations of the third party who, within 5 days of the communication of the attachment, and in the case of amounts due in the future from the

maturity date, must either record the amount of money if the denied claim is due; , as the case may be, to dispossess the embedded movable movable property and to send evidence to the bailiff, either to pay directly to the lender the amount withheld and due to him, in the case of amounts owed as a maintenance or child allowance, and in the case of amounts due as compensation for damages caused by death, injury to bodily integrity or health. In case of deductions exceeding the amount of the deductible amount from the debtor's income, art. 789 par. (1) of the Code establishes that the impoverished third party will retain and record the traceable amount by notifying the bailiffs who have established the attachments.

On the other hand, the legislator has already provided remedies, the provisions of art. 712 of the Code of Civil Procedure concerning the challenge to enforcement are fully applicable. If the third party fails to fulfill his obligations to perform the attachment, the pursuing creditor or the debtor may bring an action before the court of enforcement in order to invalidate the act of injunction. On the other hand, according to art. 790 par. (9) of the Code, the terrible third party who, in bad faith, refused to fulfill his obligations to perform the removal, may be fined by the decision to validate the attachment with an amount between 2,000 lei and 10,000 lei.

ROMANIA'S AGRARIAN ECONOMY AND STRUCTURAL MUTATIONS FOR PASSING TO THE MODERN EPOCH

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Abstract

The world has always been a complicated conglomerate, in a continuous dynamic. The transition to the modern age, in the Romanian agrarian economy was a complex, lasting process with structural changes in the economy, in the technical activity, in the social life followed by mutations in the thinking of the entire society. The change of one mode of production, with another, of a social class, with another, has been carried out with the help of large determinisms, leaving visible traces, not only in rural areas, but also in urban areas. It was a lawlike, necessary and beneficial passage, that resulted in the placement and connection of Romania to the modern age. My study is the result of archival research, published papers, periodicals, general and special works, and is intended to be a synthesis of the most important legislative, economic, financial, social measures that have been necessary to restructure the romanian society, in general and the agrarian economy, in particular.

Key words: capitalism, restructuring, peasantry, agriculture

JEL Classification: B11, B22

1. Introduction

The first visible signs of restructuring the Romanian society, of the transition to the modern age, showed with the first reign of Constantin Mavrocordat, in the Principality of Wallachia, under the influence of the Enlightenment ideas, by applying the first set of economic and administrative measures.

With the inherent difficulties specific to any beginning, the reforms encompassed the three Romanian Principalities, by creating of modern relationships, but with a slower pace.

"Between 1800 and 1848 years, the first signs of the capitalist economy are emerging and the Romanian Countries are moving from the Middle Ages to the modern period." [Djuvara 2013, p. 34]

Stimulated by trade and by the policy of reform of the central power, the agriculture has not expanded at the level of the given conditions by the good soil fertility, rich hydrographic networks and a favorable climate. Braking factors, besides the political and the low population density, they were: the unprofitability caused by the domination of the relations of free work rent and tithe, the low productivity of prevailing traditional agricultural techniques, the poor accumulation of capital and its non-participation in agricultural exploitation.

2. The measures for agriculture reforming

These did not have, first, in sight, the restructuring of the feudal system of production, For begining, the measures for agriculture reforming did not have first, in sight, the restructuring of the feudal system of production, they where merely, palliatives, which did not comply with the requirements of the free market.

The Organic Regulations, during the period 1821-1848 years, had operated some substantial restructurings regarding the right to own the estate, so that the owner acquires un exclusive use, over one third of the estate and the lots he is obliged to distribute to the inhabitants, they narrows, taking as a criterion a lower number of working cattle. Servitude duties were increased by growth of the working/day norm, ranging, from 12 compulsory and

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free days, to 48-56 days/year in Muntenia and in Moldova, even for 84 habitual days. In compensation, however, the tax burden was reduced and the new taxation system - the capita - has removed much abuses of the tax system.

The reducing of the the batch earth accorded to the submissive serf to the market influences and its attempt to expand it gave rise to the land conflict that has been cumulated with the aggravation of the serf work regime, will be the main cause for the peasantry to participate in the revolution of 1848 year.

3. Wage labor in agriculture

Although experienced a gradual spread, has occupied a subsidiary role in the economy of the vast field, [Constantinescu 1998, p. 194-196] shifting, although more productive, to replace the free work and tithe relations that will prevail, until 1864 year.

4. The cultivation of the land and the leaseholding

The leaseholding continued to play an important role in breaking down feudal relations. Although the lease form, after 1821 year, also had a partial feudal character, the lessee was, by definition, a merchant, because the main purpose of his business was trade. In this way, through the penetration of capital into agricultural exploitation, the commodity production was stimulated, especially after the abolition of the Turkish monopoly on the Romanian exports, mainly with grains and cattle.

The cultivation of the land - especially cereal production - was the area most affected by the social-political regime's vicissitudes and it was the central problem of the agrarian policy promoted by the throne, in order to ensure deliveries to the Porte, until 1829 year and later, on to the European market.

In order to *strengthen of the pace of development of agriculture*, the central power organized extensive campaigns for the expansion of cultivated areas, set up a executive branch of authority by appointing bailiffs with the forced removal of the inhabitants to field work and the introducing of new control methods, over the agricultural potential (statistical record of sowing). The thron itself, has preoccupied with the import of seed and the improvement of varieties, or the introduction of new plants into culture, fact which exemplifies the growth of the state's role in the economy that is related to the enlightenment and physiocratuall ideology of the time.[Lungu and Cosma 2002, p. 88]

The measures which aimed at encouraging and co-involveming the small household of the serf, by ensuring the right to use the land have protected the working time, banning the logging of the tools, measures for the territorial organization of the village, etc.

In full agreement with the agrarian policy, the demographic policy of reign was laid - care for the country's population by the immigration stimulating (granting temporary, of exemptions or reducing the taxes burden, for exempteds and the run prohibiting from the estates.

5. Cultivating the earth

Cereal crops, although was extended, to the Organic Regulations, occupied limited areas and the small area of sowing is explained by the agro-pastoral system, traditionally practiced that imposed the decommissioning of at least half of the arable land, leave "for rest" and transformed In the pasture, to the restore fertility.

The emergence of specialized literature for the popularization of more cost-effective technical procedures for the introduction of more productive plants and varieties into crops, the improvement of the conditions for the preservation of cereal products, the organization of agronomic education, the use of the agronomists [Edroiu 1978, p. 53], the geometrists, the veterinarians, The importer of tools and agricultural machinery which followed to be

manufactured in the country, etc., all this illustrate the new stage in which agriculture was going, in all the Romanian provinces.

The main cereals cultivated were wheat and maize, the first being mainly for export. [Cojocaru 1958, p. 492] The predominant variety was the autumn that found exceptional conditions of soil and climate, especially in the Romanian Plain. The predominant authoritarian cereal that gave Romanian peasant food was maize, which in 1831, held almost 81% of the entire cereal production, of Wallachia (Table no. 1) and 55% in Moldova Table no. 2).

Table no. 1 Grain harvest in Wallachia in 1831 year, expressed (in oca)

County	wheat	%	barley oats	%	maize	%	millet	%
Sl. Râmnic	1009580	3,36	4378940	15,2	4918940	1,23	3623360	10,3
Brăila	310960	1,03	1381000	4,81	206080	0,05	1023400	2,92
Buzău	605100	2,01	1351280	4,71	8865600	2,22	1527000	4,36
Secuieni	1499240	4,99	1562880	5,45	18759240	4,71	3334680	9,52
Prahova	952400	3,17	291840	1,02	5414700	1,36	438000	1,25
Ialomița	292250	0,97	1374470	4,79	3087300	0,77	1521800	4,35
Ilfov	4370992	14,50	3057860	10,6	23210880	5,82	3287680	9,39
Dâmbovița	1146112	3,81	275260	0,96	23339120	5,85	1085216	3,10
Vlașca	5061936	16,80	2524980	8,80	20239296	5,08	4233152	12,09
Teleorman	3238576	0,78	2499552	8,71	50354304	12,63	6003360	17,05
Muscel	no data	-	no data	-	7246440	1,82	no data	-
Argeș	763800	2,54	207240	0,72	13209840	3,31	175560	0,50
Olt	1734480	5,77	1150272	4,01	22409200	5,62	5036560	14,38
Romanați	124640	4,11	1090360	3,80	16737600	4,20	1980704	5,66
Vâlcea	1153680	3,84	397680	1,39	24453480	6,13	no data	-
Gorj	968400	3,22	239400	0,83	61200000	15,35	85000	0,24
Dolj	2484592	8,27	2377830	8,29	21845824	5,48	1041040	2,97
Mehedinți	3218760	10,71	4535640	15,8	73101240	18,34	615240	1,76
TOTAL	30045498	6,10	28696378	5,83	398599084	80,95	35011752	7,11
492352712								

492352712 oca x 1,276 kg = 628.244.602 kg (**1 oca = 1.276 kg; aprox. 3 lbUK**)

Source - Hurmuzaki, XVII, p. 268 (the report of the French consul Lagan, dated 15 March 1832, the equivalent of the 1.25 kg, indicated by the consul).

Rye was often grown wheat, usually 2/3 wheat and 1/3 rye, which created difficulties for export - after 1829 and barley and oats occupied large areas, especially in Moldova. Barley being very profitable was sold to the Ottoman army for horses and as a result, prices were more than five to six times higher than on the local market. The millet, sometime, the main cereal cultivated by peasants, was remained with a significant share in global cereal production.

Vegetable growing, with a pronounced commercial character, has seen a strong impetus, transforming large stretches of land into gardens, outside those around the house, especially near the cities and fairs. The impetus was given by the change and diversification of the diet, but also by the immigration of certain categories of Balkan populations. In the countryside, whole villages have specialized in gardening, using new techniques and acclimated vegetable seeds: pumpkins, eggplants, bay, okras, tomatoes, peppers, cauliflower and new cabbage varieties.

Table no. 2 Grain harvest in Moldova, in 1831 (in kila)

County	wwheat rye	%	barley oats	%	maize	%	millet buck- weat	%	No. peasant families
Suceava	6511	3,91	10700	8,46	17074	4,59	660	3,84	15663
Neamț	14219	8,53	21465	16,97	34104	9,17	291	1,69	19034
Roman	8779	5,27	8899	7,04	39415	10,60	41	0,24	11006
Bacău	6029	3,62	7147	5,65	57468	15,45	-	-	17760
Putna	5752	3,45	4302	3,40	42470	11,42	16313	9,50	22085
Tecuci	16709	10,0	12853	10,16	68997	18,5	3255	18,96	16388
Covurlui	69480	41,7	22186	17,55	13320	3,58	5550	32,32	9398
Tutova	7835	4,70	3904	3,09	18364	4,94	331	1,93	15791
Vaslui	3203	1,92	2254	1,78	15027	4,04	450	2,62	13353
Fălciu	5897	3,54	2191	1,73	6640	1,78	680	3,96	12557
Herța	1313	0,79	593	0,47	2508	0,67	99	0,58	3297
Dorohoi	7716	4,63	11306	8,94	22358	6,01	2707	15,76	10372
Botoșani	3777	2,27	8455	6,69	1262	0,34	540	3,14	8166
Hârlău	2287	1,37	2510	1,99	9954	2,68	190	1,11	8044
Cârligătura	1807	1,08	1239	0,98	6897	1,85	171	1,00	4010
Iași	5341	3,20	6442	5,09	16067	4,32	575	3,35	11859
TOTAL 682.296 hl	166655	24,4	126446	18,53	371934	54,52	17171	2,52	198783

1 kila = 3,81 hl

Source - C. Istrati, loc. cit., p. 214, [equivalence, indicated by the author].

Pomiculture has been boosted due to increased money circulation, increased alcohol consumption, and the development of this horticultural branch, especially of plum orchards and necessary distilleries, was needed.

Encouraged by the gains obtained by the spirits selling, the prerogatives of the right to use the released land, the non-imposition of fruit at tithe and the policy of banning the importation of brandy, the villagers began, in the last decades of the 18th century, at the Sub-Carpathian area, to plant thousands of house plums trees, sometimes to the detriment of the fields and the hay surfaces, alarming the landlords.

In 1838 year, officially, Wallachia numbered 9,653,808 plums trees. In Moldavia and Transylvania, fruit growing has an extensive phase, but the plum tree will not occupy the same economic importance as the Muscel, Arges, Valcea, Prahova counties, probably, because of the widespread use of the Polish (under Polish influence) cereals.

The apple of the "domnesc - lordly" and "paradise" which were said to be the best in Europe

Were planted on large surfaces, the apple tree of the varieties "domnesc - lordly" and "paradise" which were the best of Europe.

The vineyards were a very important place in the Romanian economy. Annual production of wine was estimated by foreigners, at more than four million hectares - in Moldova in the last decade of the 18th century, and in Wallachia, in the first decades of the next century, over 300 million liters, productivity rening, by weather events, by the geographical area, but in the better years it could reach to 90-100 buckets at ½ hectar (bucket - old unit of measure for capacities, varying by region, between 13-15 liters; pogon - half a hectare, ie 5,000 sq. M.)

In Moldova, the most appreciated varieties were from Cotnari vineyards (which could compete with Tokay and Bordeaux), Husi, Iasi, Nicoresti, Odobesti; în Romanian Country (Wallachia) - in Dragasani, Pitesti, Ramnic, Secuieni and in Transylvania, in the Tarnava area.

The culture of technical plants - hemp and flax - although it is ancient and well managed, under the conditions of the climate and soil from us, on the whole - at the beginning of the nineteenth century and the period that followed, occupied a fairly modest place In the Principalities. More importance was given to them in Transylvania which exported fabrics

and apparel, at provincial sisters, to prices that discouraged local producers. The flax and hemp were cultivated, not only for the fabrics of woven fabrics and braids, required in the Ottoman Empire, but also for the oil extracted from seeds that took way to the Ottoman Gate. [Oțetea 1977, p. 39]. (For example, the export from 1826 was - 256,124 flax and hemp flakes, 34,230 helleys and 515 kilos of flax seed, accounting for 9,44% of the total value of that year's exports to Turkey. kila - an old unit for grain, equal to about 660 liters, in Wallachia and 430 liters, in Moldova.)

There was a series of plants from which natural dyes were extracted, used for the processing of hides and textiles, but also, dyes from the spontaneous flora.

Tobacco, a plant introduced into culture towards the end of the seventeenth century, expanded quickly but was of inferior quality. The extra-Carpathian area was competed with imported tobacco from Turkey (expensive, of good quality, requested by boyars) and Austria (cheap for peasants).

6. Animal breeding

Beefs rearing has continued to be the main source of wealth favored by excellent natural conditions, the high availability of pastures, imposed by the insufficiency of workplaces and subordinated to the cultivation of the land, driven by trade, to a greater extent than the other branches of production (the price of cattle being Always, more profitable, higher export opportunities, greener transport, which encourages smuggling across the mountains).

This occupation was hindered by tax and tax system abuses, the cattle tax - the peasant's principal wealth - being one of the largest and most secure sources of income, for the institution of the reign. The livestock has been harmed many times, because of natural disasters, wars, epizootics, etc.

For the peasant, the animal husbandry was not only a resource for living, solving transport problems and carrying out labor obligations, but in particular cattle were the only way to "make" money for paying tax debts, that is why the cattle were "his currency of exchange".[Oțetea 1977, p. 40]

As the peasant's main fortune, the number of cattle was taken as the basic criterion in the calculation of the tribute per household, the distribution of the lots and the fowls. Stimulating to receive larger areas, some more entrepreneurial peasants were able to own 40 or even 50 big cattle or even, a few hundred sheeps, even in the case of loaves, but most had one or two cattle or were completely deprived by them. (According to a statistic made immediately after the application of the Organic Regulations, the peasants owned 96,882 horses, 195,533 mares, 310,948 oxen, 51,542 bulls, 281,017 cows, 1,482,542 sheep, 213,337 goats, 345,428 pigs.) [Cojocaru 1958, p. 155]

Cattle breeding was also, driven by the fact that Turkey was still, a large market for sale. Appreciate for quality, the oxen of Principalities were also, requested in the markets of Bohemia, Moravia and Silesia and the horses, by German princes, for easy cavalry and for reproduction. In Moldova, attempts were made, not all, to improve the races with those brought from Albania, some Asian countries, etc., and in Wallachia, with those brought, from Moldova.

Encouraged by profit, animal husbandry was the sector where, after viticulture, capital was invested. They appeared entrepreneurs who produced meat - nessary in Constantinople.

After the opening of European markets, has increased the interest in cultivation of the cereals required for export, but the one for the cattle husbandry, has decreased. In the peasant households, they were, usually grown, under the open skies, in the house's yard or in a confined space (enclosure), the stables being almost unknown in the peasant courts. This made the diminish herd, during overly cold and snowy winters.

Among domestic animals, the largest share held by the sheep, making the Romanian Principalities, among the first large sheep producers in Europe, after Spain, England and

France. Some boyars' houses and some richer monasteries had four or five flocks that numbered a few thousand sheep. Every year hundreds of thousands of sheep were exported to the Ottoman Empire.

According to some authors, up to four million sheep and goats were growing only in Wallachia, and if we add approximately the same number in Moldova and about two million from transylvanian transhumance, we can say that the number was very high, for the middle of the nineteenth century. During the same period, three main sheep breeds were known: tzigaiia - especially in Moldova, barsana and stogosha (hybrid from tzurcana and tzigaiia). With the development of the factory, in 1805 year, in Wallachia, successful attempts were made to acclimatise a Spanish breed but which did not work in Moldova.

The rearing of pigs, under semi-subsistence conditions, was stimulated by the beech and oak forests, by the expansion of maize cultivation, ponds and swamps which provided very good growth conditions for these animals, with low costs, especially along Danube. From Wallachia, the exports were made in Transylvania and Austria, and from Moldova, to Russia and Poland.

The swimmer birds were kept under the same conditions, usually in addition to ponds and lakes, which then were sold for the sole purpose of making money to pay for their capitation (direct tax).

The variety of honey and lime acacia and lime forests allowed the widespread growth of an older occupation - begging. The export of wax and honey was mostly made in Turkey.

Fishing (in ponds, rivers, the Danube, and in lakes) and hunting, ancient occupations, continued to provide food for the population (large consuming - cities and monasteries) and goods for export. [Constantinescu 1977, p. 212]

7. The agrarian reforms of the XIX-th century

From the multitude of components of the complicated agrarian problems in Romania, the peasant issue, that is, emancipation through reforms, primarily through agrarian reform, has been at the center of the revolutionary programs since 1848 year. It has been achieved gradually, depending on the socio-political and context historical conditions.

In Transylvania, the solving of the peasant issue was done under the pressure of the masses, even during the revolution, when the Diet of Cluj, June 6, 1848, forced by circumstances, voted the law on the abolition of the corvee and tithe of the former serfs, become free owners. Because the allodial lands were left to the hands of the nobles, the landowning problem of the hundreds of thousands of dependent peasants could not be achieved. This was due to the abusive attitude of the land masters who postponed the entry into force of the law or applied it in their favor. [*** 1987, p. 260-261]

After the defeat of the revolution, all measures adopted in the period 1848-1849, with the exception of the agrarian reform, were canceled. By means of documents signed by the emperor, called imperial patents, which recognized the granting of rights, in 1853 - for Crisana, Banat, Maramures and in 1854 - for Transylvania, the content of the 1848 reform was broadened and expanded. Thus, the dependent peasants (who held a batch of land), formerly excluded from the land, were also given the right to property. The same principle was maintained, namely the area owned by the serfs, on 1 January 1848. The amount of 72 million florins was established as compensation for the 932,994 ha assigned to 173,781 family members.

In Bessarabia, the state of serfdom was initially, removed, from the middle of the eighteenth century (1749), along with the reforms of Constantin Mavrocordat, while this historical province was part of Moldova.

I make this analysis on Bessarabia, considering that the province is a Romanian territory, with Romanian inhabitants, temporarily located outside the borders of the country of origin.

The peasant reform project was approved by the Tsar of Russia on February 19, 1861. This reform eliminated serfdom. The peasant became free, and the land was considered to be the property of the landlords who were obliged to give batches of earth in use, named *nadels*. In return for the surface received, there is an obligation to work for the benefit of the landlord or to give money. The novelty of the reform was that the law gave to the peasants, the right to redeem the *nadel* and to become, after two years, peasant owners. As long as the *nadel* was used without being bought, the peasants remained dependent on the landlords, being in the "temporarily forced" situation. The law also provided for a new organization of the village administration. [Boldur 1992, p. 355-356]

The Imperial Order on 1886 peasant reform, reached only a small minority of the Bessarabian rural population, being applied seven years later, in 1868. [Boldur, 1992, p 359] Dependent peasants have been appropriated (In the county of Hotin, the peasant received 8 1/2 Russian *deseatina*, Soroca - 8-9 1/2, Orhei - 8, Balti - 9 1/2, Chisinau - 8-9 1/2, Tighina 10 1 / 2- 11 1/2, Cetatea Alba, 13 1/2. (Russian *deseatina* - old unit of measure for surfaces, about 180-220 square meters), taking into account the quality of the land, when each received between 8 and 13.5 hectares of land, while in other parts of Russia only one hectare and a half. Finally, the peasants received land in compensation, in 20 years. After the reform, over lived in Bessarabia 100,000 households on average - a hectare each; 200,000 families - on average 3.5 hectares and 157,000 families - over 8 hectares.

8. The agrarian reform in Romania and becoming peasants as owners

This was the central element of the entire legislative work during the reign of Alexandru Ioan Cuza. Pentru rezolvarea problemei țărănești, domnitorul, sprijinit de prim ministrul Mihail Kogălniceanu, a trebuit să înfrângă puternica opoziție a marii boierimi conservatoare, spre a putea decreta Legea rurală, din 14/26 august 1864, care reprezintă prima reformă agrară din istoria României.

By law, 515,422 families were appropriated; Of them, 408,109, were to take possession of a crop lot ranging from 7,8 hectares to 2,2 hectares, and nearly 60,000 families were supposed to be content, with only a house batch and a garden batch. [Adaniloae and Berindei 1967, p. 343-344] Generally, the coordinates of the reform were the following: the area of the land received - 1,765,000 ha - with an average of 3.77 ha per family. Of the total of 6,300,000 - 6,400,000 ha of cultivation, as at that date, the large private and state property remained to the last, after landing, 4,500,000 to 4,600,000 cultivated hectares, to which Added most of the forest massif.[Jeromescu 1907, p. 144] . Out of all the flockers, 48,342 were married who received 228,328 hectares; at the same time a number of 106,714 villagers were bought from the state estates, small lots that reached a total area of 546,593 hectares.

The peasants became legally free, because the law was abolished for "forever and all over Romania, the bogerescu, the *dijma*, the *dove*, the apple days, the wood chariots and other such tasks." [Giurescu 1973, p. 86] After applying the law, there were about 108,000 families left without land, and about 130,000 families were landed with insufficient land (1-2 ha). The compensation was fixed at 200 million lei gold. In practice, a system of economic dependence was maintained, between large and small property that embraced the form of agricultural settlements.

9. Conclusions

The agrarian economy of Romania has thrived, because by becoming free, it has created for the peasants the possibility of cultivating the land extensively, for the beginning, the increase of the number of all animal categories, the acclimatization of new plants and varieties, the coming in contact with the new methods of exercising farmer's job, facts that have increased and broadened the category of earth workers, created capitalist social relationships

Despite all its limitations, the 1864 agrarian reform essentially, means the first major step in the implementation of the social program of the revolution of 1848, with decisive effects on the country's social and economic structures, marking the moment of generalization of the capitalist relations in whole of the Romanian economy. [**** 1907, p. 409-410]

In comparison with the agrarian reforms in the center, eastern and south-eastern Europe, during the same period, is a qualitative difference, between the Romanian law and the imperial patents in Transylvania (1853-1854) [Kovacs 1973, p. 136], wich they have legislated a factual situation. They was not created a new major social category and numerous peasant owners, as in Romania.

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A TRANSLATOR'S POSITION IN DIFFERENT CULTURES AND EPOCHS

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Abstract:

This article aims to present facts and critics' points of view on two different social and cultural contexts that are related to an author's, in this case J. D. Salinger, creation and publication of a novel, namely "The Catcher in the Rye." The first is the American culture of the 1950s and the second is the Romanian cultural and social context at the time of the publication of the first Romanian translation - the 1960s. The presentation of these contexts is beneficial for deeply understanding the influences and the period in which a writer lived and created his fiction. This approach also involves an interdisciplinary perspective, focusing on historical, political, economic, social and cultural aspects of the two cultures involved in the translation process: the Source Culture and the Target Culture. This approach can reveal how important it is for a translator to take into account the specific cultures in question and to use the "tools" specific to each of them. The main aim of this outlook is to help explain how the decisions and choices made by translators can be affected by socio-cultural contexts.

Keywords: translation, Source culture, Target culture, translator's position, socio-cultural context

Introduction

J. D. Salinger's literary masterpiece, as any other literary creation, cannot be profoundly understood without taking into consideration the social and cultural context and the influences of the period in which the author, in this particular case, Salinger lived and created his fiction. This involves an interdisciplinary approach of the topic, dealing mainly with historical, political, economic, social and cultural aspects of the 1950s. Although Salinger started working on his novel much earlier, in the 1940, the '50s is the period in which the novel was published and rapidly gained national and international reputation. But without the specific events that took place in post-war America, the huge popularity of Salinger's novel may not even have been possible. In order to emphasize the main events I shall make reference to some very recent studies, mainly belonging to Sarah Graham and Martin Halliwell.

Social and Historical Contexts

The period right before, during and after the Second World War had a huge impact, at all levels, on all the nations involved, since the war affected life and its evolution in the two countries involved in this research: Romania and the USA. This part represents the core of understanding how all the new changes and developments, both in positive and negative directions, in the post-war era were actually shaped and how they influenced life, in all its spheres, with an emphasis on literature in this unique context in the above-mentioned nations.

Martin Halliwell in American Culture in the 1950s, published in 2007, starts his *Introduction* section by a discussion of a comeback concerning censorship, just as the one in the fifties, giving examples of social and political issues going on in 2004 (such as Janet Jackson's concert incident, the terrorist attacks from 9 /11, George Bush's last year of his first term, etc.) (1). Before embarking on discussing and presenting the most important events from the decade of the 1950s, I believe it is important to briefly remind what the atmosphere was like in the mid-1940s, when Salinger had actually started working on his novel. The respective period "had seen an almost complete reversal of the alliances of World War II: the Germans and Japanese were no longer the sworn enemy, even though West Coast Japanese Americans has been interned and relocated *en masse* in the late 1940s, causing widespread resentment" (Halliwell 28). The real dangers or threats were now Red China and the Soviet Union.

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But in order to better understand the post-war period we have to look even further back in the history of the USA, to the period of the Great Depression. Sarah Graham, in her book J. D. Salinger's The Catcher in the Rye, published in 2007, in a chapter entitled "Post-war America: society and culture," mentions that the post-war American atmosphere cannot be really understood without going back to the Wall Street Crash in 1929, when the US stock market suffered an immense collapse which lasted until the beginning of World War II in 1939 and which was known as the Great Depression, "an economic crisis that threw millions of people into poverty" (Graham 9). The USA had hoped to avoid getting involved in the war. "Anxious about the rise of communism, keen to limit immigration, and resistant to a European influence on American identity, the USA was happy to stay isolated from the rest of the world" (Graham 9). But Japanese attack on Pearl Harbor on 17 December 1941 killed more than 2,400 American service people and civilians and this fact made the USA decide by 11 December to go to war with Japan, Germany and Italy. America's participation in the war pulled her out of the Depression by creating many jobs, especially new ones. S. Graham mentions that "[s]ix million women (of a female population at that time of 66 million) entered the American workforce during the war, and although women were encouraged to return to the home when the war was over, many enjoyed the opportunity to have a role outside the family and make money in their own" (9). Of course, this increasing number of women that decided to stay employed after the end of the war developed the economic boom of post-war America.

There were devastating effects of the discovery and use of the atomic bomb, "not only for Japan, which suffered the loss of thousands of lives when the cities of Hiroshima and Nagasaki were bombed by the USA in August 1945 (forcing Japan's surrender)" (Graham 10), but for the entire world which was now entering "the perilous atomic age." S. Graham provides statistic data which suggest that "the USA lost around 400,000 lives in the war, most of them in the battle. (...) Around 35 million people died in the Second World War, about half of them civilians" (10).

The two major dangers that America was facing after the end of the war were: "the possible spread of Communism from the USSR and the fear that the Soviets would develop and use atomic weapons" (Graham 10). These dangers influenced America in all its major fields of life for many years. Capitalism and Soviet Communism are deeply opposing concepts. For Americans capitalism means that "individuals or companies own the means of production and employ a workforce" (Graham 10). Soviet Communism is at the opposite pole, it is "a state-run, rather than privately owned economic system in which, ideally, the workforce owns the means of production" (Graham 10). These are the reasons which led to the 'Cold War' between America and the USSR. "The boom of America's economy was a very important aspect and an influential one in everybody's life" (Graham 10). Martin Halliwell believes that the "Cold War ideology is central to understanding 1950s culture but it was also a period in which the economic prosperity that began during World War II started to have tangible effects on middle class life" (2).

Social and Cultural Symbols

The American economic boom had very important and obvious symbols, and S. Graham mentions, for example, that cars represented the symbol of luxury, the appearance of fast-food restaurants was the side effect of "the relocation from city dwelling to the suburbs," and the appearance of "drive-in movie theatres and chains of motels" stood as a symbol for a "population that was mobile and affluent in a way it had never been before" (12). Martin Halliwell believes that "(...) on closer inspection the decade reveals a number of political, social and cultural currents that cannot easily be expressed as 'cold war culture'" (3). To all these symbols mentioned by S. Graham, Martin Halliwell adds the ones from the popular culture, such as the birth of Elvis Presley, king of rock-and-roll, that of "high-school

romances, Tupperware, the *Peanuts* comic strip, Hollywood blondes, 3-D cinema, and black baseball star Jackie Robinson helping the Brooklyn Dodgers to six World Series finals” (3)

Some other advantages created by the economic boom in the post-war period in America were: a shorter working week, which meant more leisure time, leisure activities, such as church-going. At the same time the post-war period in the USA presented paradoxical effects since there were two opposing views on domesticity: it “was promoted as an ideal for women and many women were perfectly content with marriage and children, but a significant number were dissatisfied” (Graham 15). But women’s lifestyle and women’s emancipation were not the only new concepts in post-war American culture. The same happened to the concept of “teen-ager,” which was, as S. Graham mentions, “first identified as a recognized developmental period and social phenomenon in the 1950s,” due to the nation’s prosperity, “wider inclusion in high-school education,” and even to “the greater mobility afforded by the boom in the car ownership” (16). All these new elements, S. Graham continues, “combined to create ‘peer culture’ (that is, one in which young people refer to each other for a sense of belonging and shared values, rather than to the older generation) such as never seen before” (16). This seems to have created the perfect environment for the appearance of such a character as Holden Caulfield. S. Graham notices that these young people, from an entirely new generation, had to “express their sense of difference from the world created by their parents,” and to do this they needed “films, music, clothes, books and innumerable other products that were designed especially for them” (16).

As a conclusion it can be easily said that the period of the 1950s was one of great changes and developments in the USA, at all levels: social, political, economic, scientific, and technological; there were also new approaches and perspectives on gender issues. The appearance and development of television had great impacts on people and their leisure habits and family life; it was the beginning of the entertainment industry which was to have huge effects on the entire world in the second half of the 20th century. It was a decade of transition, of new beginnings, of prosperity, developments and changes (both positive and negative) which affected not only the entire American nation but also had effects sooner or later in the entire world. Without knowing and understanding this period from the American history we cannot claim to understand the literary masterpieces written during this decade, J. D. Salinger’s novel included, and that is why I considered it essential to approach.

Romania in the 1960s

It is also very important to focus on the period in which the first Romanian translation of Salinger’s *The Catcher in the Rye* appeared in our country, namely in 1964, done by Catinca Ralea and Lucian Bratu and entitled *De Veghe în Lanul de Secară*. The period was that of Communism, the much feared threat of the USA. This means that Romania which met Holden Caulfield for the first time had the exact political and social context that the Americans, Holden’s compatriots, were fighting against. This brief outlook on Romania’s communist period will greatly help explain the decisions and choices made by the Romanian translators; they will also help analyze the text in relation to the socio-cultural context and better understand why the first Romanian translation was not a very successful one. The year 2009, more specifically on September 1, represented the moment when the entire world commemorated seven decades from the burst of the Second World War. In this context it is also very important to understand Romania’s position in the period before, during and after the Second World War in order to better understand the changes that took place in our country and that shaped its history for almost five decades before the revolution against Communism, in 1989, which represented a spiritual, cultural, economic, political and historical rebirth for our nation.

This brief outlook¹ will mostly summarize and emphasize the main political events that took place in Romania shortly before, during and after the Second World War. At the time when Salinger was starting his literary career and then, later on, when he was fighting in the war, in Romania there was a period of communist regime. The communist regime was installed in Romania under direct pressure of the Soviet occupation forces, against the will of the Romanian people, in the geopolitical conjunction appeared after the end of World War II. This process has known, in the period between 1945-1947, a troubled transition period, which ended by the act of forced abdication of King Michael, on December 30, 1947, and by adopting the new Constitution in April 1948, which annulled the political pluralism, consecrated the complete seizure of power by the communist forces and the instauration of the system of “popular democracy.”

After this harsh period there was a period of repression and institutionalization of ideological control, which was known as censorship. As it is known, in the context of the Soviet military occupation of the countries in Central and Southeastern Europe, after World War II, communist regimes were transplanted in these countries. These regimes, when they fully took over the power, they destroyed the intellectual elite, using violence in the repression and physical extermination, in prisons and camps, of a large number of members of the old political class.

In 1948, the ideological censorship was institutionalized, affecting all areas of creative or cultural activity. Lists of publications were established; and the same happened to works or authors who may see the light of print, and lists of publications and works that had to be prohibited, with authors to be removed from the public domain. The public libraries were purged of banned works, but they were invaded by translations from Russian literature, the Russian films flooded the screens, the publishers and newspapers were put under a strict ideological control. The works of Marx, Engels, Lenin and Stalin were translated and disseminated to saturation. This situation can be slightly linked to the attempts to ban Salinger’s novel after its publication in 1951 or to censor certain parts, actually words (such as the case of the “F” word) from the book. This harsh political context from Romania affected all strata of life, especially the cultural one and this had a great impact on the first Romanian translation of *The Catcher in the Rye*.

The religious life was not an exception from all the political changes that were taking place in the above-mentioned period. Under the pressure from Moscow, in 1948 the Greek Catholic Church was disbanded and its leaders were imprisoned. The atheistic-scientific propaganda had the task of “emancipating” people of the religious faith. Consequently, in the early ‘50s, the Communist regime succeeded with the use of terror to suppress the opposition (except the armed resistance of some groups withdrawn in the mountains), important intellectuals were imprisoned or marginalized, education, publishers, publications, radio (and later television) were rigorously controlled and the whole culture was ideologically subordinated to the communist directives.

This was, broadly speaking, the socio-cultural and political context in Romania at the time when *De Veghe în Lanul de Secară* was translated for the first time, in 1964. This context can thus help us better understand the censorship present in the choices made by the two Romanian translators. One of the important advantages of this first translation is that it appeared in the so-called period of political liberalization and cultural openness, in 1964 and

¹ The main source for the information presented in this sub-chapter is an article entitled “Cultura română în perioada regimului comunist. Reconstrucția culturii române în perioada postcomunistă. Poziții actuale privind identitatea națională și procesul integrării europene” (“The Romanian culture during the communist regime. The reconstruction of the Romanian culture in the post-communist period. Present positions regarding the national identity and the European integration process”) found on <<http://www.preferatele.com/docs/romana/21/-cultura-romana-in-p5.php>>. All the quotations and paraphrasing from this article are my translation and adaptation into English unless otherwise stated.

this allowed our country to come into contact with a highly controversial book, banned especially because of its “inappropriate” language.

Catinca Ralea and Lucian Bratu were the first ones who translated Salinger’s novel into Romanian. She was a radio and television journalist and translator. Catinca Ralea was born in 1929 (the daughter of the philosopher and esthetician Mihail Ralea), she was translator of English, American and French literature; she made TV and transmissions, starting with 1953 she worked in the English department of the editorial broadcasting office for overseas transmissions of the Romanian National Radio Station (she was an announcer, an editor, then head of the department). Her literary translations included the series Cvartetul din Alexandria: Justine, written by Lawrence Durrell re-published by Polirom in 2002 and Cvartetul din Alexandria: Balthazar, by Lawrence Durrell and re-published by Polirom in 2003, besides the first Romanian translation, in 1964, of J. D. Salinger’s The Catcher in the Rye (De Veghe în Lanul de Secară, re-published by Polirom in 2001) in collaboration with Lucian Bratu.

Tudor Petruț¹ mentioned in an article called “Din Aduceri Aminte (2)” from 2008 that Catinca Ralea coordinated the English department from the Romanian National Radio Station for many years and she has made exceptional interviews with writers such as Saul Bellow, William Saroyan, Alvin Toffler, or Iris Murdoch, with musicians such as Yehudi Menuhin and Arthur Rubinstein, the sculptor Henry Moore, with Margaret Thatcher and politicians such as Edward Kennedy, with the famous Barbara Walters and Doctor Christiaan Barnard. Radio was her great love to which she gave creative energy with all her beneficial vitality and passion. Tudor Petruț mentions that Ilie Purcaru, the writer, confessed she had “a strong culture, both Romanian and Anglo-Saxon,” and that “in a time when Romanian communist dictator Nicolae Ceaușescu drastically reduced foreign exchange costs, we see good movies on TV, obtained for free, thanks to Tudor Vornicu and his relations with his Western counterparts, but also thanks to Catinca Ralea and her relations with the free world.”

Catinca Ralea was a well-known TV presenter who had access to the Western world and this had undoubtedly contributed to her better understanding of the novel and of what it represented both for the American and Romanian cultures, each from its specific point of view. Regardless how good or bad the translation may be ranked or how modern or old-fashioned the language of the novel may look like to different generations of readers, the work of the first two Romanian translators is of great value since it united the Romanian and American cultures, shedding light on the latter in the eyes of Romanian readers and awakening their interest in wanting to find out more about Holden Caulfield and his teenage dilemmas. From this point of view the translation can be considered a bridge between cultures and a good starting point for further analysis of different cultural and historical aspects and events that highly influence the writing, translating and decoding process of a literary work. These are some of the main reasons why I have focused on the socio-cultural and historical contexts related to the birth, and respectively to the translation of Salinger’s novel.

Conclusions

In this article I have tried to focus on presenting the most important data, facts and critics’ points of view on the social and cultural contexts of, firstly, Salinger’s creation and publication of his novel (America in the 1950s) and, secondly, on presenting the outline of the Romanian cultural and social context at the time of the publication of the first Romanian translation (Romania in the 1960s). The presentation of these contexts was advantageous for deeply understanding the influences and the period in which Salinger lived and created his fiction, which in turn greatly influence the translator’s work and choices at the time of translation. This approach involved an interdisciplinary perspective, focusing on historical,

¹ Source: <<http://www.romanianvip.com/2008/10/13/din-aduceri-aminte-2/>>. This paragraph is my translation and adaptation into English.

political, economic, social and cultural aspects of the USA in the 1950s. Salinger started writing the novel in the 1940s, but the main reason for choosing to focus on the 1950s was its representing the period in which Salinger published his novel and the fact that during this period it has rapidly gained worldwide reputation. I have also tried to emphasize that without the very specific events of the post-war America the popularity of Salinger's novel would not have been possible. The focus was on the huge impact that the Second World War had on all levels and on all nations, but mainly on the USA and Romania and on how it affected life, developments and social evolutions in these two very different countries.

Another important aspect discussed was the social, political and cultural context of Romania in the 1960s. The reason for choosing this period is that the first Romanian translation of Salinger's novel appeared in 1964. Thus, the period discussed was that of the Communist regime (the much feared threat of the USA). The main aim of this outlook on Romania's political regime was to help explain the decisions and choices made by the two Romanian translators, also to deeply understand and be able to analyze the text in relation to the socio-cultural context and finally to offer some pertinent reasons for the partially not complete success of the first Romanian translation, especially concerning the colloquial language used by Holden Caulfield. All the events presented are important for understanding Romania's position in the pre- and post-war period, as well as for understanding the changes that took place in our country and shaped its history for almost five decades before the anti-communism revolution, which represented a spiritual, cultural, economic, political and historic rebirth of our country.

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IMPORTANCE OF SPECIALIZED LANGUAGES IN COMMUNICATION

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Abstract:

Language has different dimensions in communication, according to the purpose of its use. This is the reason why scientific researchers have distinguished between common language and specialized language. The aim of this article is to offer some theoretical insight on the issue and the importance of Language for Specific Purposes, especially on English for Specific Purposes since in this global era, English is the universal language operating as main communication mediator and facilitator between the Source Language and the Target Language. Much of the success of any business is based on good and efficient communication and that is why the correct use of a specialized language has a key role. This article also tries to pinpoint the main problems related to knowing how to use correctly and how to convey the information properly through translation of specialized languages, which is only possible based on expert knowledge and use of the specialized fields and of the language used for communication.

Keywords: *common language, specialized language, English for Specific Purposes, communication*

It is well-known and universally acknowledged that a good translator is that person who really "knows" what he/she is translating, meaning that besides knowing deeply both the Source Language and the Target Language, he/she knows and understands the concepts behind the terms used in the specialized language, the he/she is on the same position of an expert. This is the main reason why the work of a translator is so much more difficult and full of responsibility when it comes to the act of translating: he/she must be familiar with the terms and concepts in both in the subject field and in the languages. Thus, LSP represents the language for special purposes, used to discuss specialized fields of knowledge. any written text used specific terminology. Terminology is natural language; the terms do not belong to an independent system of words, but come together with words to form the vocabulary of speakers. The terms can also be analyzed from different points of view: linguistic, cognitive, communicative, etc. The specialized knowledge unit is the one that represents and transmits knowledge. Such units are created within a linguistic system and are formed by a signifier and a signified. They also allow to represent and fix the specialized knowledge and they transmit and spread the specialized knowledge. This specialized knowledge unit is divided into natural language units (for example, morphological, lexical units, etc.) and artificial language units (such as symbols, formulas, iconography, etc.).

There is also a very important distinction to be made between Language for General Purposes (LGP) and Language for Specific Purposes (LSP). The former refers to the language people use every day to talk about ordinary things in a diversity of common situations, whereas the latter is the language used to discuss specialized fields of knowledge. Nevertheless, the most important and interesting thing about these two categories is that they overlap, this being what Meyer and Mackintosh call "de-terminologization" (Meyer & Mackintosh, 2000).

Some of the most important features of **Artificial Languages** refer to the fact that they are "invented" languages, they are constructed using natural language, they represent a previous, controlled conceptualization, they are unable to admit new units not previously set and conceptualized, they are unambiguous (no synonyms or polysemous terms), they have reduced syntax, reduced inventory of signs first established in written form, they are valid wherever used, they present no scope for meaning variation.

On the other hand, **Language for Specific Purposes** (LSPs) are not artificial. They cannot be considered "invented," but participate in the general language. They are not constructed with language as a point of reference, as they form a part of language. They can admit new units, even if,

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it is desirable to control their growth. They permit synonyms and all the syntactic possibilities offered by the LSP. They also present an inventory of signs that grows steadily.

The common elements between **Language for Specific Purposes** and **Artificial Languages** refer to: prior conceptualization that is relatively controlled, they do not usually admit new terms unless the concept has been defined and named, they do not have (in theory) polysemous terms (polysemy in general language is homonymy in special languages), written form of terms takes priority over the spoken form, many terms are valid internationally, and they have the same limited functions.

One of the most important aspects in terms of users of LSPs is that they are used by mainly three categories of people: experts - people who have training or experience in the specialized field in question; semi-experts - for example, students or experts from related fields, and non-experts, such as technical writers or translators. Nevertheless, they influence one another at all levels. Since the role and the work of translators are highly important and bear significant impact, they need to acquire knowledge in two areas: in specialized terms, collocations, grammatical structures and stylistic features; and in the information about the specialized concepts described using the LSP. Thus, translators need to actually know what they are writing or taking about, which means understanding the concepts behind the terms linguistic development can be regarded as a form of adaptation to globalization. In other words, translators need to familiarize with the concepts in the subject field and the language used to describe them by learning the LSP terms and structures with texts or corpora.

Cabré believes that there are two types of specialized vocabulary: the first one is a common platform, consisting of terms with a wider usage, and the second type of specialized vocabulary is composed of strictly specialized terms, in each field and it represents a specific scientific and technical terminology (in Angela Bidu-Vrănceanu 2007: 15-16). Lerat mentions that the notion "specialized language is a natural language specialized knowledge considered as a vector of the specialized language" (Lerat 1995: 20).

Another opinion, which belongs to the descriptive linguists, emphasizes that "each specialized language is a simple version of the general language" (Cabré 1998: 119), even a simple lexical option. Therefore, there would not be specialized languages, but only specialized vocabularies. A specialized language can make use of non-lexical means even extra linguistic ones: illustrations, symbols, acronyms, etc. There are many examples in point in the field of e-commerce. In this case the language makes use of acronyms and the preposition to is replaced by number two (2).

B2B or Business-to-Business

B2C or Business-to-Consumer.

C2B or Consumer-to-Business

C2C or Consumer-to-Consumer

G2G or Government-to-Government

G2E or Government-to-Employee

G2B or Government-to-Business

B2G or Business-to-Government

C2G or Citizen-to-Government

Other acronyms have a high degree of specialization; non specialists cannot decode them. For example:

SEO- Search Engine Optimization

EDI- Electronic Data Interchange

PPA- Pay per Action

PPC- Pay per Click

On the other hand, many new words enter a language all the time - the exact number is uncertain but there are thousands appearing every year. English, for example, is a common language in many specialized areas such as science, technology and the Internet, and as these

areas grow so does the vocabulary needed to express new ideas and objects. Here are some examples of English words that entered the Romanian language:

accounting: *audit, debit, cash, balance, auditor, clearing, control;*
publicity: *banner, billboard, host, print, media, blog, copy;*
banking system: *banker, bonds, interest, draft, cheque, overdraft, penalty, interest, saving;*
commerce: *trade, shopping, dealer, export, import;*
distribution: *logistics, cash and carry, carrier, distributor;*
finance: *asset, cashflow, broker, capital, stock, discount, dividend;*
technology of information: *computer, hardware, software, hard disk, chip, cursor, mouse, digital, display, e-mail, fax, password;*
management: *full-time project manager, leasing, franchising, know-how, leader, job, target;*
marketing: *brand, market, marketer, respondent, brainstorming, moderator, directory, mass media, copyright, dumping;*
transportation: *charter, airbag, jeep, scooter, intercity.*

In the current context of European integration, the linguistic development can be regarded as a form of adaptation to globalization. Exploring the area of linguistic changes can be a useful way of helping people, but especially translators, to deal not only with the way languages evolve and the new words they are likely to encounter, but also help them understand the way the words they already know have evolved and developed.

4. CONCLUSIONS

The aim of this article was to offer some theoretical insight on the issue and the importance of Language for Specific Purposes, especially on English for Specific Purposes since in this global era, English is the universal language operating as main communication mediator and facilitator between the Source Language and the Target Language. Much of the success of any business is based on good and efficient communication and that is why the correct use of a specialized language has a key role. This article also tried to pinpoint the main problems related to knowing how to use correctly and how to convey the information properly through translation of specialized languages, which is only possible based on expert knowledge and use of the specialized fields and of the language used for communication.

Cabré mentions that "every specialized language can be updated at different levels of specialization. The peak of the pyramid corresponds to the communication between specialists, and its ground corresponds to the communication (popularization) for the general public. (...) the subject defines the specialized language and a text does not cease to be a specialized text, as long as it aims at vulgarization, its degree of specialization being simply smaller" (Cabré, 1995: 124). That is why the role of the translator becomes also one of a "decoder" since they have to become experts and need to familiarize with the concepts in the subject field and the language used to describe them by learning the LSP terms and structures.

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THE MANAGEMENT OF THE EUROPEAN FUNDED PROJECTS – ERASMUS +

Adina Valentina, Mihai¹

Abstract:

This paper aims to provide a minimum of theoretical knowledge of the European funded projects management, the importance of developing post-experiential skills of teachers through project development, the impact of ERASMUS + on the development of knowledge and understanding of European cultural and linguistic diversity among teachers and students, in order to help students gain language skills and personal development skills needed for future employment and active citizenship.

The public educational policies also focus on training students and teachers in applying for European funded projects ERASMUS + because this modern method of teaching and learning through European projects has the advantage of producing changes in the attitudes and behavior of managers, teachers, students, parents, local community members.

Keywords: ERASMUS + projects, project management, impact, challenges

The public policies also focus on training students and teachers through promoting the application for European funded projects ERASMUS +. Educational institutions were, are and will probably be the main institutions specialized in training human resources from a country. The quality of its “outcomes” depends on the following factors:

- the quality of human resource (children, youth, adults) participating in learning process (physical and mental development, intelligence, learning ability, motivation, family and social conditions);
- the quality of logistics (educational facilities, furniture, teaching materials, technical equipment);
- the quality of management (the educational system, the various subsystems and institutions);
- the quality of staff (teachers, teacher-auxiliary, administrative) and teaching performance.

Among these factors, the EU-funded projects play an important role because they assure the conscious, sustainable, permanent and generating development for all the stakeholders in the education.

This paper aims to provide a minimum of theoretical knowledge of European projects management, the importance of developing post-experiential skills of teachers through project development and good practice, the impact of European projects on the development of knowledge and understanding of European cultural and linguistic diversity among teachers and students, in order to help students gain language skills and personal development skills needed for future employment and active citizenship.

This modern method of teaching and learning through European projects has the advantage of producing changes in the attitudes and behavior of managers, teachers, students, parents, local community members, presenting evidence of the effects of the project on the different target groups. These can be summarised as follows:

a) Effects on students:

- acquisition of knowledge, attitudes, values from different school subjects;
- acquisition of language / communicative skills, coupled with increased awareness of language learning;
- acquisition of methodological skills;
- increased motivation;

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- ☐ acquisition of social skills;
- ☐ acquisition of skills in using ICT;
- ☐ increased awareness of aspects of European citizenship.

b) Effects on teachers:

- ☐ acquisition of skills in curriculum;
- ☐ acquisition of language / communicative foreign languages skills;
- ☐ increased motivation;
- ☐ acquisition of social skills;
- ☐ acquisition of skills in using ICT;
- ☐ acquisition of management skills;
- ☐ increased awareness of aspects of European citizenship.

c) Effects on the institution environment:

- ☐ acquisition of new curricula;
- ☐ development of school policy;
- ☐ acquisition of new cross-curricular approaches;
- ☐ development of links with the community;
- ☐ increased awareness of learning- teaching process for the whole school community;
- ☐ acquisition of management skills;
- ☐ increased awareness of aspects of European citizenship.

The goal of this paper is also to provide a step-by-step guideline for applying and managing European projects because these help teachers to open up new horizons so that they can harness their full potential in managing a personal project or that of the institution they work for, so that the teachers need to develop, knowledge, skills, and appropriate attitudes so that they can become a more effective project manager who is able to achieve intended goals.

In the beginning, the word „Project“ was associated primarily with engineering, in particular with developments at the forefront of technology. The next place it cropped up was in Information Technology where Software Programming required sophisticated project methodology. Today, a project mentality is essential in our world of the new millennium. The universities that will remain efficient are the ones that have an effective and widely understood approach to managing projects as a way of implementing change.

The word “management” originates from the Latin word “manus” (hand) and suggests the idea of ”pilot” or “handling”. In English the word has been adopted as the verb “to manage” which means “administer”, “drive”. The British introduced the derivative of the verb “to manage”- the words “manager” and “management” in the sense of leader and leadership that were originally used in Anglo-Saxon countries then they spread across the globe. According to the English dictionary “management” is designing, planning, managing, controlling and directing an activity towards a definite purpose with maximum efficiency.

The educational project is the intention to take an ameliorative action whose essential character is the anticipation. The educational projects relates to a lower level of generality than programs, have a smaller coverage area of a lower complexity and shorter time horizon. They subsume a number of educational activities that aim to solve specific problems in a relatively short time and in a specific educational area. The educational project can be defined as a set of general intentions regarding the orientation of organization development.

A project has to fulfill its set aims and objectives within a limited period of time and with limited money and personnel resources. Since it does not deal with routine operations but with new activities there is a high risk of failure.

The definition of the educational project:

Every dream, desire that is supposed to have a deadline or an opportunity is a project. The project defines the problem that the institution must deal with. The project offers results that reinforce the institution's services. Integrating the results of the project as soon as possible and turning them into current actions will develop the institution itself.

A project must accomplish a series of strategic and tactical conditions to be viable for the organization.

Strategic terms:

- ☐ Adequacy: be suitable to achieve goals and objectives.
- ☐ Achievability or feasibility - are realistic: an ambitious, impressive but impractical is worse than useless, it is dangerous as they consume resources unnecessarily.
- ☐ Economics - derived from satisfiability and requires optimal use of resources.
- ☐ Simplicity and accuracy - to include those objectives and to allocate sufficient resources needed to achieve those intentions (excess precision can be as harmful as imprecision).
- ☐ Systematization, readability and clarity - in design and drafting.
- ☐ Operationality - easy application
- ☐ Unity and consistency - assumed to contain no contradictions conceptual or principled action.
- ☐ Continuity - every action to prepare the following activities
- ☐ Flexibility - adaptability to new situations and allocate resources for contingencies
- ☐ Time framing - specifying the time horizon of each action or set of actions.

The time horizon of the project should be adapted to the following levels: strategic, tactical, operational.

- ☐ Viability and repeatability - the project / plan must be carried out and applied so long as the context does not change radically.

Tactical requirements:

- ☐ Consulting expertise
- ☐ Compliance with regulatory framework
- ☐ Consideration - in decision-making - more alternative courses of action
- ☐ Exploring the impact of the project on the organization's mission and priorities
- ☐ Establishment of programs and specific actions to achieve the goals and objectives
- ☐ Identifying opportunities for personal and professional development for individuals and groups involved
- ☐ Selection of original and creative solutions to possible problems
- ☐ Establishment of specific procedures and performance indicators for implementation, monitoring and evaluation of the project.

Terminology used in the Project Management:

- ☐ Designer - the person or group which will develop the entire project without the need to implement.
- ☐ Practitioner - a person or group which will put the project in practice, the project can be developed by anyone.
- ☐ Project manager - the person responsible for administering the project.
- ☐ Program - the program is a set of projects which have in common the identified problem and try to bring different aspects of the solutions.
- ☐ Target group - people or institutions targeted by the project directly.
- ☐ Beneficiaries - people or institutions to which indirectly is heading the project results.
- ☐ Stakeholders people or institutions that are actively involved in the project and whose interests may be affected, positively or negatively, the success / failure of the project.

There are three factors that differentiate projects from routine activities: the uniqueness, its time limit and gradual development.

- **The uniqueness** - projects refers to activities that have not been made previously.

The uniqueness derives from the unique nature of the activities, from providing it for the first time, services or in realizing new products in school. The uniqueness of the project is observed in its geographical location, the project management of specific target group and beneficiaries.

- **The temporary nature** - reveals that the projects are transient. They have a definite beginning and well established end. The project can be considered finished when goals are achieved or when the institution knows clearly that they cannot be achieved or that the final product is no longer of interest.

□ **Progressive development** – the outcome is difficult to be detailed at the beginning of the project. Therefore, it is useful to talk about the progressive development of the project. The two terms can be described as: elaboration – research and progressive – upward activity. At the beginning of the project, the aim, the ongoing, the cost and the performance (parameters) must be rigorously defined. During the project there is a better understanding and then internalizing it. Projects can be differentiated if they are positioned between the two extremes of a continuum: superficial, diffuse and clear. The continuum is actually the level of knowledge. It varies from poor knowledge to deep knowledge. A well-defined project is placed as close to deep knowledge.

Erasmus is the EU's education and training programme for mobility and cooperation in higher education across Europe. Its different actions not only address students wishing to study and work abroad, but also higher education teachers and enterprise staff intending to teach abroad and to higher education staff seeking training abroad. In addition, Erasmus supports higher education institutions to work together through intensive programmes, networks and projects as well as to reach out to the world of business.

The operational objectives of ERASMUS are :

- increasing the quality and the number of student and teaching staff mobilities.
- increasing the quality and the number of partnerships between educational institutions
- encouragement of learning modern foreign languages.
- support for the development of the contents, services, pedagogies and innovative practices and ICT (information and communications technology).
- increasing the quality and the European dimension of teacher training.
- supporting the improvement of pedagogical approaches and the organization management.

ERASMUS projects are there to improve the initial or in-service training of teachers and other categories of personnel working in the education sector with the ultimate aim to improve the quality of teaching and learning process.

ERASMUS projects aim at enhancing the European dimension of education by promoting joint co-operation activities between education institutions in Europe. The projects give students and teachers in different countries an opportunity to work together on one or more topics of mutual interest. These partnerships help students and teachers to acquire and improve skills not only in the topic or subject area on which the project is focused, but also in terms of teamwork, social relations, planning and undertaking project activities and using information and communication technologies (ICT). Participating in a partnership with institutions from different countries also gives students and teachers the opportunity to practice foreign languages and increases their motivation towards language learning.

ERASMUS + have a great impact on:

1. Pupils

Language skills, especially English but also the native languages from the project are developed in mobilities, chat, video-conference, optional courses, summer courses and they can communicate and express their opinions about project activities and outcomes. During the project activities practised new technology and Internet tools

increasing their ICT skills being one of the most important objectives of the project. Using the Internet pupils made a lot of friends from abroad, Internet pupils sharing their ideas. Taking part to the project activities the pupils were motivated to develop their knowledge in English exploring other Educational systems and cultures. Pupils from the project can participate at local and national contests at English, General knowledge, ICT increasing their self-confidence.

2. Teachers

Teachers increase their English skills for a better understanding and communication in planning and developing the project activities offering examples of methodological good practice and taking part in classes, proposing and performing new Curricula subjects-optional courses and summer courses about partner countries and cultures. The activities of the project (web page, blog, video-conference, ppt, web quest, Google wave, videos) required ICT skills for all the staff who is involved in the project taking part actively to courses.

3. Organisation

In the training programme of education institutions there are introduced new English optional courses, summer courses (also outcomes of the project), culture courses, arts extracurricular activities grouping students according to their skills and interests. For a better development and application of local, national and international projects it is organized a new specialized Department of Projects. In mobilities the managers of the education institutions are involved in sharing experience / best practice in educational management and life long learning of the staff presenting the National Curriculum. The diversity of the activities and key skills increase a better cooperation among teachers from different curricular areas and also in planning and performing the activities on the project acting as a team.

4. Local Community

The family members support and participate, directly, help their children in project activities, propose new ideas for outcomes organizing exhibitions with traditional food and cookies, performing folk dances and showing their traditional costumes. During the project the education institutions cooperate with representatives of local Educational System and local cultural institutions (museums, memorial houses, opera halls, conservatory and theatre) for a better progress of the project.

The challenges arising in European funded projects- ERASMUS are related to:

□ **The co-ordination and leadership challenge:** The co-ordinator of a project has to fulfill two roles: He (or she) should have the technical skills to be an efficient project manager and the personal qualities of an inspiring and assertive project leader. There are different approaches to choose from for both of these at these fundamental roles.

□ **The planning challenge:** These projects are complex undertakings which require considerable planning. It is challenging to prepare a detailed project proposal with a diverse consortium of partners with different institutional backgrounds, from different education sectors and in different countries. In addition planning is not restricted to the application stage, but necessary throughout the project's life cycle.

□ **The administrative challenge:** The administrative requirements and regulations of the funding programme are considered to be rather rigid and burdensome by many project actors. A relatively high administrative work load with regard to documenting and reporting of the project's activities and costs has to be dealt with.

□ **The co-operation challenge:** European projects require co-operation between different institutions which do not normally co-operate. A project manager is confronted with diverse motivations, interests, and organisational cultures in often so-called *mixed partnerships* of institutions with complementary expertise and different approaches. This concept of profiting from diversity constitutes a challenge as well as an opportunity for

learning. It is not only the institutions, but also people, (most likely of different professions, age, experience and start working together for the first time and needing to be transformed into a committed and high performing team.

□ **The virtual challenge:** As opposed to in-house projects, the team in a European funded project is geographically dispersed all over Europe. Consequently, frequent or spontaneous face-to-face meetings are not possible. Communication and collaboration must be organized over distances, team building and conflict resolution likewise. A consequence of the distance between partners is that communication and collaboration are mostly done virtually, supported by information and communication technologies (ICT). A project manager needs to have a sound knowledge of the existing tools and good user and facilitation skills with regard to ICT.

□ **The intercultural challenge:** The project partners are not only located far away from each other, but come from different countries. This involves cultural differences with regard to values, attitudes and beliefs, which will show up in the joint work. Moreover, education systems and approaches vary considerably in different European countries, and a common understanding and terminology needs to be developed by a project. Language barriers may influence the project, too.

□ **The quality challenge:** Expectations of the funding programme for projects are high. A project is selected for funding on the assumption that it will deliver innovative outcomes of high quality and thus contribute to improving the overall quality of education in Europe. Consequently quality management and evaluation need to be taken seriously in a project.

□ **The impact challenge:** It is not regarded as sufficient that a project develops something valuable and profits from this activity. In the participating countries, if not in Europe as a whole the educational community concerned should benefit. A project needs to make a real effort to reach these target groups and to make sure that they use the developed products.

To conclude, I would say that at the heart of ERASMUS projects is the student as an individual and their personal aims, and this provided an obvious link to the concept of intercultural identity. The international projects reflect many of the key skills the teachers and students develop and all partners are committed to planning and working together whilst being flexible enough to respond to issues that naturally arise out of the work that teachers and students do, in an atmosphere of mutual respect. The projects promote social cohesion both within and across national boundaries by addressing issues such as differences between cultures, religions, societies and economies and in particular socio-economic disadvantage of participating students with the aim of creating informed citizens able to respect diversity by learning from each other, promote inter-cultural dialogue through education by creating a supportive, socially inclusive, learning environment between students using digital and multimedia technology to encourage creative responses to the topic ideas. The activities from ERASMUS partnerships allow for a range of curriculum areas to get involved in the project, thereby increasing teacher participation in the project and in every institution the project is closely tied to Citizenship Education, however that is addressed in each organization, developing a new curricula and offering to teachers a methodological background for exchanging good practice.

The diverse nature of the partner schools including pupils of all abilities, a wide range of ethnic and cultural backgrounds as well as issues of social and economic deprivation makes ERASMUS + projects fascinating for both students and staff. Intercultural dialogue and communication is at the heart of the partnerships, which is why there are so many activities which require feedback leading to collaborative work and peer mentoring. European funded projects have a pedagogical impact as teachers learn from each other through the activities and evaluative process as well as the face to face meeting.

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STANDARDIZATION OF INTERNAL MANAGERIAL CONTROL SYSTEMS AT THE LEVEL OF PUBLIC INSTITUTIONS IN ROMANIA

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Abstract:

The European Commission, through the standardization of the internal control systems at the level of the constituent institutions, pursues the achievement of its objectives by setting-up a rigorous financial management resulting into a proactive and effective decision-making process. In order to use the financial resources granted by the European Union, specific instructions were issued in close correlation with the standards on the internal managerial control. The present article aims to synthetically present both the specific Community regulatory bases, the internal control standards adopted at national level, the evolution of these systems, as well as the minimal logistics necessary for the implementation of these standards at the level of the public entities in Romania.

Key words: control, management, standardization, risks, performances

JEL Classification: H0

1. Introduction

The European Commission has decided to update the internal control systems specific to internal control systems set up within the 2000 Financial Reform. The set of specific standards supplements the procedures of Regulation no 966/2012 on the financial rules applicable to the general budget of the European Union and the Delegated Regulation no. 1268/2012.

These were derived from international best practices, as well as from the COSO standards (The Committee of Sponsoring Organizations of the Treadway Commission). The principles of sound financial management and internal control of budget execution are introduced as novelties. In fact, this is a corollary of the principles of economy, efficiency and effectiveness which were already defined in the old programming period 2007 - 2013, as it follows:

- Economics - the resources used by the institution must be made available in a timely manner, in adequate quality and quantity, and purchased at the best price;
- Efficiency - ensuring an optimal ratio between the resources used and the results achieved - performance;
- Effectiveness - achieving the objectives set by the legislator by achieving the expected results;
- Public management through establishing achievable, measurable, dated specific objectives and the obligation to monitor their fulfillment by performance indicators;
- Ex-ante and ex-post internal evaluation processes (not yet transposed into specific national legislation).

In addition, in the view of the European Commission, the internal control of the budget's execution is an ongoing process in order to achieve the following objectives: Good financial management;

- Reliability of information;
- Prevention, detection, correction, monitoring of frauds and irregularities;
- Ensure adequate risk management in terms of the regularity and legality of the activities carried out;
- Protection of assets and information.

The effectiveness and efficiency of internal control implies achieving of specific requirements at the level of the public entity, such as the separation of tasks, providing appropriate audit trails, ensuring the integrity of data within their own IT systems, real-time monitoring of results and implementing corrective measures and sanctions; and lastly but not in the least analyzing the cost-effectiveness of controls - the costs and benefits of corrective measures.

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2. The internal control system set up at the level of the payment authorization officers within the Romanian public administration

The implementation of the internal / managerial control system at the level of the public entities in Romania represents one of the commitments undertaken by Romania under the chapter no28 - Financial control, negotiation with the European Union. This approach set its basis in the transposition of the specific Community acquis at national level through Government Ordinance no 119/1999 on internal control and preventive financial control, republished, and further amendments and the Order of the General Secretariat of the Government no 400/2015 for the approval of the Code of internal / managerial control of public entities, and further amendments.

Taking into account also the specific activities carried out, the payment authorization officers in Romania have to formalize and implement the internal / managerial control standards. Thus, by internal decision, the management / monitoring committees are set up for the purpose of drafting, coordinating, monitoring and approving the activities necessary for the implementation of the internal management control system in accordance with the standards contained in the GSG order above. This internal decision should also endorse the programs for the development of internal control systems within these structures. The goal is to formalize the integrated management at the level of public entities that ensure the achievement of the strategic objectives set by the legislator and the European regulations in an economical, efficient and effective way by developing an adequate internal functionality and in line with an internal regulatory framework.

The internal / managerial control system is an integral part of the payment authorization officers' management, involving all the levels of the management and all activities and it is implemented through standards defining a minimum set of management rules to be observed. The expected benefits of the internal management and control system complying with the requirements of the internal / managerial control standards are represented by the fulfillment of the permanent objectives related to any public entity:

- The objectives of efficiency and effectiveness of operation consist of performing qualitative activities and are implemented through the use of the organization's resources by complying with the principles of economy, efficiency and effectiveness, including their protection against inappropriate use;
- The objectives relating to the reliability of internal and external information, meaning to ensure an adequate quality of the information used within the institution or disseminated to third parties and to protect information and documents from harmful processes such as redundancy, distortion of results and concealment of fraud;
- The objectives relating to compliance with specific European and national regulations, practically ensuring that the carried out specific activities are in line with the European regulations, laws and internal policies.

The objectives are achieved through the use of an appropriate instrument that includes specific objectives, strategic measures, information system, organization, system procedures and operational procedures.

The documentation related to the declaration of conformity of the internal managerial control system of the public entities with the requirements of the standards included in the OGS no. 400/2015, and further amendments, comprises the following elements:

- The internal managerial control code established at the entity level;
- Evaluation questionnaire;
- Internal decisions on system's functionality issued before the process of implementing internal control standards has started;
- Strategy for the development of the public entity;
- Formalized work procedures in place.

The internal control system represents all the forms of control exercised at the level of the public institution established by the management in accordance with its objectives in order to ensure the management of the public funds in an economical, efficient and effective manner. In order to implement the Managerial Internal Control System, it is necessary to implement 16 standards covering specific requirements grouped around 5 elements: control environment, performance and risk management, control activities, information and communication, evaluation and audit.

From the point of view of similarities, it can be related to the ISO 9001: 2015 standard and the requirements of the EGESIF 14-0010 / 2014 Guidelines. ISO 9001: 2015 is a set of generic standards that can be applied by any organization, large or small, in any industry, regardless of whether it is a business enterprise, public administration or government department. The internal control system is interrelated with the quality assurance process of products / services obtained within an organization. It aims to ensure the effectiveness of the following components: fulfilling the quality requirements, identifying and eliminating defects, preventive and corrective action systems, and own system's management analysis.

In order to carry out an operational program financed by the Structural Funds, in accordance with Community requirements, the Member State has the obligation to establish an appropriate management and control system consisting of the following authorities:

- (a) **A managing authority** for the implementation of the operational program;
- (b) **A certification authority** for the certification of expenditure and payment claims before sending them to the Commission;
- (c) **An audit authority**: in charge of verifying the effective functioning of the management and control system and the verification of expenditure submitted to the European Commission.

The Member State may take the decision for one or more **intermediate bodies** to carry out all or part of the tasks of the managing authority or the certifying authority.

The internal control system at the level of the three entities is designed to comply with the common methodology for the assessment of the Member State Management and Control System (EGESIF guidelines 14-0010 / 2014). It comprises 18 key requirements and 81 evaluation criteria, structured as follows:

- 8 - key requirements for the Managing Authority and Intermediate Bodies and 36 evaluation criteria
- 5 - key requirements for the Certification Authority and 18 evaluation criteria
- 5 - key requirements for the Audit Authority and 27 evaluation criteria.

The key requirements for all three entities defined in the Community Regulations are as follows:

- Key requirement no. 1 is the appropriate separation of functions and appropriate reporting and monitoring systems when the responsible authority entrusts the execution of tasks to another intermediate body;
- Key requirement no. 2: appropriate selection of operations;
- Key requirement no. 3: appropriate information for beneficiaries of European non-reimbursable funds;
- Key requirement no. 4: Appropriate management checks;
- Key requirement no. 5: the existence of an effective system to ensure that all expenditure and auditing documents are kept in such a way as to ensure an adequate audit trail;
- Key requirement no. 6: a reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit, including links to electronic data exchange systems with beneficiaries;
- Key requirement no. 7: effective implementation of proportionate anti-fraud measures;

- Key requirement no. 8: appropriate procedures for drawing up the management declaration and the annual summary of the final audit reports and controls;
- Key requirement no. 9: adequate separation of functions and adequate reporting and monitoring systems when the responsible authority entrusts the execution of tasks to another authority;
- Key requirement no. 10: appropriate procedures for drawing up and submitting payment claims;
- Key requirement no. 11: keeping adequate electronic records of declared expenditure and corresponding public contribution;
- Key requirement no. 12: adequate and complete records of amounts recoverable, recovered and withdrawn;
- Key requirement no. 13: appropriate procedures for developing and certifying the completeness, accuracy and veracity of accounts;
- Key requirement no. 14: Adequate separation of functions and systems to ensure that any other body carrying out audits in accordance with the program 's audit strategy has the necessary functional independence and takes account of internationally accepted audit standards;
- Key requirement no. 15: Appropriate system audits;
- Key requirement no. 16: Appropriate audits of operations.
- Key requirement no. 17: Appropriate audits of accounts
- Key requirement no. 18: Appropriate procedures for providing a reliable audit opinion and for drawing up the annual control report

3. Considerations regarding the implementation of the internal / managerial control system at the level of the public institutions

The process of implementing the internal / managerial control system involves first scrutinizing the system's self-evaluation stage to identify system requirements that are fulfilled through the existing procedural framework and the requirements that regulatory procedures are needed to implement, the adoption of measures or other internal regulations. This approach should be followed by identifying the resources needed to meet the requirements of the standards within a certain optimal time horizon. Thus, the management committee / monitoring committee should carry out both structural and functional analyzes of the existing internal control system, focusing in particular on the five components of the system in which the requirements are written and interrelated internal control standards (control environment, risk performance and management, information and communication, control activities and auditing and evaluation).

Following its evaluation of its specific analyses' results, the management committee should coordinate the stage of adjustment / drafting of the internal procedural framework and the adoption of new measures deemed necessary through the decision of the manager of the public institution. The analyses carried out aimed at the objective separation of risk areas for which procedures should be issued, areas that do not require express formalization because they would lead to the cumbersome functioning of some components of the organizational system. Thus, the structural and functional basis is modeled to meet the requirements of internal / managerial control standards. In order to analyze and implement high standards of complexity requirements, the management committee / monitoring committee may decide to set up working groups made up of executives who have adequate professional experience and are led by decision-makers.

The work of the management committee / monitoring committee should first be focused on defining the Institutional Development Strategy of that public institution by conceptualizing its mission - in accordance with the relevant European and national regulations. At the same time, the organization's mission, vision, general strategic objectives and specific objectives are defined.

Another stage is the inventory and evaluation of existing internal / managerial control tools at the level of the respective public institution, followed by the process of developing and approving operational / system procedures at the level of the public entity. Once the General Secretariat of the Romanian Government by means of the Order no 400/2015, and further amendments (Orders 200 and 201 of 2016) issued a new set of improved internal and managerial control standards, established at the level of all public entities in Romania through the Ministry of Public Order no. 808/2015, there was a need to update and complement the internal regulatory framework of each public entity in order to fully meet the new internal/ managerial control requirements established at Community level. Thus, the management committee has a new assessment of the internal procedural framework and establishes the necessary measures to be implemented.

Amendments have been introduced concerning mainly the duties of the public entity manager, the tasks of the Management Committee, Standard no 7 - Performance monitoring, Standard no 8 - Risk Management and Standard no 9 - Procedures, mainly as it follows:

- Internal Control Standard No 1 - Ethics and Integrity includes novelties such as conflict of interest, prevention of corruption, and professional duty on reporting irregularities. The special attention given by the management of sensitive functions - the designation of posts considered sensitive and the mitigation controls established must be maintained in accordance with standard no. 2 - Tasks, functions, tasks; there were also clear requirements on the compliance of delegated acts to standard no 4 - Organizational Structure. There is the need to ensure correspondence between the overall strategic objectives of the entity and the provision of public services under conditions of efficiency, effectiveness and economy, at the level of standard no. 5 – Goals

- Each specific objective assumed by management should have at least one performance indicator that meets the criteria of commensurability, accessibility, specificity, relevance and timeliness as set out in Standard No.7 - Performance Monitoring. Standard no. 8 - Risk management provides for new requirements for inclusion in risk analysis and the expanded risk environment and the definition of identified and prioritized risk response strategies.

- In order to become effective internal control tools for system and operations - Standard no. 9 –the procedures must cover all major processes and significant activities, ensuring that, due to circumstances arisen from particular circumstances, if there are deviations from the established policies or procedures, the appropriate documents are approved at an appropriate level, prior to the performance of the activities and to allow for the correct separation of the functions related to the initiation, verification and approval of the activities carried out - the four eyes principle, and the access to resources to be fully formalized. It has also been necessary to specialize the procedural rules in operational procedures, the process or the formalized activity-taking place at the level of one or more system directions and procedures that comprise processes that take place at the level of all the departments / structures within the institution.

- Business continuity requirements at the institution level were updated by introducing the need to inventory potential situations generating discontinuities, derived situations resulting from the results of risks analysis and drafting responsive strategies that are accessible, applicable and known to responsible personnel of their implementation.

- The information and communication processes were merged into a single standard - Standard no. 12, highlighting the flexibility and speed of their own information system and the quality of the disseminated information. The information needs of the authority need to be re-evaluated periodically, and communication with the external environment is achieved through established and approved communication channels, respecting the limits of responsibility and authority delegations established by the management.

The process of implementation of the internal / managerial control system is finalized with the approval of the management committee / committee for monitoring the internal control code and the internal control system compliance questionnaire with the standards included in the Order of the General Secretariat of the Government no. 400/2015 and further amendments. The internal managerial control code is subject to the approval of the public entity's manager.

The effort to regulate the internal procedural framework should be directed at the development and approval of operational and system procedures, as well as other internal instructions deemed necessary. Thus, the following minimum documents must be drafted:

1. Institutional development strategy of the public entity. It must have a multiannual character;
2. System procedure for performance monitoring;
3. The risk management system procedure;
4. System of procedure for the management of deviations;
5. The system procedure regarding the delegation of tasks and responsibilities by the management of the public entity;
6. System procedure for archiving documents;
7. The system of business continuity planning system;
8. System procedure for verifying and evaluating the internal / managerial control system at the level of the public entity;
9. System procedure for the management of data storage media within the public entity;
10. System procedure for the use of laptops and workstations within the public entity;
11. Operational procedure for the elaboration of the activity program;
12. Operational procedure for the development of the multiannual program for improving the professional training of staff
13. Internal instruction on the establishment of sensitive functions within the public entity and the rotation process of the personnel in charge of these functions.
14. Internal decision regarding the appointment of risk officers;
15. Internal decision on the establishment of the Emergency Committee;
16. Internal decision on the appointment of data base re-appointment officers and related activities.

The process of assessing performance at the level of the public entity together with the risk management system procedure is the "pivotal" procedural framework around which the other operational and system procedures have been developed. Performance monitoring is done annually through the List of Activities, Goals and Indicators.

Order of the General Secretariat of the Government no 200/2016 amending SGG Order no. 400/2015 establishes clear attributions regarding the risk management process at the level of each public institution, as well as the necessary structural framework. The risk management process proposes an integrated approach. Risk identification is the sub-process of determining the risks that may affect the running of operational processes and project implementation at the institution level.

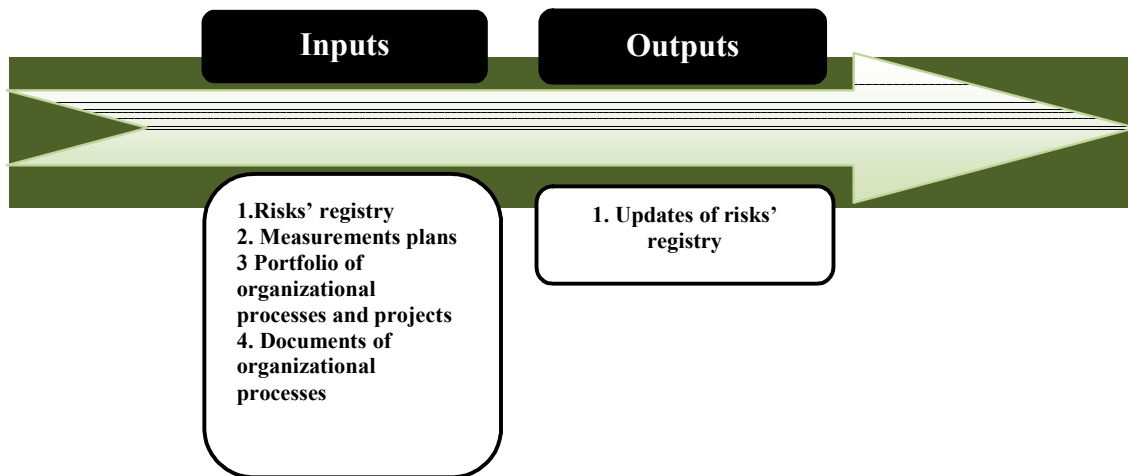


Figure 1. Identifying and prioritization of risks
Source: Elaborated by the author

Performing risk analysis involves prioritizing identified risks and analyzing their effects on the general objectives of the public entity, with a view to adopting appropriate risk strategies and related action plans.

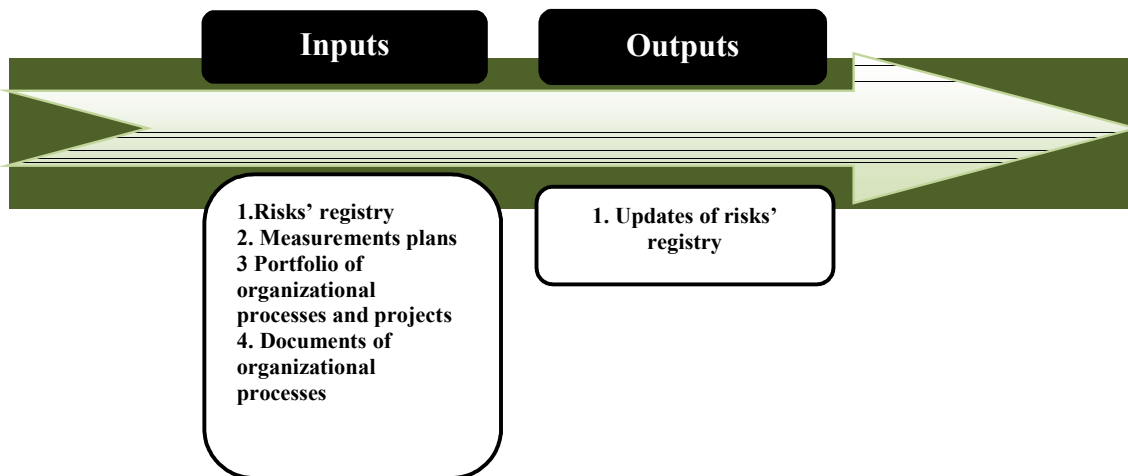


Figure. 2 – Implementation of mitigation measures
Source: Elaborated by the author

Quality assurance is the process of auditing quality requirements and the results of quality control measurements to ensure compliance with specific European and national regulatory rules as well as internal procedural provisions. Performing quality assurance is an execution process that uses the information and conclusions obtained during quality control. At the level of the authorizing officers, the audit quality control takes two forms: quality control activities at each decision level - at the level of head of department, director, and internal audit quality control missions.

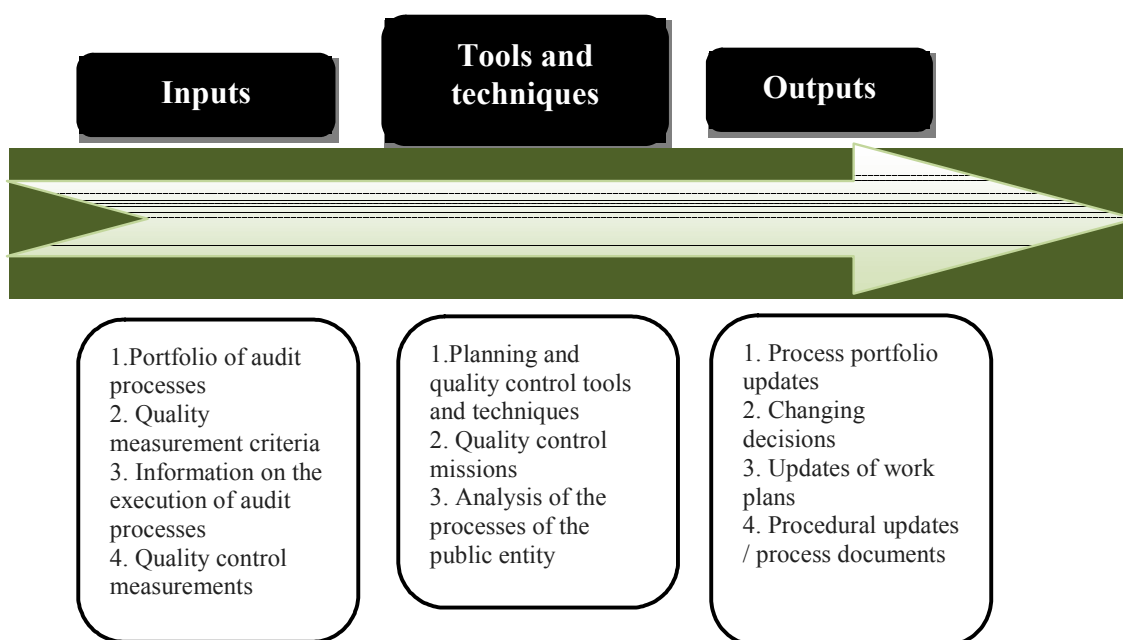


Fig. 3 – Ensuring quality at the level of a public entity
Source: Elaborated by the author

Operational processes are continuous and support the institution over time. These do not end when the current objectives are met but follow new directions to support the strategic objectives of the public entity, as set out in the Institutional Development Strategy.

Where appropriate, according to the responsibilities laid down in European and national regulations, specific projects need to be implemented. A project is a temporary effort required to create a unique product, service or result. The end is reached when the project objectives have been met or when the project is interrupted because its objectives will not or cannot be achieved.

4. Conclusions

Romania, as a Member State of the European Union, regulated at national level the internal managerial control standards promoted at European Commission level.

Currently, the legal framework requires that these standards should be applied to all activities carried out by a public entity, whether they are financial or not, and are aimed at identifying and minimizing all risks in order to ensure its proper functioning. At the same time, it stimulates the public entities to achieve the objectives established by the institutional development strategy, correlated with the tasks provided in the legal framework of operation. This is to ensure an adequate level of operational and financial performance at all decision levels.

The guidelines issued at the level of the European Commission for the 2014-2020 financial framework contribute to the development of a management and control system based on management through clearly defined objectives, and the implementation of sound financial management ensures the support of an efficient decision-making process.

Although the regulatory framework is ensured, the implementation of the internal managerial control standards at the level of the administrative apparatus in Romania has only a formal character. The management of public entities is not currently aware of the importance of implementing these standards, with insufficient decision-making tools.

The only exception is the management and control system developed for the implementation of European non-reimbursable funds, all entities being accredited at this time.

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THE PROCEDURE INTERNATIONAL ADOPTIONS

Isabela Stancea¹

Abstract:

Phenomenon adoption is an international legal and social phenomenon which provide for children in risk situations, vulnerable and without parental care corresponding to the integration into another family. UNICEF granted in respect short the following definition: "The Adoption adoption is a legal institution of public order and the social interest which allows the creation, by a court ruling issued in this respect, a voluntary family ties between persons who do not possess natural". Thus, the adoption is a term used to describe a personal and legal act, but also a service office.

Key words: *international adoption, adopted, the best interest of the child.*

As regards the adopting institution, the following principles must be complied with in general during the adoption procedure:

- a) the principle of the best interests of the child;
- b) the principle of raising and educating the child in a family environment;
- c) the principle of continuity in the education of the child, taking into account its ethnic, cultural and linguistic origin;
- d) the principle of informing the child and taking into account his opinion in relation to his or her age and degree of maturity;
- e) the principle of celerity in carrying out any acts on the adoption procedure;
- f) the principle of confidentiality regarding the identification data of the adopter or, as the case may be, of the adopter of the family as well as the identity of the natural parents.

According to art1. Article 2 D) of the Act², the international adoption is the adoption in which the adoptive parent or adoptive family and the child to be adopted have their habitual residence in the different state and, after the adoption of the adoption, the child has the same habitual object as the adopted child.

According to art. 52 of the Law, the international adoption of a child with a habitual residence in Romania by a person / family having their habitual residence abroad can only be approved for children who are registered with the National Adoption Office and only in the following situations:

- a) the adopter or one of the spouses of the adoptive family is related up to the fourth degree including the child for whom the adoption of the internal adoption procedure was approved;
- b) the adopter or one of the spouses of the adoptive family is also a Romanian citizen;
- c) the adopter is the spouse of the natural parent of the child whose adoption is sought.

International adoption is permitted for children for whom the application for the adoption procedure has been admitted and an adopter or adoptive family having their normal residence in Romania can not be identified within one year from the date of the final judgment which allowed the adoption of the adoption procedure.

The application for approval of adoption shall be transmitted to the court by the Office after completion of the preliminary administrative steps.

International adoption has the effects prescribed by the law and involves the movement of the child on the territory of the receiving state, following the adoption of the adoption by the Romanian court.

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² Law no. 273/2004 on the adoption procedure, updated by Law no. 273 of 21 June 2004 on the adoption procedure, updated by Law no. 57/2016.

In the case of international adoptions in which the adopter is habitually resident abroad and the adopter or adoptive family is habitually resident in Romania, the applicants' adoption requests shall be transmitted to the competent foreign authorities only through the Office.

Requests of persons or families who are habitually resident in the territory of another State Party to the Hague Convention and wishing to adopt a child from Romania shall be transmitted to the Office through the competent central authority of that State or its accredited organizations.

In the case of States not party to the Hague Convention, requests shall be submitted to the Office through the designated authority responsible for international adoption or through organizations accredited to that effect in the receiving State.

The application of the adopter or adoptive family shall be taken into account by the Office only if the competent central authority of the receiving State or its accredited and authorized organizations under the law attest that:

- a) the adopter or adoptive family fulfills the eligibility conditions for adoption and is fit to adopt in accordance with the applicable law in the receiving State;
- b) the adopter or adoptive family benefited from the necessary counseling for adoption in the receiving State;
- c) it is ensured the follow-up of the child's evolution after adoption for at least 2 years;
- d) Post-adoption services for the child and family in the receiving State are provided.
- e) the adopter will benefit in the foreign country from the same legal situation as that of a adopter's biological child¹.

Applications submitted by A.N.P.D.C.A. must be accompanied by the documents proving the fulfillment of the conditions stipulated by the law, as well as by the documents stipulated in the methodological norms for law enforcement.

The documents will be submitted in original or, if necessary, in a certified copy, and accompanied by an authorized translation into Romanian. Documents drafted or legalized by an authority or a public agent of the receiving State may be transmitted and submitted to the Romanian courts without the need to carry out the legalization / apostillation formalities.

The initial and practical matching of the child with the adopter or adoptive family with their usual residence abroad is done by the adoption and post-adoption department of the child's direction department.

The person or family selected as a result of the initial matching has the obligation to travel to Romania and live effectively on the territory of the country for at least 30 consecutive days in order to achieve a practical match with the child.

Upon expiration of the 30-day period, the direction in which the child's domicile is located shall produce a report on the evolution of the relationship between the child and the adopting person or family.

The Office shall notify the competent central authorities or accredited organizations in the receiving State of the selection of the adopter or adoptive family.

Upon notification, the Office shall request the competent central authority or accredited organization in the receiving State to communicate the following:

- a) the consent of the adopter or adoptive family regarding the selection stipulated by the law;
- b) agreement on the continuation of the adoption procedure.
- c) the act from which it appears that there are guarantees that the adoptee has the possibility to enter and live permanently in the receiving state.

The application for the approval of the adoption, accompanied by the documents provided by the law, shall be submitted by the Office to the court.

¹ Article 57 of Law no. 273/2004 on the adoption procedure, updated by Law no. 273 of 21 June 2004 on the adoption procedure, updated by Law no. 57/2016.

The examination of applications for the approval of international adoption shall be made by quoting the direction in which the child's domicile, the person or the adoptive family, and the Office are domiciled.

On the basis of the final decision on the approval of the adoption of A.N.P.D.C.A. at the request of the adopter / adoptive family, issue a certificate certifying that the adoption complies with the Hague Convention rules within 5 working days.

Movement of the adopted person from Romania to the state in which the adopter or adoptive family has his habitual residence is possible only when the decision to grant the adoption is final. The adopter moves only with the adopter or at least one of the adoptive family spouses, in a safe manner consistent with the needs of the adopted person.

Adopted people have the right to know their origins and their own past, and they have the support to take steps to contact natural parents or biological relatives¹.

Adopted people have the right to request and obtain information about birthplace, institutional path, and personal history that do not disclose the identity of natural parents / biological relatives. Information attesting to adoption may only be provided to persons who have acquired full exercise capacity.

After acquiring full exercise capacity, the adopter may apply to the tribunal in whose territorial jurisdiction his or her domicile or, if he is not domiciled in Romania, to the Bucharest Tribunal, to authorize his access to the information in the possession of any public authority regarding to the identity of his or her natural parents or biological relatives.

Prior to the referral to the court, the addressee has the obligation to ask A.N.P.D.C.A. the issuance of a document attesting to the adoption, and if prior to adoption, he had established a relationship with at least one biological parent, as well as attending at least one counseling session to show whether the adopter is balanced from the point of view of psychoemotional view.

Counseling can be done by the headquarters in which the adopter is domiciled, by authorized private bodies as well as by individual cabinets, associated cabinets or professional social welfare and / or psychological societies that have concluded conventions with A.N.P.D.C.A.

If the adoptee does not have a domicile in Romania, the counseling may be carried out by the foreign authorities / bodies empowered in this respect, according to the law of the state on whose territory he resides.

The carrying out of the counseling activity is attested by the elaboration of a counseling report, which is communicated to the adopted.

The application to the court for authorizing access to information regarding the identity of the natural parents shall be submitted to the court accompanied by the copy of the applicant's identity document, the document certifying the adoption and establishment of the affiliation with at least one of the natural parents, as well as the report proving the accomplishment counseling.

In case the counseling activity is carried out by the authorized foreign authorities / bodies, the report shall be submitted to the original court or certified copy, accompanied by the authorized translation in Romanian.

Judging requests for authorization of access to information regarding the identity of natural parents is made with the quote of the adopted and A.N.P.D.C.A.

The court accepts the claim if, according to the evidence administered, it establishes that the applicant is an adopted person who has established affiliation to at least one of the biological parents, has received counseling and the court has formed the belief that the adoptee is balanced from the point of view psycho-emotional.

Natural parents or biological relatives of the adopted persons can obtain information regarding the adopted person regarding the confirmation of adoption, the year of his or her

¹ Article 66 of Law no. 273/2004 on the adoption procedure, updated by Law no. 273 of 21 June 2004 on the adoption procedure, updated by Law no. 57/2016.

admission, the domestic or international character of the adoption, and whether the adopted person appears in the records of the authorities as being alive or deceased.

Other information concerning the adopter may be provided to biological parents or their biological relatives only if there is explicit agreement of the adoptee who has acquired full exercise capacity or, if the minor is the adoptive person, the consent of the adopting person or family. The agreement is requested by the NPAA, as the case may be, through the headquarters or the central authority of the receiving state, respectively of the accredited foreign organization involved in the adoption.

Adopters are required to gradually inform the child that they are adopted, starting at the earliest possible age. In fulfilling this obligation, adoptive parents can benefit from support through specialists in the department of adoption and post-admissions of the department, or through authorized private bodies, individual cabinets, associated cabinets or civil societies of social and / or psychological assistance have concluded agreements with ANPDCA.

The identity of the adoptive parent's natural fathers may be disclosed before he or she acquires full exercise capacity, for medical reasons only, at the request of any adopter, the adoptee or the representative of a medical institution, accompanied by supporting medical documents.

Adopted persons who have information on the identity of their natural parents can directly address the A.N.P.D.C.A. to take steps to contact natural parents or biological relatives.

Relevant information on adoption, the origin of the child, especially those concerning the identity of natural parents, as well as data on the medical history of the child and his / her family shall be kept for at least 50 years from the date of the irrevocable decision to approve the adoption.

Romanian courts are competent to hear claims provided by law if at least one party has its habitual residence in Romania.

Romanian courts are exclusively competent to hear claims provided by law if the child to be adopted is habitually resident in Romania and is a Romanian citizen or a stateless person.

The applications provided by law, as well as those concerning the cessation of adoption, are within the jurisdiction of the tribunal in whose territorial jurisdiction the adoptee is domiciled. The reasons for the trial of which the competent court can not be determined shall be heard by the Bucharest Tribunal.

By receiving the request, the president of the court shall take steps to fix the first time of the trial, which shall not exceed 15 days from the filing date of the application, as well as for the citation and the communication of the application.

Welcome is not obligatory. The parties have the opportunity to draw up notes on their claims and their submission to the file until the first hearing. In the case of adjournment of the application, the term may not exceed 15 days.

The first instance shall pronounce by judgment on the basis of the documents and, insofar as such evidence is insufficient or the circumstances of the case so require, other evidence may be administered.

The decision may be postponed for up to 48 hours and the drafting of the decision shall be made within 7 days of the pronouncement. The ruling shall be communicated to the parties within 48 hours of the drafting.

Decisions to resolve applications are only subject to appeal within 10 days, except for the court decisions whereby the application for the opening of the adoption procedure is settled, where the time limit for appeal is 30 days. The appeal may be brought by either party or by the prosecutor.

The reasons for ending adoption are judged by quoting:

- a) the adopter or, as the case may be, the adoptive family;
- b) personally adopted or, as the case may be, by a legal representative;
- c) the direction in which the adopted person's domicile is situated and A.N.P.D.C.A.

ASPECTS REGARDING THE MEASURES AVAILABLE FOR A HIGH LEVEL OF SECURITY OF INFORMATION NETWORKS IN THE EUROPEAN UNION

Isabela, Stancea¹

Abstract

Networks, together with computer systems and services, have a vital role to play in society. Their reliability and security are essential for economic and social activities and, in particular, for the functioning of the internal market.

The extent, frequency and impact of security incidents are increasing and are a serious threat to the functioning of networks and information systems. Those systems may also become a target for deliberate harmful actions aimed at affecting or interrupting the operation of systems. Such incidents can hamper the conduct of economic activities, generate substantial financial losses, undermine users' confidence and cause major damage to the Union's economy.

Networks and information systems and, in particular, the Internet play an essential role in facilitating the cross-border circulation of products, services and people. Due to their transnational nature, a major disruption of these systems, whether intentional or unintentional, and wherever they happen, can affect each individual Member State and the Union as a whole. Therefore, the security of networks and information systems is essential for the smooth functioning of the internal market.

Key words: *computer systems, computer networks, users.*

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Networks and information systems and, in particular, the Internet play an essential role in facilitating the cross-border circulation of products, services and people. Because of their transnational nature, a major disruption of these systems, whether intentional or unintentional, and wherever they happen, can affect each individual Member State and the Union as a whole. Therefore, the security of networks and information systems is essential for the smooth functioning of the internal market.

Existing capacities are not sufficient to ensure a high level of security of the networks and information systems in the Union. Member States have very different training levels, which has led to a fragmented approach in the Union. This leads to uneven levels of consumer and business protection and undermines the overall level of security of the networks and information systems in the Union. In turn, the absence of common requirements for essential service providers and digital service providers make it impossible to set up a general and effective Union-wide cooperation mechanism. Universities and research centers play a decisive role in fostering research, development and innovation in these areas.

Therefore, in order to respond effectively to the challenges in the area of network and information security, a global approach at EU level is required, which includes common requirements for minimum capacity building and planning, information sharing, cooperation and common security requirements for essential service providers and digital service

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² Directive (Eu) 2016/1148 Of The European Parliament And Of The Council of 6 July 2016 on measures for a high common level of network and information security in the Union.

providers. However, essential service providers and digital service providers shall not be prevented from implementing security measures which are stricter than those provided for under this Directive.

The processing of personal data shall be carried out in accordance with Directive 95/46 / EC.

By 9 November 2018, for each sector and subsector, Member States shall identify key service providers with headquarters in their territory.

The criteria for identifying the key service providers mentioned are as follows:

(a) an entity provides an essential service to support the most important societal and / or economic activities;

(b) the provision of that service depends on the network and computer systems;

(c) an incident would have significant disruptive effects on service provision.

Member States shall periodically and at least every two years from 9 May 2018 review and, where appropriate, update the list of identified essential service providers.

By 9 November 2018 and every two years thereafter, Member States shall provide the Commission with the information necessary to enable it to assess the implementation of this Directive, in particular the consistency of Member States' approaches to the identification of key service providers. This information shall include at least the following:

(a) national measures to identify key service providers;

(b) the list of services mentioned;

(c) the number of key service providers identified for each sector listed in Annex II and an indication of their importance in relation to that sector;

(d) limits, where available, for determining the relevant level of supply in relation to the number of users relying on that service.

Each Member State shall adopt a national strategy for network and information security which defines the strategic objectives and appropriate policy and regulatory measures with a view to achieving and maintaining a high level of network and information security and covering at least those sectors in Annex II and the services listed in Annex III. The national strategy on network and information security concerns, in particular, the following:

(a) the objectives and priorities of the national strategy on network and information security;

(b) a governance framework for achieving the objectives and priorities of the national strategy on network and information security, including the roles and responsibilities of government bodies and other relevant actors;

(c) identification of measures on preparedness, response and recovery, including public-private cooperation;

(d) indication of training, awareness and training programs related to the national strategy on network and information security;

(e) indication of research and development plans related to the national strategy on network and information security;

(f) a risk assessment plan for the identification of risks;

(g) a list of the different actors involved in the implementation of the national strategy on network and information security.

Member States shall communicate their national network and information security strategies to the Commission within three months of their adoption. From this communication, Member States can exclude elements of the strategy related to national security.

Each Member State shall designate one or more national competent authorities responsible for network and information security covering at least the sectors and services envisaged. Member States may assign this role to an existing authority or authority.

Each Member State designates a single national contact point for network and information security ("single point of contact"). Member States can assign this role to an

existing authority. Where a Member State designates a single competent authority, it also serves as a single point of contact.

Member States shall ensure that the competent authorities and points of single contact have adequate resources to carry out their tasks effectively and efficiently and thus achieve the objectives of this Directive. Member States shall ensure the effective, efficient and secure cooperation of the designated representatives in the cooperation group.

The competent authorities and the point of single contact shall consult and cooperate, as appropriate and in accordance with national law, with national law enforcement authorities and relevant national data protection authorities.

Each Member State shall without delay notify the Commission of the designation of the competent authority and of the single point of contact, their tasks and any subsequent amendments thereto. Each Member State shall make public the designation of the competent authority and of the single point of contact. The Commission shall publish the list of designated points of contact designated.

Each Member State shall designate one or more CSIRT (cyber security intervention teams) that comply with the requirements laid down by European legislation responsible for risk and incident management in accordance with a well-defined procedure. A CSIRT team may be set up within a competent authority.

A cooperation group is set up to support and facilitate strategic cooperation and exchange of information between Member States in order to strengthen confidence and achieve a high common level of network and information security in the Union.

The Cooperation Group has the following tasks:

- (a) provide strategic guidance for the activities of the CSIRT network;
- (b) participate in the exchange of best practice on the exchange of information on incident notification;
- (c) participate in the exchange of best practices between Member States and, in cooperation with ENISA, assist Member States in enhancing their capacity in network and information security;
- (d) discuss Member States' capacities and preparedness and, on a voluntary basis, assess national strategies on network and information security and the effectiveness of the CSIRT teams and identify best practices;
- (e) participate in the exchange of information and good practice on awareness-raising and training;
- (f) participate in the exchange of information and best practices on research and development related to network and information security;
- (g) where appropriate, participate in the exchange of experience on network and information security issues with relevant Union institutions, bodies, offices and agencies;
- (h) discuss standards and specifications with representatives of relevant European standardization organizations;
- (i) collect information on best practice on risks and incidents;
- (j) examine the summary reports on an annual basis;
- (k) discussing work on network and information security exercises, education and training programs, including ENISA;
- (l) assisted by ENISA, shall participate in the exchange of good practices on the identification of key service providers by Member States, including on cross-border risk and security incidents.

By 9 February 2018 and every two years thereafter, the Cooperation Group shall establish a work program on the actions to be taken to implement its objectives and tasks, which are in line with the objectives of the Directive.

To help build confidence between Member States and to promote rapid and effective operational cooperation, a network of national CSIRT teams is set up.

The CSIRT network is composed of representatives of the CSIRT teams of the Member States and of the CERT-EU. The Commission participates in the CSIRT network as an observer. ENISA provides the secretariat and actively supports cooperation between CSIRT teams.

The CSIRT network has the following tasks:

(a) participate in the exchange of information on the services, operations and cooperation capacities of the CSIRT teams;

(b) at the request of a representative of a CSIRT team of a Member State potentially affected by an incident, exchange and discuss non-commercial sensitive information relating to the incident and the associated risks; however, any CSIRT team of a Member State may refuse to contribute to that discussion if there is a risk of prejudice to the investigation of the incident;

(c) participate in the exchange of information and make available on a voluntary basis non-confidential information on individual incidents;

(d) at the request of the representative of a CSIRT team in a Member State, discuss and, where appropriate, identify a coordinated response to an incident that has been identified in the jurisdiction of that Member State;

(e) give Member States support in addressing cross-border incidents on the basis of their voluntary mutual assistance;

(f) discuss, explore and identify new forms of operational cooperation, including in relation to: risk and incident categories, early alerts, mutual assistance, coordination principles and modalities, when Member States respond to cross-border risks and incidents;

(g) inform the cooperative group of its activities and of the new forms of operational cooperation discussed in accordance with point (f) and seek guidance on them;

(h) discuss the lessons learned from exercises concerning the security of computer networks and systems, including those organized by ENISA;

(i) at the request of a specific CSIRT team, discuss the capabilities and level of training of the same CSIRT team;

(j) issue guidelines to facilitate the convergence of operational practices in the application of the provisions of this Article on operational cooperation.

The CSIRT network shall, by 9 August 2018 and every 18 months thereafter, produce an evaluation report on the experience gained through operational cooperation under this Article, including conclusions and recommendations. The report shall also be forwarded to the cooperation group.

Member States shall ensure that digital service providers identify and take appropriate and proportionate technical and organizational measures to manage network and information security risks that they use across the Union. In the light of the most advanced knowledge in the field, those measures shall ensure a level of network and information security appropriate to the risk involved and shall take account of the following elements:

(a) the security of systems and installations;

b) incident management;

c) management of the continuity of the activity;

d) monitoring, auditing and testing;

e) compliance with international standards. Member States shall ensure that digital service providers notify without undue delay to the competent authority or the CSIRT team of any incident having a substantial impact on the provision of a service as referred to in Annex III which it offers within the Union. Notifications include information to enable the competent authority or the CSIRT team to determine the importance of any cross-border impact.

The notification does not expose the notifying party to increased liability. To determine if the impact of an incident is important, the following parameters are especially taken into account:

- (a) the number of users affected by the incident, in particular users who rely on the service to provide their own services;
- b) the duration of the incident;
- c) geographical distribution of the area affected by the incident;
- d) the extent of disturbance of the operation of the service;
- e) the extent of impact on economic and societal activities.

Where a digital service provider has its principal place of business or a representative in a Member State but its computer networks and systems are located in one or more other Member States, the competent authority of the Member State where the head office or the representative is located and the competent authorities of those other Member States shall cooperate and provide mutual assistance as appropriate. Such assistance and cooperation may include exchanges of information between the competent authorities concerned and requests for surveillance measures.

CONNEXIONS OF THE STATE FUNCTIONS MAKING UP A TRIAD

Stanciu, Vasile Miltiade¹

*"The traitors become great and respected people,
the coffee shop pedlars – literators, ignorants and stupid people
– administrators of the Romanian state ,Mihai Eminescu*

Abstract:

The functions of the state exercise the complex of common responsibilities, which specialized state bodies carry into effect, according to their own skills, in order to contribute to the life and operation of the state and thus a distinction results among the remaining functions and legal functions of the state. Starting from these premises, this paper aims at inventorying the triad of state functions (economic, social and cultural) and at identifying connections among them.

Keywords: *the triad of state functions, healthy interdependencies, dynamic complexities.*

JEL Classification: O10, I25, A14

1. Short analysis of state functions

Using own specialised bodies, according to each one's skills, the state establishes, organizes, is on track with, fulfils and controls "life" inside the perimeter delimited by state borders, from complex and multidimensional perspective. Thus, several functions of the state can be discussed, such as legal function, economic function, social function and cultural function.

From legal point of view, "the state represents the more or less centralized legal order, which is strongly connected to international order" (Brun, 1990). When speaking about the legal order instituted by a state, we speak about "totality of norms and law principles applied inside the state, namely its internal order" (Ionescu, 2006).

According to the predominant, formal criterion (that together with the material criterion are those used in order to analyse the state functions), the three state functions resulted from separation of powers are as follows: *the legislative function, the executive function and the jurisdictional function.*

The legislative function represents the activity of the state whose object is a complex process of thinking and designing norms that are general, impersonal and obligatorily susceptible of being fulfilled by means of state constraint force. This function is exercised by the Parliament, but under certain conditions, strictly regulated by law can be exercised by the government as well and thus the government's "power of regulation" can be spoken about.

The executive function is the one ensuring the appropriate operation of public services and also that the necessary laws and documents are organized, adopted and applied for the administration in two plans, central plan and local plan. From this point of view, there are various documents such as decrees of the state president, laws, decisions and ordinances of the government, orders, instructions, regulations etc.

In different words, the objective of this function is as follows: "organizing enforcement and enforcing laws, ensuring operation of public services set up for this purpose and the development as well of normative documents issued based on laws" (Voicu, Voicu, 2013).

The jurisdictional function is the activity of the state whose object is to solve legal conflicts that can occur in the society, among various law subjects, by legal courts, and to ensure as well that laws are observed, by implementing special procedures whose purpose is to guarantee full objectiveness.

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One of the essential responsibilities of the state is to maintain the legal framework, but at the same time, the state itself can be seen as a legal or moral person, therefore it has rights and obligations like any other individual.

Therefore, the state is *de jure* subject, namely it guarantees the rights of persons, recognizes citizenship, is involved in relations of international law with other states etc.

In order to carry its functions to effect, the state organizes a system of institutions representing the concrete expression of public authorities, of legislative, executive and judicial authorities. Thus, the legislative power has corresponding legislative bodies, such as Parliament, Congress, National Assembly etc., the executive power – executive bodies represented by the head of the state, the head of the government, the government and to the judicial power – judiciary bodies.

In addition, besides these bodies, the state has a state specialised apparatus made of appointed or elected persons, public officials or simple officials, whose purpose is to perform the state activity, the police, the army and the administrative apparatus respectively. The public officials perform their activity within the limits of competence established by law and when they exercise their function, they issue legal documents and perform acts corresponding to the field in which they work.

The state as "humanity increasing organically and locally in the history" (Georgescu, 1936) implying among others continuity, creation, to-come etc. must exercise other specific functions as well..

2. The triad of the state functions: economic, social and cultural

One of the important and at the same time controversial functions of the state (depending on the type and its ideological-political doctrine, theories about state etc.) is the economic function.

From organizational perspective, the state is defined as the totality of the regulation and governing institutions whose purpose is producing rules, control, guideline and regulation.

From functional perspective, there are two types of approaches, the *ex-ante* one, defining the state as the one that must accomplish certain purposes and public objectives by means of its institutions, namely any organization whose purpose confounds with the functions of the state becomes *volens nolens* component of the state and the *ex-post* approach that defines the state, taking into account the consequences that the development of certain functions or institutions could have, such as: well-being, social equity, balance between the market function and the intervention one etc.

According to the second approach, the state, by means of its institutions produces effects such as social equity, economic and social stabilization, individual's freedom, balance between economic performance and social equity.

Regardless of the state type, liberal classic, neo-liberal, totalitarian, democrat, bureaucratic, corporatist democrat, socialist etc., the state plays an important part in economy and it is on the one hand business entity and on the other hand regulator of the economic game. Thus, the state organizes directly the production and the economic activity within the state, public property and the same time creates and ensures the normative-organizational framework, so that the business entities perform their activity, in order to harmonize general interest with individual interests.

For example, the state, by means of its institutions, must ensure the fulfilment of the economic-social program, designed and validated by vote by citizens, for their benefit.

Throughout the known history of humanity, each social structure was characterised by the influence of the political decision-maker upon economic life, regardless of the decision-maker's name. The intervention of the state in economy, to a higher or lower extent, was considered important due to the implications of economy upon each individual's life. The

interdependencies among economic branches obviously imply a unitary conception upon the way the economy operates globally. For this reason, the economy must develop harmoniously, as the development planning is an instrument of economic development in many of the countries of the world, regardless of the political regime leading the state. The progress and the development as well implies a constant balance between resources and products obtained by using them and this must be permanently planned, controlled and readjusted, depending on objective existing conditions.

As a wider meaning, the development aims at *improving the quality of life*, going behind it and following its impact upon human productive capacities, therefore the effects upon economic increase and implicitly upon other interdependent aspects of life, such as education, which "by literacy and tuition helps people involved in this process to participate in economic expansion" (Sen, 2004). Therefore, in a world that is more and more interconnected and interdependent, "the national economies cannot value their entire potential unless their base is made up of solid education and training systems" (The European Commission, 2014). What UNICEF ascertained, namely: "one further year in school means a worldwide economic increase averaging to 12.1% and few over 8%, in Europe and Asia" (UNICEF, 2015) is not accidental.

In order to reach development purposes, with all implications upon citizens resulting from here, it is necessary and obligatory that the state implies by assuming and fulfilling its economic function, as only the state can ensure the necessary normative framework and no other party.

As regards the *social function of the state*, this regards insurance by the state of the necessary conditions, so that all citizens of the respective country, no matter their social position, could benefit from a social protection system, from social security, from health insurances etc. adequate for the needs of the daily living within a society permanently dynamic, taking into account the contribution that they brought to the society when they exercised their right to work.

This implies knowing individuals in terms of their features and skills, taking into account their interests, needs and finalities in several states that they could be part of, namely: official, owner of goods and services, worker etc.

The cultural function of the state, which is another important function of the state, has in view insurance of all necessary conditions for its citizens in order for them to have access to training and education, by the agency of education, training, scientific research, cultural institutions.

I consider this state function important, as by its agency, the state can ensure its future, selection of individuals depending on their skills, the maximum and the optimum they can offer to human community falls on the state, which designs strategies and policies for this purpose.

Why is culture important within a state?

We know that by continuous development of human intelligence, the highest tendencies of the human spirit came to life and developed for individuals (Antipa, 1925): *the moral sense*, of god and justice; *the aesthetic sense*, of beauty and *the social sense*, of individual's need to live in human societies, governed by social order. Using and developing these senses that allowed him/her to live and cohabit with other individuals, the individual laid the bases of *culture*.

Jacob Burckhardt (apud. Stanciu, 2005), Swiss historic and philosopher, defined the culture as "the process having thousands of faces, by which the elementary and naive activity of the race turns into reflexive knowledge and, at its highest level, it reaches sciences and philosophy and eventually pure thinking. The external form taken by culture when relating to the state and religion is the society".

Edward Taylor, English anthropologist, explained the notion of culture as far back as 1871 and he stated: "The world culture or civilization, in its widest ethnographic meaning,

refers to that complex including sciences, beliefs, arts, moral, laws, customs and the other skills and habits acquired by individual, as member of the society".

The American anthropologist Ralph Linton defined the culture in terms of its training process and affirmed that it was: "the sum of knowledge, attitudes and normal models of behaviours that the members of a certain society have in common and transmit (...). As a general meaning, the culture designates the social inheritance of the entire human species. As a specific meaning, the culture designates a particular type of social inheritance" (apud. Stanciu, 2005).

Therefore, "the opinions, ideas, knowledge, images, symbols, norms, attitudes form *the core of the culture itself*" (Georgiu, 2006).

UNESCO intercepts synthetically the role of the culture and defines it in 1982, during the World Conference on Cultural Policies that took place in Paris, where the institution emphasized the following aspects: "the culture offers the individual the capacity to reflect upon himself/herself". This is the one transforming us into specific human, rational, critical and ethically involved beings. This is the one helping us to discern values and to make choices.

Using it, the individual expresses himself/herself, takes cognizance of himself/herself, admits himself/herself as a project not finalized yet, questions his/her own achievements, unceasingly looks for new significances and creates transcending works. Therefore, the culture plays an important part in terms of *influencing the decision making process*, from the perspective of the cultural fundamentals of the person or of the group of persons that design, develop and apply the law and of those managing various institutions of the state.

For these reasons, the culture can act as a connection bridge or on the contrary, as a barrier between citizen and governors, but not only that. We already know that there is a relation of organic interdependency between culture (and implicitly, education) and evolution of civilizations (as life evolution). The higher progress of culture and education in certain countries as compared to others generated as well an advancement from all points of view for those in the avant-garde. For these reasons, the education issue is very important.

The Romanian scientist Alexandru D. Xenopol presented the following reasons in 1882: "The intellectual brightness of a people was always like a flourishing of their material state (...) and any people tending to prosperity must ensure first a material base where to build its prosperity".

Professor Toma Dicescu analysed in 1928 the way to interpret the culture of a people and the education originating in it and presented three hypostases: "intellectual, aesthetic and ethic". A first hypostasis related to school infrastructure: schools, libraries, reading rooms etc. that needed to be set up in the society, according to "means and necessities"; a second hypostasis was made up of artistic and cultural actions, "social soirees, folk celebrations" etc. and the last one consisted of "conferences, sermons, books having moral contact" and the "good example of those with whom the people comes into contact".

Therefore, the good example of the master with whom young people come continuously and directly into contact is important for modelling the latter's behaviours, by total correspondence between what he/she says and what he/she does. In other words, a master who does not love his/her job cannot be as convincing as the one loving what he/she does and doing what he/she loves. Therefore the personal example offered by the master to the person he/she teaches, regardless of the level (primary school, gymnasium, high school or university), must include all aspects, starting from appropriate clothes and ending with his/her daily behaviours.

Continuing his analysis, professor Dicescu noticed that the intellectual development of a young individual is tightly connected with other factors as well, such as: "education received during childhood from his/her family, accompanied by all means for good habits: praise and snub, recompense and punishment, educative discipline, example".

In fact, it is about "cultivating in the young individual, besides all aspects mentioned above, the *care towards himself/herself*, feature which needs to lead him/her in life and for the entire life, based on correct, honest and moral principles morale mastered and assimilated as early as in his/her childhood. The Romanian folk wisdom synthesized it in the following phrase "the first seven years of education at home" (Stanciu, 2015).

As a result, ***the intellectual culture forms the thinking, the ethical culture forms the heart and the aesthetic one develops the taste for beautiful things, leading to love for his/her country.***

The individual who has just become a pupil today will become tomorrow, as a product of the received education, an engineer, a doctor, a judge, a professor, a politician etc. and has the power to change the present according to his/her own purposes, expressed as future plans, that he mastered in two ways, by genetic dowry transmitted and *only* by education.

This is why, depending on the way the culture and education form the young individual, he/she will contribute by own forces and by his/her actions, once reaching the maturity offered by the aptitude of transposing into practice the acquired knowledge, either to consolidation or to erosion of the state to a higher or lower extent.

And the state, by means of cultural and educational policies adopted and transposed into practice must support the young individual so that he/she takes the correct and necessary choice, namely keeping national identity and convince the young individual that the state is under any geopolitical circumstance both a support and a protector for him/her and for the community to which he/she belongs and not an oppressor.

3. Instead of conclusions

In my opinion, the solutions for the presented realities cannot be thought outside the state and without state involvement. For this reason, the three functions of the state (economic, social and cultural) must converge towards the common good of as many citizens as possible, both locally and globally.

I consider that a first step towards this global change can be undertaken by education, which, by generated fruitage, can lead to the occurrence or development of currents of ideas, knowledge etc., for those finalizing the educational process and who, in their turn, can generate the change of negative humane and institutional behaviours.

Also, I propose to redefine the *sustainable development* concept by a new approach expressed by *healthy development*, that can be implemented only based on a *healthy economy*, where inputs, transformations and outputs form a system of interrelations, as its health represents the condition and expression for the efficiency of its operation, based on a foundation made up of a value system.

This value system corresponding to the current time having roots in the past and projections upon the future must be cultivated inside the young individual by means of education and culture, taking into account as well the genetic dowry of each separate individual.

I believe, together with other researchers, that the education based on values of the meaning, promoting the valuable individual from the doctor, engineer, economist, politician etc. and not the individual having no value, can transmit to present and future generations the actual behaviours based on humane solidarity, altruism, truth, kindness and beauty, communion and compassion.

In order to reach the purposes presented above, by *re-spiritualization of education* and, implicitly, of its purpose, and of educational organizations as well, from the perspective of integration for the *responsibility for the accomplishment of humane life*, in compliance with *the health of live integer*, by using scientific knowledge representing a deep and collective action globally and at the level of conscious understanding, a key towards *healthy*

development, we need to reconsider the role of the state under the new existing conditions, in Romania and in other countries as well.

To that end, we need: a natural and normal *legal framework* that helps and not raise problems in and of interpretation, honest people to be promoted to and in appropriate positions, a culture forming young individuals respectful towards their country, grown up within the spirit of values such as: honesty, truth, justice etc., from which we have distanced for 25 years etc., so that the world of tomorrow should be the deliberate, planned, conscious and responsible result of all the individuals today, made up for the individuals of tomorrow and not only for a part of those of today.

All these must be developed by patriotic, visionary and honest people, who love their country and really believe that TOMORROW is always built TODAY.

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SECTION: STRATEGIC MANAGEMENT AND ENTREPRENEURSHIP

THE POWER OF PASSION OR HOW TO HAVE ENGAGED EMPLOYEES IN THE DIGITAL ERA

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Abstract:

The 21st Century brings with it new approaches to organizational management. We all are witnessing the emergence of new business models, new collaborative working environments that require new forms of learning, new forms of communication through the introduction of artificial intelligence and augmented reality into our day-to-day life.

Today, more than ever, different generations - X, Y and Z generations- are in a position to interact directly or indirectly, to work practically together - which is not easy at all, given that we are talking about values, principles, different or even totally opposed expectations.

This paper aims to investigate and discover how the company can employ X and Y generations engaged in day-to-day work in a multinational company, human resources department.

Key words: employee, digital era, engagement

JEL Classification: J24, M12, M14

1. Introduction

In a collaborative work environment where new technology contaminates almost all employee generations, the focus is on the speed of response and on the ability to work online and offline.

Using social networks, smartphones, traditional email, company's internal networks, tablets, and other technological environments have become common practice.

Today, more than ever, different generations - X, Y and Z generations- are in a position to interact directly or indirectly, to work practically together - which is not easy at all, given that we are talking about values, principles, different or even totally opposed expectations.

Building a harmonious working relationship between Generation X and Generation Y is the current challenge for organizational management. We are witnessing the emergence of multigenerational leadership.

Multigenerational Leadership (Bolser and Gosciej, 2015) is that style of leadership that understands that the Y generation has a different style of work and a different approach to professional development versus X or the newer generation Z.

It realizes that it has about two learning cycles to support and form the Y generation, two learning cycles to capitalize on the expertise of the X generation, who still has 17-18 years of work experience.

If Generation Y puts more emphasis on experiential learning and on the job, being familiarized and comfortable with the digital environment, Generation X is said to be a multitask generation -skill developed during work-that wants to have control over its own work, and is making a learning effort to assimilate new technology to help her in her work, while Generation Z is native to the digital environment.

2. Multigenerational challenges

We live at a time when different generations are at work together, each with its aspirations and visions, and the challenge for the organization's management is to find the balance that everyone can integrate as best as possible, harmonize.

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Specialty studies that analyze the behavior and attitude of three generations (X, Y, and Z) shows that the way in which these generations cohabitate and influence the nature of work and the organizational culture, needs to change (<https://universumglobal.com/millennials/>).

Petter Nzlander, CEO of Universum, explains: "The moment Generation Z will enter the labor force, the organizational culture will undergo significant changes and the situation will not be the same as we know it now. That is why it is good to understand that a team of representatives of several generations needs a totally different approach " He points out that by 2020, the Z generation representatives will represent 20% of the labor force, so every employer must still think about how it will manage the situation and what changes it will have to make to the organizational culture in order to adapt (18,000 students and employees from 19 countries participated in the study and was supported by specialists from the INSEAD Emerging Markets Institute, the HEAD Foundation and the MIT Leadership Center).

According to the study, interesting job information, career development opportunities, employer profile from the perspective of the three generations were identified: X, Y and Z. Thus, in terms of workplace, representatives of all generations appreciate a job that gives them the opportunity to develop while being encouraged to take the initiative, all at the same time.

If generation X (born 1965-1983) wants to work in a team that encourages risk-taking, those in Generation Z (1997-2002) are less interested in a culture of integrity, but appreciate the existence of a clear hierarchy.

Regarding the professional future, more than 60% of the representatives of all generations view this aspect positively.

But there are some nuances. If for employees of Generation X, employability is perceived negatively, being more pessimistic, for Y-Generation individuals (Millennials - 1984-1996), employability is perceived with optimism and start positive on this line.

Interestingly enough, for both categories, there was the same fear when they first engaged: that they would work too much, that they would not find a job that would match their personality and that they would not be able to combine work with personal life. So, different generations, different perceptions.

Different perceptions, different processes. Hence the different visions of employability among the three generations. Each generation in turn embarks on a set of qualities that can make it employable.

Psychological literature suggests that members of generations X and Y have higher perceptions of employment than Baby Boomers (1946-1964). Compared to Baby Boomers, individuals in the X and Y generations are seen as people who need more feedback, spend less time in a job, and feel a lower commitment to the organization. These factors are closely related to the perceptions of employability.

In this respect, Zemke and his collaborators (Zemke et al, 2013) suggested that Generation Y individuals, who now complete their studies and enter the labor market, adapt more easily than individuals in Generation X and Baby Boomers. Moreover, literature shows that Y Generation puts a much greater emphasis on inner focus on personal careers. With the globalization and upward trend in technology, Y generation members are considered to be more performing in technology than other generations.

	BABY BOOMER	GENERATION X	GENERATION Y
VALUES	Personal development Team work Unique Personal gratification	Confident Autonomy Independence Entrepreneurial spirit Diversity	Honesty Integrity Diversity Responsibility Team work
CHARACTERISTICS	Individualist Competitive Material Focused on relations Team player Sensible to feedback Respect for the position Superiority	Comfortable with change Cynic Pragmatic Flexible Multifunctional Creative Autonomy Resourceful Specific goals	Sociable Confident Optimist Accomplishment oriented Cooperative Educated Technologized Socially aware Altruistic Multifunctional Practical Team worker
WORK PLACE PREFERENCES	Concentrated "Living at the workplace" mentality Safety Power Progress in career	Career oriented Work life-personal life balance Lack of safety Informal approach	Significant work Flexible job Feedback/ Mentoring Career oriented

Source: Processing after Zemke et al, 2013

It is obvious that in order for generations to engage, so that they reach performance, a process of awareness of all involved must be undertaken. The first steps have been taken.

The fact that every generation, be it generation X, Y or Z, realizes that there is room for everyone, that each can bring with it more value, can only help to build a harmonious and efficient working environment, capable of progress and efficiency at organization level.

3. Case study: The power of passion. How to have engaged employees from the x and y generations dedicated in work

The case study aims to identify ways in which a multinational company in the Western Region of Romania can have employees from the X and Y generations involved and dedicated to day-to-day work.

The research method was the survey based on the questionnaire, the research tool used being the questionnaire. Number of respondents: 30 persons, which represent all the employees from HR Department from the multinational company. The questionnaire includes a total of 7 questions to identify the factors that motivate company employees, X and Y generation employees, and the organizational climate analysis of the business relationship between the two generations X and Y. Questionnaires and data interpretation have been facilitated by Google Drive Excel Sheets + Google Forms + Google statistics / graphs.

The most representative results of the study are presented below.

To the question of **generational representativeness within the company**, the results show that 43.3% of respondents are Y generation, 43.3% of the X generation, while 13.4% of the respondent is the generation of Zoomers (over 50 years).

Asked how to **characterize the relationship with members of X / Y generations**, respondents mostly responded as a balanced relationship (46.7%), motivating (36.7%) and only 16.6% consider this relationship a challenge.

In terms of identifying **motivation methods at the workplace**, more precisely, what are the factors that motivate the respondents, namely what they think motivates the members of

the X and Y generations, the answers obtained show that at this company the strongest factors motivating employees at work are: teamwork, professional satisfaction, workplace atmosphere, assertiveness and the challenge of new, complex tasks. To this is finally added salary and job security.

These results show that, in this company, the motivation factors prevail in the face of hygiene factors (Herzberg's theory), providing the company with unique experiences capable of capitalizing on talent, shaping and developing new skills and abilities. This is encouraging because it demonstrates that we are in the face of a company with a strong organizational culture where employees feel they have the company's support for professional development, which determines them to be dedicated and involved in work.

An interesting aspect of research is investigating the existence of differences of opinion between employees belonging to X and Y generations. These differences exist. Thus, pretensions of advancement, attitude towards work, communication at all levels, all are perceived differently by the subjects questioned in this study, made at this company. This is so natural as long as we have to deal with different generations that think, act and react differently.

However, we consider it useful to assume the answer to a legitimate question: Are these generations so different as they result from studies?

The answer is important to find because in the current context of collaborative work, a fundamental role lies with the management of the organization that needs to identify the most appropriate solutions to effectively manage the working relationship between employees belonging to different generations, otherwise we will witness a negative work atmosphere, conflicts that inevitably lead to unmotivated employees.

4. Considerations on managing different generations at work

The gap between generations is a real challenge for HR people. How can valid bridges be created between the visions of each person's life and work? How can everyone be motivated, what are the qualities or defects of some of them? When age differences are considerable, employees need to be managed differently.

Studies show that those in the Baby Boomers are productive and hard working, but they are harder to adapt and work better individually. Those in the X generation have the sense of management and find immediate solutions, but the relationship between the work done and the results obtained is not always the one expected by the employer.

Generation Y appreciates diversity, has distinct professional priorities and habits with respect to the other generations. Among the strong points of the Y generation, we find enthusiasm and entrepreneurship. Now getting to the labor market, Y Gen wants to learn, but he does not want to be told what to do and how to do it.

We are witnessing an agglomeration of ages and levels of personal development that create a social problem that is difficult to manage.

And yet ... is that right?

New collaborative environments require new forms of learning, new forms of communication. Different generations X, Y and Z are in a position to interact directly or indirectly to work together practically. Can we do that? Can we identify common points for these generations so different that we can work well or even very well TOGETHER?

Fortunately, we have an answer.

A study conducted by Sodexo Benefits and Rewards Services in 2016 shows that if we look closely, we see that X, Y, Z, and Baby Boomers have many things in common, especially in terms of quality of life expectations for work.

In fact, Sodexo Benefits and Rewards Services carried out a study (Sodexo, 2016) in five countries comparing Millennials and non-Millennials at work and found that the first six

expectations of each group (security and future protection, health and family, the balance between work and personal life, financial recognition for personal contribution, career development, regular and ongoing feedback, personal development both inside and outside the workplace) were exactly the same.

Researchers from University of North Carolina have come to the same conclusion when their study has shown that the generations of the Millennials, X and Baby Boomers are looking for all the integration of professional and personal life, the chance to work attractive projects, the opportunity to advance in their careers, fair and competitive compensation (https://cdn2.hubspot.net/hubfs/200141/Resource_PDFs/Heart_of_Engagement_Ebook.pdf).

Similarly, an IBM Value for Business Value survey 2015 shows very small differences between generations, claiming that generations share the same motivational factors as workplace views - including an aspect that seems to bind everyone - generations and cultures - is the need for a balance between professional and personal life (<http://theirf.org/research/generations-in-the-workforce-marketplacepreferences-in-rewards-recognition-incentives/1427/>).

Final Conclusion

For a company with diverse generations to be truly successful, it has to go beyond stereotypes and get to know its employees, understand their expectations in terms of quality of life and discover what motivates them.

Finally, it is representative the opinion of Peter Cappeli, director of the Wharton School for Human Resources:

"Most importantly, if there were / although there were moderate differences between generations in terms of their values, they are irrelevant to employers.

Why?

Because average effects / statistics hide enormous variations within any age group.

Do you want something really worrying?

Think about the fact that we are very much focusing on the non-existent differences between the interests of young people while ignoring the interests of the older workforce that is growing '' (<http://www.hreonline.com/HRE/view/story.jhtml?id=533325364>)

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LEADERSHIP IN THE DIGITAL ERA. THE NEW GENERATION OF LEADERS

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Abstract:

Today, the changes that remodel the leadership of companies are technology, access to information through the Internet, transition from creative economy to shared economy (eg. AirBnB, Uber, Facebook, eBay, Amazon, Alibaba etc.), organizational forms of companies lesser hierarchies, the ability to learn how to learn, unlearn and relearn in a holistic, integrated and trans-disciplinary manner.

In the digital era, the role of the leader is defined by: his contribution to an organization that makes knowledge the raw material, open attitude, and the ability to understand and anticipate the impact of the latest technology on the various industries and operating ecosystems of the company (from big data and cloud computing to artificial and augmented intelligence), knowing the limits of your own competences, and expanding the field of knowledge through consultation with relevant colleagues and experts. Conscious of its own limits, the leader opens to the community and forgets the traditional leadership model.

According to new studies by industry specialists, digital leaders are more innovative, more enterprising, more daring, more extrovert and more agile in addressing business opportunities than traditional ones.

In order to have a competitive advantage, organizations today have to create structures capable of anticipating the evolution trends and the structural and content changes of the market on which they operate and these cannot be achieved without reconfiguring the way one thinks and does business.

Digital technology will play an important role in our lives and companies. The rise of the digital era does not necessarily mean the fall of leadership in general, but an important reformulation of the one we know.

More and more we will need people with vision, skill magnets, dream projectors, and conscious experts. We will need talent, new organizational architects, new leaders.

The present paper aims to bring arguments in this respect using recent study data.

Key words: leadership, digital era, creative economy, shared economy, new leader

JEL Classification: J24, L26, M15

Introduction

Any company asked itself at some point what is the secret behind a successful organization? The response, which is being given more attention lately, is not very difficult to find and consists in creating a strong organizational culture that, together with the leader, manages to maintain the talented and appropriate human resource by coordinating and guiding the employees towards the goals. Organizational culture is created and developed by a leader who exercises charisma, introspection and power to lead by example at any moment, because the influence of a good leader is also observed in the commitment or effectiveness of the human resource, which leads to the achievement of objectives with direct effects on the organizational performance.

1. New frontiers in leadership. Forming the new generation of leaders

1.1. Typology of leaders

Efficient leaders believe that individuals, organizations and even nations possess undiscovered talent and unexploited resources. They seek to free the full potential of their successors so that they can go higher and go further than they previously thought possible. Leaders can be categorized into the following four types: opinion leaders, brave leaders, inspirational leaders, and servant leaders.

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✓ *Opinion leaders*

Leaders use the power of the idea to get change. Sometimes a new idea of them can bring a paradigm shift that can provide a new goal for visualizing and understanding a radically different context. At other times, the new idea only leads to an incremental change. But all the changes, whether large or small, start with a new idea. For centuries, leaders believed that they had fought on the ideas market using books, papers, and oral presentations. They still do this, but today they also use the internet, the media, and other technological advances to disseminate ideas more quickly and to a great extent.

✓ *Brave leaders*

Brave leaders follow a vision, bravely, in the face of considerable opposition and risks. They have strong beliefs about their mission (purpose), vision (long-term goals), and the values they believe in (right and wrong). They talk about their basic beliefs and fight for their values, no matter what the situation. In addition, they seek the truth and want to be fair with others.

✓ *Inspirational leaders*

Inspirational leaders promote change through the power of their passionate commitment to ideas and ideals. Their words mingle in the spirit of the employees, strengthen their convictions, and leads them to action. They are eager to follow because they have positive attitudes that create strong emotional ties with people. Their speech is refreshed through words, such as justice, freedom, honor, respect, pride and love. Affirming and encouraging their conduct builds the confidence of their offspring. Inspirational leaders create a sense of urgency by explaining why it is important to take action rather sooner than later. In addition, they describe the measures that people have to take. These leaders are forced to think and act in a different way, using personal values and innovation to help guide their actions instead of following solutions from books offered by various authors.

✓ *Servant leaders*

Servant leaders care very much about people. They seek to remove the barriers and obstacles that keep them from realizing their full potential. They strive to create an environment in which their followers can best perform their work. Leaders frequently ask, "How can I help?" The servant leaders attract followers and motivate people to change, helping to remove the obstacles that are in the way of their growth and development.

In order to fully understand the role of leaders, it is necessary to look at what is happening within these people, not just to observe their behavior (Nygren & Levine, 1995).

It is suggested that tomorrow's leaders may need vision, values, hypotheses and paradigms that are consistent with the need to have a targeted team and empowered workforce in order to have the greatest success. Without their vision and values to support the organizational structures of the future, people cannot be equipped to make decisions in accordance with these structures (Fisher, 2000).

1.2.Developing new leaders

In an attempt to cope with an increasingly dynamic economic environment, there is a growing need for rapid intervention in leadership training and education. It is necessary for a leader to be receptive to changes or developments in leadership strategies. There are new leadership styles that can be developed through mentoring, experience, and feedback sessions.

A. Leader -Mentoring

It is a new method that supports the development of leadership, based on learning from one's own experiences.

Mentoring helps improve relationships with superiors, subordinates, colleagues, other organizations, suppliers or customers by developing trust, which is the foundation of learning. Mentors or intellectuals helps young people with less experience, teaches them how to exploit opportunities, giving them tips based on their own experience and inspiring their sense of belonging and loyalty.

Perhaps most importantly, mentors make their disciples introspective. (Moon, 2014).

One such example is American judge Nathaniel R. Jones, who was marked by his mentor J. Maynard Dickerson, the first prosecutor of color. Dickerson influenced him and caused him to change his perception of civil rights and the system after he invited him to attend a trial. In the following period, the mentor helped him to develop emotional intelligence, communication skills, how much respect and trust in interpersonal relationships means, and explaining the consequences for each mistake.

B. Learning from your own experiences

For each of us the legitimate question appears at a certain moment: Can I evolve as a leader? How?

The answer lies in the experiences lived by the leader, experiences that influence the way in which he is predisposed to learn from the activities developed, to develop communication skills, motivation, knowledge, this experience is gained in time and working in different organizations. (Day et al, 2014)

This was the case with Motorola's vice president, Liz Altman, who gained a lot of experience as a Sony employee who had to work in a whole new culture, in Japan.

In order to be respected and to be recognized, she was advised to avoid associating or developing interpersonal relationships with other subaltern women, suitable only for lower-level posts. Altman did not listen to the advice she received and communicated, gaining the confidence of women, then turning to soft skills in communicating with men. After a long period of time, she was recognized as fair and respected by all members, helping her to develop her potential and capabilities, to be calm and not to make hasty conclusions, thus preparing for difficult future situations as vice president at Motorola, where she runs intercultural relationships with various regional operations points.

C. Leadership through feedback

Successful leaders offer and wait for feedback, creating trusting relationships with their peers because they understand how essential another perspective is if they want high performance. For leaders, understanding and applying a 360 degree feedback, are needed for personal development. By providing feedback, the leader can support employee efforts and improve everyone's effectiveness, but it all starts from self-knowledge and awareness of strengths and weaknesses. (Day et al, 2014)

An example of how important it is to respect employees' ideas, needs, or suggestions and integrating their feedback into company and technology strategy can be found in Booz Allen Hamilton. He provides consulting services on six continents and employs about 21,000 people. The company used to have a fantastic commitment rate of employees and was an example in any business conference. Employees have been working in 2 weeks shifts on their collaborative platform on the basis of feedback from employees. The project was transferred to the IT department where no one was interested in the employees' opinion, which led to lower commitment rates and efficiency.

1.3. A possible portrait of the leader in the digital era

Technological evolution and globalization has greatly influenced the profile of today's leaders, therefore attributes such as agility, anticipation, transparency, connectivity and multiculturalism characterize the profile of the current leader.

Today, digital technology is radically changing things. People have access to all kinds of information, reports, evaluations, etc. published in the on-line environment, having the opportunity to better understand things and even solve some problems themselves.

It is very clear that the old leadership strategies no longer give the expected results today, as the information is mostly transparent and generally published in the on-line environment.

Generations "Y" and "Z" are already coming fast. Even if they are disadvantaged by their age, they have the great advantage of doing very well in digital competition.

They have a much faster and more thought-oriented way of exploiting opportunities. They can better collect and manage large amounts of data and, of course, they also have the energy of a younger age. And how in business we talk about profit and globalization, then why would it remain a classic and unadjusted leader in the situation where consumers, the market or companies evolve to other requirements?

It is very clear that today's leaders who have not started adapting to the people requirements of the digital economy will soon become irrelevant in business and lose their status. "Yesterday" leaders can no longer be the same today or tomorrow. To adapt to requirements and to successfully meet daily challenges, leaders in the digital economy need to develop and refine their skills and competencies in practice.

- Necessary abilities of the new leaders in the digital economy

- ✓ *Thinking and predicting*

The ability to use efficiently the "clarity of the mind" when deciding or planning, finding and selecting with ease the relevant and essential information, and using them for advantages in business.

- ✓ *Emotions*

The ability to understand and work efficiently with their own and others emotions. The ability to understand universal people emotions and finding solutions to value them by eliminating fear.

- ✓ *Memory and attention*

The ability of working efficiently with the memory, focus and attention, maximizing the mental resources that one possesses and the mnemonic triggers that help structure the information.

- ✓ *Decision*

The ability to take fast and balanced decisions, emotional and rational, even in conditions of risk, focusing on present and future opportunities.

- ✓ *Networking*

The ability to develop, in relations with others, your own social, interpersonal and intrapersonal intelligence, supported by values based on mutual respect and desire to help each other.

- ✓ *Listening and empathy*

The ability to see and imagine things from another person's point of view, such that we are capable of understanding ones feelings, transmitting understanding and, at the same time, remaining connected.

- ✓ *Creativity*

Using efficiently the neuroplasticity of the brain by learning and opening the neuronal ways, capable of recognizing information and creating, whenever it is necessary, new ideas and concepts.

- ✓ *Digital skills*

The ability to use efficiently the present and future capacities of technology, in order to develop success strategies in the front of digital competitor on the market.

It is estimated that in 2-3 years the Y generation will occupy over 50% of the workforce. The evolution of digital technologies is explosive. As such, employees and consumers are changing.

Today's leadership chance, most of the Baby Boomers and X generations, is to demonstrate that:

- *they can refine their mental abilities to increase their performance;*

- *they can connect and integrate active generations by creating competitive analogue and digital teams;*
- *they can adapt to the requirements and challenges of the current digital economy.*

2. Case study on the new generation of leaders in the S.C. Continental Automotive Romania S.R.L Company in Timisoara

Founded in Hanover in 1871, Continental Company is currently among the top five automotive suppliers worldwide. With approximately 177,000 employees in 46 countries. Continental Automotive Romania S.R.L., as part of Continental AG, is one of the leading automotive security systems suppliers, including: brake systems, panel displays, vehicle chassis components (electronic parking assistance).

Continental Automotive Romania has several locations in Romania: Timisoara, Iasi, Braşov, Sibiu, Arad, Satu-Mare etc.

2.1. Research methodology

The case study is aimed at identifying the leadership style practiced at Continental to identify the profile of the successful leader. It also wants to emphasize the importance of leadership in the organization, the role of the leader in developing skills necessary for employees to achieve the organization's goals in accordance with their talent, skills and professional knowledge.

The aim of the research is to identify and analyze the leadership styles practiced within S.C. CONTINENTAL AUTOMOTIVE ROMANIA S.R.L, Timisoara Branch, as well as the way in which the employees are assisted in increasing the individual and organizational professional results within this company. In order to achieve the aim of the research, the main objectives of the paper are:

- ✓ *Objective no.1:* Determining the level at which employees are encouraged or benefit from the support of the leader in achieving outstanding results.
- ✓ *Objective no.2:* Highlighting the leadership style within the organization;
- ✓ *Objective no.3:* Highlighting the appreciation and recognition of organizational value.
- ✓ *Objective no.4:* Highlighting the possibility of transferring to the subordinates the authority and responsibility of taking decisions so that they can carry out their tasks independently.

The research method used is the survey based on a questionnaire. The research tool is the questionnaire. The questionnaire consists of 10 questions and was distributed to a total of 30 subjects, including 6 with leading positions and 24 executives at S.C. CONTINENTAL AUTOMOTIVE ROMÂNIA S.R.L, Timișoara Branch. Subjects surveyed represent 30% of all employees in the production department where the research was conducted. Information processing was done using Excel, and the results obtained from this sample should be understood as having a contextualizing and non-generalizing role, but reflecting aspects that are worth to be known by Continental Timisoara's management.

2.2. Results

Following the study conducted at CONTINENTAL AUTOMOTIVE ROMANIA - Timisoara Branch and taking into account the four objectives, we have achieved the following conclusions:

Objective no. 1: Determining the level at which employees are encouraged or receive leadership support in order to achieve outstanding results

The results show that the employees of this company believe they have the support of the leader, encouraging them to achieve outstanding results, helping them to develop, to progress and thus to fulfill their objectives much more easily, which indicates a positive aspect because the employees know what tasks they have to accomplish, they can coordinate

their activities much better and get very good results. The fact that leaders set job-specific objectives with each employee individually leads them to a greater motivation, employees being aware that achieving goals is recognition, personal achievement and rewards. It is also important to keep in mind that the company leaders clear the tasks of the subordinates. This has been confirmed by most of the employees who have been questioned. The fact that employees know what tasks they have to accomplish helps them to grow, to progress and thus to accomplish their goals much more easily, by coordinating their activities much better.

Objective no. 2: Highlighting the leadership style within the organization

The leadership style present in the company Continental Automotive, Timisoara, is democratic. The main reasons behind this conclusion are: this style is characteristic of the leaders who ensure the participation of the subordinates in the leadership process, these leaders call for the collaboration of the subordinates both for the setting of the objectives and for the assignment of the tasks. As a consequence of this democratic style, we are witnessing a reduction in tensions, conflicts and strong participation in the company.

Objective no. 3: Highlighting the appreciation and recognition of organizational value

Both executive and management employees consider that their professional qualities are recognized and appreciated within their company and that there is a link between organizational and personal values. Among the most important values appreciated by a leader, in the employees' opinion, we mention: good communication, teamwork and continuous orientation towards innovation. From the leaders' point of view, the most important values that an employee is looking for are: teamwork, continuous orientation towards innovation and positive attitude. As a conclusion, we find that in Continental Automotive Timisoara, both for employees and for leaders, all values matter, but to a different extent.

Objective no. 4: Highlighting the possibility of transferring to the subordinates the authority and responsibility of taking decisions so that they can carry out their tasks independently.

According to the results, we find that in Continental Automotive Timișoara, leaders practice delegating authority with confidence in their subordinates and assuming responsibility for how they carry out their tasks.

2.3. Conclusion for the case study

We find that in the studied company we are witnessing a social architecture that is based on respect and dignity. In addition at Continental Automotive Timisoara, there is a great opening for decentralization and delegation from the central level to the lower levels. This does not mean, however, that there is a dilution of authority, but that the organization becomes more responsible at all levels of decision and action. The results of the study show that the leaders at Continental Automotive Timisoara provide a highly motivational organizational framework in which the employees of the company feel they are developing and show their talent, skills and initiative at the highest level. We can say that in this company the organizational culture is created and developed by leaders who exercise their charisma, introspection and the power to lead through the power of the example regardless of the moment, because the influence of a good leader is also observed in the engagement or the efficiency of the employees, objectives with direct effects on organizational performance.

3. Final Conclusion

In order to have a competitive advantage, organizations today have to create structures capable of anticipating the evolution trends and the structural and content changes of the market on which they operate and these cannot be achieved without reconfiguring how to think and do business .

More and more we will need people with vision, skill magnets, dream projectors, and conscious experts.

We will need talent, new organizational architects, new leaders.

Digital technology will play an important role in our lives and companies. The rise of the digital era does not necessarily mean the fall of leadership in general, but an important reformulation of the one we know.

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BEST PRACTICES IN THE RECRUITMENT PROCESS OF THE HUMAN RESOURCES IN THE DIGITAL ERA

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Abstract:

Human resources specialists show that today, but especially in the near future, digitization will strongly impact jobs, business and society in general.

This means not only new competencies but also "hybrid competences" or an interdisciplinary set of capabilities. In this context, the struggle for talent will be more and more intense.

The future of jobs does not consist in artificial intelligence and robotized systems, as some would tend to believe, but it will rather be an effort to rethink jobs so that each of us learns how to achieve well-being and health at an organizational and individual level in harmony with the new technology.

This paper aims to present a few of best on-line recruitment practices such as: SCO, RSM, Mobile Technology.

What is important, however, is that although new tools that drive business progress are being developed, and technology, particularly the Internet is changing the recruitment mode, making it faster and allowing access to information about candidates and jobs which companies offer, all this will not replace mankind, on the contrary, it will help it in his increasingly complex approach to solving the problems it faces day by day.

This work is a plea for people, to build and develop collaborative networks, people who want to have a better, more comfortable life with access to the latest technology. People are the ones that still need to make the most appropriate decisions regardless of the domain.

Key words: human resources, digital era, on-line recruitment, best practices

JEL Classification: J21, J24, M12

1. Introduction

Digitization is a living reality, an ongoing process that strongly influences workplaces, businesses and society in general. This leads not only to the emergence of new competences but also to the development of "hybrid skills" or an interdisciplinary set of capabilities.

A well-known specialist in the field, Josh Bersin, argued that *"each of us should learn how to increase our performance with technology... then add human elements to the workplace, elements to help deliver high levels of value and services to customers."*

He gives the example of the company McDonald's *"testing automated ordering machines in restaurants, but they are complemented by people who deliver the products and talk to you."* Bersin concludes that this is an example of augmentation rather than replacement of talents by robots (www.forbes.com, 2016).

2. Online recruitment. Online recruitment methods

Over the last decade, e-recruitment applications have spread throughout the world, and have become the leader in e-commerce applications.

The strong economic growth of the US in the 90's has meant a number of technological changes that have created the premise of rapid, but also massive use of online recruitment (In Lee, 2005, Holm, 2010, Sims 2007).

In the following we will try to present some definitions in English of the terms **e-recruitment** and **online recruitment** in order to see what they mean and how to use them correctly depending on the context.

The terms *e-recruitment* and *online recruitment* are used as synonyms, both of which refer to the recruitment process through electronic means, technology, and the Internet. They

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appeared in 1994, when for the first time, Monster.com created an online recruitment platform (www.ciphr.com). Hrmguide.co.uk claims that “*online recruitment* uses the power of the Internet to link people to jobs.” Mbaskool.com states that “*e-recruitment* refers to the use of technology and electronic resources in the process of attracting, selecting and managing recruitment in a company.”

Dictionary.com gives the definition of the Random House Dictionary Dictionary (Inc.2017), which states that e-recruitment is “*practicing the use of the Internet or electronic resources to recruit new employees by looking for online CVs.*”

In Romanian, the term **online recruitment** is often used, but in specialized articles we can also find the versions **e-recruitment** or Internet recruitment.

The term we will use in this article will be **online recruitment** for everything that refers to e-recruiting and online recruitment process for e-recruitment.

- Online recruitment methods

A complex assessment of best online recruitment practices based on the analysis of the evolution and impact of online recruitment systems on companies was made by Professor Lee in 2005.

Taking into account the most prestigious 100 American companies with the highest turnover and which are part of the Fortune 100 ranking, Lee identifies six categories of online recruitment methods from the recruiters’ perspective:

- **Recruitment sites** - which are generally used by a large number of recruiters and job seekers, especially in the industry field. They provide information on both available jobs and on candidates, allowing both parties to make a selection based on areas of interest, experience, level of study, location, etc. Examples of such sites are Monster.com, HotJobs.com and CareerBuilder.com.
- **Niche sites** – are targeting a “community of professionals”, and specific jobs in particular fields and top-level professionals specializing in a particular field. Examples of niche sites are Dice.com, JournalismJobs.com, MarketingJobs.com, etc.
- **E-recruiting ASP-** is offering “services specialised in the software recruitment, such as Recruitsoft, RecruitUSA, PeopleClick, Development Dimensions International Inc etc.
- **Hybrid Recruiting Service Providers** such as the press and recruiting firms that have addressed to online recruitment services. For example, many newspapers have chosen that the job ads column can also be available online.
- **E-recruiting consortium** – is an “effective alternative to e-recruitment services offered by recruitment sites” which allows a “direct and immediate link to career recruitment sites”. To better understand what this type of e-recruiting refers to, we will take the example of the first cooperative of this type, DirectEmployers.com. This is a non-profit association with its own technology that aims to reduce recruitment costs by establishing a direct collaboration with the recruiting department of one company (<http://www.directemployers.org/about/>).
- **Career websites of Corporations** - which is the most used recruitment method for successful corporations. For recruitment, most companies resort to both recruitment websites and their own career websites, noting that these companies post a higher number of job advertisements on their career websites.

When we talk about websites in general terms, the most important issue is finding the effective ways to attract and engage visitors on the website. You need to “*give real value to users and be truly market-oriented*” (Demetris et al, 2006).

A website should provide answers to potential users’ questions and “*allow them to take the measures they want quickly, pleasantly, securely and easily*”.

3. Good practices of online recruitment

• *Career websites of organisations (SCO)*

A very common recruitment practice for large companies is the career site. This site can be used by both existing and prospective employees to apply for a job and to access useful information for their new career. The staff in the human resources department, along with those in the marketing and branding department, have a new task namely to maintain / manage the SCO.

Young & Foot (2006) argue that “SCO is the first and the most important recruitment engine”, being valued at the detriment of newspaper advertisements.

Young & Foot define the career site as “a section on the company’s website for potential employees. Usually there is a link to the career site labelled “careers” or “jobs” and is found in the menu on the homepage of the company”.

Below we shall recall some of the advantages of the companies’ career sites.

a. Increasing traffic to the company’s website: Young and Foot cite Peters (2001), who conducted a study showing that after visiting a company's homepage, the career page becomes the most visited section of site within that site.

b. Attracting and recruiting the most suitable job candidates.

c. The career site can provide both general and specific information about the company and job requirements. The presentation of the organization can also be done through pictures or photos that describe a field of work and can be very useful to potential candidates.

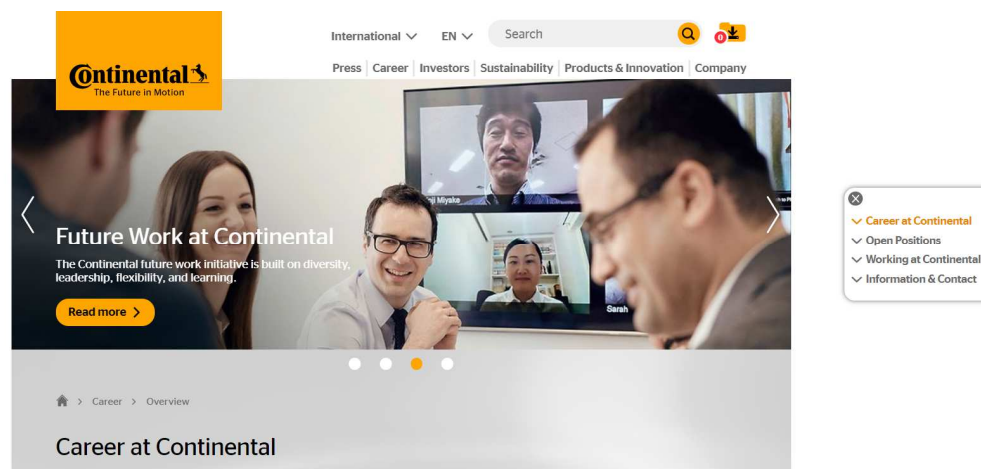
d. It can offer the applicant the opportunity to interact with the organization.

Apart from its advantages, SCO also presents a disadvantage that it does not show any intention to establish a relationship, to dialogue, to provide personalized contact, to be flexible and dynamic in a digital age. They must promote the employer by describing some employee experience in the organization they represent. Some companies have tens of thousands or even millions of fans, and they have to make a digital connection with them to hire employees to bring success to the company.

Most of these websites offer only a brief presentation of the company, the availability of vacancies and the possibility of registering a CV. These are too small efforts compared to what they can be or should be the online recruitment. In the following years, the number of these sites will continue to grow both quantitatively and qualitatively.

Some of the criteria for analyzing such websites are: *ease to use, quality and amount of information provided, be found by a search engine and overall attractiveness.*

Figure 1 presents a detailed map of Continental’s career site, which is included in the company's general site (Figure 1).





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How to Apply




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The Continental future work initiative is built on diversity, leadership, flexibility, and learning.

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Flexibility



We offer flexible working conditions that help our employees around the globe balance work and private life.

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Our Values



Our values trust, passion to win, freedom to act and for one another are the foundation of our corporate culture.

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Diversity



Diversity drives growth by facilitating new ideas, solutions and innovations.

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Continental Offers Opportunities to Refugees



Continental integrates young refugees into the working world, offering them prospects for a brighter future.

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Sustainability at Continental



Sustainable management and corporate social responsibility are among Continental's fundamental values.

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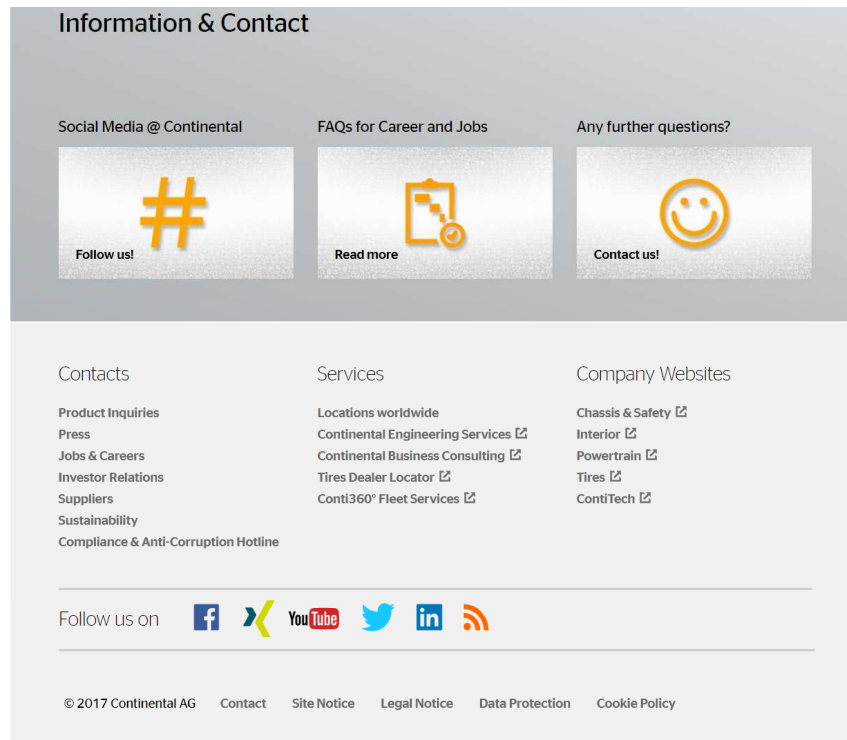


Figure 1. – Continental’s career site map

Source: <https://www.continental-corporation.com/en/career/overview>

This recruitment method is mainly used by large companies and consists of posting job advertisements on their own "Careers" site. A big disadvantage of this variant is that there will be only applicants who know about the company's website or access it for distinct reasons.

Inspire Group, a marketing and publicity company, presents the results of a suggestively called study "*Most Loved Employers*", drawing up a list of the channels of the young people who are most likely to be interested in finding a job. This study shows that in 2014, 82% of young people turned to a recruitment site, and social media and the career events are gaining more ground. It was found that over 90% of those interested in getting a job get on SCO, irrespective of the method chosen by the company to attract talents.

• **Social Media Recruitment (SMR)**

Reid Hoffman, the co-founder of LinkedIn, together with Casnocha and Yeh, portrays in their book "*The Alliance of Talent Management in the Age of Connectivity*," how to attract people to your business using employees' networks (Hoffman et al., 2016).

They support Bill Gates' idea an organization's success over another is given by the way one uses information: "*how one collects, manages and uses the information will determine one's success or failure.*"

Employees' networks should be seen as a valuable source of information for the company, especially if we talk about talent management and especially talent recruitment. The issue of identifying talents for various strategic positions in an organization has already become a subject of the day. Based on Marvin Smith's article, "*What is a Talent Community*" (2013), www.portalhr.ro addresses the talent community subject.

The results of the 2013 *Talent Shortage* study, conducted by Manpower Group (a multinational recruitment company), show that organizations find it difficult to find talented and suitable people for their openings.

Thus, the talent community concept was created in order to identify the valuable and professional people. In *"What is a Talent Community"* (2013), Marvin Smith believes that a "talent community" is an interactive group of people who all share a common interest.

The www.portalhr.ro site identifies three talent communities:

1. The Success Factors talent network, which has a "job alert system" where members receive information about the jobs they are interested in.
2. The employer brand community is meant for the famous organizations and is based on a strategy that seeks to attract the talents that favour a certain company and want to be part of that organization's team.
3. The community made around a profession which does not exclusively cover the available jobs, but it aims to provide information about certain professions.

Another modern recruitment way is through the LinkedIn social network. Vick and Walsh (2008), in their book *"Happy About LinkedIn for Recruiting"*, made a description of this social network and a presentation of the services it offers.

Bert Hollander, recruitment director at Netrecruiter, says that "LinkedIn has a huge quantity of resources. I think the biggest problem... from a recruiting perspective is that most people do not know how to use everything LinkedIn has to offer, or they do not know how to exploit everything that's in there."

Given that technology and the Internet radically changed the way of recruiting, both recruiters and jobseekers are turning to new modern means.

"Although LinkedIn's online business network was not specifically created for the recruitment industry, it has become a preferred recruiting tool," said Vick and Walsh (2008). A first step for the effective recruitment through LinkedIn is the correct completion and update of the applicant's profile.

Vick and Walsh (2008) came to the following conclusions:

- Technology, especially the Internet, has radically changed the recruitment process rendering it faster and enabling access to the information about candidates and the company's openings.
- New tools for business progress have been developed.
- Despite all its advantages, technology succeeds only in improving the recruitment systems, but it cannot replace the human factor, recruiting being still based on people. This it requires people to make a decision about the final selection of the candidates for a job, establishing and building up relationships.

"The inherent error of the search engines is that the user needs to know what they are looking for in the first place" (Qualman, 2010), and the answer to this problem must be a social media tool. Social media can make an organization easier to find by the users interested in it.

- ***Mobile technology in the online recruitment process***

Dospinescu et al (2008) argue that the golden age of the ERP systems is over being replaced by various applications *"which not only provide managers with an internal view of all the functions within the company but also allows them to keep this information in a significant quantity versus the events taking place outside."* They argue that mobile phones offer real-time "corporate operations of moving personnel".

Given that nowadays, almost every person has a *mobile phone* or more specifically a *smartphone*, and more and more people prefer to access the Internet on a smartphone, applications were designed to help those looking for a job.

One such example is www.jobsattmp.com. The smartphone may use QR Codes and Image Recognition. QR codes (i.e. Quik Response) may be read by the smart phones through the camera or by an application such as Quik Mark.

The code is presented as a barcode, which can be scanned and links directly www.jobsattmp.com, the dedicated website. Thus, the user can receive messages or emails.

Image Recognition refers to an image recognition through which the photos in the phone

can be matched with other photos / images from the Internet (TMP Worldwide, 2016).

As far as recruitment is concerned, Beyond, SmagAjob and CareerBuilder use recruitment applications available on smartphones, and AT & T has developed an AT & T Jobs application that enables users to always be updated with the latest information on any job or recruitment events they could be interested in. (TMP Worldwide, 2016 article).

Regarding the sites, we can check if they are mobile-friendly, meaning that the content should be easy to read, should offer opportunities to search for jobs using the mobile phones, if there is a way to capture data, etc.

The CTRL D website introduced early in 2014 in an online article a few mobile apps that helped the recruiter with the recruitment process.

Examples of such applications:

- **LinkedIn recruiter:** Helps the recruiter view the potential candidates' profiles, to answer them and even contact managers.

- **InstaJob:** uses mostly social media for recruitment, offers the ability to create and post ads directly from your mobile phone, helps you create traffic to the company website, and improves social media interaction, the app is payable.

- **HireVue:** is an application that allows one to conduct an interview on the go, has a number of advantages such as the fact that one can send the record to a manager or to a colleague enabling them to watch the interview, there are no extra costs, etc. Even if it cannot compare to the classic interview, especially as it allows to document and record the response, the author of the Ctrl D article states that "HireVue offers a more complex digital alternative than a classic resume."

- **GetTalent:** is an application that allows one to capture an image (cv) in a database and subsequently insert dated comments directly on the capture, then record voice comments and assess the candidates according to several predefined criteria.

4. Conclusions

As I said at the beginning, the human resources specialists accept that digitization will have an important influence on the employees' management within organizations, on the business, on society in general.

"Hybrid skills" and interdisciplinary capabilities that will enhance the struggle for talents will appear in order to identify the most suitable candidates.

Nevertheless new tools that drive business progress are developing, and technology, the internet in particular, is changing recruitment, making it faster and allowing access to information about candidates and the jobs that companies offer, all this will not replace man, on the contrary it will help them in their increasingly complex approach to solve their daily problems.

The future of jobs does not mean artificial intelligence and robotization, as some tend to believe, but rather an effort to rethink jobs so that each of us learns how to achieve well-being and health at an organizational and individual level in harmony with the new technology.

The paper is a plea for people to build and develop collaborative networks, people who want to have a better, more comfortable life with access to the latest technology. The good on-line recruitment practices (SCO, RSM, mobile technology) presented in this paper specifically demonstrate this point.

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BEHAVIOR OF THE HUMAN RESOURCES FUNCTION IN THE ORGANIZATIONS FROM THE REPUBLIC OF MOLDOVA

Alic Bîrcă¹

Annotation

The present scientific approach addresses the issue of the behavior of the human resources function in the organizations of the Republic of Moldova. Last researches have demonstrated the direct link between human resources management and organizational performance. At the same time, HR provides a wide range of services to its clients or stakeholders, and at the same time conducts a large number of activities targeting employees of the organization. Starting from the increasing role that human resources have on organizational performance, we considered it important to evaluate the human resources function in local organizations both in quantitative and qualitative terms. In this context, a survey was carried out involving 115 organizations from the Republic of Moldova with more than 75 employees. The obtained results have proved that the organizations in the Republic of Moldova are still far from achieving a good management of human resources, due largely to the shortage of specialists in the field, but also to the superior management attitude towards this subdivision.

Keywords: human resources, human resources function, human resources management, human resources managers, human resources specialists.

JEL Classification: J44; M12; M53; M54.

1. Introduction

At present, there are some problems in the Republic of Moldova related to the implementation and development of the performance management of human resources. The erroneous perception of society over the years, as well as the subjective attitude of superior management towards this field, has led to the management of human resources in indigenous organizations being treated in a simplistic manner, as a secondary element, away from the current requirements imposed by competitive economy. Probably, this interpretation, far from what was required, has also generated an appropriate attitude towards the curriculum of economic training.

In a number of organizations in the Republic of Moldova, the human resources function, responsible for the development and implementation of effective staffing strategies and policies, performs only some operational activities related to human resources management. In many cases, employees of the human resources function don't correspond to the studies necessary to occupy any job in this organizational subdivision. The lack of specialists in the field has meant that people with different professional backgrounds are employed in the human resources subdivision of the local organizations. Most of the time, the situation has led to worsening human resources problems, while generating a host of other issues within these organizations.

2. The theoretical framework of the function of human resources

Within organizations, human resources function has a determining role in efficient management and staff development. By the end of the nineteenth decade of the 20th century, the environment in which organizations were active was predictable or stable. In this case, staffing was particularly concerned with overseeing human resources activities. Its role consists in the current management of the personnel within the organizations, which is still preserved in many local organizations [3; p. 36].

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At present, the evolution of the external environment is less predictable and changes occur with greater rapidity in economic, social, geopolitical, etc. In order to remain in this tumultuous environment, organizations need to find solutions to the changes that take place in society in order to adapt constantly to new situations. Under these circumstances, several authors believe that human resources are the key factor that can ensure the success or failure of changes made by the organization [1; 2; 10; 12; 13].

Researches in the field over the last few years have demonstrated the direct link between human resources management and organizational performance. These studies have concluded that the human resources function should accelerate changes in the organization and move from management-centered conception to value-centered approach. From this perspective, the human resources function has to be raised to a higher rank, becoming a key function in the organization, with a strategic impact on its development. As a result, there is an expansion of the activities to be performed by the human resources function and an increase in the number of clients who will benefit from the services of the subdivision.

Viewed from an expanded perspective, the RU function offers a wide range of services to its clients or stakeholders, and at the same time conducts a large number of human resources activities. As the clients or stakeholders of the human resources function can be considered: current employees of the organization, managers of functional subdivisions, line managers, trade unions, potential employees, etc.

Regardless of how the human resources function within the organization is dealt with, its fundamental role is to enable senior management to achieve its goals by delivering concrete initiatives and providing guidance and support services for all issues facing employees of the organization. Also, the human resources function should make a decisive contribution to creating the right environment for employees to make the most of their potential, both for their benefit and for the organization. At the same time, the American researcher in the field, D. Ulrich, is of the opinion that the function of human resources shouldn't be defined by what he does, but by the results he produces [13; p. 31]. In other words, American researcher K. Sisson mentions that the human resources function is not a homogeneous occupation, but one that involves a wide variety of roles and activities that differ from one organization to another and at a level in another within the same organization [1; p. 199].

3. Applied methodology

In order to assess the human resources function, a survey was carried out involving 115 organizations from the Republic of Moldova with more than 75 employees. Of the 115 organizations that participated in the survey, 113 provided information related to the assessment of the human resources function, the reasoning of choosing organizations with more than 75 employees started from the idea that within them can be created the function of human resources work, department or department) responsible for managing employees within organizations.

Although there is no regulation regarding the constitution of the human resources function in the organizations of the Republic of Moldova, the superior management of the organization decides on the necessity of its creation, depending on the policy promoted in this field. Similarly, there is no regulation regarding the ratio between the number of employees in the organization and the number of specialists in the human resources function. However, in the research I have tried to find out the weighted average of human resources specialists and the ratio of the number of human resources and employee specialists (Table 1, Figure 2).

Table 1. Weighted average of human resources specialists in the organizations participating in the survey

N. o.	Categories of organizations by number of employees	Number of organizations included in the research	Average number of employees	The weighted average of human resources specialists
1.	76-100 employees	11	91	1.18
2.	101-150 employees	19	124	1.21
3.	151-200 employees	26	177	1.65
4.	201-300 employees	15	257	1.47
5.	301-400 employees	11	340	1.64
6.	401-500 employees	7	438	4.14
7.	501-700 employees	5	633	4.00
8.	701-1000 employees	6	860	5.67
9.	1001-1500 employees	5	1134	2.60
10.	1501-2000 employees	5	1591	6.40
11.	2001-2500 employees	2	2204	7.50
12.	Over 2500 employees	1	4000	75
13.	TOTAL	113		

Source: Developed by the author on the basis of the research carried out.

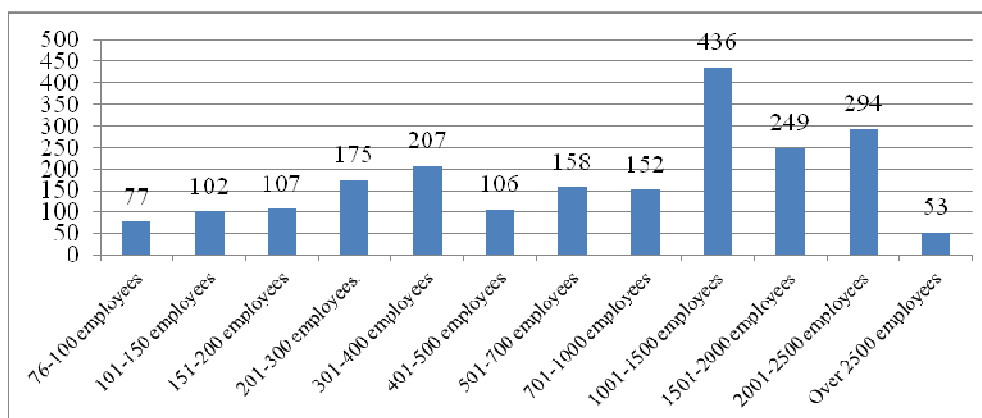


Figure 2. The ratio of the number of human resources and employee specialists

Source: Developed by the author on the basis of the research carried out.

The information presented in Table 1 and Figure 2 shows that the higher the organization, the higher is the ratio between the number of employees and that of human resources specialists, with the exception of the company with more than 2500 employees. Thus, we can see that a human resources specialist serves an average of 77 employees for organizations with 76-100 employees. The higher the number of employees in the organization, the more the human resources specialist needs to serve more employees. The weighted average of human resources specialists in organizations with 76-100 employees is 1.18, which means that out of 11 organizations in this survey, in 9 organizations there is one employee as human resources specialist, and in 2 organizations - 2 employees in that subdivision. For example, out of the two surveyed organizations with a number of 2001-2500 employees, the weighted average is 7.5, which, in the author's opinion, is very low, with an average of almost 300 employees a human resources specialist. The problem is much more difficult if we analyze separately, because in an organization in this category there are 13

human resources specialists, while in another, only 2 people. That's why arises the question: *"To what extent can two human resources specialists manage and solve the problems of more than 2,000 employees?"*

So, the results from the research show that, for the most part of the organizations, the number of human resources specialists is insufficient to deal with personnel problems.

By making a comparison regarding the behavior of the human resources function in the Moldovan and European Union organizations we find quite obvious differences. This may be due to the fact that in some European countries some of the tasks and responsibilities of the human resources subdivision have been decentralized as far as possible, while in other countries these tasks and responsibilities are centralized within the human resources department (*Table 2*).

Table 2. Average number of HR specialists recruiting 1000 employees in organizations in the main countries of the European Union

Country	The average number of human resource specialists per 1000 employees
<i>Italy</i>	18,2
<i>Great Britain</i>	13,9
<i>France</i>	13,8
<i>Spain</i>	14,9
<i>Germany</i>	14,5
<i>Netherlands</i>	18,5
<i>Sweden</i>	15,6
Denmark	10,7

Source: Adapted after: [80; p. 38].

As a result of the investigations, we find that the organizations in Denmark have the lowest number of personnel specialists per 1000 employees. This is due to the fact that the Danish organizations have the highest degree of delegation of tasks and responsibilities for employees to managers of subdivisions within organizations. At the same time, Italy and the Netherlands are countries with the lowest degree of decentralization of tasks and responsibilities in the field of human resources management. Therefore, the ratio between the total number of employees and that of specialists in the human resources subdivision is the highest in these countries. This demonstrates that the human resources subdivision of the Italian and Dutch organizations assumes mainly the responsibility for the good performance of the employees' activity and performs most of the tasks and attributions related to this field of activity, regardless of the hierarchical position occupied and the level of their qualification.

The lack of knowledge and professional skills in the field of human resources management among specialists working in staff subdivisions makes them operate according to outdated standards that don't meet the requirements of the competitive economy. Also, in several organizations, human resources subdivisions have not been restructured and adjusted to new requirements. This is also evidenced by the results of the survey, which confirms that out of the 126 survey organizations with more than 75 employees, 27.4% mentioned that personnel issues are concerned not only with the human resources subdivision, but also other organizational subdivisions (*Figure 3*).

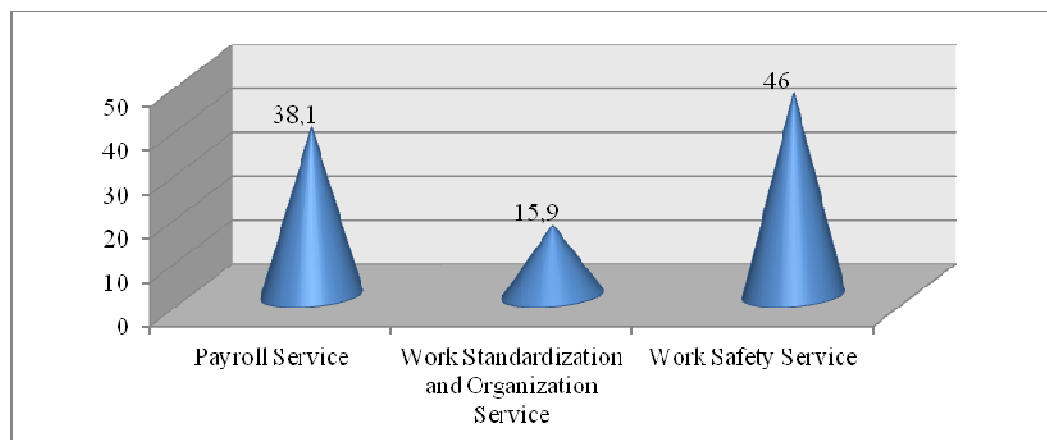


Fig. 3. Other subdivisions concerned with personnel issues in organizations participating in the survey

Source: Developed by the author on the basis of research.

Figure 3 shows that of the 27.4% of the respondent organizations who claimed that other subdivisions concern staffing issues, 38.1% mentioned that in their organizational chart there is the Payroll Service, 15.9% - Service of normalization and organization of work, and 46.0% - Labor Protection Service. Therefore, the dispersion of subdivisions concerned with employees' problems leads to a reduction in the efficiency of these activities and, last but not least, the reduction of organizational performance. In our opinion, finding these structures within a strengthened human resources subdivision will lead to more efficient human resources management activities.

Conclusions:

The erroneous perception of the human resources function has made it marginalized within the local organizations, being considered as an ancillary one, which carries out operational activities. This has prompted the higher management of the local organizations to pay less attention to the given field, which has led to a series of problems related to their staff, which they manage to deal with difficulty. In some organizations, the human resources function is performing its activities beyond outdated standards that don't meet the requirements of the competitive economy. In other organizations, the human resources function hasn't undergone a restructuring process in order to develop, modernize and streamline human resources management activities.

The number of people employed in the human resources subdivision is insufficient to cope with the volume of activities to be deployed. Although there is no regulation in this respect, the ratio between the number of human resources specialists and the total number of employees is significantly lower than the one existing in the countries of the European Union.

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COPING, STRATEGY FOR ADAPTING AND MANAGING STRESS

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Laurențiu-Andrei, Dănciulescu³

Abstract

The complexity of society, the variety of factors interfering in the sphere of daily interpersonal relations, have generated, generate and will generate phenomenes of stress which, in specific conditions, produce a series of dysfunctions. Stressogenic reactions have a special value in the training and resistance of the human body, thus defending the concept of coping. This article focuses on the theoretical aspects of this concept, and it is important for the employee to set up effective adaptation strategies to manage stress tolerance, minimize it, or even manage it effectively.

Key words: coping, coping strategies, stages, stress.

JEL classification: O15.

1. Introduction

Coping is a complex phenomenon with great influence both on employees and on the community in general. The more we understand how a person reacts when faced with stress factors, the more effective we can place the coping method towards more positive results.

The transaction between the individual and the situation determines the cognitive-emotional processes of stress. Stress occurs when an event is evaluated out of resources and endangering employee welfare. This answer is the result of a balance between the demands of the situation and the resources of the individual to cope. Thus, employees feel the perceived demands of their environment as stressful by promoting adaptation or coping strategies. They use a wide range of adaptation strategies, some achieving their goal of reducing negative states and facilitating adaptation to the surrounding reality, but others are driving the negative effects of the situations they face.

Coping strategies actually comprise all the types of strategies people use to eliminate or lessen an unpleasant emotion: from diverting attention to something else, to complex methods that they sometimes use without realizing (unconsciously).

2. Stress and coping strategy

Early work of Selye (1974) identified stress as "an unspecific response of the body following a situation." This has further stimulated interest in stress, identifying key stressors and coping strategies. The coping was then defined by Lazarus and Folkman (1984) as "constantly changing cognitive and behavioral efforts to manage the external and / or internal requirements that are assessed as taxing or overtaking a person's resources". Lazarus and Folkman (1984), as leading research leaders, described the personal perception called "assessment", along with susceptibility and threats to well-being, along with problem-based and emotional-focused responses, as aspects of stress and coping. The psychological theory of appreciation, stress and coping was presented as the Transactional Model of Stress and Coping (Lazarus & Folkman, 1984). Folkman (1997) subsequently revised the model to include the results of the event and the negative feedback loops. Coping has been defined as the management of stressors (internal and external threats) through cognitive and behavioral efforts; manifested in actions, emotions and thinking responses that can be adaptive.

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Due to the various problems investigated in relation to stress and coping, a wide range of evidence identifies the influence variables used for coping mechanisms. In a particular situation, decisions or potential response options take into account details such as: the ability to respond, the influences of past experience, and the current thoughts related to them. Resonance resonances are potentially cognitive, emotional and / or behavioral (Macy, 2007).

Proactive coping efforts attempt to modify events before stress factors develop and require different skills than reactive coping (Bode, de Ridder, Bensing, 2006). When stress factors are viewed from the perspective of the challenges, a positive effect is obtained. In this context, proactivity and stress factors seen as holistic challenges require the challenge of traditional stressful outlook. When working to align stressors with positive coping responses, account must be taken of the social and cultural influences of this experience. When we ask for the most constructive answers, the development of positive skills to quickly determine a comprehensive assessment of the problem and potential solutions are warranted.

There is no simple way to establish an initial understanding and then to successfully deal with stress - due to its unique experiences that intersect in the complex structure of everyday life. A coping model or strategy that highlights the various complexities of adaptation responses can facilitate a deeper understanding of the complexity of coping.

3. Phases of coping

Coping takes place through the three stages, as follows:

- a. The first stage is the anticipation of the situation - it can be postponed or prevented by the employee.
- b. The second stage is the actual confrontation and redefinition of the situation through the confrontation.
- c. The third stage, called post-conflict, analyzes the personal significance of the situation the employee faced.

Stress does not occur in relation to the employee, not only at the level of the situation, but also in the employee-environment relationship. The qualitative and quantitative features of a stressor do not affect the intensity of stress. The negative reaction to stress is the result of the imbalance between external or internal exigencies and the employee's resources to cope with them.

Aggressive factors go through several stages that lead to amplifying or diminishing reactions, depending on how they are perceived, evaluated, and appreciated. Not all sources of stress can be considered effective stress forms, allowing tolerance even ignoring stressors. The functionality or malfunction of coping depends on who, when and how to use a particular strategy, but also the type of threat and environmental factors.

4. Coping strategies

Using the dichotomization proposed by Lazarus and Folkman, coping can be focused on emotions but also on the problem.

Emergency-centered coping refers to the attempts made by the employee to adjust their emotions as a result of a situation.

In this sense, the employee can use deferred, minimized or "fooling" strategies, ignoring the problem in the hope that it will solve by itself or with the passage of time he refuses to believe in the present negative circumstances, accepting reality as it is , thus appealing to divine help for stress to disappear. Emergency-focused stress coping strategies are considered less effective than problem-centered coping strategies because they do not provide long-term solutions, but in the short term they are considered to be beneficial to some employees.

Focusing on the problem involves the dynamic side, so employees using this resolution strategy look for stress-generating causes and act directly on them. In this way, the employee does not move away from the cause of stress but addresses his / her aspects directly. Due to the fact that the problem-focused coping strategy addresses stress-generating causes and aims to eliminate them, it is considered to be the mechanism that offers long-term solutions. As a result of stressful situations, employees are tempted to act. That is why we are dealing with the term coping, which can be defined as the way we think or act to remedy the negative aspects of a stressful situation. Thus emotion-focused coping refers to the strategies an employee adopts in front of stressors by trying to diminish or eliminate emotional responses to stressful factors, while focusing on the issue involves direct confrontation with the stress-generating source.

Coping is more than just a reaction to stress, it is a multidimensional control strategy that has the purpose of changing either the situation or the subjective thinking. Thus, positive-minded employees will assess unclear situations as not necessarily threatening, thus using forms of coping preventive and active, thus keeping them distressed at a low level.

5. Directions of coping

The directions of coping strategies can be diverse. They may work or not, depending on the situations faced by employees (table 1).

Table 1. **Directions of coping strategies**

Current number	Name of strategy direction	The significance of the strategy
1.	The double-sense direction (going along with the situation)	Strategies considered normal: discussion, compromise, agreement and disagreement, decisions
2.	Direction towards (dealing with stressful situations)	The humble attitude of the employee
3.	Direction back	Distancing from any stress-causing factor, as if anything come from outside could produce potential harm

Source: developed by the author

With complete certainty it can not be said that one of the coping strategies is better than the other. Employees are different, so they respond differently to stress. However, problem-based coping mechanisms are more useful than emotion-focused coping when the employee has at least a minimal control over the factors that cause stress.

6. The complexity model of coping

The coping complexity model describes stress factors, coping processes, and subsequently the various possible responses. The process is initiated by a stressor (stressors). Stress is defined and influenced by the social, cultural, cognitive and environmental norms and values that influence the entire coping experience. Stress experience can be present at individual, group, community or cultural level. It is also influenced by the moment, number and nature (level or importance) of the stressor (stresors) and specific personality traits involved.

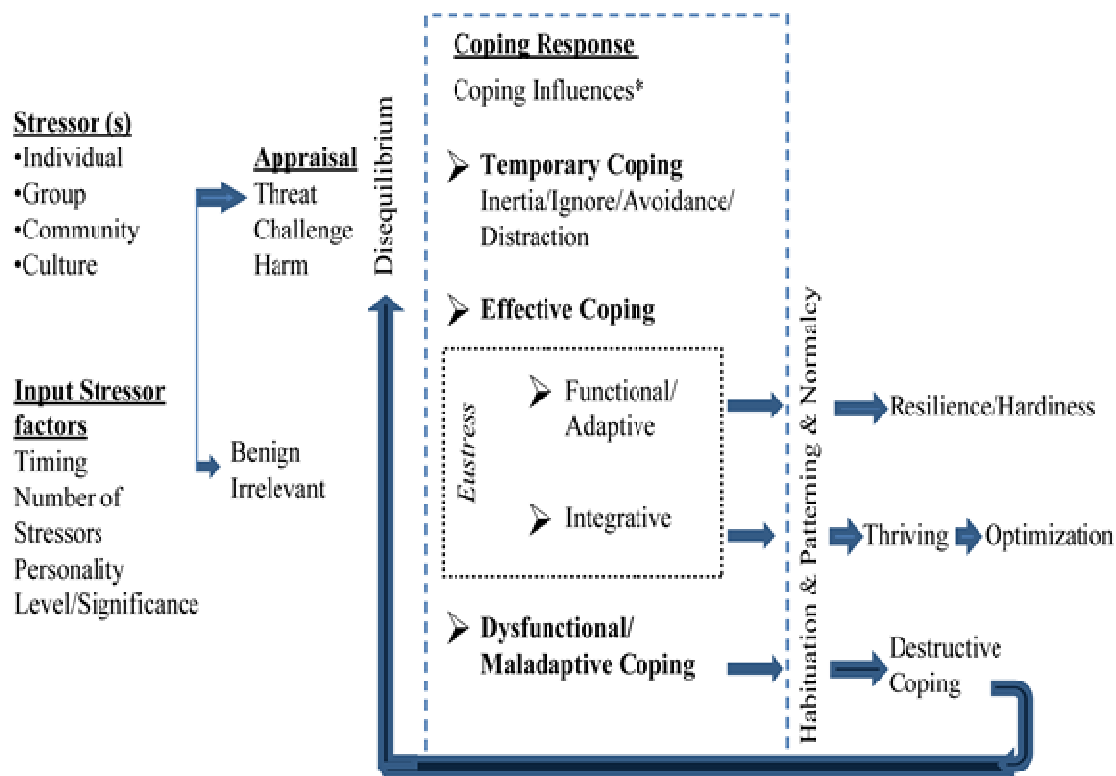
Integrated coping is used to represent "the understanding of complex issues that go beyond the boundaries of discipline and knowledge and provides opportunities to visualize phenomena from different perspectives" (King H., 2006). This integrated framework exists because of the diversity in stress types, the personality / emotional behavior of each employee and the potential ranges and response levels that result to create a result. For example, self-

esteem and emotional intelligence can mediate stress factors and stress responses (Park, H.-S., Ha, J.-H., Lee, M.-H., Lee, H.-J., 2014).

This integration aligns on systems theory that describes a perspective of integrated, interdependent and inactive parts, alongside feedback loops, as the basis of the individual, group, organization, and culture. Coping is being replaced by the new term confronting complexity due to the current revision of the concept, which includes refining the general concept and specific details. The influence table of coping outlines the factors that influence the situation and involves various dynamics, including socio-cultural, emotional, cognitive and physical aspects. Heuristic term refers to engaging or serving as a learning, discovery, or problem-solving tool through experimentation methods, especially test and error, and problem-solving exploratory techniques that use self-education techniques to improve performance.

The heuristics applied here refer to the use of a variety of styles and coping strategies that will be aligned with each specific stress problem and contextualized situation treated at that single time. Heuristic attitude exists in an integrated and complex context. Because current experiences of stressors and impacts are unique to each person or situation and are based on that person's previous experiences, an "informed (or unrecognized)" "test and error" response to that situation is exposed, a problem-solving effort specific situation.

Coping is defined as "constantly changing cognitive and behavioral efforts to manage specific external and / or internal requirements that are assessed as taxing or exceeding the resources of the person" (Lazarus & Folkman, 1984). Coping has many layers. It starts with focusing and hiring influences, it can be short-term but assisted, here temporarily called. It can also be positive, called functional and integrated coping. Or, it may be negative, identified as a malfunction. This also leads to negative results and destructive situations for the person, group, organization and culture. "Stress is the non-specific response of the body to any request made to it (Selye, 1974)." The stressor identification and deciphering begins during the evaluation. Evaluation determines whether the stressor is considered a threat or a challenge (figure 1). This is followed by a response that can be benign and irrelevant, useful and productive, or can be harmful and destructive. If the stressor is perceived as a necessary response, then an imbalance occurs. This imbalance leads to solving or responding to coping. Temporary treatment refers to the use of an interim strategy to deal with stressors in that stressors have not been treated permanently or resolved. The problem will need to be addressed again at some point in the near future.



***Coping Influences:**

<u>Sociocultural</u>	<u>Emotional</u>	<u>Cognitive</u>	<u>Physical</u>
Seek Support	Spirituality/Religion	Clarity	Strength
Relationships	Determination	Awareness	Wellness/Illness
Role Models	Motivation	Intuition	Sleep/Rest
Appearance	Anxiety	Intelligence	Diet
Personality	Calmness	Problem Solving	Drugs
Finances	Emotional Intelligence	Reflection	
	Self-Efficacy	Resourcefulness	
	Readiness to Focus	Engagement	
	Self-Esteem	Locus of Control	

Figure 1. The complex model of the coping phenomenon

Source: Hudson K., (2016), *Coping Complexity Model: Coping Stressors, Coping Influencing Factors, and Coping Responses*, Psychology, 7, 300-309.

Thus, effective coping refers to the response when a person is confronted with current stressors, operating at a safe and reasonable level. Adaptive / functional function adjusts positively and constructively to the stressors that are encountered. A good result of repeated adaptive coping is the development of resilience and hardness features. Resistance results from repetitive use of adaptive coping and maintains individual well-being at a functional level in current internal and external environments (Gillespie, Chaboyer, Wallis, 2007). Resilience can result from physiological or psychological coping processes rather than external risk or protective factors (Rutter, 2006). Functional and adaptive coping describes a healthy response to the different stressors faced by them.

Coping incorporates complex, interdependent and interactive systems of socio-cultural, emotional, cognitive and physical aspects, at the highest level of integration, in order

to achieve the best possible results. "The understanding of stress would be incomplete if it is considered in one tradition isolated from the other, requiring all the biological (physiological and immunological), psychological (emotional and perceptual) and cognitive implications (King, Hegadoren, 2006).

An integrative analysis, the productive and successful response of an individual (or group, organization, society, or culture) to stress factors can improve general welfare, making the situation improved in a positive and constructive way. In repeated situations with high levels of success, it develops into resistance (Sattler, Boyd, Kirsch, 2014). Resilience can lead to prosperity. Blossoming is a real, significant, positive and positive progression that occurs because of the fact that it is confronted with stress and benefits from the lessons learned in these positive experiences. Care is a superior form of success. Even better forms of successful prosperity imply optimization. Optimization involves promoting the best goals and high standards (Clancy, 2011; Penningroth, Scott, 2012).

This model of coping complexity provides a direction for further investigation and development of coping. It would also be important to determine which specific strategies or methods of coping produce the longevity of the best and highest level of coping.

King and Hegadoren (2006) describe emotional, cognitive and physiological research approaches, contributing to understanding stress and possible ways to neglect their impact. They discuss issues related to the subjective interpretation and assessment of participants when measuring cognitive processes associated with stressful situations (in addition to the dynamic nature of moods and coping strategies). Interventions can be empirically investigated using this framework to identify both effective and inefficient coping strategies. The strategies used could then be directed to more healthy coping methods. The complexity model of coping can be used for both qualitative and quantitative research questions. It can provide a framework to guide an intervention selection of the study when studying adaptation differences.

The power of this model of complexity of coping is in its transparency, open cultural context, complexity, simplicity and clarity. A good approach requires expertise developed primarily from experience that interacts with constructive people or mentors during stressors, which contributes to the development of positive perspectives for problem solving. Coping is a complex phenomenon and involves describing various processes to provide a general understanding of this current model.

Conclusions

In most of the situations, the two ways of coping with stress, emotion-based coping and problem-based coping work together. The two types of coping are mutually supportive: emotion-based coping helps reduce the negative emotional intensity, but problem-based coping can find adaptable solutions once the inner tension and distortion of reality have diminished significantly.

It is very important to study the coping mechanisms, because in any action that we want to do to mitigate the harmful effects of distress, it is imperative to take into account the appropriateness or inadequacy of this strategy adapted to stressful situations.

It is necessary to know the strategies for adaptation to stress, for training and informing the staff confronted with the different personality characteristics and the types of professional stress. The main objective of stress management is to teach the employee some strategies to use to control stress-induced reactions in different situations.

In conclusion, it is absolutely necessary not to lose sight of the entire biopsychosocial that the human individual is and to address the problem of creating multidimensional adaptive conducts, such as the professional activities, the individual, but also the individual-activity relations.

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HUMAN RESOURCES IN THE GOOGLE COMPANY

Culiță Gica Gherghina¹

Abstract

The expansion of transnational corporations is significant in the last century. Transnational corporations exert a strong influence on the globalized economy. The market and the forces that determine it are not influenced by a political attitude that marks today's globalization, but the political decisions themselves, that followed the course of economic evolutions, a trend always given by multinational corporations. The human resources of multinational companies have played an essential role in supporting this development, for which they have developed special programs for their loyalty and interest, such as Google, presented in this paper.

Keywords: human resources, multinational companies, human resources policies

JEL: O 15

1. Google – No. 1 in the preferences of US employees and not only

Google is said to be one of the most admired companies in the world and it is an excellent workplace where employees enjoy a flexible work schedule, benefits, breaks and time for recreational activities.

Perhaps that's why the company succeeded to win the first position in a top in 2016, namely the best companies to work in in America. Google pays each experienced employee an average annual salary of \$ 140,000, which determines the employees, along with other reasons, to consider themselves satisfied in a proportion of 86%.

Dethroning last year's number one, Facebook, Google won the first position this year and its main competitor fell to No. 5 on the top. It is renowned for its advantages: free gourmet meals, 24/7 technical support, workplace massage, free fitness subscriptions and generous holiday plans.

Employees also appreciate the fact that they are allowed flexibility in the work schedule and engaging in projects that attract and passionate, nurturing their creativity. The company continues to grow, adding not less than 9,000 employees in 2015.

Along with all the benefits it provides, especially comfort, nutrition or personal services, according to Fortune 100 Best Companies to Work For, "Google is also the best company to work for because it' is a "safe and tolerant workplace which does separate employees because of their performance, not gender, skin color or sexual preference". But there also are people dissatisfied with the company. "Working at Google is not great at all!", former employees of the company confessed to the media. "Like any other company with thousands of employees, it has its good parts and its shortcomings. But not everything is fantastic", notes the American Business Insider.

As Joe Cannella, a former senior account manager, says, "Google gives you everything, but it only takes one thing, that is very important, freedom ... you just eat Google food, socialize with Google colleagues, talk using Google acronyms or just use Google phones and email...etc."

Another negative aspect is that employees can not get promoted based on the improvements they bring to the software they work for. Instead, they are forced to help develop new company programs. "Of course, most programmers get fed up with repairing existing bugs and rewriting programming codes to make things work more efficiently". "But Google does not offer rewards for it. Never!", says a former employee of the company. There is a tendency from top managers to press their subordinates to spend time at the office

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because the other departments do the same thing. "The more we sit in the office, the more efficient we will be".

Since it has emerged on the market, Google hires young people just as they finish college, as they are ambitious and eager to succeed in their career and change the world, so they are their ideal target - to spend as many hours in the office. "Moreover, Google encourages them to do so because of the facilities they offer - free food, campus, etc.", says another former employee.

Promoting at Google is quite complicated. "Colleagues can not trust each other," the former employees say, adding that top managers spend 15 years in the company before they reach a leading position. Former Google specialists also advise juniors to look at the job in the company as the cornerstone of their career, but not to stop here, and to get involved in other projects.

The so-called freedom of Google employees can sometimes be a real problem. "You can do whatever you want, as long as you do your job. But do not expect much help, it is up to you and your ability to solve problems. If you do not have an organizational spirit, you will not finish the projects in time" Business Insider writes.

Google collaborators are not treated the same way as those with full-time wages. People employed full-time enjoy a number of benefits that collaborators do not even dare to ask for. In general, Google treats the other company specialists inferiorly, apart from engineers" says Business Insider. "You can forget about all the programs you used in previous jobs. Google only uses programs developed by its specialists. Regardless of how inaccessible you would appear to some of them, no matter what the arguments you would bring to their detriment, it will be useless. Things will not change" reports a former employee in the company led by Larry Page. And Business Insider concludes: "Google is not a company for the weak of the angel!".

The company has over 64,000 employees (out of which over 8,000 work at the headquarter in Mountain View, California), a unique corporate culture has grown behind this billions of dollars. Google headquarters brings unique facilities: gymnastics and massage rooms, sports fields, but also games rooms, billiard or ping-pong. However, innovations do not stop there. Each employee of the company is entitled to two free meals a day, as well as access to refreshment and snack-bar minibars. Moreover, Google's California headquarters provides employees with "extra" services: car wash, bicycle repair shop, fitness classes or hairdressing salons. Google spends 30 dollars per day for each employee's food. That means an annual total of over \$ 70 million! Employees at Mozilla, headquartered near Google, are rushing at Mountain View Buffet.

2 Romanian stories at Google

The Romanians, recognized as good computer engineers on the labor market, thanks to a quality Romanian school, were attracted by the miracle of the American dream and Google. The Evenimentul Zilei newspaper interviewed some of them, and their stories are certainly similar to the thousands of employees of different nationalities working at Google, recognized for the attraction of "fresh brains". This policy is really a success because intelligent young people, the best in their computer series, want to demonstrate themselves, want to move forward and why not, they want to earn the money they deserve. The first story is of Cristian George Strat from Barlad, a graduate of Computer Science in Bucharest. He works at Google in Switzerland after having been interned at Mountain View, California, headquartered in the famous Googleplex.

„ It's hard to imagine a company that offers me bigger opportunities, a more engaging work environment and more valuable colleagues. Imagine that everyone around you is active, dedicated and enthusiastic. It's contagious; Do you think you can be different?“, the young man confesses. Cristian also recognizes that everything is like a game made for big men: „ It's really fun to program! In addition, you have the chance to contribute to projects that help millions of people around the world“.

Asked about Google's well-known corporate culture, Cristian has only words of praise: „You can work from home, you can take breaks at any time, bring your puppy to work or invite your friends to visit. Does anyone else work under these conditions? Although we also have freedom, and the temptation to waste the time, no one does. We are treated with respect, trust and, as such, we are responsible for ourselves, we do not need pressure.”

When it comes to Romania, the young programmer is trying to find disparate feelings: homesickness is mixed with the memory of urban and human disorder: „Romania means a loving family, dear friends and memories. From other points of view, however, I think we, the Romanians, are terrible. It's sad to live in a dirty and polluted city, to waste daily traffic and queues“.

Cosmin Negruseri comes from Bistrița. He has been working for two years as a programmer in Mountain View, California. Prior to coming to Google, he finished Informatics in Cluj, where he even worked as a journalist for a while. He admits that the prospect of working for Google is the only one who has taken his steps to America: „I probably would not have come if it was for another company, because in Romania, as a programmer you can lead a decent living“. He was surprised at first to find out that he was working in the same building with the founders of the company, or to meet people who had invented algorithms used in competitions: „People who I admired and I considered imaginary turned into people in flesh and bones“. But Romania remained its ultimate goal. He wants to come back: „I think the country has a very good time ahead and I want to be part of it“. Cosmin is a dreamer and admits that Google fulfills this aspect. “People here seem to me always oriented to solve big problems, not necessarily to monetary satisfaction. Many other companies do not allow themselves to be idealistic“, the young man concludes.

3 Google – a brilliant future

The list of the reasons why Google's future is brilliant was presented in almost every line of the paper. I can resume briefly, pointing out the tremendous financial performance of recent years, which has led to Apple's dethroning, or Facebook dethroning in the preferences of American employees, turning into a conglomerate and others. Google ranks among the top reputable US companies, largely because of the way they treat their employees, in the third position, as seen in Figure 3.1, in a Harris Interactive survey, both on public opinion as well as the opinion of the elites.

„The ratings they get focus on the way they treat their employees in the work environment. The company gets a formidable credit for social responsibility, which is related to vision and leadership,, declared Vice President Rochester, the New York branch of Harris Interactive, Robert Fronk.

Table no. 1. Top 10 2016 American Companies by Reputation

General Public	Opinion Elites
1. Amazon	1. Apple
2. Apple	2. Amazon
3. Google	3. Google
4. USAA	4. Kellogg Company
5. The Walt Disney Company	5. UPS
6. Publix Super Markets, Inc.	6. Costco
7. Samsung	7. Meijer
8. Berkshire Hathaway	8. The Coca-Cola Company
9. Johnson & Johnson	9. Berkshire Hathaway
10. Kellogg Company	10. BMW

Source :<http://www.theharrispoll.com/business/Reputation-Rankings-Most-Visible-Companies.html>

Google gives employees from the "afternoon sleeping bags" that allow them a short break during the day, to the right to use 20% of their working time for adjacent projects that could lead to the emergence of new ideas .

A successful company is driven by people who have a vision. The giant Google co-founders really knew to attract and keep the company's valuable human resource. One of the exceptional cases is none other than the current CEO of the Alphabet conglomerate, the Indian, Sundar Pichai. His story can only be a success story, quite similar to another Indian CEO - Satya Nadilla, CEO of Microsoft.

Born in a middle-class Indian family without access to major technology until the age of 12, when his first home phone is installed it uncovers the unusual talent of remembering all the phone numbers formed. He went to the United States in 1992, at 20 years old, to study at a strong university and become a teacher, but gave up and began to get involved in companies, first in Silicon Valley, in order to get to Google in 2004. He is remarked by participating in the introduction of Gmail. He proposes that Google should create its own search engine. The idea is rejected by the CEO of that time, Eric Schmidt, but he gets the support of the founders and busied himself with Google Chrome, which has become the main browser along with Mozilla and Explorer. He also develops other Google products - the most impressive being Android – which will bring him promotion after promotion. However, courted by Microsoft and Twiter for his CEO position, he will get the proposal from Google - demonstrating the promoted link between the employees and the company. Five reasons why Google employees are happy:

1. Work satisfaction is the main reason for 86% of employees. As Google's Director of Human Resources, Laszlo Bock, explains in his workbook "Work rules": "The key to Google's success as a workplace is continuous innovation, experimentation and preservation of workplace amusement ..." thus creating a creative organization , fun, working and very productive. "Employees describe the company as "a company that treats employees extraordinary and receives motivated and loyal employees in exchange.
2. " Most employees - 73%, think their work makes the world better. That is not surprising, given the company's mission: "The organizing of information around the world to make them accessible and useful to everyone."

Practically, this mission becomes a moral mission rather than a business one to pursue profit, but we all have seen earlier that profit comes by itself for these companies.

3. Employees consider that their rewards are the best.

The company offers competitive salaries, on average an employee's salary is \$ 140,000, and for those with less than one year of experience the annual salary is \$ 93,000. Unfortunately, sometimes people who perform the same tasks can be paid radically differently, intentionally.

4. More than a quarter of employees work partially at home. This does not mean that people do not do their job, but they can be more flexible and feel more free.
5. Some employees believe their workplace has the lowest level of stress.

This perception is supported by the many benefits that employees enjoy at work, such as massages, free meals. On the other hand, they work in a competitive environment but allow for creativity.

In conclusion, Google is the preferred employer of many, but it is up to everyone to analyze their personal relationship between time and income, between personal life and total dedication to the company, between career development and their own business.

MULTIDIMENSIONAL ASSESSMENT OF ORGANIZATIONAL PERFORMANCE

Dănești-Pătrău, Daniel¹

Abstract

Based on the conception according to which performance of an organization may be represented as that certain degree of attaining the targeted objectives, in terms of efficiency, effectiveness and productiveness, its correlative measuring is required in case they are superior to those achieved by competitors or default standards. In this article, "performance" is a term theoretically assessed from four viewpoints, respectively those forming its fundamental structure: competitiveness, efficiency, effectiveness and social satisfaction.

Key words: performance management, organization, competitive advantage

JEL Classification: M14

1. Introduction

Last years are marked by the emergence of an abundance of conceptions regarding the defining, classification and highlighting of organizational performance boosting methods. In specialty literature, various levels of gauging organizational performance are observed, namely: an assessment at the organizational level in regard to coordination quality and decision-making, thus generating the concept of organizational performance, an economic measuring of business productivity or cost-effectiveness from an accounting and financial perspective by means of absolute or relative markers, and consequently, an appreciation of the social effectiveness at its level.

Hence, performances, mainly expressed through indicators and indices, are underlined in the light of certain comparisons, as follows:

- with own accomplishments recorded in the past (a referential period of time);
- with achieved objectives during a certain time frame – the usage of these terms bring consistence to the autorelative performances approach;
- with the results yielded by the other rival organizations (comparative approach), which requires knowledge of other organizations' successes in referential fields for comparisons (volume and quality indices as well as quality or efficiency indicators).

Performance appears only if we can measure or designate it through a category of more or less complex measurement vectors or markers, regardless of the sector they make reference to. Therefore, measuring performance cannot be limited to acknowledging a single result and must not be confused with the markers that define it.

2. Analysis in Specialty Literature

As a company, reaching performances implies direct or indirect reassessment of concepts, such as competitiveness, efficiency, effectiveness and social satisfaction (Longatte and Muller, 1991); moreover performance indices receive a particular diversity.

Competitiveness is, at present, a paramount requirement for businesses, as they must be imperatively competitive to further survive. At an organizational level, competitiveness could be defined as the ability to offer, in relation to competitors, superior value (quality) products of equal price or products of equal value but lower priced (an amalgamation of these advantages) and consequently build advantageous ambitious (competitive) positions, subsequently allowing the rise of long-term superior economic performance.

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In synthetic terms, these two fundamental situations defining competitiveness can be illustrated as (Jaba, O. 2007) :

$$Q > Q_c ; c = c_c ; p > p_c \quad (1)$$

$$Q = Q_c ; c < c_c ; p < p_c , \text{ where:} \quad (2)$$

Q and Q_c are representative for the product quality (use value) within the analysed company, respectively, the quality of the products provided by rivals;

c and c_c - product unit costs of the analysed company and respectively, those applied by competitors;

p and p_c - product unit prices of the analysed company and said rival companies.

Currently, due to competition internationalizing, an organization's competitiveness also expresses its capacity to produce merchandise that can be sold on the international markets, under conditions of free and open competition, allowing said organization to maintain or improve cost-effectiveness.

From a macroeconomic perspective, competitiveness is the capacity to provide products and services that meet international competition's conditions so that inhabitants of a country enjoy an increasing and affordable standard of living. It is necessary to stress the fact that regardless of the assessment type, competitiveness is related to businesses, and as a result, progress efforts in this field are carried out through commercial enterprises.

The definition of economic efficiency depends on the viewpoint taken and one error surges when the terms "efficiency" and "effectiveness" are thought to be interchangeable in meaning. Actually, these are two essential criteria for assessing the commercial enterprise's activity development. What creates the difference between efficiency and effectiveness is "doing the things right" in the first case and "doing the right things" as per the second case (Rollinson and Broadfield, 2002). In conclusion, it is possible to be efficient excluding being effective and the the other way around.

Economic efficiency consists of the characteristic associated to a resource, action, activity or process to generate positive economic effects per effort unit, capitalized on the market by means of the supply-demand ratio. In other words, efficiency measures the unit for resource use, usually expressed as a ratio between the inputs (in the system) used to yield a certain level of outputs (out of the system, with reference to results).

3. Results and debates

Speaking in terms of quantity, economic efficiency is measured by the relation between effects and efforts or vice versa, that is:

$$\text{Efficiency} = \frac{\text{Effects (result obtained)}}{\text{Effort (expenditure with operational means)}} \quad (3)$$

The first fraction shows the number of effects obtained per effort unit or per expenditure unit and needs to reach the highest possible value. The second relation presents the number of effort units (expenses) required to acquire an effect unit, which should reach the lowest possible value for greater efficiency.

Effectiveness is an illustration of the degree linked to achieving objectives and fixed or targeted goals during a fixed time frame, being one of the most used terms in measuring organizational performance. It must be mentioned that there are neither generally accepted theories nor definitions or criteria which can yield the assessment of effectiveness resulted from the activity exhibited by the commercial enterprise.

At a conceptual level, effectiveness assessment is carried out on the basis of the idea that the organization as a whole has a well-balanced behavior. Effectiveness delineation is funded on the relation between the results obtained and those expected, its calculation ratio being the following:

$$\text{Effectiveness} = \frac{\text{Result obtained}}{\text{Level of reviewed (objective) goal}} \quad (4)$$

At the same time, effectiveness aims achieving fixed objectives and results, which fall under the business' defined strategy. Thus, a commercial enterprise becomes effective when it is able to identify, master and control the interactivity of the internal resources and external development resources by meeting to full potential the stakeholders' expectations (Niculescu and Lavalette, 1999). Compared to these results, other experts' opinions entail that effectiveness is the best ratio between customers' satisfaction level and the means engaged to reach it, customer's satisfaction being one aspect that counts immensely for the organizational success (Longeaux D, 1994).

Existing interdependences between performance, on one hand and competitive advantage, competitiveness, efficiency and effectiveness, on the other hand are exemplified in figure 1.

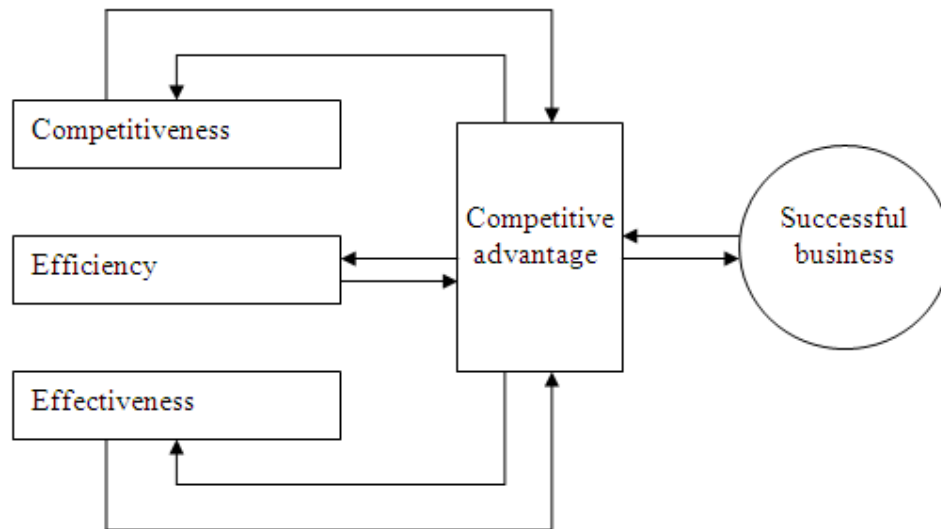


Figure 1. Interdependences between performance and competitive advantage – competitiveness – efficiency – effectiveness

Source: Verboncu, I., Zalman, M., *Management și performanțe*, Universitară Publishing House, Bucharest, 2005, p. 63.

There is a list of approaches regarding effectiveness:

- The Goal Approach consisting of assessing business effectiveness to the extent to which it meets the economic and/or social objectives.
- The System Resource Approach or resource dependency, which refers to the effectiveness evaluation of the extent to which the company maximizes its position built in relation to the environment, with the goal of reaching an optimum level of rare and valuable resources.
- Multiple Constituency Approach according to which effectiveness assessment is shaped to the degree that the enterprise meets the stakeholders' internal and external interests: shareholders (dividend, benefit participation), employees (rewards, labor conditions, work satisfaction, security), clients (price for products and services, quality, post-sale services), providers (prompt emolument, lending possibilities, future sales), governmental authorities

(tax payment, law abiding), nearby community (supporting the community), overall society (offering employment opportunities, social responsibility, environmental preoccupation).

- Competing values model, situation where there is no theory but a highlighting of the manner in which managers influence the criterion used to assess business effectiveness.

From this point of view, a competing values model can be assessed as per 2 aspects: *structure* (by insisting on the stressed control or flexibility) and *focus* (establishing if the manager casts his attention firstly business-inward or externally, towards the environment), as described in table 1.

Table 1. Competing values matrix

STRUCTURE	FOCUS		
	Control	Internal	External
		<i>Values:</i> Primary focus is inwardly directed and “top-down” control is preferred (from pyramid’s top to bottom). <i>Engaged effectiveness criterion:</i> Effectiveness in relation to productivity and profit	<i>Values:</i> Primary focus is outwardly directed and “top-down” control is preferred (from pyramid’s top to bottom). <i>Engaged effectiveness criterion</i> If business objectives are met.
	Flexible	<i>Values:</i> Primary focus is inwardly directed and flexible structure is preferred. <i>Engaged effectiveness criterion:</i> Employees’ satisfaction and development	Values: Primary focus is outwardly directed and flexible structure is preferred. <i>Engaged effectiveness criterion</i> Company’s competitiveness and its ability to grow and regenerate.

Source: Rollinson, D., Broadfield, A., *Organizational Behaviour and Analysis – An integrated approach*, second edition, Financial Times – Prentice Hall, an imprint of Pearson Education, UK, 2002, pp. 475.

All these effectiveness approaches offer a plethora of possibilities to measure managers’ performance, both through the types of objectives they chase and through the eyes of the stakeholders that assess their performance. One example to support this last aspect would be how society appreciates the extent to which the manager takes on social responsibility behaviors (outward focus), establishes objectives (social objectives) in this field and unfolds the specific activities to carry them on (effectiveness which ensures social performance). Another performance measure is conveyed by the social satisfaction that may be evaluated with the help of the equation (Jaba, O., 2007):

$$\text{satisfaction} = \frac{\text{Level of satisfaction obtained}}{\text{Result obtained}} = \frac{\text{Wages and other income earned by employees}}{\text{Result obtained (Turnover)}} \quad (5)$$

This index expresses the weight of emoluments and other income earned by company’s personnel in relation to the turnover attained, as it requires to be the highest possible, considering staff interests. But economic activity efficiency restriction requires that the social satisfaction growth index be lower than work productivity growth index, specifically:

$$I_w > I_{SS} \quad (6)$$

If we consider the logic link between objectives, means and results, as Brynjolfsson and Urban (2001) bring forward, effectiveness and efficiency are positioned as shown in figure 2.

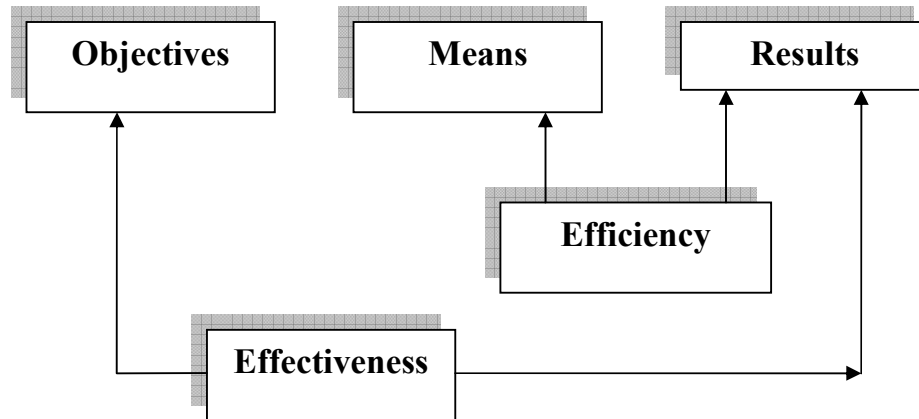


Figure 2. Logic link between objectives, means and results

Effectiveness is determined as a ratio between satisfaction and results, sending a more predominant reference to social performance compared to the economic one, as it represents a source of motivations for business actors and indirectly a source of economic performance.

The information above mentioned entail the possibility to define performance in an integrative style:

$$Performance = Competitiveness + Efficiency + Effectiveness + Social Satisfaction \quad (7)$$

The prevalence imbued by the term and the performance “practice” led to the introduction of a new concept, that is performance management, debatable per se, but justified by its current and future orientations imparted by the performance grounding in the center of managerial concerns within the business. Likewise, performance may be defined by a distinctive result yielded in the management area, which inculcates competitiveness, efficiency and effectiveness characteristics also infused into its process and structure components (Verboncu and Zalman, 2005). Figure 3 demonstrates that the integration of these 3 dimensions establishes in the end the competitiveness of a corporation.

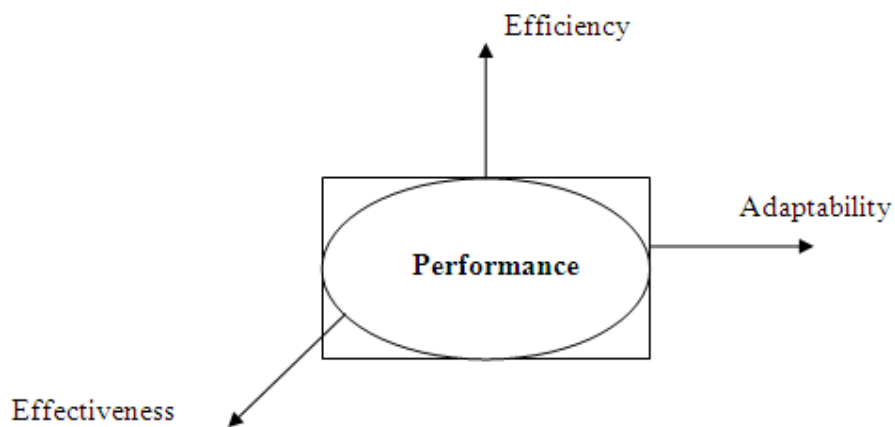


Figure 3. Performance features

According to Williams R. (1998), performance management comprises three main processes – planning, improvement and review, whose links are drafted in figure 4.

Performance planning focuses on activities like organizational vision and strategy formation and defining the notion of performance. Performance improvement is a perspective process including activities such as business reengineering processes, continuous business improvement processes, comparative analysis and quality management. One of the reasons why this model rises a special interest is that it incorporates plenty of management ideas born in the last two decades with regard to organizational performance.

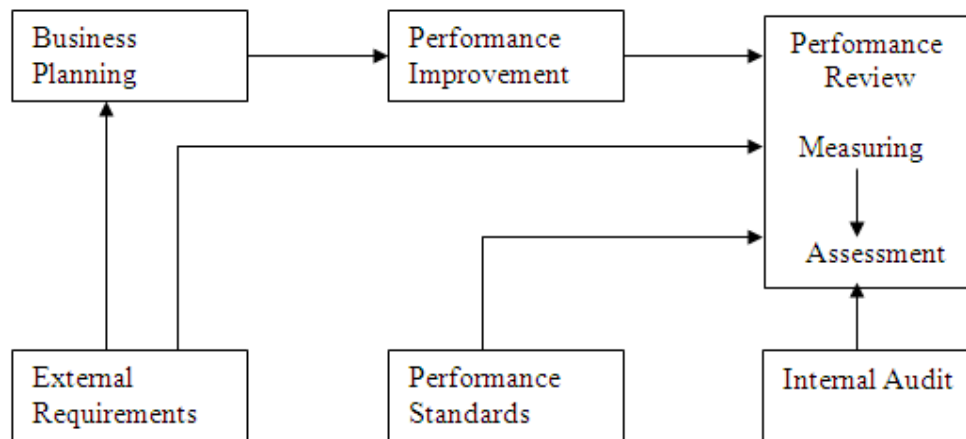


Figure 4. Performance Management

Reference: Williams, R., *Performance Management – Perspective On Employee Performance* – International Thomson Business Press, 1998, p. 12.

Irrespective of the perspective used to grasp performance or calculation methods, more and more concepts emerge as of late:

- Productive management and successful organization;
- Performance criteria;
- Performance management.

Performance management consists of a systematic approach of human resource management, in general, and performance assessment, in particular, using objectives, appreciations and feedback as means of employee motivation for comprehension and maximum use of creative potential.

This means that performance management involves, firstly, setting acknowledgement of development objectives and needs, over performances and the necessity to permanently assess them, and also support through counseling.

4. Conclusions

In any socio-economic system, performance becomes, at present, a reference term for managers and personnel, the manifestation form for objectives and results obtained. A productive business capitalizes better on the opportunities found within the environment, easier “overcomes” the “hurdles” it might bring out, fulfills a certain segment of social need from a quantity and quality standpoint, gains competitive advantage on the specific market where it operates. In fact, from a managerial and economic viewpoint a productive business is capable to completely meet the stakeholders’ economic interests – employees, managers, shareholders, state, local authorities, banks, providers, customers – in terms of optimizing the two fundamental tendencies that set off its operation: “value gain for clients” and “value gain for shareholder”. The two actions are headed toward operational excellence and this is, as also

Ch. Coates (1999, p.76) states, the essential strategic management coordinate generated through the reevaluation of roles heads of departments have.

Over the last years, management systems focused on performance – namely, the “WHAT” in behavior – the specific financial quantity result, productivity or quality results obtained in the past. Currently, many corporations are more and more interested in management and competition evaluation – the “HOW” in performance, meaning future-oriented quality assessment, and focus on development.

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ACCESSIBILITY IN TOURISM - NEED AND OPPORTUNITY FOR THE TOURISM MARKET

Mihaela, Diaconu¹

Abstract.

The paper aims at raising the awareness of the actors responsible for the development of tourism on the emergence of new segments of tourism consumers generated by the elderly and those with temporary capacities or permanently restricted as direct beneficiaries of accessibility. The paper is based on the definition of accessibility in tourism starting from the trends of the tourism market from a socio-demographic perspective, on the presentation of the implications of the aging process on the structure of tourism market demand, on describing the experiences and the initiative for supporting accessible tourism. Accessibility must be approached as a parameter of the quality and functionality of the tourism supply components, but also as part of responsible and sustainable tourism policy and strategy. The accessible tourism market in Europe is estimated at about 27% of the total population and about 12% of the tourist market. According to world health statistics, the proportion of tourists in the senior category will account for 22% of the world's population in 2050 plus the population with disabilities and families with young children. Developing travel opportunities for people with disabilities provides a fundamental human right, but it is also an exceptional opportunity to develop business.

Keywords: accessibility, affordable tourism, tourism for all, inclusive tourism, senior tourism, accessible tourism market

JEL Classification: D63,J14,M19,M38

1. Introduction

Tourism is the world economy sector that contributes with 10% to world GDP, holds 7% of world trade and one in 10 jobs is related to tourism. Given this performance, we can say that the tourism sector has the responsibility related to sustainable development. Tourism activity in its complexity gained over time, has both economic, cultural and social dimensions. The Manila Declaration of 1980 specified the terms „tourism” and „accessibility” that were later developed by the World Tourism Organization and recognized tourism as a fundamental right and a key instrument for human development. Economically, tourism synthesizes the outputs of a significant number of activities, and on a psychosocial level it constitutes a superior way of organizing leisure, even talking about a free time market. By its specific nature, tourism can contribute substantially to identifying and solving many problems related to the challenges of the current world, to building a more responsible and sustainable economic and social climate. In the context of the new agenda agreed in 2015 by world tourism leaders under the name of ***Transforming our world: the 2030 Agenda for Sustainable Development***, tourism has the task of fulfilling the following objectives:

- raising the awareness of all stakeholders on the contribution of tourism to development so that it becomes a catalyst for positive changes,
- promoting policies and business practices that favorably influence the consumption behavior of all potential tourism consumers.

UNWTO declared 2017 as the International Year of Sustainable Development for Tourism as a clear recognition of tourism's contribution to the implementation of the development agenda and the awareness of the potential of the tourism sector in ensuring economic growth, social inclusion and preserving the environment and culture.

According to OMT, in 2020, the tourist market trends and the socio-demographic characteristics of tourists will be (Alén, E.& al., 2012, p.140):

- the increase in the number of elderly tourists and a significant increase in the segment of tourists over 55 years;

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- switching from active holidays to holidays based on experience with longer itineraries that are managed in many cases individually;
- the increasingly complex segmentation of demand that is geared towards goals and objectives that are different from traditional travel;
- reducing the average household size in the EU to about 2.4 members;
- changing the behavioral habits of tourism consumption in the sense of increasing the share of travellers with a higher education and employment income and who travel during holidays, Easter, Christmas and weekends for recreation, then for visits to relatives and friends, and for business and studies. The length of stay has decreased for young tourists, while for adults over 40 years it has increased;
- there is a tendency to allocate tourism more periods during one year with shorter holidays;
- a combination of travel and work periods is increasingly practiced;
- looking for tourist products that offer more experiences in a short period of time.

2. Accessibility in tourism, concept and history

The concept of accessibility is used in both the social and architectural sense. In the social sense, accessibility refers to the possibility that a product, service, information can be used by any person. Architecturally, accessibility expresses the capacity of civil engineering to meet the needs of all categories of users, including people with disabilities or in need for assistance. Accessibility is considered the central element of any responsible and sustainable tourism policy (Bordeianu, 2015). In a new challenge and advertising there are built increased demands on accommodation, restoration, recreation or wellness. It is a social responsibility but also a factor for increasing the competitiveness of tourism as it makes it possible to expand the tourism market by meeting the needs of new demand categories that are on the rise. This is the third-age population (the upward trend of population aging), but also about 650 million people with disabilities worldwide.

Accessibility should be understood as the need to meet the expectations of any potential consumer of tourism regardless of individual characteristics, but are not limited to people with disabilities. Accessibility is related to the possibility of people, whether or not they have a deficiency, to have unobstructed access to the entire environment without spatial and temporal barriers, especially architectural and physical ones. It is used as a term to create a positive image within the community of people with disabilities.

Affordable tourism was initially conceived as an activity that includes a set of facilities for access to infrastructure for people with physical, mental and sensory disabilities. It is appreciated in the literature as the variety of leisure activities dedicated to tourism by people with limited capacities, which allow them to integrate functional and psychological perspectives in order to achieve individual satisfaction and social development. In the author's view, accessible tourism is synonymous with integration.

Affordable tourism involves all those activities through which people, regardless of their status, can enjoy the tourist experiences. Interaction of people with the tourist environment is influenced by meeting the access needs of the elderly, the less mobile or the disabled. The fundamental reference framework for the development of sustainable and responsible tourism is the Global Code of Ethics for Tourism. Article 7 of this Code provides that direct and personal access to the discovery and enjoyment offered by the planet's resources constitutes a right of all the inhabitants of the planet.

A comprehensive definition of accessible tourism is given by Buhalis and Darcy "Accessible tourism is a form of tourism that involves collaborative processes between stakeholders that enables people with access requirements, including mobility, vision, hearing and cognitive dimensions of access, to function independently and with equity and dignity through the delivery of universally designed tourism products, services and environments.

This definition adopts a whole of life approach where people through their lifespan benefit from accessible tourism provision. These include people with permanent and temporary disabilities, seniors, obese, families with young children and those working in safer and more socially sustainably designed environments” (Buhalis and Darcy, 2011, pp. 10-11).

At the end of 1980, a term was introduced with reference to tourism for people with small capacities, namely *tourism for all*, defined as a set of activities oriented to tourism and agreement that are carried out in the free time by an individual and to which all people can have access regardless of their degree of ability / disability, as a full integration and as a social and individual fulfillment of user interaction with the environment. (Fernandez and Villaran, 2007, p 49).

The term *accessible tourism* originated for the first time in 1989 on the occasion of the International Year of Persons with Disabilities. In Europe, this concept has spread rapidly, followed by a number of changes in legislation that have led to development priorities and the perception of accessibility in the tourism sector. Accessible tourism as a concept is presented under several names like: tourism for all, inclusive tourism, universal tourism, barrierfree tourism (Bordeianu, 2015). In 2009, the European Commission launched the Calypso 27 project on achieving social tourism objectives, arguing that ensuring accessibility for disabled people to tourism will contribute to the key objectives of the Lisbon Strategy for economic growth and jobs. The aim of the project was to correct social inequities and universal access to holidays as well as to generate economic activity and economic growth in Europe, combat seasonality in tourism, create new jobs, strengthen the link between European citizens (Alén & al., 2012). This concept was again brought to the attention of actors responsible for global tourism development in 2016 through the theme of the World Tourism Day ”Tourism for all-promoting universal accesibility” who tried to raise awareness among decision-makers about the tourism industry for all, a tourism that would benefit all individuals regardless of their individual capabilities.

Accessible tourism has been the subject of several academic studies, the literature being focused on the definition of terminology (Darcy, 1998; Aitchison, 2003; Buhalis et al., 2005; Darcy and Buhalis, 2011; the ATP4SME Project Partnership, 2014), on analysis of the theoretical approaches (Darcy, 1998; Buhalis et al., 2008b), on highlighting the problems faced by tourists - people with disabilities (Brouillette et al., 1995). All of these studies have started from the analysis of demography at European and world level, from the identification of the population aging phenomenon and new segments of tourism consumers who have accessibility needs and are poorly accommodated by the tourism industry. There are authors who consider (Buhalis, Darcy, Ambrose, 2012) that the development of affordable tourism for all is a rational response to a predictable demographic trend and a massive economic opportunity for the tourism sector.

3. Implications of the aging process on the structure of the tourist market

The population structure of each country plays an important role in the process of substantiating the development strategies, economic and social policies. Nedelea and State (2008) believe that changing the demographic structure of the population will lead to a change in the markets. Growing life expectancy, declining birth rates and purchasing behavior of the baby boomer generation will influence the range of products and services required. Demographic change influences consumer behavior, actors in the national, European and global tourism market, tourism development strategy and implicitly the structure of tourism products. These products must meet the identified needs of aging consumer segments that have specific biological, psychological, social and economic characteristics, but with a rich tourist consumption experience, with a demand for more personalized tourism products.

Worldwide, according to United Nations data, the proportion of the elderly will increase faster than the weight of any other age segment. A study published in 2016 by the National Council of Elderly People notes that in 2020, worldwide, the number of the elderly will reach 0.6 billion and will steadily increase in 2100 to 2.3 billion. At EU level, in 2020 the number of elderly people will reach 103.4 million, and by 2100 it will reach 139 million.

A study carried out in 2014 by the European Commission DG Enterprise and Industry mentioned the following key aspects of accessible tourism (p.6-7):

- starting with 2011, in the EU there were 138.6 million people with access needs, of which 35.9% were disabled people aged between 15-64 and 64.1% were 65-year-olds or more;
- Great Britain, France, Germany, Italy and Spain are the European countries with the highest number of people with access needs, all with over 10 million;
- In 2012, more than half of people with disabilities in the EU travelled, and most travels were mainly done in their home country;
- The direct gross turnover of the EU's affordable tourism in 2012 was about EUR 352 billion, or EUR 786 billion if the multiplier effect is taken into account;
- The direct gross added value of the EU's affordable tourism in 2012 was about EUR 150 billion, and after considering the multiplier effect, the total gross value added contribution was approx. EUR 356 billion;
- The contribution of affordable tourism to the EU in 2012 was about 4.2 million people, and considering the multiplier effect, the total employment was about 8.7 million people;
- A study conducted by James Bowtell in 2015 (p.203-204) on the accessible tourism market in Europe has highlighted that tourism demand for accessible tourism in Europe will increase from 120 million people in 2005, meaning about 27% of the population European Union, to approximately 160 million people in 2025. Approximately 70% of the demand for accessible tourism has physical and financial capacities to travel, and accessible tourism will generate potential revenue of EUR 88.6 billion in 2025, representing a 65% increase over 2005 when the last paper of this type of research was published. Due to the aging of the baby boomer generation and the deterioration in health, an increase in the share of people with disabilities is expected, but for this growth there is a very small percentage of the market that responds to the needs of accessible tourism.

The structure of the European population by age group by 2015 and the projections for 2020 and 2060 is as outlined in table no.1

Table no 1. The structure of the European population by age group

Country/ Region	2015			2020			2060		
	0-14 years old	15-64 years old	65 years old and over	0-14 years old	15-64 years old	65 years old and over	0-14 years old	15-64 years old	65 years old and over
East Europe	15,0	68,3	16,7	15,6	66,2	18,2	15,7	55,1	29,2
North Europe	17,6	64,3	18,1	17,7	63,3	19,0	17,2	57,5	25,3
South Europe	14,3	64,2	18,8	14,5	64,5	21,0	14,6	53,9	31,5
West Europe	15,6	64,6	19,9	15,5	63,1	21,4	16,6	56,0	27,4
EU-27	15,5	65,3	19,2	15,7	64,1	20,2	16,0	55,7	28,3

Source: UN databases for 2011-2100, <http://esaunorg/unpd/wpp/excel-Data>

/DB04_Population_ByAgeSex_Annual/wpp2010_db4_f1b_population_by_age_both_sexes_annual_2011-2100.xls in Population aging in European context and in Romania-perspectives

At the level of Romania, the number and structure of the population are presented as in the below table (tabel no 2):

Tabel no. 2. The number and structure of the population at the level of Romania

Age group	2015		2025		2050	
TOTAL	21.675,8	100,0	19.898,0	100,0	16.083,5	100,0
0-14 years old	3.816,4	17,6	2.589,6	13,0	1.615,9	10,0
14-64 years old	14.804,8	68,3	13.515,7	67,9	9.401,7	58,5
65 years old and over	3.054,6	14,1	3.792,7	19,1	5.065,9	31,5

Source: *National Council of Elderly People-Population aging in European context and in Romania-perspectives*, July 2016, p.13; Tempo databases of the National Institute of Statistics, "Designing the population of Romania by averages, by 2025", National Institute of Statistics, 2005 and "Designing the population of Romania by development region, horizon 2050", National Institute of Statistics, 2009;

The growing number of older citizens within the European Union and around the world can be characterized as a major challenge for the tourism industry. The increase in the number of seniors determines the need to identify patterns of tourism consumption and the creation of those types of personalized tourist arrangements, which are modular by considering leisure variables, tourism consumption experience, safe income. The quality of service and accessibility could be considered the major requirements of this segment of consumers located in full digital growth. The potential for tourism for seniors is increasing due to increased life expectancy, improved health, increased comfort in the tourism product structure due to modern technologies used in travel and new organizational systems applied in tourism. Currently, a large part of the tourist market segment of elderly citizens have financial resources, but also consumption habits of tourist products acquired over time. In addition, traveling is seen by this segment of consumers as a way for older people to participate in social life and maintain a proper physical and mental status.

4. Experience and initiatives to support affordable tourism

Affordable tourism has been examined in recent years from the perspective of increasing the tourist destination's competitiveness as a factor that can contribute to better valorisation of the tourist destination by addressing to a growing market segment. Tourism destination management can highlight the accessible tourism concept as a tool to increase tourist value by attracting new consumer segments.

In order to turn tourist destinations into accessible destinations, in recent years, UNWTO has been a UN specialized agency working in the field of world tourism promoting sustainable responsible tourism, the universality and accessibility of tourism, together with organizations of people with disabilities, civil society, governments and representatives of the tourism industry have developed a number of specific actions. From the cooperation with ENAT - European Network for Accessible Tourism and the Spanish ONCE Foundation resulted in recommendations and technical manuals. An example is Module V: Best Practices in Accesible Tourism of the Manual on Accesible Tourism for All: Priciples, Tools and Best Practices. This brochure presents six case studies illustrating key elements of the accessible tourism chain, with examples of good practices on cultural tourism, the use of new technologies to make accessible the art of visitors with visual impairments, the inclusion of groups of visitors with reduced mobility and learning difficulties in natural, outdoor environments, guiding visitors with intellectual disabilities or learning difficulties on cultural heritage sites.

ENAT - European Network for Accessible Tourism present in more than 30 countries and 5 continents, launched in 2009 the Code of Good Conduct as a commitment and certification scheme for tourism organizations that recognize and promote affordable tourism.

Within ENAT there are also three members from Romania, namely: Motivation Foundation Romania, RDA - Regional Development Agency and Sano Touring, tour operator.

From 2013, Motivation Foundation Romania is certified to provide training courses for the wheelchair delivery technicians, based on standards and course materials developed by the World Health Organization (WHO). From 2014, the foundation organizes in Romania courses for specialists on the implementation of the International Classification of Functioning, Disability and Health, in order to offer services centered on the abilities of each person. In 2012 it launched the first national map of accessible places where public institutions, places of entertainment, leisure, accommodation and facilities and their surroundings can be found. The Accessibility Map is an online platform that includes information about buildings in the fields of culture, entertainment, health, sports, tourism and services of general interest. The map is available at www.accesibil.org and is intended for people with locomotor disabilities. It can also be used by those economic agents in tourism that aim to develop tourist arrangements for people with motor disabilities. Another initiative of the Motivation Foundation Romania is related to its quality of access provider expertise and refers to the assessment of the accessibility of buildings based on Romanian legislation, the Law 448/2006 on persons with disabilities and their free access to the public space, as well as the building norm on the accessibility of public spaces (NP 051-2001). Buildings that meet the criteria of accessibility for wheelchair users receive Brand Accessibility based on evaluation of access to outer space, access to the interior and facilities available. The Accessibility Mark is registered with the State Office for Inventions and Trademarks. Among the few tourist and hospitality service providers that meet the accessibility criteria are Băile Felix Complex and the Royal Court of Piatra Neamț.

The Regional Development Agency has as a declared mission the contribution to the sustainable and equitable development of the Region by removing the disparities and imbalances between the development regions for the benefit of their inhabitants.

Sano Touring is the only national tourism agency that promotes Romania as an accessible tourist destination. As a tour operator, Sano Touring has created a wide variety of travel products for seniors and wheelchair users. The destinations promoted on www.accessibleromania.com are included in the offer of Sano Touring which is authorized to market tourist services according to the Romanian legislation in force. Among the outstanding results achieved in Romania in the field of accessible tourism is the 2013 project titled *The European Excellence Award for Available Travel*.

5. Barriers to the development of accessible tourism services

Bindu and Kiruthika (2016, p.2-3), present points of view from the research undertaken in the field of accessible tourism. Thus, according to Smith (1987) there are three main types of barriers and obstacles to the consumption of tourist products by people with disabilities, respectively: environmental barriers (including factors of attitude, architecture and ecology), interactive barriers (communication) and intrinsic barriers (related to their own individual, psychological or cognitive functioning).

In 1991, Crawford et al made a model in which they rank the constraints that influence the participation or non-participation of people with disabilities in leisure activities, intrapersonal constraints, followed by interpersonal constraints, and finally, structural constraints. Turco et al (1998) identified the constraints for people with disabilities by considering the major aspects of tourism consumption and barriers related to attractions, information, inaccessibility of airplane toilets and accommodation.

McKercher et al (2003) have identified a number of exogenous obstacles that can inhibit travel or reduce satisfaction:

- architectural barriers: stairs, inaccessible toilets, inaccessible accommodation of the hotel etc.;

- ecological barriers: irregular runways, tree roots and other external obstacles;
- transport barriers, especially local transport including cars, buses and taxis;
- legal barriers where rules or regulations prohibit disabled people from bringing with them the necessary equipment;
- communication difficulties, both at home and at destination;
- barriers of attitude due to negative attitudes from service providers;
- information barriers due to the inaccuracy of site accessibility data. It is necessary the information on accessibility to places of tourist attraction, as well as accessibility to reception units, means of transport as well as the availability of assistance and the presence of travel partners.

Within 1st UNWTO European Conference on Accessible Tourism 2014 organised at San Marino there were presented ***the barriers that hinder the development of services related to accessible tourism***, namely: lack of knowledge and skills in issues related to the requirements of people with disabilities; lack of accessibility standards; the need for large investments and / or additional costs; marketing barriers and problems in attracting tourists with accessibility needs; lack of funding; negative attitudes of staff or other clients; legal requirements; accessibility requirements are too complex to implement; training staff on accessibility issues; lack of time. Among the needs of providing services related to accessible tourism are mentioned in the same study as follows: Customer demand; Social responsibility; Business benefits - increased profits; Requirements from business partners; Demands from DMOs; Corporate policy; Legal requirements.

The main categories of needs that tourism stakeholders should specifically address are: wheelchair needs or those who have difficulty traveling, technical equipment related to sensory disabilities; communication needs accessible to people with intellectual disabilities. Infrastructure is a major barrier to meeting the needs of all categories of tourists. Its existence and quality is a competitive advantage / disadvantage and a strategic factor for the development of other sectors of the economy, of tourism regions with potential.

6. Conclusions

Tourism is an activity with a strategic role in sustainable development, but it must consider the important changes resulting from the evolution of the demand structure. The aging process, the dynamics of economic and social development create opportunities for tourism. New consumer segments are emerging with features that support tourism development. An important segment of the tourist market determined by the aging process, by the improvement of the economic condition and the health conditions of the group is the *senior tourism segment*. This segment is characterized by the fact that it has a tourist consumption experience, the possibility of requesting tourist products by valorising the accumulated tourist consumption experience, the possibility to consume tourism outside the peak season considering the availability of free time and approaching 20% of the world's population. This segment joins other potential consumer segments of accessible tourism, ie people with disabilities with whom elderly citizens share common needs as people with temporarily restricted capacities such as pregnant women, families with children. The term senior tourism (Hossain, Bailey and Lubulwa, 2003, p.4) is used to designate people aged 55 and over who consume tourism alongside "non seniors", who fall within the age of 15-55 years. The same authors divide the senior segment into two subgroups, namely "younger seniors" between 55-64 and "older seniors" aged 65 and over.

Another segment of the current and prospective tourism market is that of social tourism. *Social tourism* was created with the aim of making travel tourism available to a large segment of the population. Most authors agree that it is a way of promoting fun and cohabitation among these disadvantaged groups (Fernandez and Villaran, 2007, p 50). This idea is based on providing resources for groups with limited resources, elderly, young people or people

with different abilities to allow them to travel in the right conditions in terms of price, accessibility, safety and comfort.

Quality tourism, a new segment of the tourism market, considers the definition of quality as the set of characteristics inherent in a product or service that enables it to be valued the same, better or worse than others. Respecting the needs and expectations of consumers of products / services is the key to quality that should not be perceived as a luxury or privilege but as a differentiation and positioning tool.

Affordable tourism focuses mainly on inclusive tourism or on tourism for everyone. It requires the removal of constraints on access (transport), accommodation and tourist attractions, constraints that prevent disabled people and reduced mobility from enjoying travel experiences. Removing these constraints constitutes opportunities for business development for all categories of tourism stakeholders.

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BUSINESS DEVELOPMENT IN TOURISM AND TECHNOLOGY

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Abstract:

The paper presents the relationship between the development of tourism business and the technology developed through the concept of innovative business model, as illustrated in the literature as a particularly important concept in the world where technological change presents new ways to do business and as an instrument to obtain the competitive advantage. It is presented the structure of the business model for the traditional tourism operator and for the online tourism operator based on the Canvas Business Model introduced by Osterwalder and Pigneur.

The paper illustrates the influence of new technologies in building innovative business models in the tourism sector by considering the impact of the social and technological factors. Touroperators need to constantly innovate to meet the needs of increasingly experienced customers and to maintain themselves in a strong competitive market. From the case studies presented, namely the business model of a traditional agency - Thomas Cook and an online agency -Expedia Inc., it follows that the development of on-line tourism business facilitates the convergence between the business model of traditional agencies and online travel agencies

Key words: innovative business model, Canvas Business Model, traditional travel agency, online travel agency- OTA

JEL Classification Codes: M15, M16, O32, O35

1. INTRODUCTION

Under the current conditions, each industry is influenced by external and internal factors that play an important role in organizing the companies' activities from the respective business sector. Competition in the tourist sector nowadays is extremely fierce due to the tourists' consumer experience, the increase in the number of trips for tourism purposes and the reduction of the time available for documentation in order to identify the tourist product adapted to personal needs, but also due to the emergence of the Internet, which has changed the dynamics in the tourism industry and has influenced the level of costs. New technologies allow customers to easily get information and compare prices. The business models promoted by economic agents in tourism have evolved as a result of the influence of social and technological factors.

Many articles highlight the relationship between the business model and the competitive advantage. From the perspective of historians, the business model is seen as a way of combining the activities of different economic agents into networks that have led to progress. Other authors relate the concept of business model to the ecosystem one (Adner and Kapoor, 2010)

The essence of the model business concept can be highlighted by analyzing its two components, namely the model defined as a symbolic representation, or a simplified version of a system, structure or aspect of the real world and the business that involves the exchange of goods and / or services made by an organization for profit. An in-depth analysis of the business model makes it possible to understand each component and their interrelation, making the business model a useful tool for management to take better decisions (Hacklin and Wallnöfer, 2012).

Innovative business model is particularly important in a world where technological change presents new ways to do business and competition is fierce. The innovative business model is based on the development of a technology that changes the value chain, the combination of the digital and physical framework, the transformation of products into

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services. The Economist Intelligence Unit, after conducting a survey of sources of significant competitive advantage over the coming years, concluded that “the way in which the companies do business will often be the same or more important than what they do” (The Economist Intelligence Unit, 2005, p.9). Business models have been seen as a source of innovation since current market actors have begun to connect in new ways and have introduced new transaction processes.

The development of new ICTs, and in particular the emergence of the Internet, has affected the tourism industry to a large extent and the constant online growth can not be ignored. Moreover, it is important to note that new ICT technologies have enabled tourists to easily obtain information and compare prices, increased travelers' desire for personalized holidays, and this has intensified the competition. In addition, the Internet has facilitated the accelerated development of the tourism industry, reducing market entry barriers, a greater transparency in terms of price levels, distribution channels, lower transfer costs, increasing the efficiency of tourism production, giving companies the chance to grow their business on a challenging market.

2. THE BUSINESS MODEL - A CHALLENGE TO OBTAIN COMPETITIVE ADVANTAGE

The concept of business model has been extensively discussed in the literature, with a multitude of points of view related to this subject. Chesbrough și Rosenbloom (2002) show that a simple search on the Internet of the term "business model" led to 107,000 references. The first idea about the business model appeared in an academic article from 1957 (Bellman, Clark, Malcom Craft & Ricciardi, 1957). The business model as a term was first used by Peter Drucker, in 1954, which he defined as an instrument capable of answering to the following questions: (1) “who is the customer and what does the customer value?” Drucker's definition was later used by other authors to describe the concept of business model.

Most authors, however, state that the term "business model" in the management literature has only begun to be widely used since 1990. (Ballon, 2007; Demil, Lecocq, 2010; Kinderis, 2012, Trkman, 2014). The authors also noted that this term is commonly wrongly used in public, because the development of the term business model was promoted primarily by practitioners and then conceptualized by scientists..

Definitions of the business model in specialized literature

DaSilva, Trkman, 2014	The term "business model" is commonly used as a synonym for strategy, as a business concept, revenue model, economic model, business model, business modeling
Bocken et al. 2014	The essence of business model is in defining the manner by which the enterprise delivers the value to the customers and entices customers to pay for the value and converts this into profit
Ghezzi 2014	The strategic analysis, based only on the business model, is doomed to failure
Weill și Vitale, 2013	The business model is brand, offer variety, price-value equation, and full consolidation in a single point of contact
Fuller, Mangematin 2013,	The business model is a cognitive tool that incorporates causal links between the traditional elements of the organization and the external environment. The typology of business models include four elements: client segments, customer engagement (customer proposals), money generation or value chain and link architecture or chain of governance. Each of these elements are considering either creating value or capitalization value, or both.
Soda and Furnari 2012	The business models can be seen as those configurations that give the essence of the cause-effect relationship that can help managers think about how to achieve success and for researchers to develop new theories
Kinderis, 2012	Thanks to the business model, enterprises are able to commercialize new ideas, stand and create new value, meet customer needs better.

Fiss 2011	The business model should capture the essence of cause and effect relationships between customers, organization and money, being a configuration of these.
Adner and Kapoor, 2010	The concept of business model to the ecosystem one
Alexander Osterwalder and Yves Pigneur, 2010	The business model is "the rationale of being, the way in which it creates an organization, offers and captures value. They propose Canvas business model which is a "common language for describing, visualizing, evaluating and changing business models". Canvas itself consists of nine building blocks (customer segment, customer relationship, proposed value, channels, key partners, key activities, key resources, revenue streams and cost structure) and 4 pillars: product, customer interface, infrastructure management and financial aspects (Osterwalder & Pigneur, 2005), which can be compared to the four perspectives of Balanced Scorecard Norton and Kaplan (2001).
Jucevicius & Uus, 2008	Every business model consists of corresponding costs and revenue model – how enterprise optimally distributes the costs in its value creation chain and what mechanisms are used in order to get incomes from conducted activity
Osterwalder, 2004	The business model as a network made of: business architecture, ICT and strategy
Magretta, 2002	The business model is a story about an organization responding to the questions raised by Peter Drucker (1995): who is the client? What is the value for the client?" Magretta argued that a business model should answer questions about how the organization's activity is assessed by customers and how the organization can achieve value throughout processes that are designed to meet customer needs. Therefore, in the definition of a business model, it associates a two-part value chain: „one part includes all the activities associated with doing something: designing it, purchasing raw materials, manufacturing, etc. Part two covers all activities associated with the sale: identifying and reaching customers, closing the deal, distributing the product or providing the service. A new business model can start from designing a new product to an unmet need or innovating a process“.

3. INFORMATION TECHNOLOGY AND INNOVATIVE BUSINESS MODELS

Information technology is defined as the technology that involves the development, maintenance and use of information systems, software and networks for the processing and distribution of data.

The emergence of the Internet and other technological advances has allowed businesses to exploit new payment sources, deploy cost-effective structures, and also reduce transaction costs. Specifically, the emergence of information technology has allowed new business models to emerge. In fact, it was one of the factors of the innovative business model. More and more companies are present on the internet totally or partially and this gives them the opportunity to have new sales channels, new means of research for customers and especially the possibility to co-create with customers (Vine și Berniker, 2008).

Technology plays an important role in the practice of any field, as its constant growth creates great opportunities for improvement of offers, creates the possibility of continuous business innovations in the form of new products as well as effective and efficient processes. The dynamics of the business model is influenced by external factors. Each field of activity is confronted with challenges determined by the political, economic, social, legal, technological, and environmental factor.

Teece states that companies that develop the innovative business model from their own initiative and not as a result of outside events have greater advantages (Teece, 2010).

Amit and Zott, (2010) consider the fact that the innovative business model is not related to what is offered on the market but to the way it is offered. A business model is innovative as it exploits new technologies such as Internet or social networks that allow organizations to interact in new ways with their partners, customers and sellers in an

innovative way. An innovative business model should not necessarily involve large amounts of research and development resources to discover new technologies.

Chesbrough and Rosenbloom associate technology and business model to an intertwined process defined as the “heuristic logic that connects technical potential with the realization of economic value (2002). Business model “translates between the technical and the social domains, selecting and filtering technologies, packaging them into particular configurations to be offered to the market. They divide the business model in six functions:

- the proposed value - the way in which the technology used helps to create value for users;
- the market segment - the categories of customers who will benefit from the technology and the reasons that support the revenue mechanism for each market segment;
- chain value - the steps needed to provide value and the assets used to achieve value in the chain;
- cost structure and potential profit - estimation of costs that will be incurred by the company to produce and deliver the proposed value and the potential profits that can be obtained;
- network value - the value obtained by networking customers, suppliers and competitors and the impact of their activities on the value;
- Competitive strategy – the formula by which the company will gain a competitive advantage.

Amit and Zott emphasize e-business and describe the business model as “the content, structure and governance of transactions designed so as to create value through the exploitation of business opportunities Amit and Zott 2010, p.219). In their opinion, an effective business model is one that makes it possible to obtain value for each party involved in the process through greater negotiating power determined by the size of the business and the parties involved in the process.

Designing the activity system as part of the business model is ensured by including new activities, new ways of managing activities, by capturing and holding customers using external networks or transfer costs by grouping activities within the system to achieve a higher value than by their separate approach, streamlining by reducing transaction costs.

Therefore, the *innovative business model* can be defined as the process by which an organization redefines the value of its offer to its customers and how it will obtain a new source of profit.

In Amit and Zott opinion (2010) business model innovation may accompany product, service, process and position innovation and also create new opportunities to exploit existing markets or even create new ones. *Services innovation* – is defined as a new concept, a highly refined service that is carried out by organizations. This concept can be linked to different functions within the firm, such as a customer interaction channel, a distribution system, or a combination of technology concepts that enable the firm to deliver a new product or service to the market and to favor the society to acquire new capabilities, in human, technological and organizational dimensions. *Services innovation* could be a result of marketing activity, staff training, and how to use the organization's specific resources and competencies. *The process innovation* consists in creating a new or improved production or delivery method. This requires changes to the techniques, software and equipment used to deliver the products. The purpose of process innovations is to reduce production or delivery costs, or to increase the quality of delivered products. *Position innovation* is simply the process through which new products, concepts, or technologies are conceived and communicated in different contexts. It is redefining how a product or technology can be used by the user, new channels through which users can exploit opportunities and knowledge. Often, customers are not able to perceive the benefits that a technology or a product can have in a different context because they cannot know the benefits they can get. Companies are able to position products, concepts and technologies in different contexts when a certain need has already been identified. The American theorist, Henry Chesbrough, supported the closed innovation, namely achieving a

competitive advantage by funding research and development by large companies that improve technologies which become the core of new products. This is a paradigm of the late 20th century. Towards the end of the 20th century, business landscape factors began to change, and gave birth to Open Innovation. *Technological innovation* is simply the activity through which new or improved technologies in the form of products, services and processes are developed and introduced into the market.

4. BUSINESS MODELS IN TRADITIONAL AND MODERN TRAVEL AGENCIES.CASE STUDY

Tourism intermediaries have decided to adopt new business models based on information technology. With the help of IT, tourism operators can build contacts, can combine in an innovative way different types of products and services to provide customers with flexible and personalized solutions and to meet the needs of growing market segments. Due to the growing of Internet users, there are now business models that ensure getting value for all stakeholders in tourism activity.

Online tourism agencies are developing increasingly complex business models and their operations are based on a virtual structure, not a physical one. In the literature, business models were classified according to the range of products and services offered: *Electronic Booking Services*- information providers conducting direct booking services; *Flexible Comparison Shopping Services* - „generalists“, gateways supported by research tools to help customers make choices.

Starting from Canvas Business Model introduced by Alexander Osterwalder and Yves Pigneur, the business model of the traditional tourism agency, with the integration of CRS and GDS, can be described as such:

1. Customer segments – are represented by traditional travel agencies as an intermediary between the tourist services provider and the travel consumers (tourists who travel for business or leisure, as well as tour operators: hotels, restaurants, etc.);
2. Customer relationship – the travel agency establishes relationships with each of the customer segments. Initially, he had a face-to-face relationship with tourists in the holiday booking process and a direct relationship with tourism providers through partnerships, CRS and GDS.
3. Channels
4. The proposed value - clients select travel agencies to book their vacation and get an "expert" advice, advice on suggested places, personalized holidays, etc.;
5. Key partners - travel agencies that have partnerships with tour operators deal with all the details needed to book a trip, and with service suppliers providing access to accommodation and transport databases;
6. Key activities - in order to achieve the proposed value, travel agencies have access to CRS and GDS for pricing options. They had partnerships with tour operators also for services provided.
7. Key resources - to create value for customers, they had resources such as holiday location knowledge, exclusive deals and customer service to offer a perfect holiday planned at the last detail;
8. Cost structure - Fixed and variable costs of travel agencies consisted of: rent, travel agent wages, platform acquisition / development, CRS and GDS;
9. Revenue sources - revenue from the sale of tourist products provided by service suppliers for for tourists, commission from service suppliers and an increase for customer service.

Internet development has helped move to an online travel agency (OTA), and the business model is the following:

1. Customer Segments - OTA acts as an intermediary between service providers and travelers. Thus, their customer segments are tourists traveling either for business or leisure, as well as tourism providers, thus service, hotels, restaurants providers, etc.

2. Customer Relationships - they only have online relationships between OTA and their customers.
3. Channels - distribution is done only through online channels by OTA.
4. The proposed value - OTA allows tourists to personalize their vacations, offering accommodation, transport and complementary service options in a more independent and flexible manner, thanks to the ability to access OTA at any time of the day.
5. Key partners - OTA has partnerships with service providers such as hotels, transport companies and complementary service providers.
6. Key activities - OTA travel agencies have a network with service providers.
7. Key resources - to create value for customers, OTA offers low prices, personalization of vacation and Internet access at any time.
8. Cost Structure - OTA has to cover its costs of development and maintenance platform.
9. Income sources - Income from booking fees, by buying at a low price and selling at a premium price.

Thus, the value chain in the tourism sector can be represented as follows: the travel agent serves as a "retailer", linking to the travel service providers (wholesalers) by controlling the flow of information in the value chain and the sale of passenger information (Liu, 2005). Online travel agencies, such as Expedia, have achieved high value for the chain of activities through the implementation of the Internet.

Canvas business model – Traditional travel agency - Thomas Cook

Thomas Cook Group was founded in 1842 when it offered its first organized tour (Thomas Cook Group, 2014a). Over time, the company had to cope with several challenges caused by changing technology and the influence of other market factors.

"We must continue to innovate and change, offering holidays that inspire and delight our customers. Our progress in the last 12 months gives me the confidence that we are doing all the right things to position us for many years to come, to the benefit of our customers, our people and our shareholders." (P. Fankhauser chief executive officer, 2016)

The good reputation in terms of delivering value to the tourist is an important reason why the company has been successful for more than 100 years. Compared with the main competitors, they promise customers "value, flexibility and choice", and continuously innovations to meet the future needs of the tourist (Thomas Cook, 2014c). The organization's infrastructure consists of a regularly expanded partnership network, including companies like Neckermann, Ving, Spies and Tjäreborg (Thomas Cook Group, 2013). Based on experience, they have been able to develop good expertise in market management, risk and modern management methods. Regarding the financial aspects of the company, their business model concept as a travel agent suggests working with commissions paid by a third party provider. The main external factors for the evolution of Thomas Cook's business model are technological, social and economic factors. Therefore, the company has expanded its distribution channel from off-line travel agencies to on-line websites and call centers in order to provide customers with a variety of options that match their personal purchasing behavior. Thomas Cook is a perfect example for a traditional tourism company that has set up a business model based on business realignment. The organization has retained its original business model as a tourism operator, but tries to incorporate new technologies and expand their scope in order to meet the needs of their customers and in turn to remain profitable in the long term. To overcome the competitive pressure degraded by the new trend towards low-cost air travel, Thomas Cook has adjusted infrastructure management in several ways. He created a corporation with Accenture, which will set up an IT infrastructure that integrates European travel services into a group organization (Hatter, 2011). This collaboration should reduce the costs and, implicitly, the prices for the customer. Moreover, Thomas Cook invested in their own airline company (Condor), which allows them to maintain a certain degree of independence (Thomas Cook Group, 2013). The social aspect, namely changing consumer

behavior, turning tourists into more exigent customers in terms of experience and personalized holidays, has prompted the company to rethink its strategy by offering mainly pre-packaged holidays. It was inevitable to launch new product offers such as independent flights as well as a selection of financial services and other travel related services such as Thomas Cook. Therefore, the organization needs constant innovation to counter the threat of new entrants and maintain its strong position on the market.

Although the company has a long history of success with their business model as a tourism operator, it has made several adjustments to meet the challenges of the industry. Thomas Cook is particularly influenced by technological, economic and social factors. But the social factor had the biggest impact on the company's innovative business model. The development of new technologies has become a means of achieving a goal, offering the possibility of expanding the distribution channel and reducing the processing time of reservations.

Canvas business model -Online travel agency - Expedia Inc.

Expedia Inc was founded in 1996 and is one of the first online travel agencies. The company offers a unique online planning tool that allows customers to reserve airline tickets, hotel bookings and car rental as well as other complementary services (Expedia Inc, 2013a). The variety of different options allows the user to create his own personalized holiday package which increases satisfaction compared to product offerings conventional mass tourism. However, even if Expedia Inc has managed to establish a strong market position in the online tourism industry, they are also affected by external factors that stimulate the need for business model adjustments. The Canvas business model is structured on the four pillars: (Osterwalder & Pigneur, 2005): Product • Travel products in the form of flights, accommodation as well as complementary service offers; Customer interface only through the online channel for leisure customers or business travelers; Infrastructure Management • Expanded portfolio offering some of the world's leading online tourism brands covering virtually all aspects of research, planning and travel booking; Financial aspects • Offers a trader and a new agent model (ETP program).

Expedia Inc offers a variety of product values such as airline tickets, accommodation and additional services. Thus, those targeted are customers looking for travel products that cover both business and leisure purposes. The organization places a particular emphasis on the proposed value, namely "the revolution of the journey through the power of technology" (Expedia Inc, 2014a). In this regard, they have developed a service concept that incorporates three main aspects: the best price guarantee, a travel guide that provides valuable customer information on the destination and the local people's recommendations in the form of itineraries adapted to the length of stay (Expedia Inc., 2014c). Third, the company launched the so-called Expedia Promise, a variety of promises to the customer in terms of the best value, honesty as well as easy-to-use and security services (Expedia Inc., 2014d). However, thanks to the limited online distribution channel, Expedia Inc can only address customers with an Internet access experience. Important partners include hotels.com, eLong.com covering almost every holiday aspect (Expedia Inc., 2013a). In addition, the company has established a new financial structure that incorporates both a merchant model and an agent model. The first is a common distribution strategy in the tourism industry and indicates that a hotel room is sold with the help of the website. They use a program called Expedia Traveler Preference (ETP) that gives the customer the choice to pay his hotel room directly online or later when the customer arrives at his destination (O'Neill, 2012a). Competition in the market is supported by online travel agencies like Orbitz, Travelocity, priceline.com și booking.com (Schofield, 2011). The emergence of the Internet has increased rivalry due to a variety of factors, such as low switching costs, low product differentiation level and the perishability of travel products. Current competition is based on more personalized and differentiated offers. Introduced new concepts such as the best guaranteed price (Expedia Inc., 2014b), as well as

Personal Travel Guide (Expedia Inc., 2014c). There is still that customer reluctance with regard to potential security issues, especially with regard to online payment. As a result, they introduced a new pricing mechanism in the form of an agent model called the Expedia Traveler Program -ETP (O'Neill, 2012a). This program allows the customer to decide when the trip is paid. The company provides access to its own data base through an off-line channel in the form of collaborations with traditional agencies (Expedia Inc., 2013b). As far as the financial aspects are concerned, it can be seen that the company is trying to carry out different pricing structures simultaneously in order to offer their customers with more options that fit their individual preferences.

For Expedia Inc., the main factors that require change are the economic ones in the form of the low-cost airline threat, then the political factor in terms of potential security issues and last, but not least, the behavior of the customer. The most striking aspect is the social influence, as it is a precondition for the innovation business model for Expedia Inc. The more demanding, inspired and motivated, the customer requires the company to launch new programs to meet the needs of travelers.

4. CONCLUSIONS

To meet buyer requirements, to monitor competition, tourism organizations constantly need to innovate in order to stay in the market. In the tourism industry, traditional tourism operators, for example, Thomas Cook, should not rely on their past success but should actively engage in strategic experiments, while new entrants, such as online travel agencies, for example Expedia Inc., must create an attractive business model to support the purchasing behavior of tourists.

However, even if there is an increase in interest in identifying a journey using virtual space, the business model based on modern technology will not be a dominant business model in the near future, as traditional travel agencies still enjoy a high reputation in terms of customer service and personal involvement. Due to the current demographic features, the offline channel will still be preferred by the older generation due to the lack of digital competences. On the other hand, as the evolution of the business model of case studies demonstrates, for example, Expedia Inc.'s collaboration with offline travel agencies and Thomas Cook, with an on-line presence, the rupture between the two business models is steadily decreasing. Thus, in order to remain competitive in the tourism industry, it is important to invest sufficient resources in market analysis and in innovative business models. In addition, the trend towards online distribution is noteworthy, and the affinity to the Internet will favor the development of innovative business models of tourism. The changes in customer behavior and the emergence of new technologies create conditions for the tourism sector to become an attractive business sector for new start-ups and to challenge existing firms to maintain their market share.

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INDUSTRIAL SYMBIOSIS PROMOTING THE CIRCULAR ECONOMY IN ROMANIA

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Abstract

In the efforts to develop a sustainable, low carbon, resource efficient and competitive- ultimately the green economy- in the European Union, the industrial symbiosis is an important conceptual and practical approach with essential contribution. Latest developments in eco-innovation in Romania are those dedicated to implementing the circular economy, as will be analyzed and highlighted in the paper.

The main objective of the research is the analysis of the regional eco-innovation potential to play a decisive and major role in the transition to a green economy in Romania, by implementing industrial symbiosis as a high form of circular economy. Methodology is based on previous research outcomes of conceptual and empirical analysis in the areas of sustainable development, resource efficiency, green economy, sustainable forest management, eco-innovation parks as well as on a case study. The case study presents the main features, the environmental and economic drivers and benefits of the industrial symbiosis adding value by recycling wooden waste from logging within the ECOREG pilot eco-industrial park of Suceava County. The conclusions and policy recommendations are that planning, implementing and development of industrial ecosystems is needed in Romania, in view of sustainable regional economic development and a green growth.

Keywords: green economy; circular economy; industrial symbiosis; eco-industrial park; wooden waste

JEL Classification: O44, O47, Q32

1. Introduction and context of the study

As part of the research project “The role of eco-innovation for promoting a green economy in Romania”, the main objective of this paper is a deeper analysis of the eco-innovation and eco-innovation parks potential to play a decisive and major role in the the transition to a green economy in Romania, by implementing industrial symbiosis as a high form of circular economy.

Decoupling growth from resource use and unlocking new sources of sustainable growth needs therefore coherence and integration in the policies that shape our economy and our lifestyles. A revamping of the economy to become resource-efficient is a necessary, but still not sufficient condition to achieve transition towards the green economy (Frone S., Constantinescu A. 2015).

As may be followed in the paper, the green economy requires step changes in resource efficiency, investment in clean technologies, the development of alternative products, services and materials, and the ability to obtain value from the unavoidable waste (UNEP, 2012).

However, with the help of the theoretical and empirical approaches employed there is argued more on the need to acknowledge and better understand the concept and aim of the circular economy (a form of the green economy) designed to close the loop in product life cycles by keeping as many resources in the economy as possible, thereby reducing waste and promoting sustainability.

There is explained in more detail the meaning and the features of eco-innovation for the circular economy and of the industrial symbiosis, focusing on the concept of waste and resource recycling.

In this context, the paper presents a short analysis of the implementation of a pilot eco-innovation park as application of industrial ecosystems principles to regional development in

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Suceava County (ECOREG), in order to put into evidence the fact that it is an important vector promoting the green economy in Romania.

Developing on previous significant research outcomes (Frone Simona, 2015) there will be a deeper analysis emphasizing especially the synergic features of the eco-innovation parks (EInvP) in re-cycling and re-using the resources, thus closing-the-loop as desired in the circular economy.

Another important aspect of research is the link with some previous approaches on the need to acknowledge and implement an economic assessment of forest ecosystems as important for determining the efficiency of investment in biodiversity conservation, expanding national forestry fund, rational use of forestry resources, sustainable development of the forest in Romania (Platon V. et al., 2015).

In this respect, the important feature of the industrial symbiosis described in the paper is its contribution to the preservation of the Romanian virgin forests and so, of their precious forest ecosystem services. This can be done through the recycling of the wooden waste in the industrial eco-system Ecoreg, through various industrial synergies closing the loop on the wood resources and adding value to wooden waste.

The methodology is based and develops on conceptual and empirical analysis in the areas of sustainable development, resource efficiency, green economy, sustainable forest management, eco-innovation parks as well as on a case study.

2. Background concepts and issues

The new paradigms of production and consumption call more and more for a higher resource-efficiency, a concept that underpins all the valuable ideal concepts of economy and development: sustainable development, the green economy and the circular economy, as well as the strategies dedicated to their objectives.

The “Green Growth”, “Green Economy” and “Green Industry” are several closely related concepts that have been developed and promoted in the last years, as a reaction to the global recession and climate change.

Technological innovation could become the cornerstone of minimizing pollution and at the same time, the key to global sustainable economic development (Constantinescu A., Frone S., 2014). Therefore, looking for a balance between aspirations towards sustainability and locally existing possibilities to implement it in practice, another concept has resulted: the eco-innovation.

As will be emphasized further in this research, eco-innovation is a strong pillar of the green economy, since having a double valence, both for ecological and economic accounting, as it will:

- improve the protection of the environment;
- increase the efficiency of resource use;
- contribute indirectly to the increase of economic competitiveness.

Hence, practically speaking, a green economy is one whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services (Frone Simona, 2017a).

The main features of the green economy are:

- Ecological resilience for the ecosystem pillar;
- High resource efficiency for the Economy pillar;
- Enhanced social-equity for the Human well-being pillar.

These various terms and connected concepts (Table no.1) have in common their objective to influence and thereby alter the prevailing political discourse, to transform the financial, economic and ecological crisis into win-win situations (UNIDO, 2013).

Table no.1 Background concepts

Concept	Definition or characteristics
Green economy	In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive
Circular economy	In a circular economy, the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised. It is an essential contribution to the EU's efforts to develop a sustainable, low carbon, resource efficient and competitive economy, ultimately the green economy (COM/2015/0614 final).
Eco-innovation	The introduction of any new or significantly improved product (good or service), process, organisational change or marketing solution that reduces the use of resources and decreases the release of harmful substances across the whole life-cycle (EIO website, www.eco-innovation.eu).
Eco-innovation park (EInvP)	The term eco-innovation park is used to define both eco-industrial parks and eco-innovative areas combining residential and industrial activities.
Industrial symbiosis (IS)	Industrial symbiosis traditionally engages separate industries in a collective approach to a competitive advantage involving physical exchange of materials, energy, water, and/or by-products as well as services and infrastructures shared at the industrial park scale to reduce environmental impact and overall production cost.
Industrial ecosystem	The broadest application of industrial ecology's analogical approach is to describe manufacturing complexes as "industrial ecosystems". This idea suggests a web of interaction among companies such that the residuals of one facility become feedstock for another. Industrial ecosystems aim to minimize inefficiencies and the amount of waste created by mimicking natural ecosystems in industrial systems.

Source: Own synthesis based on (Frone S., 2017a, b)

The concept and model of the circular economy is thus synergically related to a resource-efficient economy, but even more demanding. As a form of the green economy, circular economy proposes the re-use of resources used in products whose shelf life has come to an end or which have lost their usefulness to construct new objects, the same quality or even better.

The strategic approach "Towards a Circular Economy" (COM(2014) 398) promotes a fundamental transition in the EU, away from a linear economy, for resources to be not simply extracted, used and thrown away, but put back in the loop so they can stay in use for longer. This approach also sets out measures driving a more efficient use of resources and waste minimization.

As stated in (Frone D.F., Frone S., 2015) the global resource nexus model is very suggestive for a green (circular) economy model and especially for our topic, since the importance of the sustainable management of natural resources and of their increased resource-recovery and efficiency is better acknowledged.

The principles of a circular economy support ideas and mechanisms for increased competitiveness and economic growth in the European Union, by:

- creating new business and jobs opportunities;
- transforming and revamping the processes of consumption for better efficiency;
- the correct and sustainable management of resources.

Therefore, the European Commission has launched in December 2015 the ambitious **Closing the loop – An EU action plan for the circular economy** (COM/2015/0614 final) as a package of measures to develop the circular economy. It is believed that by stimulating sustainable activity in key sectors and new business opportunities, the plan will help to unlock the growth and jobs potential of the circular economy. Nevertheless, although the action plan focusses on "action at EU level with high added value", implementing the circular economy will still require "long-term involvement at all levels, from Member States, regions and cities,

to businesses and citizens”. Member States (including Romania) are invited to play their full part in EU action, integrating and complementing it with national action.

The European Commission through the Smart Specialisation Platform provides professional advice on the design and implementation of their research and innovation strategies for cooperation on issues related to innovation for the circular economy – in areas like industrial modernisation (EC Panorama, 2016).

This is very important since there are specific issues and priorities for sustainable economic development in each region of Romania, and still important hindrances that most regions have to surpass finding viable solutions to increase their innovative performance (Sandu Steliana, 2012).

Industrial symbiosis (IS), as part of the industrial ecology research field, focuses on the flow of materials and energy from local and regional economies. An “Industrial symbiosis engages diverse organisations in a network to foster eco-innovation and long-term culture change. Creating and sharing knowledge through the network yields mutually profitable transactions for novel sourcing of required inputs and value-added destinations for non-product outputs, as well as improved business and technical processes” (Lombardi, D. R. and Laybourn, P., 2012).

The methodological approach leads to the need of a deeper analysis and understanding of the eco-innovation, eco-innovation parks and industrial ecosystems, as some important concepts related to the complex changes of paradigm required by the circular and green economy.

3. Eco-innovation trends and issues in Romania

The eco-innovation for sustainable development and a green economy has many features and implications which are more and more acknowledged and proved by recent research. Although sustainable development towards the green economy is a global issue, it should be noted that developing countries do not have the technology necessary to combat mainstream environmental issues and their inherent consequences.

However, as we analyze and show in the case-study, eco-innovation is not only technological, but can be also a spatial, regional eco-innovation enabling the industrial symbiosis leading to many important benefits in resource-efficiency.

The issue of poor or inefficient resource management was signaled in the previous edition, while the latest EIO Country Profile report on Romania (EIO, 2016) raises the issues of barriers and drivers to circular economy and eco-innovation in Romania, ranking 18th in the Eco-Innovation Scoreboard (Eco-IS) (with a score of 87.1, below the overall EU-28 average score by 13%, see fig.no.1).

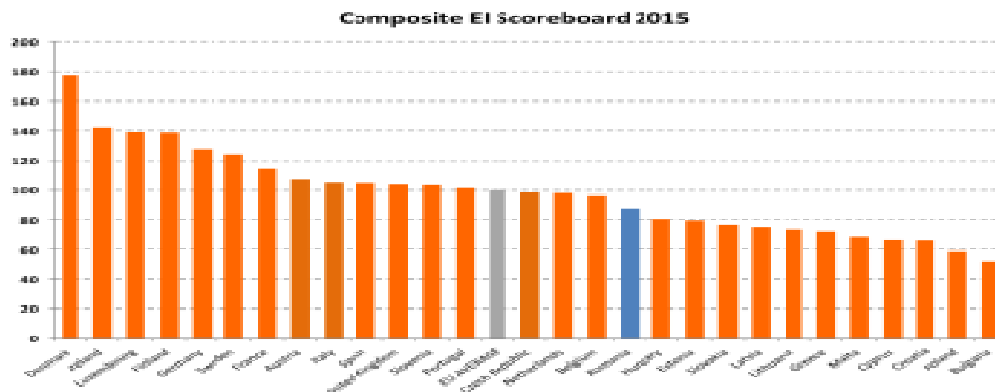


Figure no. 1 EU28 Eco-innovation scoreboard 2015, composite index

Source: www.eco-innovation.eu

The best current accomplishment is that Romania ranks above the EU average in terms of eco-innovation activities (38 points above the EU average score of 100).

Romania's eco-innovation system can be broadly characterised in terms of push and pull factors acting in opposition. It may be stated that there is still: a low level of investment in basic infrastructure and framework conditions for recycling, waste management and resource efficiency; a low input into R&D from the public and private sectors (Frone S., 2017 a, b).

As also stressed by this latest Eco-Innovation Observatory Country Profile for Romania 2014-2015, there has been limited change in the companies' environmental behaviour in Romania, since 2013.

Further negative issues but also positive findings from the Eco-Innovation Observatory Country Profile for Romania 2014-2015 report include the following (Frone S., 2017 b):

- Companies show weak environmental awareness and weak levels of transparency and communication on environmental issues.
- In terms of cost assessment, companies don't measure or do not want to declare the costs and benefits obtained through their environmental management practices.
- Most companies in the survey do not monitor their resource use systematically, which is why they are not able to take measures to improve their environmental performance.
- A notable change is the increase in companies' use of renewable energy sources. 9.3% of the surveyed companies predominantly use renewable energy sources, while for 18.5% of the companies, less than 50% of their energy use comes from renewables.
- The majority of the surveyed companies (57%) do not use recycled resources as production materials at all, while for another 16.3%, recycled resources make up less than 2.5% of their production materials. This shows there are large opportunities for development of the circular economy in Romania.

Considering these findings, it may be stated that in Romania there is still a long way towards really promoting and developing a green economy.

Already highlighted in the previous (2013) EIO Country Profile for Romania, suitable administrative capacity, availability of skilled personnel in the public and private sector, as well as the low propensity to collaborate, continue to be challenges for a systemic transformation agenda such as the circular economy, both in the public and private sector. The striking example of quite a systemic problem in Romania is particularly in sustainable waste management.

A final conclusion of the report is that, on the whole, policy approaches to environmental support in Romania have not been supportive enough and have left gaps in promoting better environmental performance in the private sector, having not engaged properly the public stakeholders at national and regional level.

However, there are islands of eco-innovation at the grass-roots level that have gradually accumulated in Romania. These have the potential to reach critical mass, and possibly have positive spillover effects on further fields of economic activities in time, but they generally need larger-scale investment and support to have a significant impact (Frone S., 2017 b).

Therefore, in the following case-study, we analyse and emphasize the necessity and opportunity for the small and medium size enterprises to group or cluster in some kind of Eco-Innovation Park, taking advantage of all the environmental and economic benefits involved, especially those of an industrial ecosystem aimed for promoting a circular economy.

The eco-innovation designed for an entire area or regional metabolism means a systemic response to the sustainable development and green economic premises. Thus, one of the most important concepts for the new paradigm of green economic growth and resource efficiency improvements is the industrial synergy (industrial ecology, industrial ecosystem) approach.

In this respect, we believe that some steps have been made towards promoting circular and green economy vectors in Romania.

4. Industrial symbiosis premises for promoting the green economy in Romania

The main conclusion of (Frone S., 2015) was based on a regression model showing that in the 16 European countries of the analyzed sample there is a positive correlation between the number of existing eco-innovation parks (EInvP) and the national level of resource productivity (as macroeconomic indicator of the resource-efficiency).

There is presented in this section, a case study of a pilot Romanian EInvP implemented as an Application of Industrial Ecosystems Principles to Regional Development (ECOREG) which may become a real model of circular economy and good practice of waste management in a region, leading to important and diverse environmental, economic and social benefits for all the involved stakeholders in the county.

The objectives of the ECOREG project correspond to the local, regional and national sustainable development requirements, since environmental, economic and social objectives. The environmental objectives were actually the most important (Frone S., 2017 b): a reduction in raw material consumption, energy, utilities, by 2-5 %for all units through implementing innovative tools and instruments; reduction of waste generation and pollutant emissions by 5-20% for all units; the conversion of wastes/by-products into resources (secondary materials); the significant reduction of environmental impact at the level of industrial units.

ECOREG is modelled on the NISP, the world's only national industrial symbiosis programme (UK) which demonstrated that industrial symbiosis has the potential to significantly reduce industrial and commercial waste and comprehensively lessen the adverse environmental impacts of business. The ECOREG project used actual business opportunity as the mechanism for encouraging resource efficiency and its holistic approach is actively dealing with all resources including water, energy, materials, logistics, assets and expertise.

This EInvP is also an example of a sustainable business model. The features of the sustainable business models have to be figured and emphasized in order to better understand the significance and potential of the industrial ecology models, featuring industrial symbiosis.

According to (Ravetz, J. 2003) the sustainable business models present precious features, since able to: reduce primary resource inputs; close material loops; apply an integrated resource management; promote regional self sufficiency and proximity; minimise the environmental impacts.

All the suppliers, producers, regulators, users and consumers of bulk minerals need to be aware of the opportunities for increased eco-efficiency and resource productivity. Business information systems for “integrated materials management” will need to match supply and demand, identify alternatives and spot business opportunities.

In Romania, the ECOREG project was implemented with financial support of the European Union, in the period 1st February 2009 – 1st October 2011, in the Suceava County, Romania. The total project budget was of 880 700 Euro. ECOREG was funded by the European Commission through the LIFE+ programme as part of its package to help businesses to improve resource efficiency and reduce waste .

The most important feature of the ECOREG is ***the industrial symbiosis as eco-innovation implemented at a regional scale*** (Frone S., 2017 b). It is supported by the numerous industrial synergies (200) identified in the area, out of which 114 actually implemented (nisp-ecoreg.ro).

In the paper is shortly described such an industrial synergy working around SC RITMIC SRL (a SME based in Ilisesti, 18 km E from Suceava), presenting the main features, including the environmental and economic drivers and benefits of the industrial symbiosis by adding value by recycling wooden waste.

We analyse an industrial synergy in the following case study, namely the one identified and implemented between:

- a) SC RITMIC SRL, a SME based in Ilisesti, 18 km E from Suceava, dealing, among others, with collecting wooden waste (sawdust, chops, branches, etc.), conditioning it and selling it as bio-fuel (wooden briquettes) and
- b) SC IASIMOLD SRL, another SME located near the Moldovita Commune, Suceava County, some 100 km W from Suceava, in a beautiful landscape. The company exploits wood and completes the first stages in processing timber, producing large quantities of sawdust and wooden waste, a heavily polluted material with no economic value.
- c) SC DIVIP PRODCOM SRL which is a SME located near the village of Braesti, Suceava County, some 40 km SW from Suceava, in the hills of the Sweet Bucovina Province. The organization exploits wood and completes the first stages in processing timber, producing large quantities of sawdust and wooden waste with no economic value.

The industrial synergy has economic and environmental drivers since, in June 2010 (after Romania's accession into the EU in 2007) the law enforcing agencies have issued fines (equiv. to 70000 Euros), confiscated illegally exploited timber and sawing equipment in the Suceava County. The wooden waste has no economic value, is a heavily polluted material and is available at no cost at many locations, across the county.

SC RITMIC's briquettes are, occasionally, sold to supermarkets. SC Ritmic SRL has its own transportation logistics that collects, transport wooden waste to the processing unit and delivers briquettes to customers. Its processing unit – commissioned with financing from the Romanian Environmental Fund – is a state-of-the-art installation that automatically conveys, screens, dries, separates pebbles and metallic debris, and does the briquetting of the sawdust (ECOREG Project Case Study No 5, 2010).

With these prerequisites, the industrial synergy created works like that: the sawdust and wooden debris produced by SC IASIMOLD SRL and by SC DIVIP PRODCOM SRL are collected by S.C. RITMIC SRL's trucks, transported and directed to the wooden debris processing unit of SC RITMIC SRL in Ilisesti. The sawdust and wooden debris are turned into briquettes and sold at a price of 400 RON/ton (95 Euros/ton) at the facility gate. It is worth noting that the same briquettes are sold in supermarkets at a price of 850 RON/ton (200 Euros/ton).

There are important economic, environmental and social benefits of this double (wood sector) industrial synergy identified and exploited in the Ecoreg EInvP of Suceava (Frone S., 2017 a, b):

- i. The economic benefits are significant, since SC RITMIC SRL obtains the raw material it needs to sustain its business at a bargain price; SC IASIMOLD SRL and SC DIVIP PRODCOM SRL get rid of the wooden debris that occupies their production space;
- ii. The environmental benefits of this industrial symbiosis are even more interesting, considering the saved virgin forests in the area, as well as the biomass energy potential and the avoided CO₂ emissions (Table no.2):

**Table no.2 Estimated environmental benefits of the industrial synergy
SC IASIMOLD SRL - S.C. RITMIC SRL- SC DIVIP PRODCOM SRL**

Characteristics	Value	U.M.
Volume of biomass involved in synergy	1980	m ³
Virgin forest resources saved	2.27	ha
Methane gas saved by the biomass produced	185625	m ³
Total harmful CO ₂ emissions avoided	133.32	tons
Persistent Organic Pollutants (POPs) emissions avoided	522.72	micrograms

Source: Own selection and computation from (ECOREG Project Case Study No 5, 2010) and (ECOREG Project Case Study No 7, 2010)

- iii. The social benefits are also notable since the synergy keeps the actual jobs in all the three economic organizations and contributes to their social role. For customers, the synergy adds important quantities of renewable biomass fuel to the market, at a convenient price, saving households money.
- iv. Last but not least, the sustainability of this industrial synergy is high, since as the price of oil and gas will increase, biomass becomes the alternative at hand.

Moreover, forest management in Romania does not fully comply with international and EU rules for sustainability, since large quantities of wood are cut illegally, jeopardizing the virgin forest natural heritage of Romania (Platon V., Frone S., and Constantinescu A., 2016).

In the coming years, the cost of raw wood could raise, once sustainable forest management policies are implemented, adding also to the costs of processing wood.

- v. An important feature for our research is the replication potential of this industrial ecosystem synergy between these SMEs in the Suceava county, also in other regions of Romania. The project description mentions in (ECOREG Project Case Study No 5, 2010) that: “the synergy is a good and straightforward solution for improving the energy of small communities and limited geographic areas. It may be replicated in small communities across 28% area of Romania covered by forests.”

The double synergy presented and analysed above, between S.C. RITMIC SRL and the SC IASIMOLD SRL, as well as between S.C. RITMIC SRL and SC DIVIP PRODCOM SRL is only one example of the many wood sector industrial synergies working in the ECOREG project.

Therefore, ECOREG may be considered an actual eco-innovation park, since it is a spatial, regional application of eco-innovation with rich environmental, economic and social benefits for all the companies and organisations involved, as well as for the people and natural environment in that area of Suceava County.

Important for the current research is the key feature of the eco-innovation park in which material flow exchanges (or industrial symbioses) significantly increase the efficiency of energy, waste and water management, so leading to an almost exponential growth in the local resource-efficiency, for all the clustered companies.

5. Conclusions

After having previously claimed that eco-innovation and eco-innovation parks are the vectors of transition to a green economy and their importance, in this paper there are analysed and highlighted some of the objectives, features and principles of the circular economy as they are implemented through industrial synergies in these very eco-innovation parks.

For the circular economy and ultimately, for the green economy, eco-innovation is based on centralizing knowledge on material and energy flows as an efficient tool to foster a transition from a linear industrial system to a closed-loop system mimicking biological ecosystems.

The industrial symbiosis is conceptually and practically a new way to look at economic activity, so that the costly environmental preoccupations are converted into opportunities for profit and benefits (not necessarily materials).

This is achieved by setting up symbiotic partnerships between companies from various industries, through which wastes/by-products resulted from the activity of one unit become resources for another activity, thus reducing raw material consumption, the amount of waste generated and the associated impact on the environment. A new economic entity, namely the eco-innovation park (EInvP) is therefore created in a county or a region, with increased efficiency in using energy and materials.

After Romania's accession to the European Union and with the Cohesion funding support, the adoption of the environmental acquis and of the know-how and good practice of the EU member states, as well as of the Strategy 2020 has enabled the implementation of ECOREG, a pilot project of industrial symbiosis in the Suceava County.

The regional eco-innovation park of industrial symbiosis analyzed (ECOREG Project) was promoted by highlighting the potential economic benefits of joining the programme in order to boost the interest of industry. This approach was required in Suceava since the limited availability of economic operators participating in environmental projects, which most of them perceived as time demanding and costly.

The conclusions of the paper reinforce the strategic development of eco-innovation parks in Romania, as industrial ecosystems for the manufacturing and service enterprises or the local authorities seeking enhanced environmental and economic performance through closer collaboration in managing environmental and resource issues.

The official European web-site for the project description has concluded that ECOREG project „demonstrated major environmental benefits, as a result of developing a sustainable approach to waste and resource management. ECOREG recycled 530 000 t of waste, which would otherwise have gone to landfill, using less than €500 000 (€0.88/t)”.

This regional eco-innovation park will help Romania to recycle more of its waste, in line with EU policy. Still a pro-active policy, a coordinated approach and smart public management are strongly required to sustainably develop circular economy in Romania and reap its significant advantages (including preservation of the virgin forests).

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THE ROLE OF INFORMATION RESOURCES IN THE EDUCATION PROCESS

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Abstract

In the 21st century, having a computer and using it for educational purposes is very important because it contributes to the development of individual and group competences. Internet access has become the main tool for socializing, informing and collecting data. An improper use of computers and the Internet may have repercussions on young people's development, their mental health and can generate addiction among them. The success of the instructive-educational process, carried out within the educational units, is conditioned by the access of teachers and pupils to information resources. There are also nowadays situations where school units, especially those in rural areas, face deficiencies in the domain of computers and computer labs.

Having as theme "Information and Communication Technology in the Instructive-Educational Process", the article proposes, through two parts (the stage of the knowledge of the concepts under analysis and the research of the educational process from the point of view of the statistical indicators, but also of the school infrastructure), to present the importance of adapting the schools to the changes in the environment, including those in the field of technology.

Key words: educational process, school infrastructure, computers

Jel: I 21

1. The stage of knowledge

The society is constantly changing, including the ways we work at home, at work and at school. From e-mail, to on-line courses, computers influence life and can improve the learning process in different ways. With the evolution of technology, it is essential to encourage its use within the education system (Aldrich C, 2009).

Education is like a window through which imagination and curiosity penetrate, and the use of technology in education plays a vital role in helping students to discover their potential (Kozma R, 2004).

Technology is a way to reduce the gap between education and the information age we live in. Computer-assisted technologies, in schools, provide students with greater access to information, they can learn and improve the quality of their classroom activity (Barrett C, Eubank S, Marathe A, Marathe V, Pan, Z., et al. 2011).

2. The analysis of the educational process and school infrastructure

2.1 The methodology of research

The aim of research – the dynamic analysis of education and school infrastructure.

The objectives of the research:

O1: Knowing the trust of young people in the education system;

O2: Identify changes in the access of individuals to computers and the Internet;

O3: Observing the frequency of Internet use by young people.

Hypotheses:

H1: From 2010 to 2016 there is a steady increase in the number of computers in educational institutions;

H2: In the majority, Romanians use the Internet as a source of information.

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Type of research. This is an office research. Among the sources of information used are: NIS, EUROSTAT, world values survey.

2.2. Analysis and interpretation of results

The results of the research are presented from two perspectives:

1. Of the education and infrastructure (the dynamic analysis of indicators);
2. Of the access to computers and Internet (opinion poll applied to Romanians).

2.2.1. Education and infrastructure in education

This is analysed through statistical indicators taken from NIS (National Institute of Statistics) and Eurostat. Among the indicators analysed are: *confidence in the education system, computers on the level of education, computers by residence area, the number of computers in Dambovită high-schools*. In Fig. 1 and Tables: 1, 2, 3, 4 is shown the evolution of these indicators.

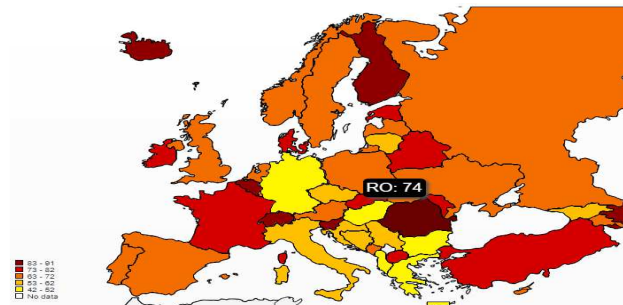


Fig 1. Trust in the Romanian education system

Source: <http://ec.europa.eu/eurostat>

A percentage of 74% of young people in Romania have confidence in the Romanian educational system.

Table 1. PCs on levels of education and residence areas

Levels of education	Years						
	2010	2011	2012	2013	2014	2015	2016
	UM: Number						
Total	347009	339750	347293	356776	371687	373476	382807

Source: <http://statistici.INSSE.ro/shop/>

At our country level, the number of computers in the school laboratories has increased from 347009 in 2010 to 382807 at the end of 2016. An increase of approximately 40000 computers.

Table 2. PCs on levels of education and residence areas

Residence areas	Years						
	2010	2011	2012	2013	2014	2015	2016
	UM: Number						
Urban	249448	244009	250740	259257	272156	274904	283266

Source: <http://statistici.INSSE.ro/shop/>

In school units in the urban area, the number of computers reaches in 2016 a value of 283266.

Table 3. PCs on levels of education and residence areas

Residence areas	Years						
	2010	2011	2012	2013	2014	2015	2016
	UM: Number						
Rural	97561	95741	96553	97519	99531	98572	99541

Source: <http://statistici.insse.ro/shop/>

Compared to the urban environment, where there is a large number of computers in school units, in the rural area at the level of 2016 these components of the education infrastructure reach a number of 99541.

Table 4. PCs on level of education in Dâmbovița

Levels of education	Macro regions, regions of development and counties	Years				
		2010	2011	2012	2013	2014
		UM: Number				
High school education	Dambovita	2281	2342	2338	2268	2310

Source: <http://statistici.insse.ro/shop/>

At the level of high school education in Dâmbovița County, the number of computers available has increased in 5 years by 29. Very little increase.

2.2.2 Access of young people to computers and Internet

In order to identify the frequency of computers and Internet use in our country, was taken over and processed the information obtained from the survey conducted by the WORLD VALUES SURVEY website, in 2016. This is an international site specialized in the analysis of living, working and educational conditions of the population. The poll was applied by mail to young people aged 18-60 and the sample had a number of 1503 respondents.

Table 5. Access to Internet

TOTAL	Age			
	18-29 years	30-49 years	Over 50	Don't know
Occasionally	44.0%	12.3%	30.1%	72.5%
Frequently	19.0%	15.5%	31.5%	9.9%
I don't know	34.6%	71.9%	37.9%	12.5%
I don't answer	1.4%	-	-	3.4%
I don't have	0.3%	-	-	0.7%

Source: <http://www.worldvaluessurvey.org/WVSONline.jsp>

The first question: How often do you use the computer?

To this question the respondents replied as follows: 44% respondents aged 18-29 stated that they use it occasionally, 19% frequently, and 34% responded that they do not know.

The second question: People use various sources of information to find out what is happening in the country and around the world. For the Internet, please tell me if you use it daily, weekly, monthly, rarely or never to inform you.

Table 6. Access to Internet

Answer	Number	Percentage
Daily	474	31.5%
Weekly	106	7.1%
Monthly	26	1.7%
Rarely	143	9.5%
I don't know	735	48.9%
I don't answer	3	0.2%
Total	1503	100

Source: <http://www.worldvaluessurvey.org/WVSONline.jsp>

The Internet, as a source of information is used: daily by 31.5% of respondents, weekly by 7%, do not know - 48%.

Conclusions

Young people are, usually, among the first and most enthusiastic users of information technologies. It is often said that they are flexible, creative users compared to adults, having less routines or established habits and being oriented towards innovation and change.

As young people make the transition from their family to a wider culture of their colleagues, they find that the Internet is a key resource through which they can build their identity, but also mediate social relationships. The risk of harming children's safety and social development draws the attention of academics, the population and the political environment. Young people explore new activities, especially on social networks, and adult control is very important (of parents and teachers).

All the objectives formulated in the part of the methodology of research have been achieved and the hypotheses have been verified as a result of the relative and absolute frequency. Even if there are risks of using computers and the Internet, one can conclude that their role in the learning process of young people should not be diminished.

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RESEARCH ON MOTIVATION IN WORK

Maria-Elena, Gheordunescu¹

Abstract:

A topic that fascinates and at the same time gives headaches to psychologists, but also to managers in companies is related to motivation to work.

It is known that the human resource holds an important place within an organization regardless of its subject matter, and motivation undoubtedly contributes to ensuring the psycho-material balance of the employees. In other words, a motivated person is the true value of the organization because it has a great interest in achieving the goals, while a man lacking motivation has no concerns in this sense. Even if in an organization a manager can not require employees to be motivated, he can create a climate that motivates them, and in this way employees will be more productive. Usually employees have different motivations, and they have to be satisfied

The paper aims to highlight the way in which individuals attitudes to work motivation are manifested.

Keywords: motivation, organization, employees, work, manager, reward

1 . Introduction

Appeared in the literature around the 1930s, the term of **motivation** has so far been a great success. It can be found in almost all areas that are more or less concerned with human conduct: economic, pedagogical, political, art, moral, religious. The interest in this concept reveals, on the one hand, the strong sensitivity of our age to everything that affects people's influence, and on the other hand, the anxiety about manipulation techniques, and last but not least, the emergence unpredictable and aggressive social behaviors.

Work motivation involves employee behavior characterized by interest, orientation and persistence in the performance of tasks. This behavior does not depend only on the individual or the context in which they work is an interaction between the personality of the individual and the working environment. In other words, the individual motivated by what he does find the meaning and justification of his action and obtains a double recognition, in front of his own consciousness (the self-image) and a recognition by others, which can be real or imaginary.

2. Methodology of research

The purpose of the research was to identify the degree of motivation in the work among employees of X company.

In the present context, was formulated the following hypothesis: *We assume that in the analyzed society the level of motivation of the employees is influenced by various factors, determined by the climate within the company.*

The main objective of the research is to highlight the link between motivation and professional activity.

The present paper is an exploratory research that took place in September 2017 and uses the main research questionnaire

The questionnaire contains a total of 12 closed and open questions with answer options Yes / No.

The work demonstrates that motivation is an important factor for each employee.

3. Data analysis and research results

The socio-economic characteristics of the subjects

The research had as subjects 14 employees of a commercial company in Rm Valcea,, aged between 29 and 42, of both sexes with functions what it involves different attributions.

They have a length of service between 2 years and 7 years, with both pre-university and university studies.

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Category	Features	Nr.	%
Sex	Male	6	20
	Female	8	80
Total		14	100
Age	29-32	4	30
	33-38	5	35
	34-42	5	35
	Total	14	100
Studies	University	10	60
	Pre-university	4	40
	total	14	100

Table no.1, Characteristics of investigated subjects

Figure 1 shows that 20% of the subjects are male and 80% are female

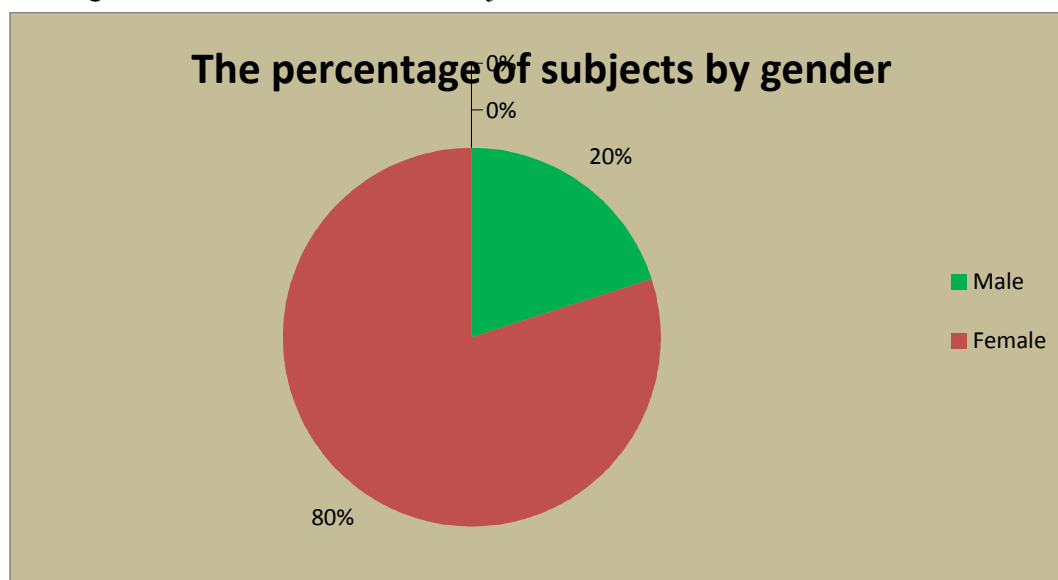


Figure no1 The percentage of subjects by gender

Given the demographic characteristics, subjects are divided into the following age groups:

- group of 29-32 years - 30% of the subjects;
- group of 33-38 years - 35% of the subjects;
- group of 34-42 years, 35% of the subjects;

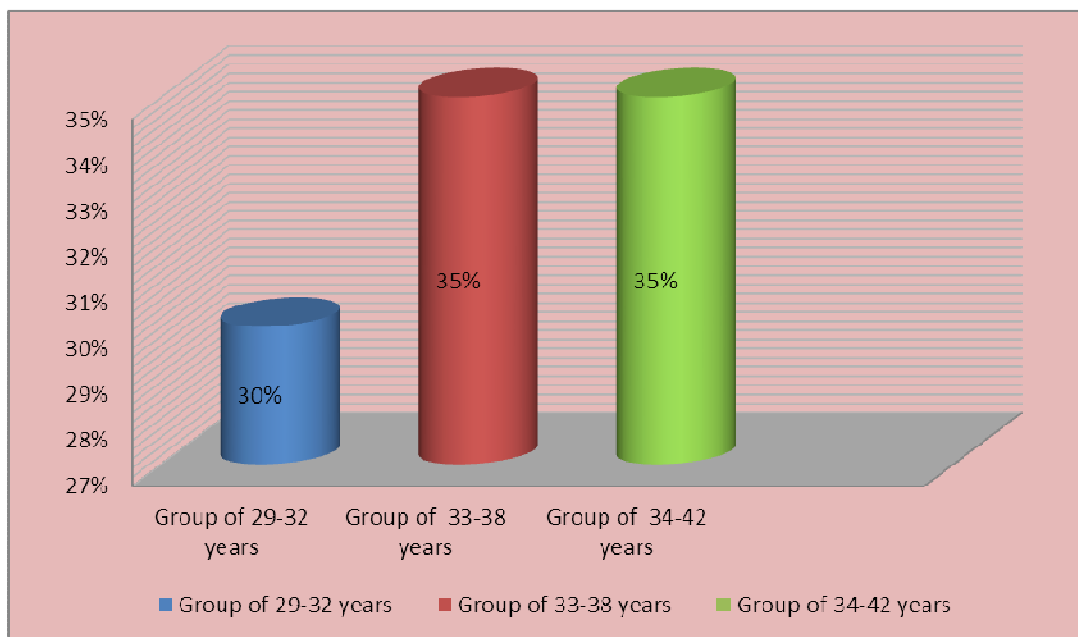


Figure no. 2 - Share of subjects by age

With regard to studies, it is obscured that 80% of the subjects have university studies, namely 10 persons, and 40% of the subjects, respectively, 4 persons pre-university studies.

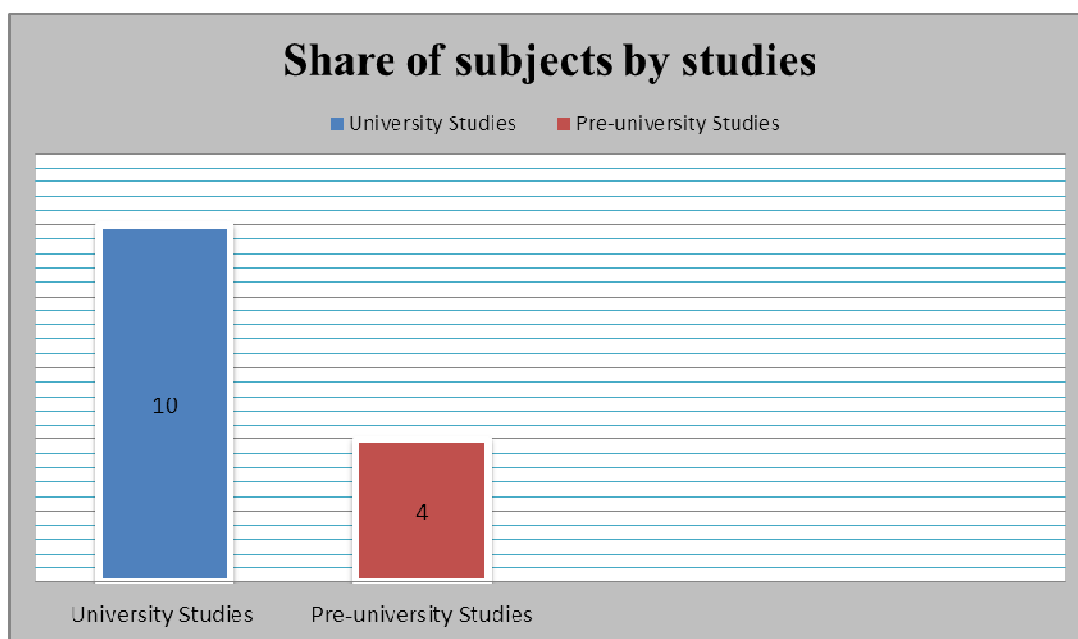


Figure no. 3 - Share of subjects by studies

The analysis of the results obtained after applying the questionnaire to the subjects highlights the following:

- At **Question No.1** (Figure no.4), where subjects had to confess or refute if there were issues in their company to be improved, 9 people chose the variable *No* and 5 opted for the *Yes* variable.

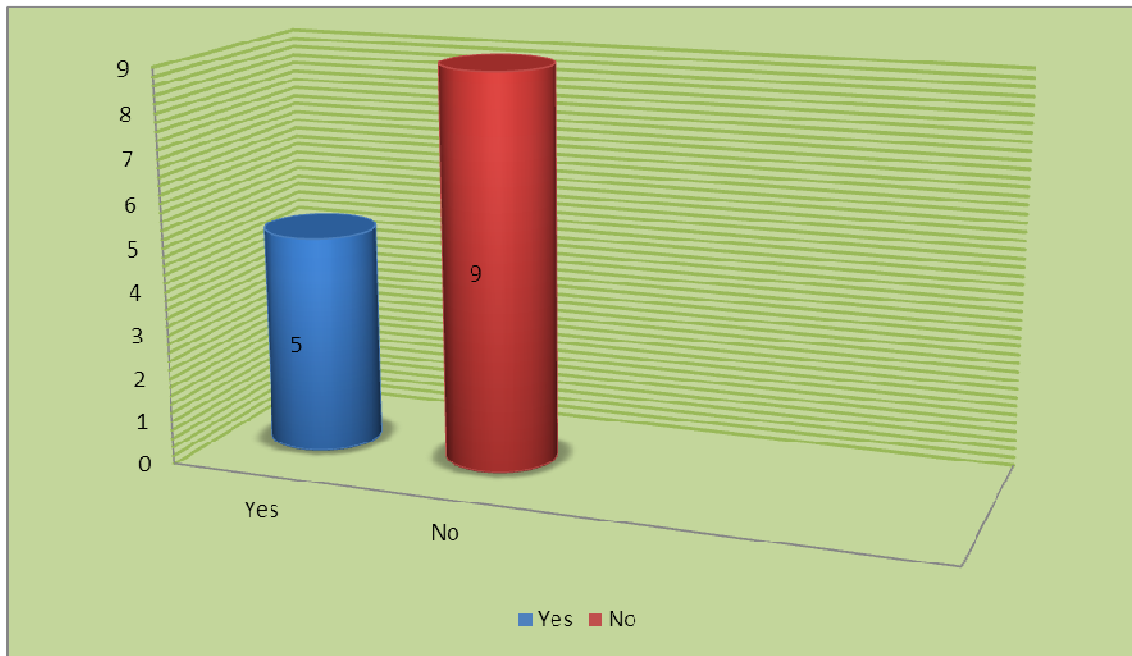


Figure no.4, Question no.1 - Are issues to be improved in your company?

It is found that most of the employees in the studied company do not feel the need for any improvement or do not consider it necessary, being satisfied with the current climate.

• **Question no. 2** (Figure no.5) pointed out that usually there are no problems at the level of the studied company and that the subjects are facing the professional tasks.

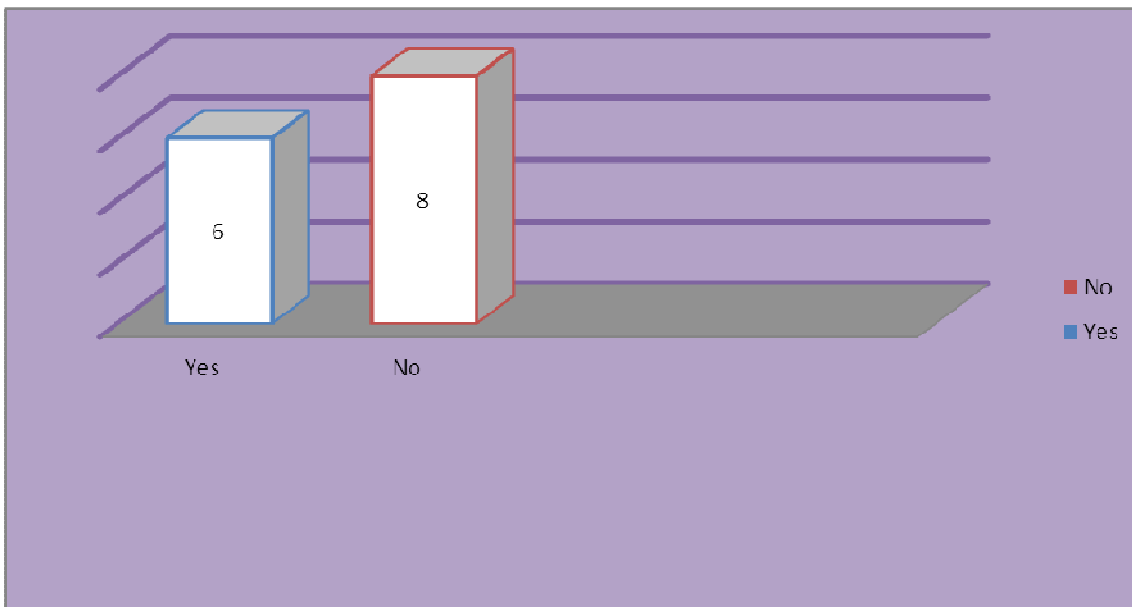


Figure no.5, Question no. 2 - Are you facing many organizational problems?

It can be understood that overall there is good collaboration between managers and employees and together they manage things in an efficient manner.

• On **question no.3** (figure no.6), which aimed at highlighting whether the employees like the work they are doing in the studied company from the 14 questioned persons, 9 people

chose the answer *Yes*, and 5 people gave and answered *No*. This indicates that the activity carried out is a pleasant one, it does not create any inconvenience and is easily accomplished.

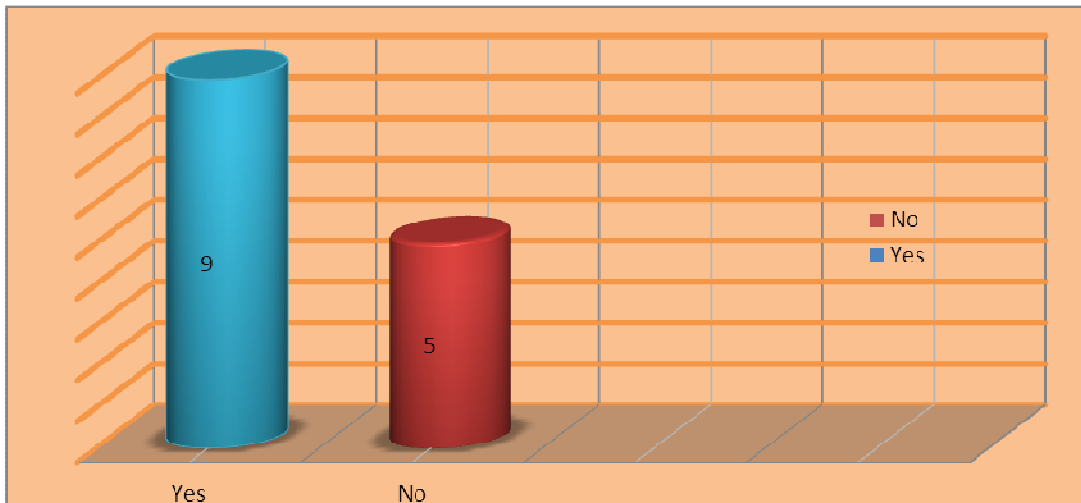


Figure no. 6, Question no.3 - Do you like the activity you are doing within the company?

• **Question no. 4.** (figure no.7), confirmed through the obtained results respectively 10 affirmative answers and only 4 negative ones that in general the employees are satisfied with the working conditions and measures and actions taken by the company.

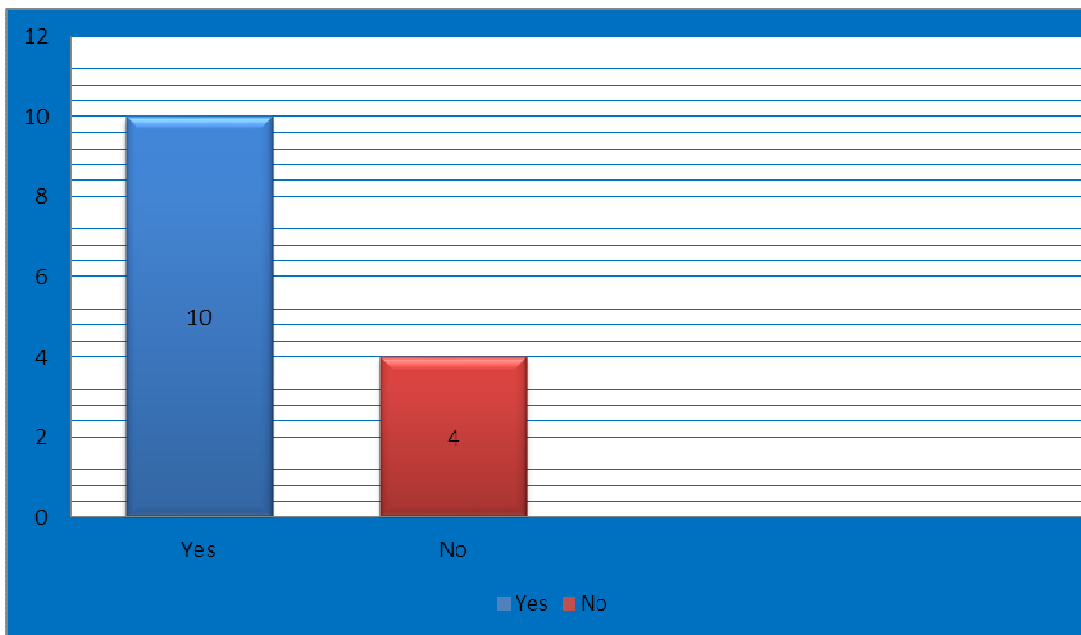


Figure no.7, Question no.4 - Do you need other measures from the company to feel pleased?

• On **question no. 5** (Figure no.8), where it was wanted to find out if employees feel appreciated for what they are doing, of the total number of 14 respondents, 11 chose the variable *Yes*, and 3 chose the variable *No*.

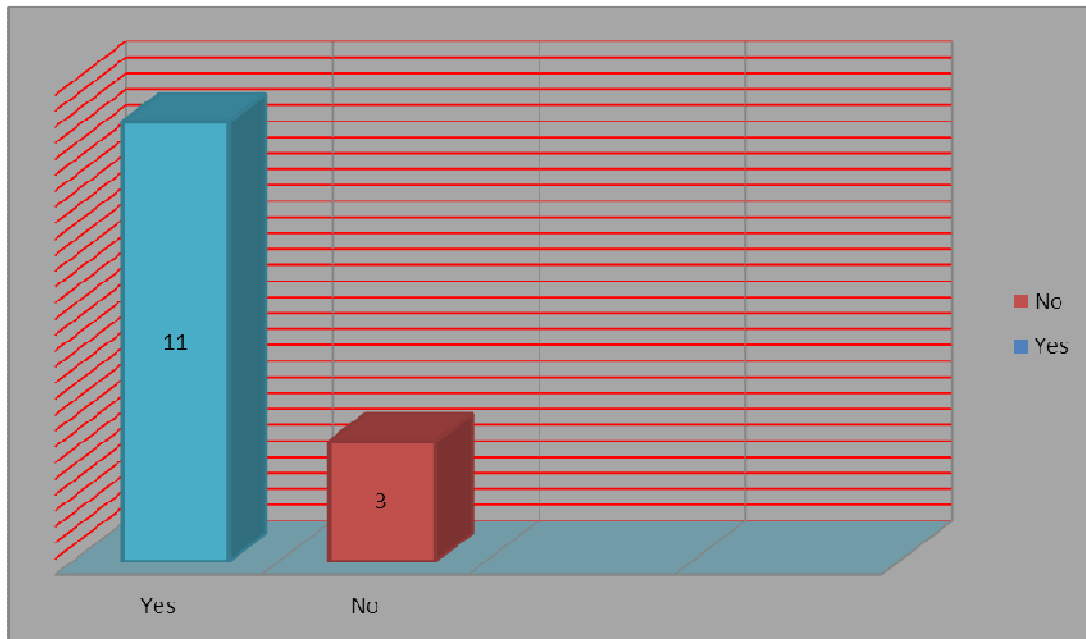


Figure no. 8, Question no 5- *Do you feel appreciated within the company?*

In view of the results, it is noticed that most of the employees feel appreciated at the organizational level and are acknowledged as the merits in their work.

• **Question no. 6** (Figure no.9), which emphasized the willingness / intent to involve the subjects in the activity and in the good activity of the company, amounted to 12 positive and only 2 negative responses. The fact that almost all the employees of the company studied are eager and willing to be involved in all the actions and activities that would contribute to its development and evolution.

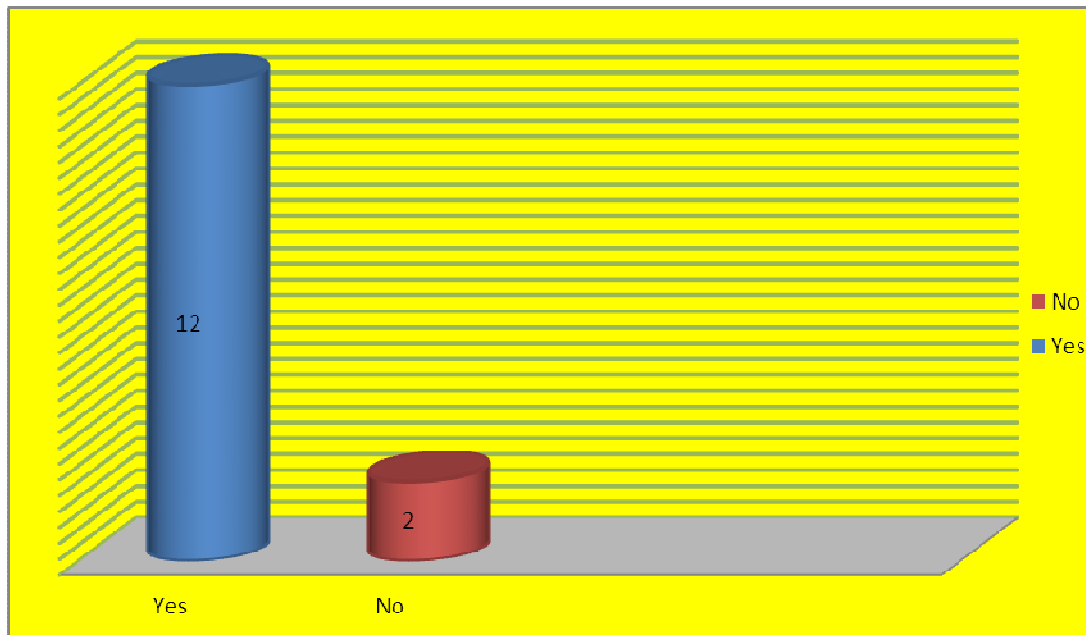


Figure no. 9, Question No.6 - *In the future would you like to be involved / contributing, more to the good work of company?*

- To **question no. 7** (figure no.10), regarding the workload, the respondents chose in the number 9 variant *Yes*, while 5 of them opted for *No*

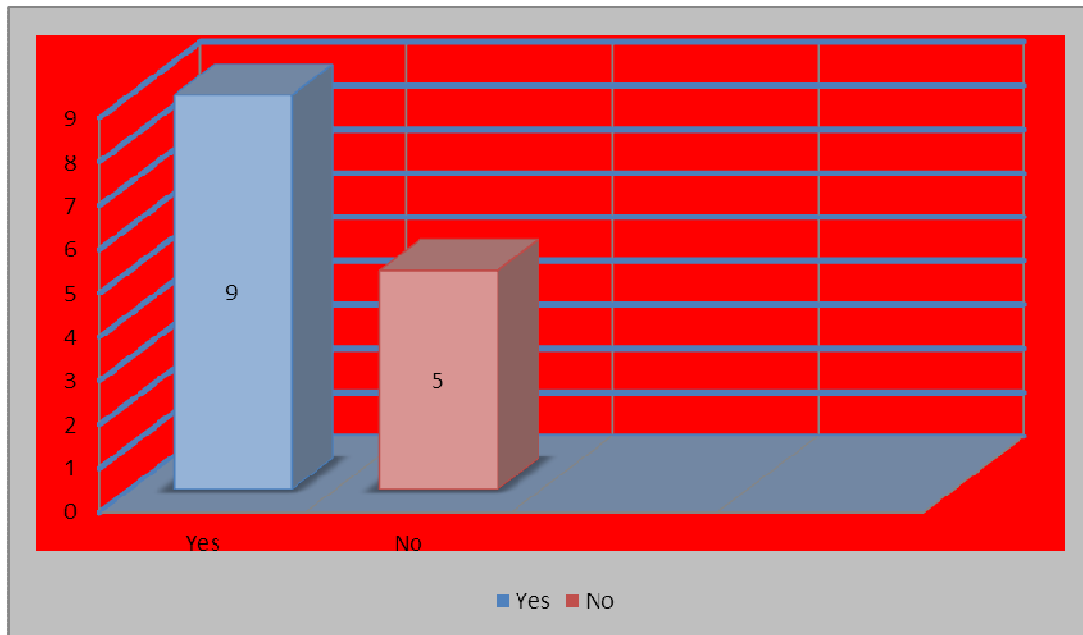


Figure no 10, Question no.7 - *Do you have a normal workload?*

Therefore, most employees consider that the work done involves a normal workload and can carry out all the responsibilities.

- On **question no. 8** (Figure no.11), it is noticed that despite the climate and the effective communication at the level of the studied organization, the employees claim that there are factors that could stimulate them and determine them to be more active and to work better, a confirmed aspect of the answers given respectively 12 *affirmatives*, and only 2 *negative* ones.

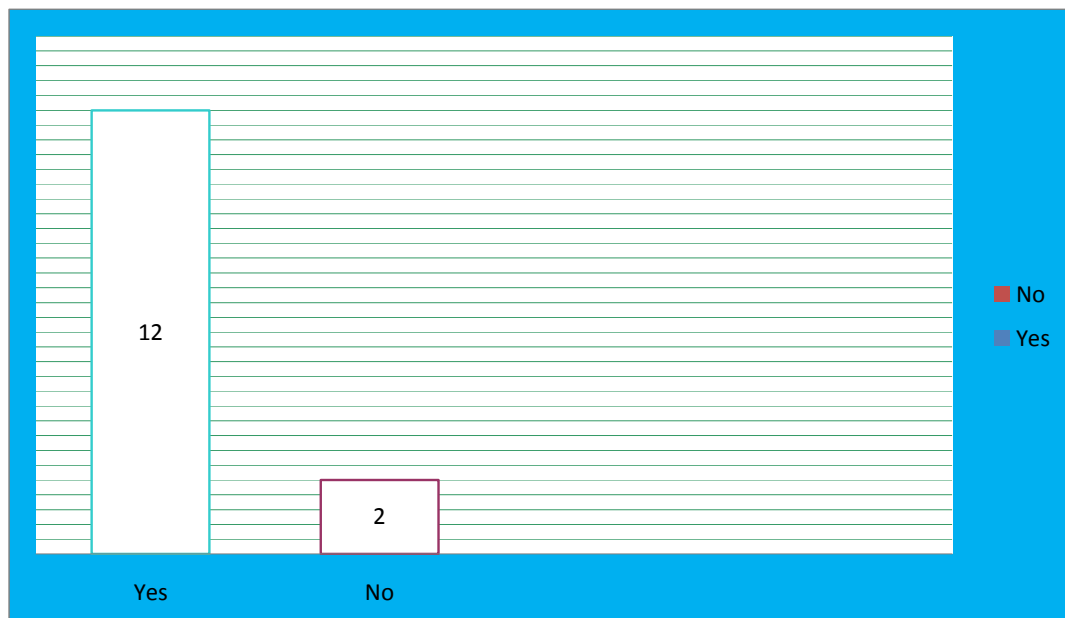


Figure No. 11, Question No.8 - *Are there any factors that would stimulate you, do your job better?*

- **Question no. 9** summed up 10 negative and 4 positive responses

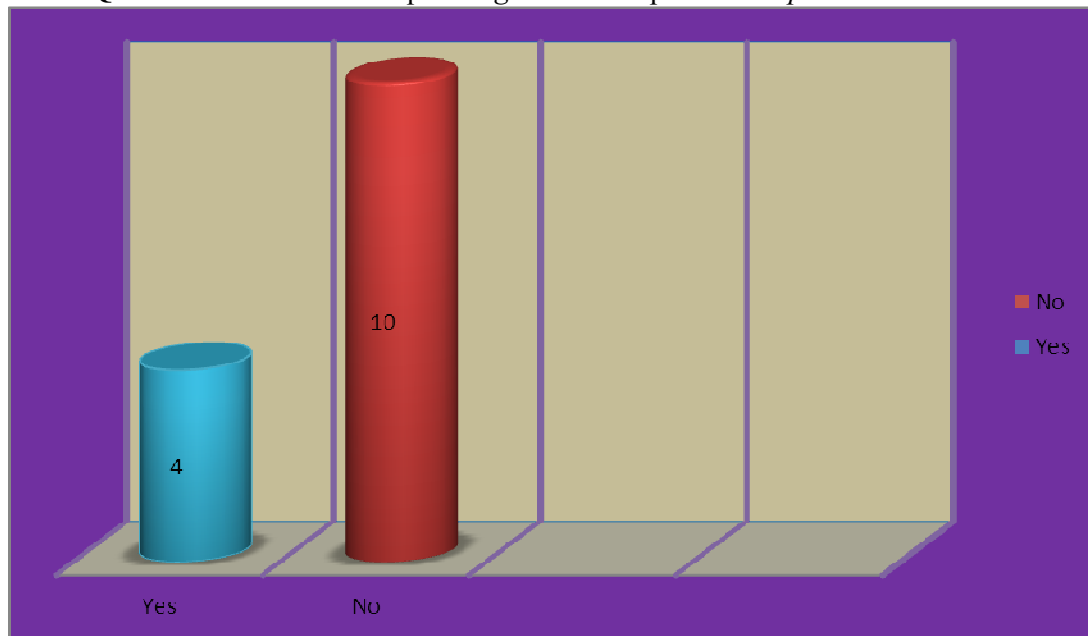


Figure no 12, Question no.9 - *Do you sometimes feel that your effort for the company is useless?*

Based on these results, we can claim that employees are acknowledged the merits and efforts made to advance the company.

- At **Question No 10** (Figure no.13), where employees had to confess or refute if their professional motivation has increased lately, there were 13 *affirmative* answers and one *negative* answer.

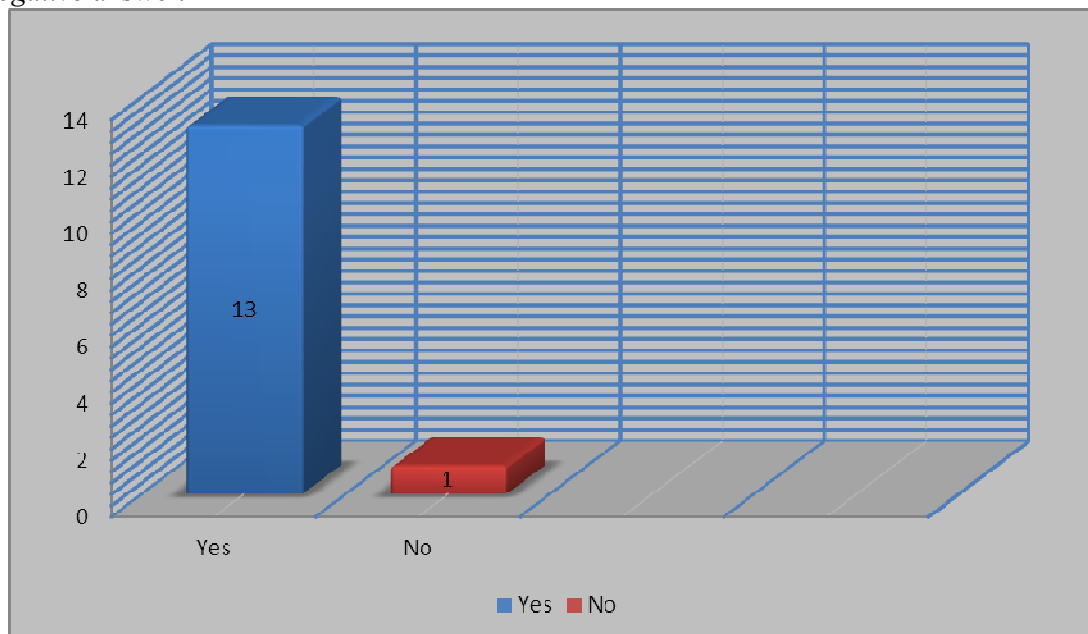


Figure no. 13, Question no.10 -*Consider that your professional motivation has increased lately?*

It can be said that almost all employees of the studied company feel more and more motivated, and more confident in their professional evolution

4. Conclusions

Starting from the results of the study, we appreciate that at the analyzed company there is a high level of motivation, and the employees feel appreciated for all what they do. They are also pleased with the organizational climate and are willing to become more involved in the company's evolution being confident in future prospects and their professional potential.

Thus, the hypothesis from which we left, assuming that in the analyzed society the degree of motivation of the employees is influenced by various factors, and determined by the climate of the firm is confirmed, in view of the obtained results.

So, motivation of staff is a essential component of management, being at the same time the basis of global management structures, which is related to the satisfaction of the needs of the personnel with the achievement of the assigned tasks and objectives .

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RESEARCH CONCERNING CONFLICT-GENERATING SOURCES AND THE IMPORTANCE OF COMMUNICATION IN THE PHARMACEUTICAL FIELD

Maria-Elena, Gheordunescu¹

Abstract:

Conflict is a natural part of any inter-human relationships. It is based on the different views that people have of the world in general and of certain things or situations in particular. In most organizations and communities, conflicts appear as a result of situations or problems that individuals manifest with strong feelings and about which they are usually not well informed.

Considered as a real psychosocial phenomenon, involving intra and intersubjective oppositions and confrontations, it highlights a series of features or objective properties on the basis of which it can be analyzed and evaluated both in quantitative and qualitative terms.

This paper aimed at a careful analysis of the sources of conflicts from pharmaceutical field as well as the importance and role of communication in this domain.

Keywords: *conflict, communication, misunderstanding, climate, opposition, attitude*

Clasificare JEL: *I15*

1. Introduction

Conflict is a natural part of any inter-human relationship. The conflict is based on the different views that people have of the world in general and of certain things or situations in particular. In most organizations and communities also in pharmacies, conflicts arise as a result of situations or problems with which individuals experience strong feelings and about which they are usually not well informed. Conflicts are not necessarily a bad thing. In many cases, conflict can be a positive source of energy and creativity that can lead to an extraordinary end result. The close intercolerance between conflict and communication is determined by the fact that the lack of communication can cause conflicts, can be a generator of conflicts or can lead to conflict resolution. Any form of behavior is actually influenced by communication.

2. Methodology of research

The purpose of the research was to identify the main factors of conflict and to analyze the attitude towards it and the importance of communication in the pharmaceutical field.

In the current context has formulated the following hypothesis: *We assume that in the analyzed field, can arise conflicts with and in various forms of manifestation that can be caused by various factors and communication is a criterion of utmost importance in this field.*

The main objective of the research is to highlight the importance of communication in the analyzed sector and to determine the sources of conflict.

The paper is an exploratory research that took place in April 2017 and uses as the main research method the quantitative method more precisely the questionnaire.

The questionnaire contains 16 questions, both closed and open, of which a total of 12 questions have the Yes / No response variable, and the others focus on the personal opinion of the pharmaceutical employees.

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3. Analysis and interpretation of data and research results

The socio-economic characteristics of the subjects

The research involved 14 employees from different pharmaceutical branches in Rm Vâlcea, aged 26-42, of both sexes, with the functions of pharmacist assistant / principal pharmacist. The length of employment varies from one case to another, being generally between 2 and 6 years. Their main task is the efficient management of the specific activities in this field, which presupposes continuous communication either inside the analyzed units or externally through the dialogue with the clients and may also contribute to conflicts.

Table no.1

Characteristics of investigated subjects			
Category	Features	Nr.	%
Sex	Male	5	20
	Female	9	80
	Total	14	100
Age	26-31	4	30
	32-38	5	35
	33-42	5	35
	Total	14	100
Studies	University	8	60
	Graduated	6	40
	total	14	100

Figure nr.1 shows that 20% of the subjects are male and the remaining 80% are female.

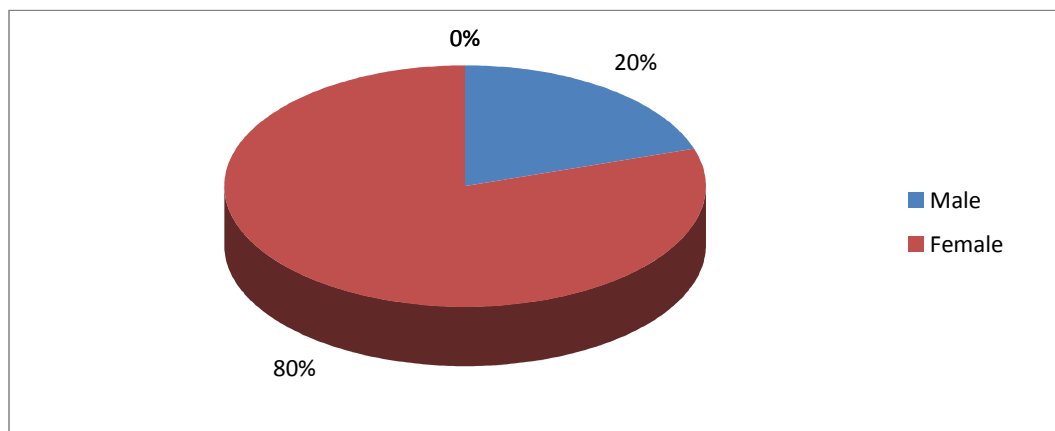


Figure no. 1. The percentage of subjects by gender

Given the demographic characteristics, subjects are divided into the following age groups:

- group of 26-31 years - 30% of the subjects;
- group of 32-38 years - 35% of the subjects;
- group of 33-42 years, 35% of the subjects.

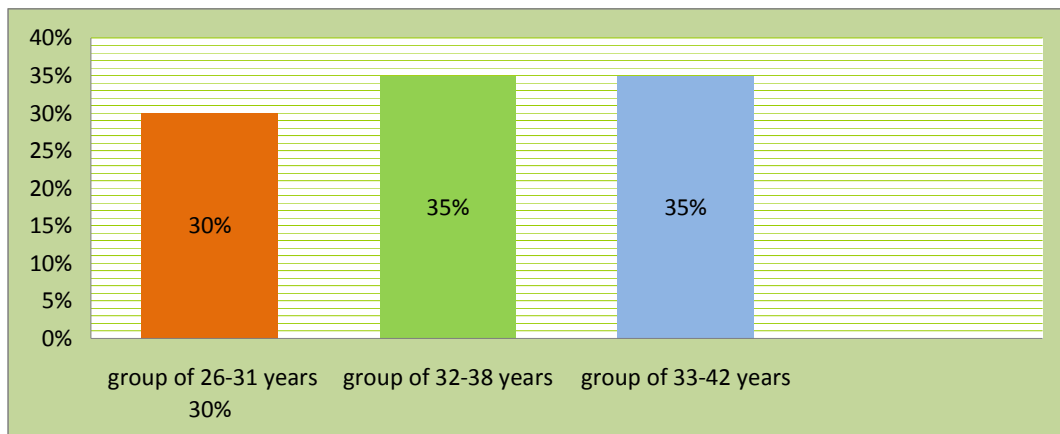


Figure no. 2 - Share of subjects by age

In terms of studies, 60% of the subjects have university education, 8 persons, and 40% of the subjects, respectively 6, post-secondary studies.

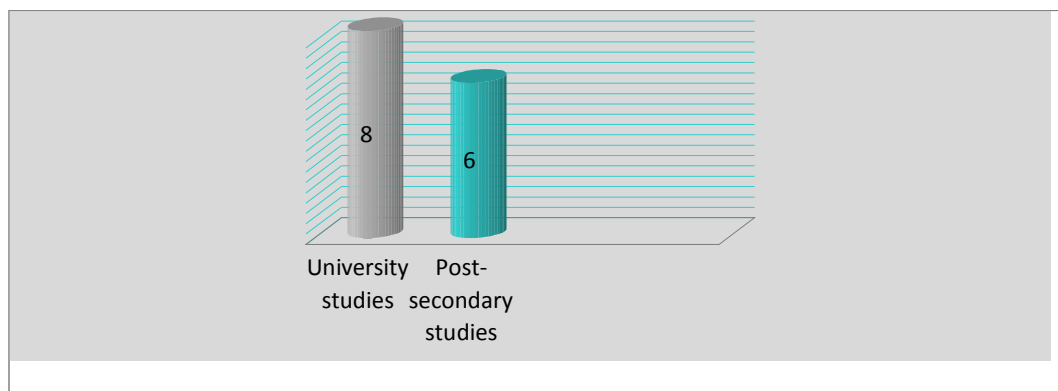
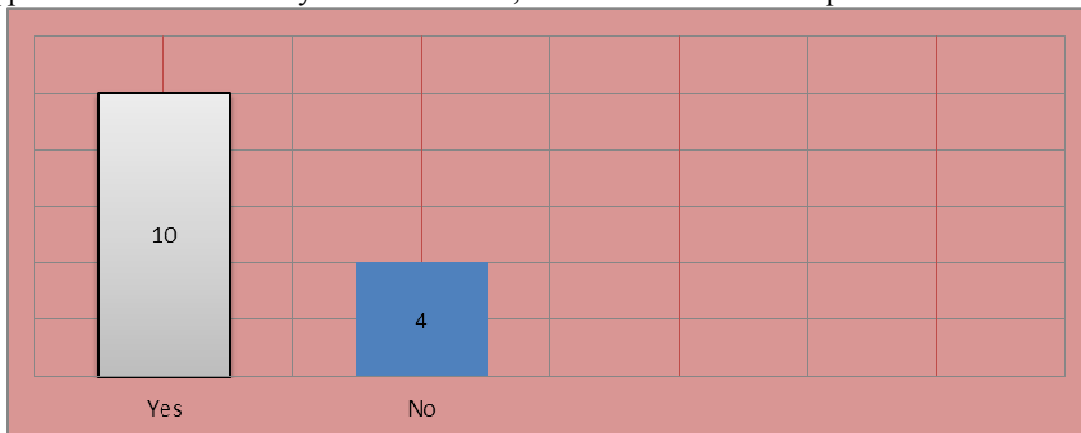


Figure no. 3 - Share of subjects by studies

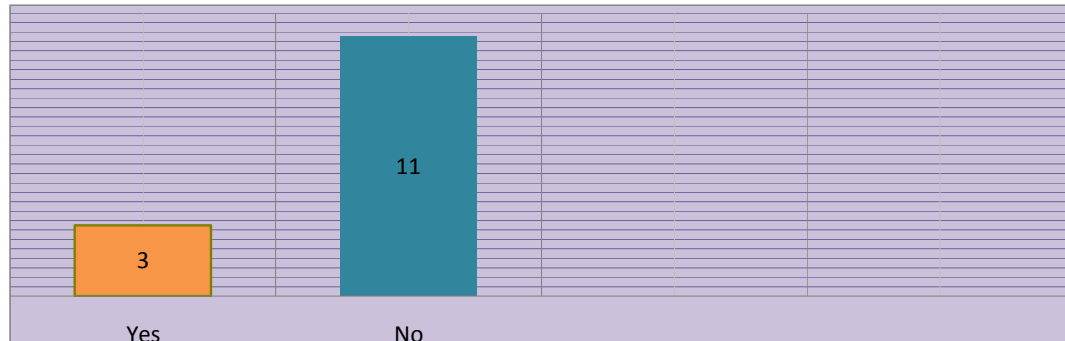
The analysis of the results obtained after applying the questionnaire to the subjects illustrates the following:

➤ **In Question no. 1** (Figure nr.4), concerning the causes that generate the conflict in the analyzed field, most of the respondents, respectively 10 of the 14 questioned responded YES and the others disagreed with this statement. What it denotes the fact that conflicts in this area also appear to arise from a variety of considerations, which seem to be of no importance.



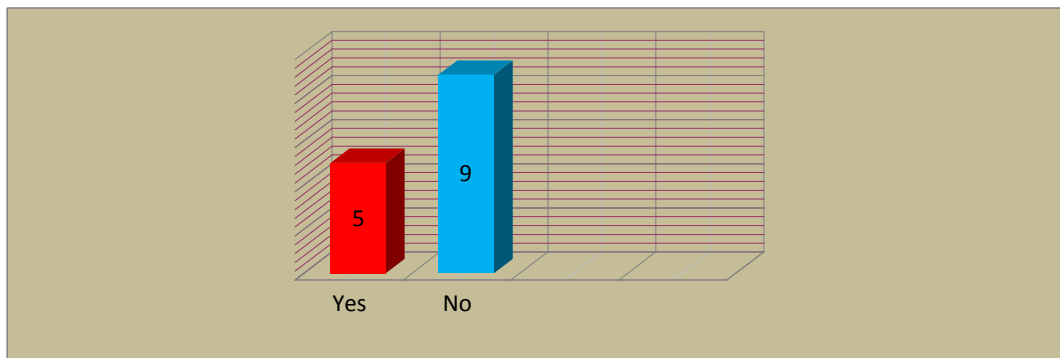
Question no. 1, (Figure nr. 4), *The causes that genereze, most often the conflict in your field, are: insufficient communication, feelings of not being treated properly, misunderstandings?*

In **question no. 2**, (Figure nr. 5), which aimed to reveal whether the employees in this field had conflicts with the managers of the total of 14 persons questioned, eleven persons chose the response variable NO and three persons opted for the YES variable, which indicates a quiet work environment for the branches studied where there are no misunderstandings between managers and employees



Question no. 2, (Figure nr. 5), *Have you had conflicts with managers?*

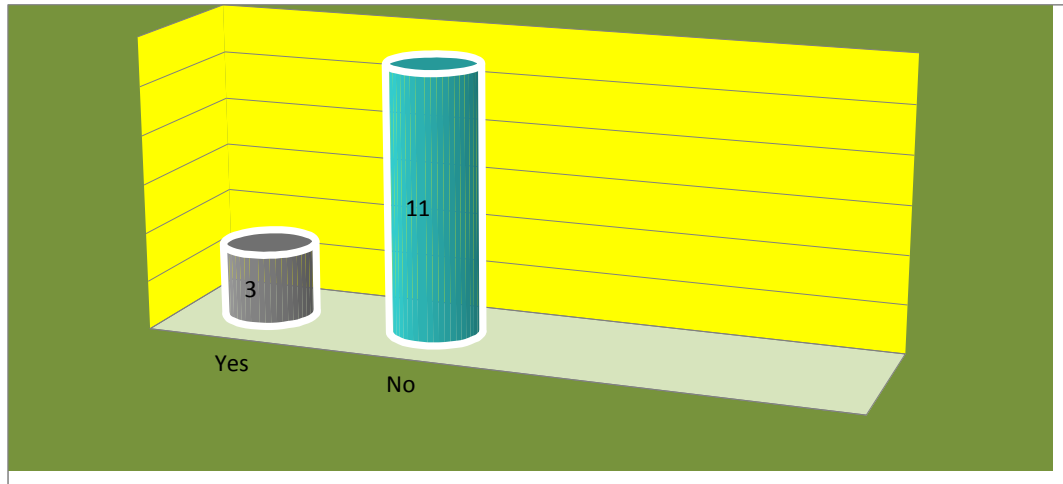
➤ **The third question** (Figure nr.6) shows that in terms of conflict involvement, 9 of the respondents say they are not involved in conflict situations, while 5 people support their involvement in the conflict.



Question no. 3, (Figure nr. 5), *When does a conflict situation arise in your subsidiary, do you get involved?*

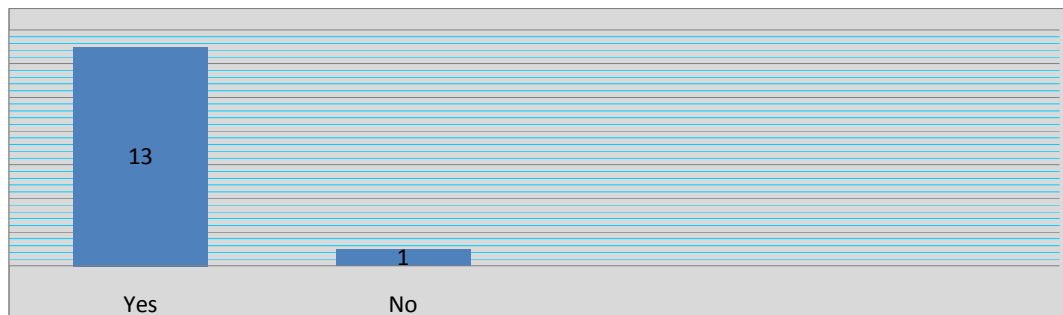
It can be understood that this aspect reflects and depends practically on the personality and vision of each of the employees.

In **question no. 4**, (Figure nr.7), regarding irritability, 11 of the respondents said they were not irritable, and 3 gave an affirmative answer.



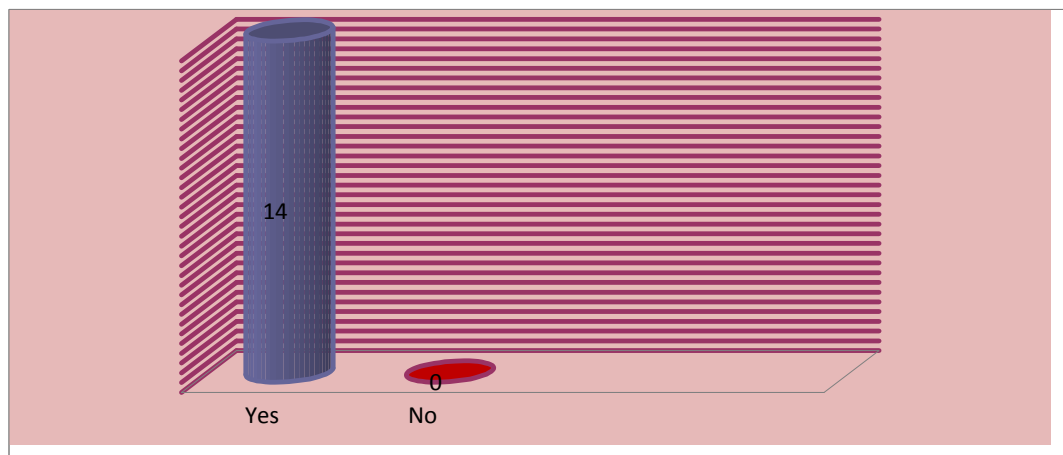
Question no. 4, (Figure nr. 7), *Are you a irritable person?*

Communication is an essential aspect in any activity confirmed by the results of **question no. 5** (Figure nr. 8), where 13 out of 14 people chose the variable Yes, and one person chose the variable No.



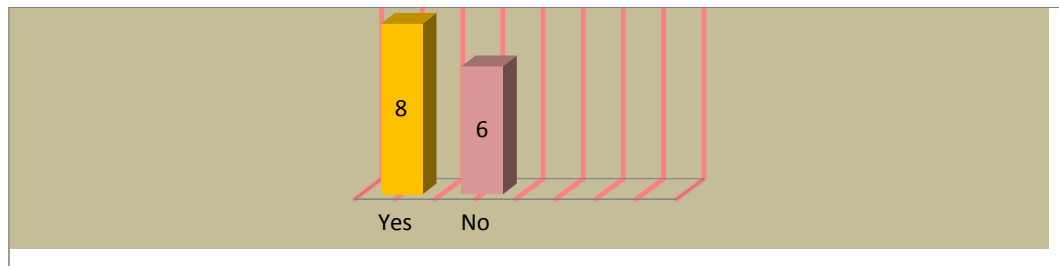
Question no. 5, (Figure nr.8), *Communication with your manager is good?*

The **6th question** (Figure nr.9), concerning the way of perception of the relationship between colleagues, summed up 14 affirmative and no negative answers, which shows that usually the employees in this sector have a good collaboration, the relations being cordial and open.



Question no. 6, (Figure nr. 9), *Relations with colleagues are usually cordial?*

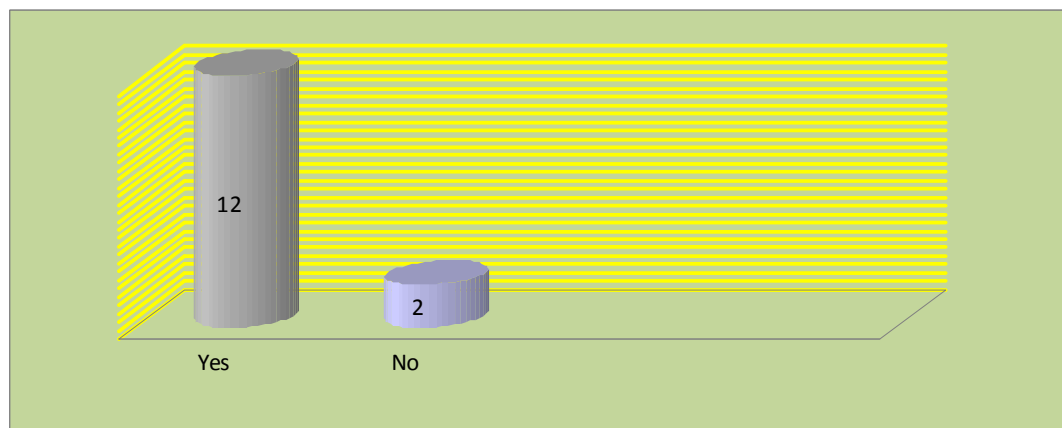
To **Question no.7**, (Figure nr. 10), where it was observed to what extent the subjects in the studied field were affected by the conflict, had 8 positive and 6 negative answers from the respondents.



Question no.7, (Figure nr.10), *Does it usually affect the appearance of a conflict in your subsidiary?*

Therefore, it can be noticed that regardless of the situation, although most of the employees of the analyzed field may not be affected by the occurrence of the conflict in their subsidiary.

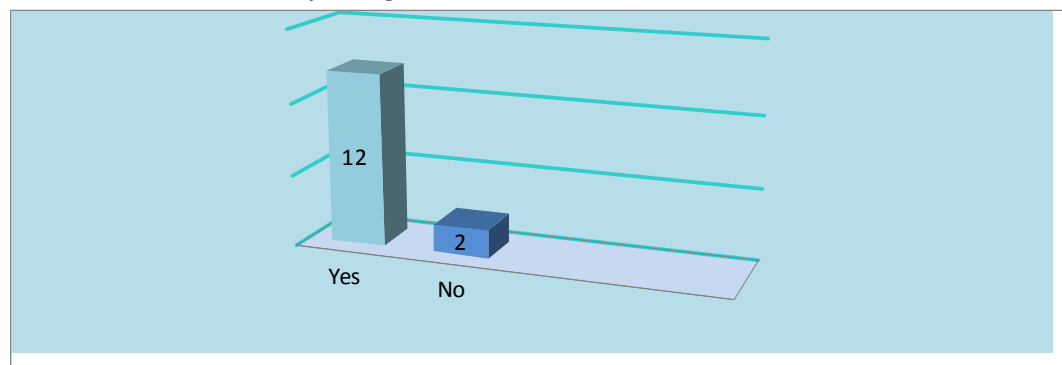
In **Question no.8**, (Figure nr.11), where the subjects had to confess or refute if they are satisfied with the current job, most of them respectively 12 opted for the Yes variable and 2 of them chose the variable No.



Question no.8, (Figure nr. 11) *Are you satisfied with the current job?*

It can be concluded that the employees of the subsidiaries surveyed are satisfied with the present position.

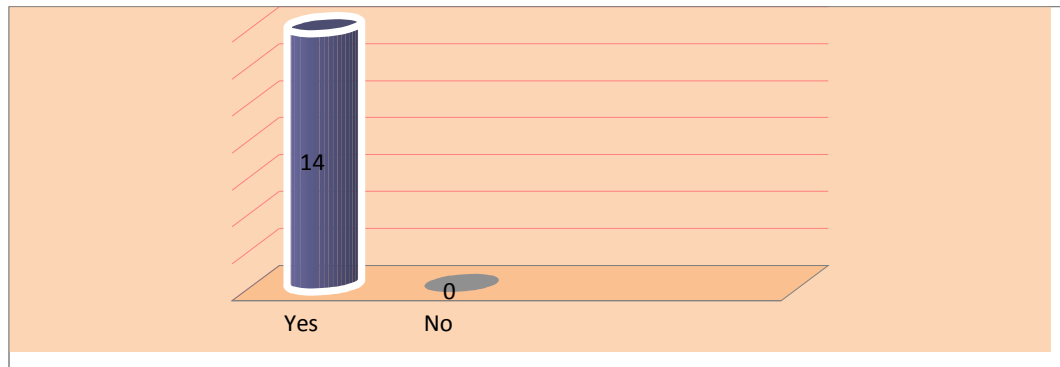
Question no. 9, (Figure nr.12), pointed out that at the level of the analyzed entities the subjects feel that they are part of a team thing confirmed by the score obtained exactly 12 affirmative answers and only 2 negative ones.



Question no. 9, (Figure nr. 12), *Within your organization, do you feel part of a team?*

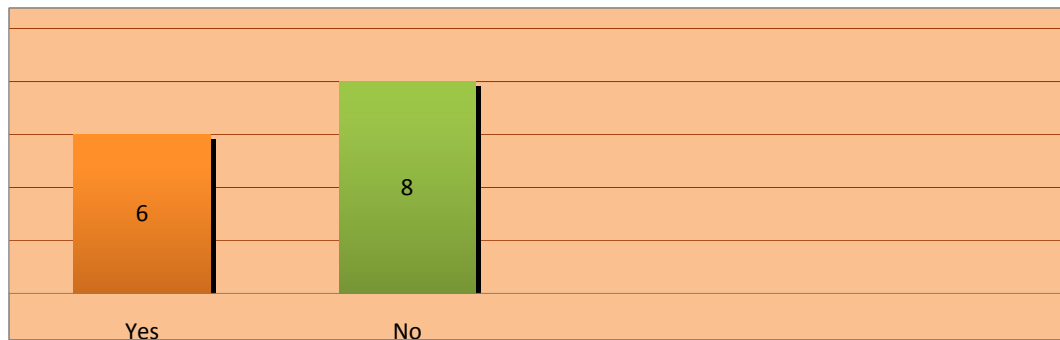
We can deduce from this that the team spirit persists in the studied branches.

➤ **Question no. 10** (Figure nr.13), regarding the way of approaching the problems in the analyzed subsidiaries revealed that all the subjects are open, and they show involvement, promptness and transparency in solving the various difficulties that have arisen, as evidenced by the maximum result 14 positive responses out of 14 possible.



Question no. 10 (Figure nr. 13), *Problems of work or difficulties have been discussed with your colleagues and your manager. to identify possible solutions?*

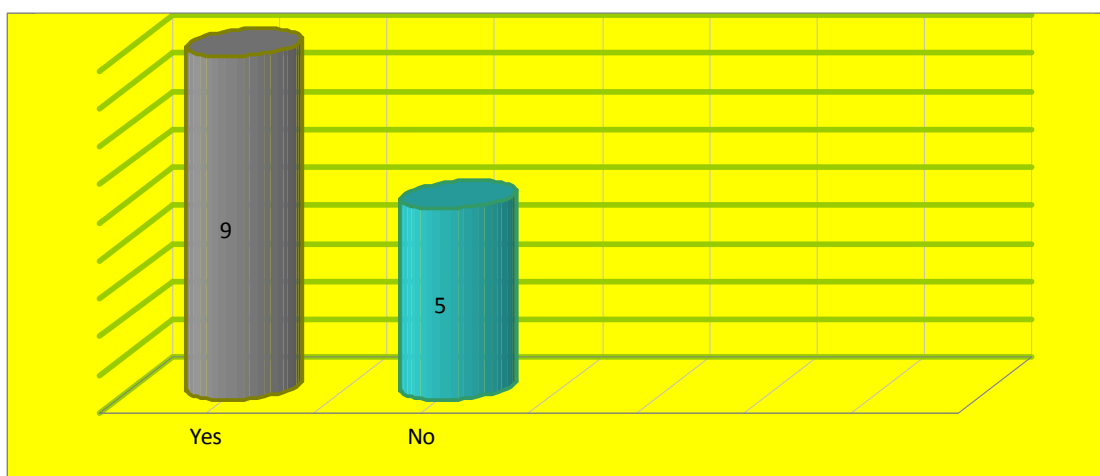
In **Question no.11**, (figure nr.14), the interviewed persons 8 chose variables No and 6 opted for Yes.



Question no.11, (figure nr. 14), *Are there situations where you think your opinion does not matter?*

Based on these results, we can state that within the studied field there are situations when the employee's opinion is taken into account in the pharmacy and is even appreciated and valued, but there is also some indifference regarding this aspect.

➤ For **question no.12**, (Figure nr.15), regarding the importance given by the branches studied to the organizational communication, the respondents chose in number of 9 Yes variable, and 5 variables NO.



Question no.12, (Figure 15), *The company you work for gives importance to organizational communication?*

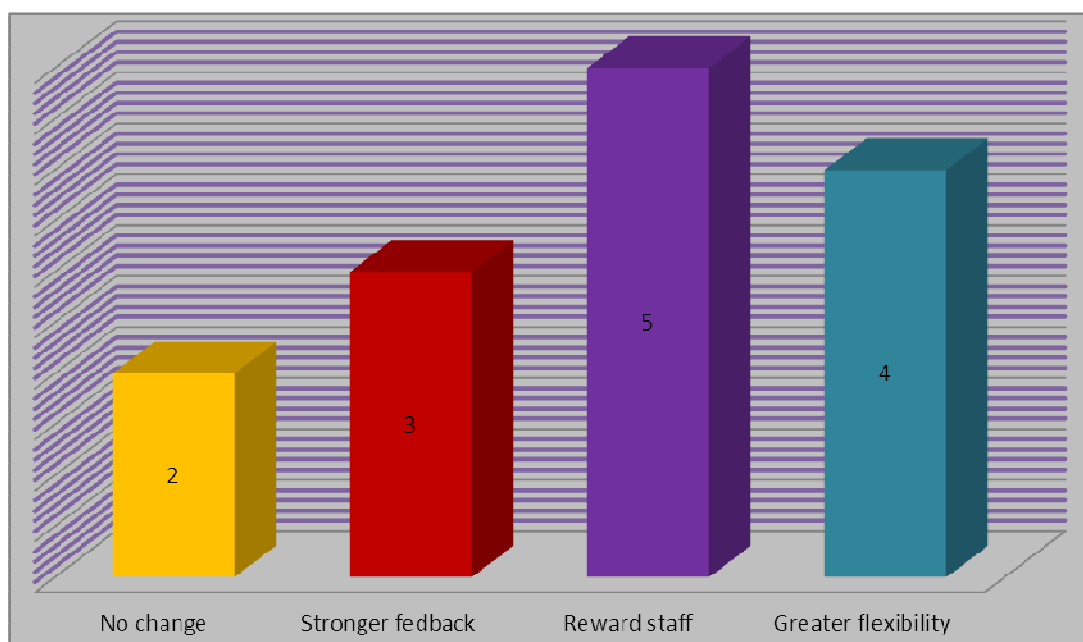
As can be seen from the answers at the level of the studied branches, there is a special concern for the organizational communication.

Regarding the questions about the personal opinion of the investigated subjects, the results were as follows:

▪ In **question 13**, (Figure nr.16), What changes do you think are necessary to improve communication and collaboration within your branch?

Answers have shown this:

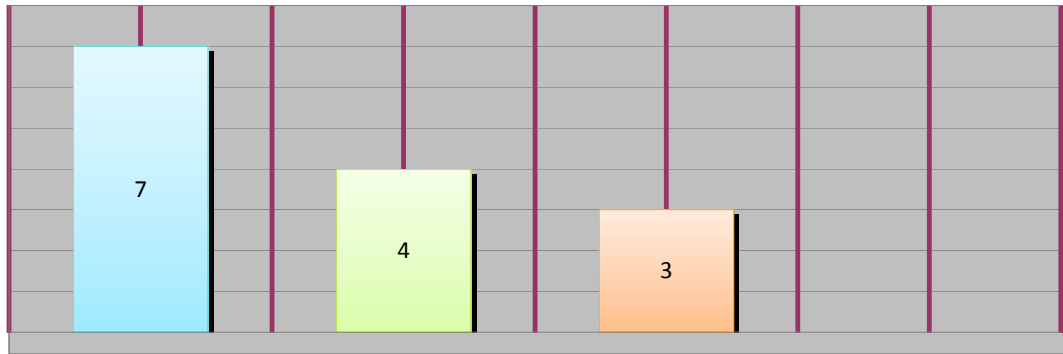
- 2 persons considered that no change was needed in the studied branch;
- 3 claimed that a stronger feedback would be needed;
- 5 people thought it would be helpful and efficient to reward staff;
- 4 people opted for greater flexibility in activity.



Question no. 13, (Figure nr. 16), *What changes do you think are necessary to improve communication and collaboration within your branch?*

Concerning the factors that lead to conflicts in the studied branches (**Question no. 14**, Figure nr.17), were recorded following opinions:

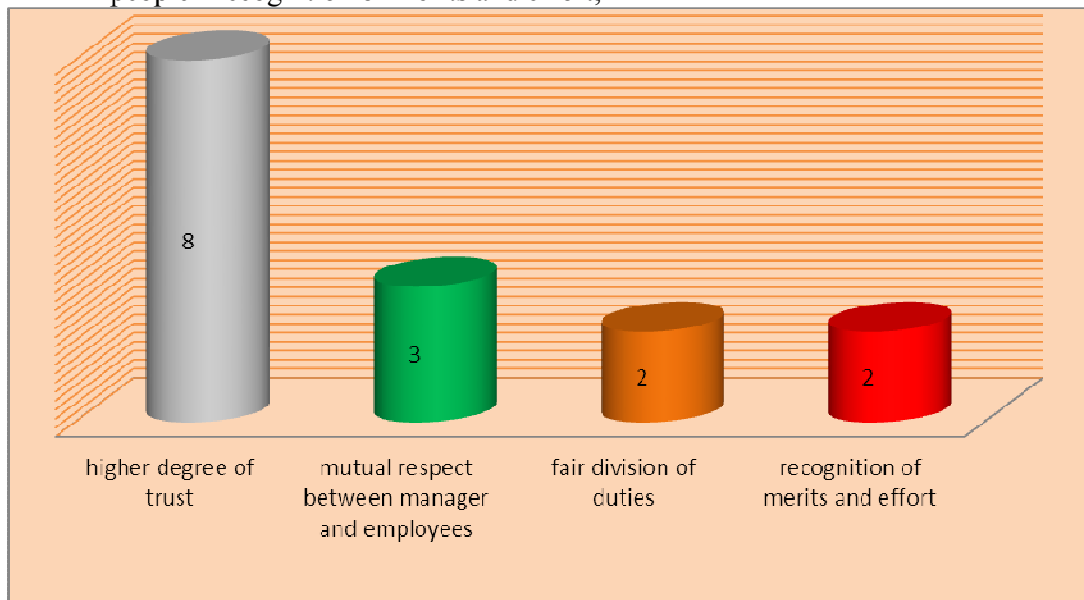
- Envy and criticism - 7 people;
- Professional stress - 4 people;
- Communication barriers - 3 people;



Question no. 14, Figure nr.17, *What do you think are the main factors that lead to the emergence of conflicts in your branch where you are doing business?*

Question no.15 (Figure nr.18), How do you think it could reduce conflicts in a company? highlighted the following views:

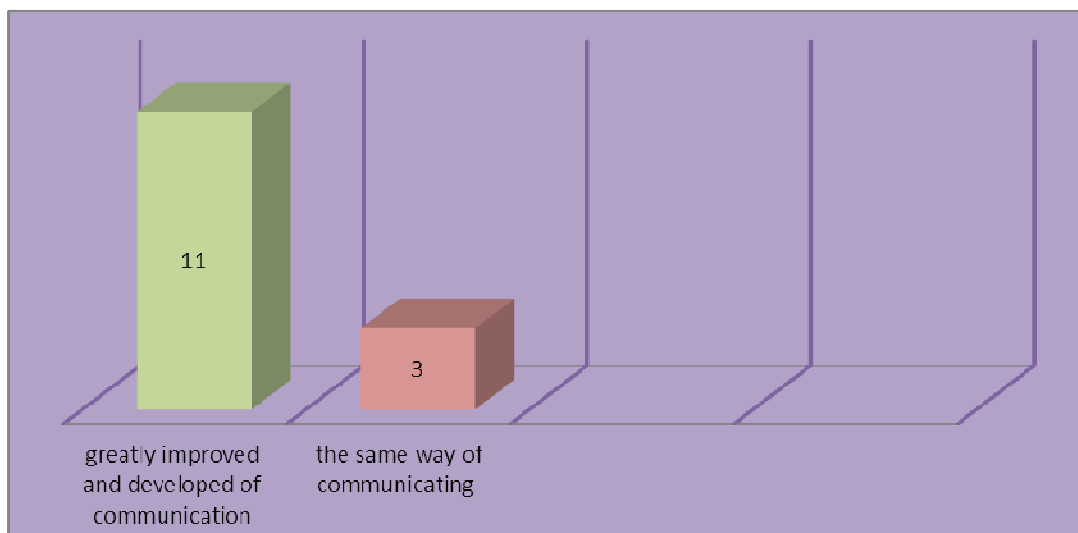
- 8 people - higher degree of trust;
- 3 people - mutual respect between manager and employees;
- 2 persons - fair division of duties;
- 2 people - recognition of merits and effort;



Question no.15 (Figure no. 18), *How do you think it could reduce conflicts in a company?*

To **question 16**, (Figure no. 19), Have you improved your communication with others since you are engaged? the following responses were received:

- 11 people said they have greatly improved and developed their level of communication with others during their professional activity;
- 3 people claim that they have the same way of communicating with others, nor have they noticed any change in this regard since they are employed;



Question no. 16, (Figure no.19), *Have you improved your communication with others since you are engaged*

Conclusions

Taking into account the results of the research, it can be appreciated that there are no conflicting states or cases in the studied branches, although according to the results there are elements that may lead to their occurrence.

Thus, the hypothesis from which we left, assuming that conflicts can break out with and in various manifestations that can be caused by various factors in the analyzed field, it is confirmed 10 of the 14 respondents are of this opinion and most of the they say they are affected by a possible conflict in their subsidiary.

At the same time in terms of results, the great importance of communication for and in this field is also confirmed 13 of the 14 persons questioned support this and also a large part of them appreciated that the pharmaceutical subsidiaries where they are employed pay special attention to this appearance.

So conflict is a reality of life, an omnipresent phenomenon that we can never manage perfectly, but we try to reduce its manifestation and intensity by various methods or techniques, and communication is undoubtedly the source principle and solution that contributes to these things.

At the same time, conflict can become a chance of maturing. The development of specific competences, both for solving conflicts, but especially for dealing with them, leads to the empowerment of individuals for their actions, and to the awareness of the consequences they have.

Overall, the ability to address conflicts in a constructive way contributes to mental and individual health and has positive effects on society in general.

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WAL-MART: MADE IN AMERICA

Cătălin Grădinaru¹
Sorin-George Toma²

Abstract

Wal-Mart, the world's largest retailer, was founded by Sam Walton in 1962 and evolved from his goals for high value and great customer service. In its beginnings, the American corporation built a national reputation for providing low price goods to the people from small communities. By bringing new business approaches and changing the face of retail, Wal-Mart experienced rapid growth and achieved an international status in the 1990s. Since 2013 Wal-Mart has become the biggest corporation around the world. The paper analyses the evolution of Wal-Mart in the period 2011-2015 and identifies some of the key elements of its successful business story. The research is based on a quantitative method. The paper comprises two sections besides the introduction. The first section deals with the evolution of the American corporation in recent years. The paper ends with conclusions. The results of this research show that Wal-Mart clearly dominated the retail industry in the world in the period 2011-2015.

Keywords: Wal-Mart, retailing, corporation, United States of America

JEL Classification: F23, L81

1. Introduction

There have been significant discussions and analyses both in the business and academic world about the increasing power of retailers (Bloom and Perry, 2001). Since 2013 Wal-Mart has been not only the world's largest retailer, but also the world's biggest corporation. Wal-Mart's growth was phenomenal from 745 stores in 1985 to 11,695 stores in 28 countries in 2017 (Wal-Mart, 1985; Wal-Mart 2017). However, the American corporation became international only in 1991 when it penetrated the Mexican retail market.

The American corporation owes a lot to its founder, Sam Walton, a famous American entrepreneur (Vance and Scott, 1992) and a business genius (Lee, 2008). During his whole life he never ceased to look for "better ways to do business" (Ortega, 2000, p. xxiv).

The paper analyses the evolution of Wal-Mart in the period 2011-2015 and identifies some of the key elements of its successful business story. The research is based on a quantitative method. The paper comprises two sections besides the introduction. The first section deals with the evolution of the American corporation in recent years. The paper ends with conclusions.

2. The evolution of Wal-Mart in the period 2011-2015

Wal-Mart was the first corporation in the world in the retail industry in 2011, leading in a definite manner with revenue close to four times higher than Carrefour, its main competitor. The gap was so big that the leader cumulated more than the following four corporations in terms of revenue. The United States of America (USA) had five corporations placed among the top ten retailers, Germany three, France and United Kingdom with only one (Table 1). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2011, Wal-Mart had 36% and Carrefour only 9% (Figure 1).

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Table 1. The world's largest retailers after their retail revenue in 2011

Rank	Company	2011 retail revenue (US\$M)	Countries of operation fiscal year (FY) 2011
1.	Wal-Mart Stores, Inc. (USA)	446,950	28
2.	Carrefour S.A. (France)	113,197	33
3.	Tesco PLC (United Kingdom)	101,574	13
4.	Metro AG (Germany)	92,905	33
5.	The Kroger Co. (USA)	90,374	1
6.	Costco Wholesale Corporation (USA)	88,915	9
7.	Schwarz Unternehmenstreuhand KG (Germany)	87,841	26
8.	Aldi Einkauf GmbH & Co.oHG (Germany)	73,375	17
9.	Walgreen Co. (USA)	72,184	2
10.	The Home Depot Inc. (USA)	70,395	5

Source: Deloitte, 2013

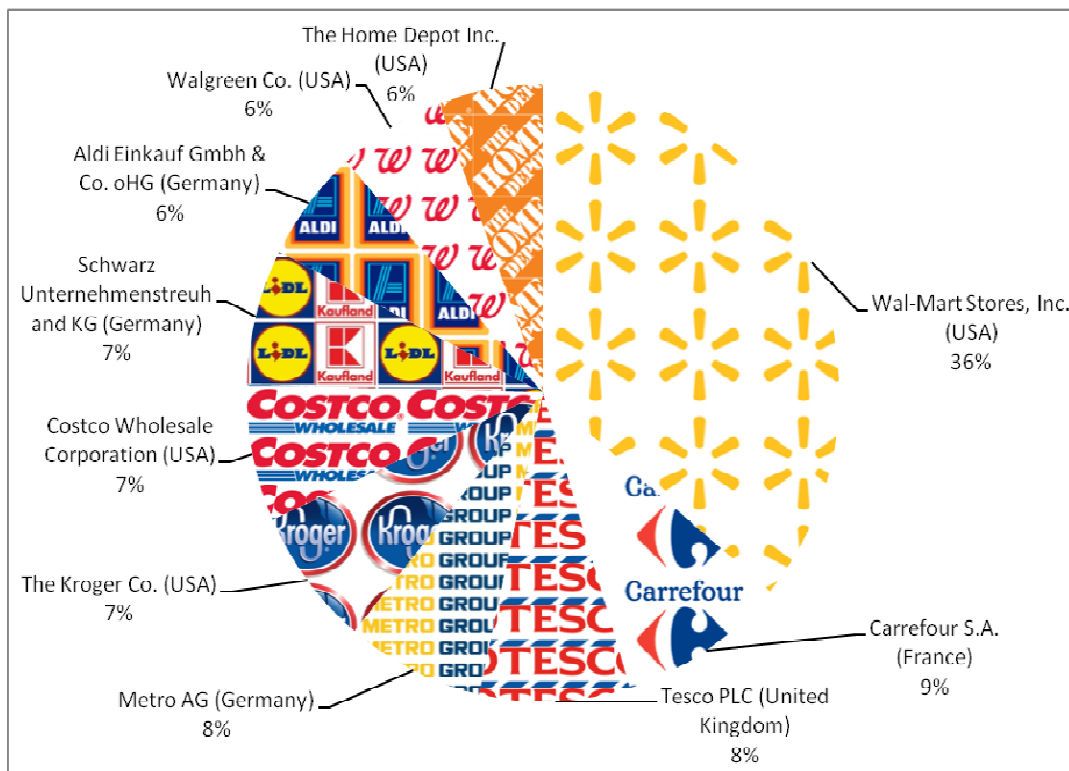


Figure 1. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2011

Source: authors' contribution

Wal-Mart led the top ten retailing corporations in the world by revenue in 2012, cumulating more than the following four corporations (close to five). The USA was leading in terms of the number of corporations present in the rank as well, having five; Germany was second with three, then United Kingdom and France with one each of them (Table 2). By taking into account the percentage owned by each corporation from the total retail revenue of

the first ten world's largest retailers in 2012, Wal-Mart had 37%, followed by Tesco and Costco with 8% each of them (Figure 2).

Table 2. The world's largest retailers after their retail revenue in 2012

Rank	Company	2012 retail revenue (US\$M)	Countries of operation FY 2012
1.	Wal-Mart Stores, Inc. (USA)	469,162	28
2.	Tesco PLC (United Kingdom)	101,269	13
3.	Costco Wholesale Corporation (USA)	99,137	9
4.	Carrefour S.A. (France)	98,757	31
5.	The Kroger Co. (USA)	96,751	1
6.	Schwarz Unternehmenstreuhand KG (Germany)	87,236	26
7.	Metro AG (Germany)	85,832	32
8.	The Home Depot Inc. (USA)	74,754	5
9.	Aldi Einkauf GmbH & Co.oHG (Germany)	73,035	17
10.	Target Corporation (USA)	71,960	1

Source: Deloitte, 2014

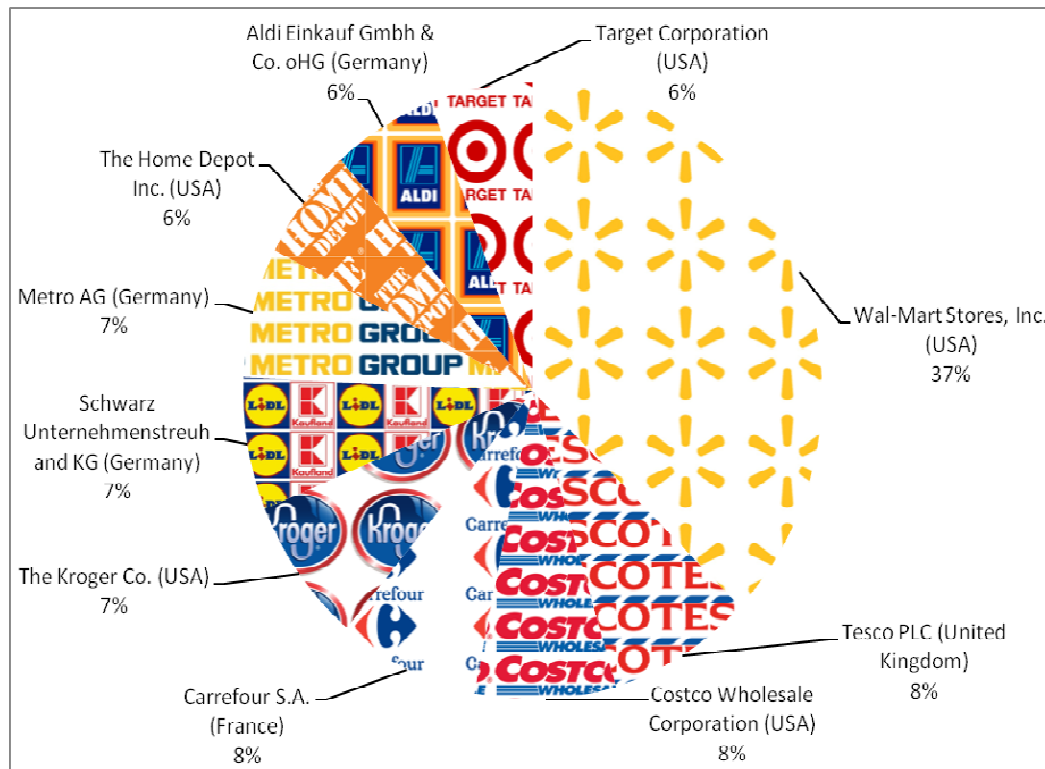


Figure 2. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2012

Source: authors' contribution

Wal-Mart was the biggest retailer in the world in 2013, having a net retail value worth more than the following four corporations. Besides the leader, the following nine corporations had a relatively close net retail revenue, the most intense competition being between

Carrefour, Schwarz, Tesco and The Kroger. The USA had five corporations placed in the first ten in the world, followed by Germany with three, France and United Kingdom with one each of them (Table 3). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2013, Wal-Mart had 37%, followed by Costco, Carrefour, Schwarz and Tesco with 8% each of them (Figure 3).

Table 3. The world's largest retailers after their retail revenue in 2013

Rank	Company	2013 net retail revenue (US\$M)	Countries of operation FY 2013
1.	Wal-Mart Stores, Inc. (USA)	476, 294	28
2.	Costco Wholesale Corporation (USA)	105,156	9
3.	Carrefour S.A. (France)	98,688	33
4.	Schwarz Unternehmenstreuhand KG (Germany)	98,662	26
5.	Tesco PLC (United Kingdom)	98,631	13
6.	The Kroger Co. (USA)	98,375	1
7.	Metro AG (Germany)	86,393	32
8.	Aldi Einkauf GmbH & Co. oHG (Germany)	81,090	17
9.	The Home Depot Inc. (USA)	78,812	4
10.	Target Corporation (USA)	72,596	2

Source: Deloitte, 2015

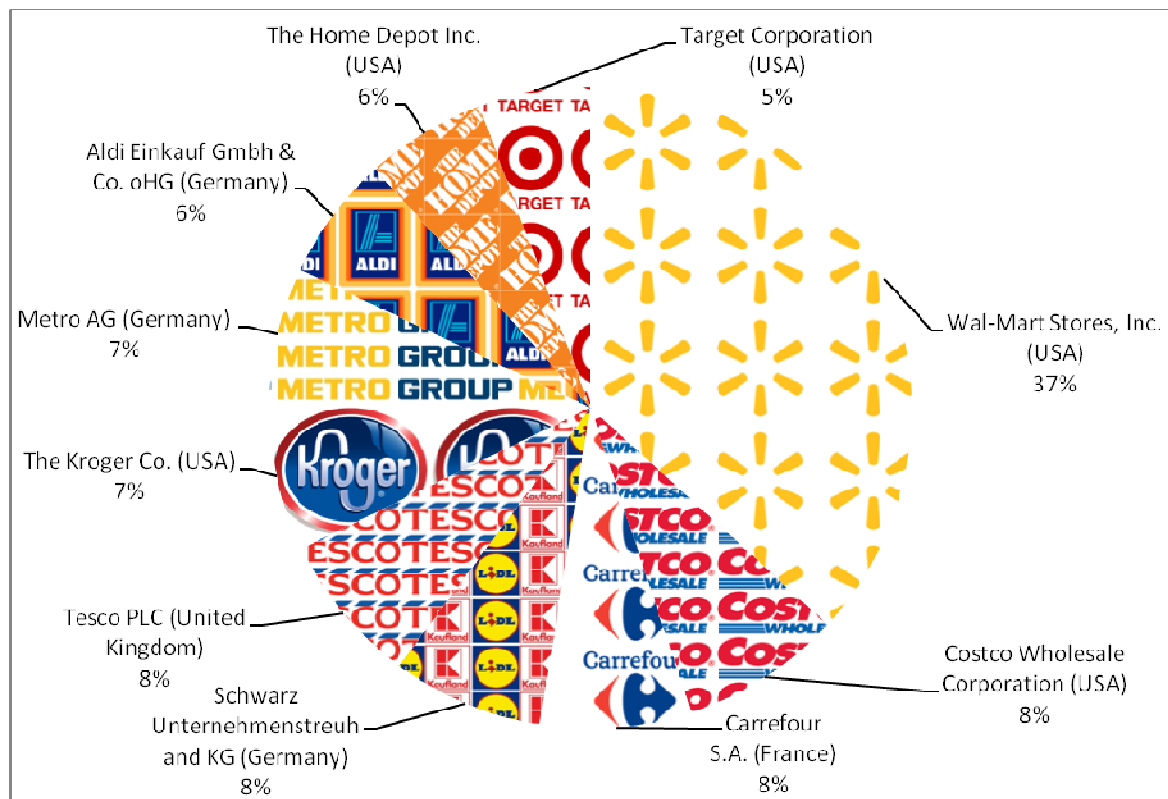


Figure 3. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2013

Source: authors' contribution

Wal-Mart, the American giant, was a clear leader for the corporations' 2014 rank by retail revenue, cumulating more than four times the value of its main competitor, Costco. The first three corporations were American and among the top ten there were another two American corporations (Table 4). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2014, Wal-Mart had 36%, followed by Costco, The Kroger, Schwarz and Tesco with 8% each of them (Figure 4).

Table 4. The world's largest retailers after their retail revenue in 2014

Rank	Company	FY 2014 retail revenue (US\$M)	Countries of operation FY 2014
1.	Wal-Mart Stores, Inc. (USA)	485,651	28
2.	Costco Wholesale Corporation (USA)	112,640	10
3.	The Kroger Co. (USA)	108,465	1
4.	Schwarz Unternehmenstreuhand KG (Germany)	102,694	26
5.	Tesco PLC (United Kingdom)	99,713	13
6.	Carrefour S.A. (France)	98,497	34
7.	Aldi Einkauf GmbH & Co. oHG (Germany)	86,470	17
8.	Metro AG (Germany)	85,570	32
9.	The Home Depot Inc. (USA)	83,176	4
10.	Walgreen Co. (Walgreens Boots Alliance, Inc.) (USA)	76,392	2

Source: Deloitte, 2016

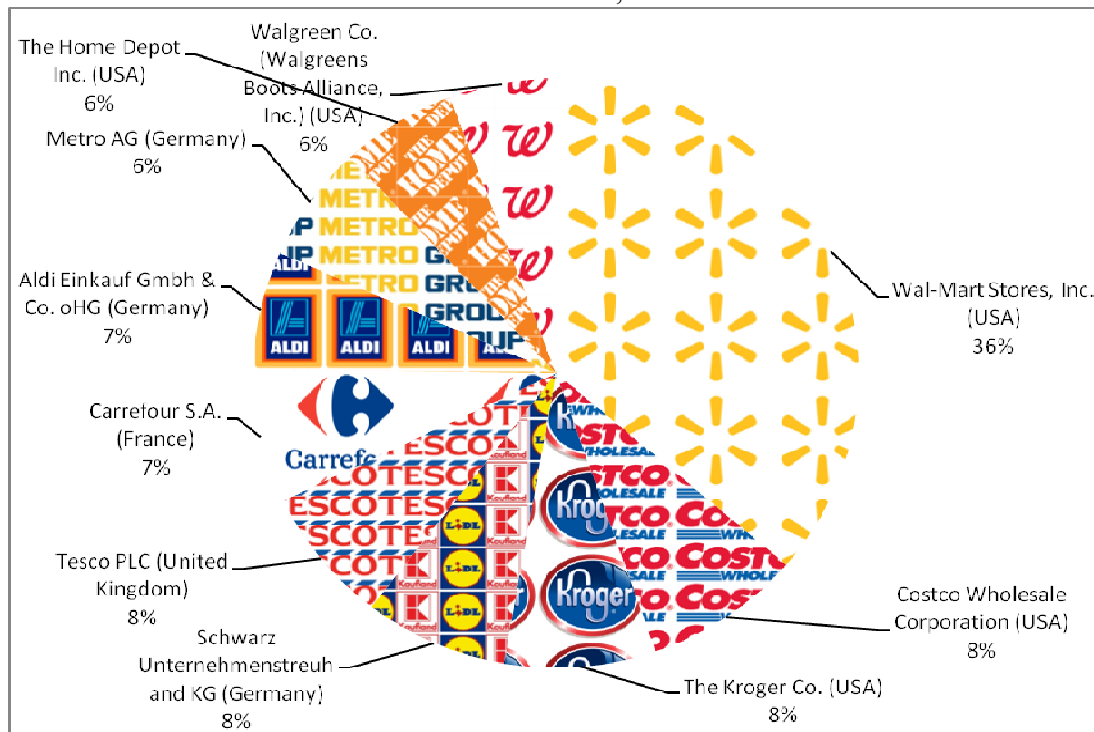


Figure 4. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2014

Source: authors' contribution

The true leader in 2015 for the world's first ten corporations by retail revenue was Wal-Mart. The American corporation had cumulated more than the following four corporations and more than six times than the tenth one. The USA was the clear leader, having six corporations in the world's top ten (Table 5). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2015, Wal-Mart had 37%, followed by Costco with 9% (Figure 5).

Table 5. The world's largest retailers after their retail revenue in 2015

Rank	Company	FY 2015 retail revenue (US\$M)	Countries of operation FY 2015
1.	Wal-Mart Stores, Inc. (USA)	482,130	30
2.	Costco Wholesale Corporation (USA)	116,199	10
3.	The Kroger Co. (USA)	109,830	1
4.	Schwarz Unternehmenstreuhand KG (Germany)	94,448	26
5.	Walgreens Boots Alliance, Inc. (USA)	89,631	10
6.	The Home Depot Inc. (USA)	88,519	4
7.	Carrefour S.A. (France)	84,856	35
8.	Aldi Einkauf GmbH & Co.oHG (Germany)	82,164	17
9.	Tesco PLC (United Kingdom)	81,019	10
10.	Amazon.com, Inc. (USA)	79,268	14

Source: Deloitte, 2017

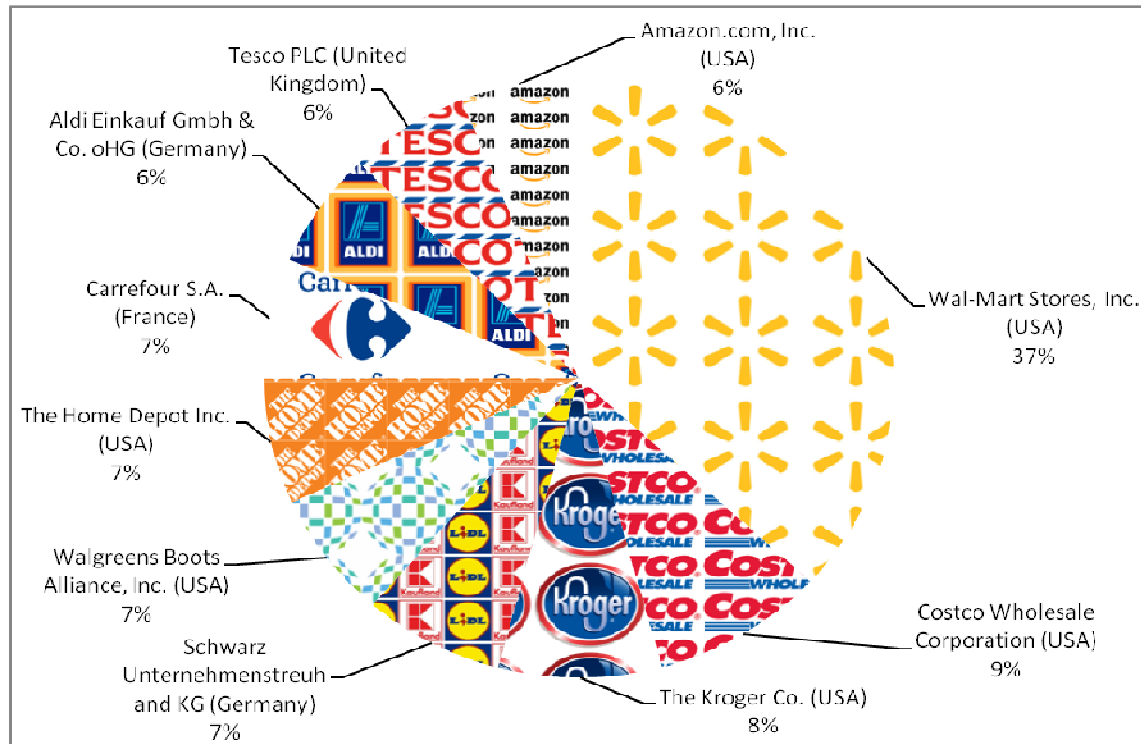


Figure 5. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2015

Source: authors' contribution

From 2011 until 2015, the global hierarchy for the ten largest corporations by retail revenue was dominated by the USA, having five corporations ranked each year (an exception is present in 2015, when the sixth company reached the top). Only by analyzing the American companies, four of them represented a constant presence in the ranking: Wal-Mart Stores, Costco Wholesale Corporation, The Kroger Co. and The Home Depot Inc. The other American corporations are Walgreen Co (Walgreens Boots Alliance, Inc.), Target Corporation and Amazon. Germany had a good representation as well, through Schwarz Unternehmenstreuhand KG, Aldi Einkauf GmbH & Co.oHG and Metro AG (present in the top ten corporations excepting 2015). The other countries having a corporation ranked in the world's top ten retailing corporations were France with Carrefour S.A. and United Kingdom with Tesco PLC.

The overall clear leader each year was the American giant Wal-Mart, cumulating about 36 or 37% from the total retail revenue of the first ten world's largest retailers in the period 2011-2015. In essence, its successful business story was based on some key elements such as: low prices, hard-work, low costs, global expansion, entrepreneurial spirit, vision and strong leadership.

Wal-Mart, the world's largest retailer, was founded by Sam Walton in 1962 and evolved from his goals for high value and great customer service. In its beginnings, the American corporation built a national reputation for providing low price goods to the people from small communities. By bringing new business approaches and changing the face of retail, Wal-Mart experienced rapid growth and achieved an international status in the 1990s.

Conclusions

The retail industry constitutes one of the most competitive domains at a global level. The world's largest retailers are corporations from the USA, France, Germany and United Kingdom. These countries have a long tradition in retailing and are among the most developed countries of the world.

The research shows that Wal-Mart clearly dominated the retail industry in the world in the period 2011-2015. The undeniable domination of the American corporation is the result of a long period of hard work and continuous expansion outside the USA.

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VIRTUALIZATION IN EDUCATION

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Abstract

A new perspective of what is real emerges and competes with our expectations – we are talking about a virtual, possible reality. The virtual reality is a project that is preparing the development of an ideal reality like world peace; virtual means something that leans towards aspiration. In this article we are going to present the main features of the tendencies of virtual education. The ways in which virtual education manifests itself and the elements that make up the process of virtualization are exposed. In the end we observe the areas targeted by the phenomenon of virtualization in education.

Key words: reality, virtualization; education; teaching

JEL Classification: I21, O320

1.Introduction

A new perspective more and more asserts itself and competes with the one we know: it is a virtual, possible one. Things, actions, individuals as such have both a real presence and an imaginary, unreal one. Each virtual object announces a real one. Today's virtuality becomes the real of tomorrow. The word "virtual" originates in Latin "virtus", meaning "power", "force". In the philosophy of the Middle Ages, the virtual was about something that was possible, not as an act. Virtual does not oppose real or achievable, but actual, "identifying" now.

Virtualization, as a process, means an inverse movement to the upgrading, moving of a thing or activity in the realm of possible, of subsequent evolutions and whims, of spatial and temporal indeterminacy. It has nothing negative in itself, but it is about the power of man to design himself, to go beyond the constraints of the moment, the date, the present. Its effects have a great impact on reality as such.

2. Virtualization of training - meanings and evolutions

A virtual reality is that reality that has all the essential conditions to become (or to be taken) reality. It is, however, less than reality as such. The essential property of the virtual world is the autonomy, that is, the capacity of this artificial reality to exist by itself, without any concrete rooting, but which fills the reality by discovering it, inventing it, realizing it. The virtual world is detached from the subject that generated it, being self-contained and influencing the realities it refers to.

Several meanings of virtual reality can be generated with underlying hypostases. In a first sense, virtual reality is a simulation of the world obtained by manipulating patterns, structures, and specific links. The newest simulation tool seems to be the ordinator, itself a simulator of the functionality and performance (maximized) of the human brain. Second, virtual reality has as its specificity not the mere reproduction of real patterns, but the opening of an array of potentials by overcoming the properties of real things.

For others, virtual realities consist of producing, by sophisticated instruments, a quasi-reality, as a result of a human-machine merger, by translating into human instruments some tools to reactivate or maximize some natural functions (the appeal to glasses, telescopes, prostheses, cardiac pacemakers, for example), but also the translation of human properties (to speak, to react through anthropoid behavior).

Another sense is given by the quality of this virtual reality of being pliable. Virtual reality is a project that prepares the emergence of a hopeful achievement (united Europe, world peace, etc.). Virtuality, as term, comes from *virtue*, and has the meaning of something that projects to the long-awaited desire.

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3. Aspects of virtualization education

Education, as a process, has staked and always involved potential. The ultimate goal of the training was not the current individual, but the virtual one, as he was prefigured at one point. Not the present state of interest (although what the individual is at one time must be known - this being a prerequisite for the success of education), but rather what man was supposed to become in the future.

Also, education has been tempted not only to update (behaviors, attitudes, values), but to potentiate future states, to put the person on a road, to direct it towards certain targets. Considering that institutionalized education is limited in time, it usually lasts for two decades, it will only open appetites, trails, behaviors, etc., and they are finalizing in a still indefinite yet, even unlikely perspective.

We conclude by saying that education, by definition, is obviously potentiating and "virtualizing". It pushes the current into the virtual, which (it is hoped!) is only sequential and progressive to be achieved. But today we are witnessing a shift in the virtualization of education, to the emergence of another "face" of it. We have to deal with an express enrollment of the training or its stages on an explicit virtual level.

Multiplying open and distance learning lines, including cyber-culture as a new reference in learning, attracting Internet as a source and teaching tool, real-time multiplication of links between computer-mediated education, cyber-space reporting as a privileged environment, information of education in general are conclusive examples of the evolution.

It does not mean that everything in the field of education moves from the actual to the virtual; without a necessary and accurate update (of knowledge, skills, values), it cannot be considered virtualization. Something cannot come out of nothing. The virtual is naturally added to the behaviors that have been achieved through classical educational programs.

What is fundamentally changing in the new aspects of education is the relationship to knowledge. It is no longer a given entity, definitive, static, fixed, secure, unique, but it becomes a permeable, open, fugitive, puzzling, plural reality. Hence, the change in its perception and understanding emerges. The relationship with cyber-culture becomes interactive, summative, and complete.

The information consumer becomes the generator, the guarantor and the manager of the information. Cyber-space creates a bridge for geographically diverse localized groups. Communication becomes an interaction of a process of mutual recognition of individuals and groups. Web pages form a huge network with multiple bifurcations and intersections that come with self-organizing, self-structuring content, with numerous "gaps" where new elements can be added at any time.

Each entity derives from somewhere and leads to something; it is an informative element but also an information tool, a part of the stock but also a storage artifact. On a webpage everything seems to be on the same plane but differentiated at the same time. There is no absolute hierarchy, but each site is a selection, fixation, and hierarchical partial and temporary hierarchy.

Far from being an amorphous mass, the Web articulates a multitude of open points of view, but this organization can satisfy appetites but also private, personalized interventions. As a field specialist Pierre Lévy observes, cyber-culture maintains the universality of dissolving the totality by building an interaction-based unit by achieving an effective connectivity between the information values coming from different directions. This new type of "universal" does not result as a total on the line of meaning but on contact, collaboration, and general interaction. Interpretations remain distinct, distinct, and disjunctive.

In a Commonwealth of Learning report, coordinated by Glen M. Farrel, the main trends of virtual education are summarized, succinctly expressed through the following features:

1. Extend of the opportunities for virtual education. More and more educational instances, referring to initial, basic or continuous training, form complementary, adjuvant or stand-alone structures that are part of the virtual sphere.

2. Conversion of information and communication networks and technologies into educational courts. From the outset, these devices have explicitly designed, designed and managed functionalities to maximize formative dimensions. A specialized industry of devices, programs, and digital structures has emerged.

3. Inventing and promoting new pedagogical objects that support or are delivered through virtual education networks. These objects have a high degree of transferability, becoming functional in different cultural circumstances and converting multiple curricular contents.

4. Forming a new pedagogical culture of support and counseling is formed in virtual or on-line networks. The procedural and methodological fan of psycho-pedagogical nature is resized in accordance with the new realities.

5. Develop, test and implement new organizational and learning management models under the impact of new technologies. Organizational structures are refurbished or replaced by new instances or institutions in the knowledge management virtually delivered.

6. Ensure quality control by issuing clear formulas for accreditation, tracking and validating virtual training paths. Quality is a dimension that cannot be neglected. Normative, deontological, didactic norms come to axiologically orientate the new formulas of education.

Through the computer and virtual networks, everyone can basically connect with other people, with other ways of thinking and targeting things. The established network and the principle of the permanent opening of the information flow constitute the pledge of universalizing of the system, without the danger of totalitarianism of meaning.

Every newcomer, with his / her contribution of ideas, increases the heterogeneity, saving the system from the risk of idealized closure. The information system is additive, cumulative, multidirectional, auto corrective, and dilatant. Each additional connection adds the new, opens up other interpretive keys, regenerates the collective intelligence.

The universe brought by the Internet does not generate uniqueness, ideally dictated. And, under no circumstances, it leads to ideological manipulation or social totalitarianism (unless the "surfers" have a predisposition to such a thing).

The call to new information technologies has a history and is manifested in several forms:

- Education and learning assisted by the coordinator, which has been practiced for several decades;

- Electronic courses and teaching programs that can be stored on the web or compact discs;
- Self-training and self-learning routes quite supple, tailored to individual, personal interests;
- Distance training and education;
- Open and flexible training that gives access to the diversity of access routes for knowledge or skills of individuals or learning groups;

- Multimedia-assisted training;
- Training and / or asynchronous learning, by relativizing the training structures to the temporality of the actors involved;

- Interactive training that emphasizes the collective learning and training process;
- Cooperative formation, based on interactions between different groups of educated, educators, tutors;

- Educational databases, designed as capitalization tools, educational resources, mostly digital;

- Educational or educational platforms and international broadcasting systems (for example, the EUROPACE European system);

- Virtual universities, supported by traditional or autonomous universities.

One aspect of virtualization education is given by the status of the educator in the formative ensemble. If classical devices reserve a weak autonomy, almost everything being anticipated and directed by educators (what to learn, how to learn, where to learn, what to do after the learned, etc.) otherwise things are in the new situation.

Training prerogatives and training initiatives are at the disposal of educators. They enter the system when they want, where they want, they ask who they want and stay connected as they please. Elections are countless, uncharacteristic, unwise. You go there from a deep motivation and where you feel the satisfaction of the information. You're looking for the information and it's not you! You choose magistrates after your concerns and good pleasure. The transmission of information is done not only from a specific center (from the teacher), but vice versa, but also between "teammates". You come into the system with your share of your best contribution. You become an active factor in informing others. Due to a particular skill, you are transformed into a trainer.

The virtual nature of education leads to a decentralization of the multiple bases of information and knowledge. This is how education will be done through unlimited access to various educational resources quite dispersed, left to the discretion of the people. Beyond the internal sources of the school, the educator can connect to alternative sources, widespread in his cultural area, which he will capture and reassemble according to the logic of personal interest or dictated by the formal space he attends with priority.

3. Levels and hypotheses of school virtualization

Since computers have become common in schools, more than twenty years ago, new educational experiences have become accessible to learners. These include, but are not limited to, simulations, WebPages and educational packages placed on web pages. In some countries like the USA and Canada, but also in Europe, there are already virtual schools where students (students) do not physically enter a real school with walls and banks. As school web users become more demanding, more and more usage tools (tools) and new opportunities are being invented and added.

The process of virtualization comprises several components, from subjective and objective aspects to relational or procedural aspects. Virtualization targets multiple instances:

- a) The actors involved:
 - The educated taken as individuals who can benefit from remote virtual resources by regular, temporary or exceptional enrollment in various training paths;
 - Different learning groups, depending on different motivations: thematic groups, joint projects, closed or open groups;
 - Instructors, especially teachers or resource providers, not only formally recognized teachers;
 - Different resource groups or pedagogic groups located beyond the school perimeter (study engineers, experts, etc.);
 - Tutors, learning colleagues or other contributors who tutor traineeships, projects, specific activities;
 - Mixed groups or communities (consisting of educated, teachers, tutors ...), permanent or temporary, open or closed, formed around specific projects.
- b) Contents, programs, disciplines:
 - Traditional virtualized elements at different levels: Lessons, Learning Units, Lesson Chains;
 - Pedagogical supports: case studies, support bibliographies, reference texts, projects;
 - Training courses individualized or designed for a target audience;
 - Peripheral, adjacent, complementary or optional contents to which education can relate.
- c) Evaluation procedures and tools:
 - Formative assessment tools that provide and stimulate learning progression (exercises, tests, questionnaires, reflection activities or punctual questions);

- Summative assessment tools (virtual examinations, essays, portfolios);
- Student knowledge in student line or group, forum, etc.
- d) Logistic and pedagogical support resources:
 - Computer and office resources (computer programs, logic);
 - Various computer media (CDs, DVDs, flash drives, hard drives);
 - Documentaries or virtual libraries;
 - Logistics tools for projects or practical internships.
- e) Management procedures for training:
 - Selection procedures for candidates: tests, portfolios;
 - Proper enrollment methods;
 - Managing tax payments and access to redundant sources;
 - Managing valuations, ratings, certifications.
- f) Extra-curricular environment:
 - Dynamics of the virtual campus;
 - Useful information: scholarships, accommodation, meals, transportation; possibilities of relaxation, fun, etc.

Let us not forget that this process of virtualization is in continuous transformation, and new hypostases can appear and condition the contemporary educational processes, both the formal and the optional or incidental ones.

Conclusion

Virtual education leads to a new management of personal and institutional time, to prioritizing individual and collective rhythm. The new technologies facilitate interactions between different individuals and different groups of people. Forums, messaging, virtual cache, etc. are opportunities for training through interaction between different groups of people: education exchanges with the resource persons (educators).

The new formulas of communication have modified the traditional (teacher-student) teaching communication scheme, making the individual or learning group a ferment and a generator of knowledge. They make exchanges and validations of their own products of knowledge, amplifying the desire to learn and the motivation of doing well. The new resources induce a new representation of what the world is at one point. It becomes more open, more diverse, with different, contrasting cultural registers. It addresses the question of citizenship related to a given territory, an ethno cultural de-centering, a new deontology of shift targeting.

The virtual nature of education leads to a spatial and temporal indifference of the training framework. The physical encounter of actors, classrooms, schools in their traditional sense is abandoned. Learning groups are also virtual, sometimes random, with a predetermined duration. You can follow the courses of a virtual school and get a real diploma without physically knowing your teachers or colleagues. They can be located on the other side of the world. The experiences of the protagonists themselves become a wealth and an important asset of learning.

In conclusion, virtualization of education has opened the door of the future that leads to infinite ways of developing the rationalizing, the improvement and progress of the human being.

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MANAGEMENT OF ORGANIZATIONAL VISIBILITY

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Abstract:

The management of the organization's visibility ensures its correct positioning in the eyes of the public. To bring the issue of organizational visibility into the scientific debate demands for our research to be reported to what the image and organizational identity implies at a certain time.

The importance of organizational image is closely related to the managerial approaches of internal and external communication developed in the course of business. Starting from the points outlined above, we want to analyze the impact of the organizational image, as a managerial tool of perception, among different audiences.

Keywords: organizational communication, organizational image, organizational identity, management

Jel Classification: L220, M300, O120

1. Introduction

The organizational image is an extremely important milestone for modern business. Its goal is the success of the business started and developed at one point. It also represents, by reference to the social framework in which it operates, the frequent way of communication, of persuasion as much as possible, of the audience categories.

In this context, the analysis of the organizational visibility management must start from defining its image. According to Halic and Chiciudean (2004), "... the social image of the organization is focused on informational complexes generated by the preponderant immediate perception of the messages emanating through the relevant manifestations that take place inside and outside the organization and, consequently, of the information actions carried out deliberately by its specialized structures (public relations)." (Halic, B. Al, Chiciudean, I., 2004)

In our opinion, the pertinent evaluation of the organizational image leads implicitly to the operationalization of the concept itself. (Hristache, D.A. (coord.), Popescu (Iacob), S.E. et al., 2008). It is the analysis of the image of the organization in the social context in which it is perceived and manifested at a certain moment. In its double state of manifestation - "organizational good" and "public good" - the organizational image communicates to what extent the organizational reputation is integrated into the system of norms and values in the community to which it relates.

In this context, we agree with Flament and Rouquette (2003) who identify the organizational image as "a concept of representation" which in the public mind will be associated with the understanding and interpretation of the messages transmitted through the communication mix (public relations, advertising, sales promotion, direct communication).

Therefore, managing the image of the organization, in the context of increasing its visibility, should not be viewed simplistically. It will be related to the symbols and interpretations that they give, by their behavior, to target audiences.

In other words, management of image visibility for an organization requires a "mental modeling" of the product metaphor presented by the organization to potential clients through the communication tool. Internal and external communication at the organizational level is channeled, modifies and manages the business to the extent in which the "image perceived" by the public approaches the "image desired" by the organization. What needs to be kept in mind is that the image of an organization requires a laborious construction. It is a permanent process with obvious socio-economic and communicative implications.

2. Perception and visibility in the management of the organizational image

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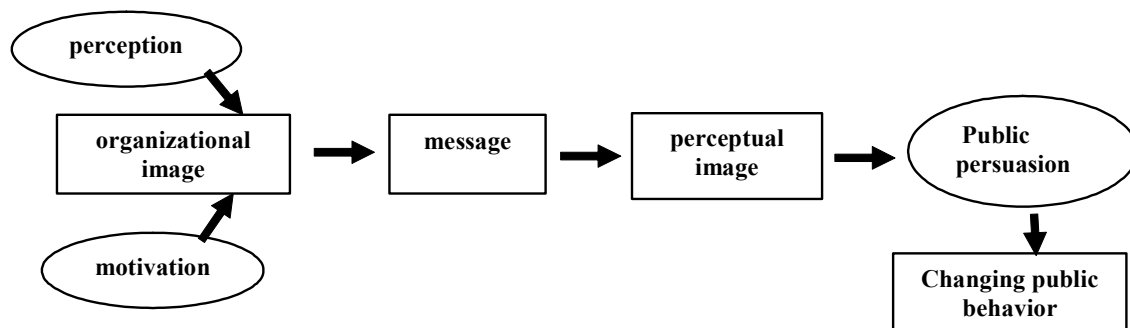
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Perception management aims at finding ways to change the behavior of subjects by appealing to their affective component, in close connection with the cognitive one. In this context, the activation of the cognitive level will have as purpose the reinterpretation of the message transmitted according to the perceptions of the individuals in the position of potential clients of the organization.

In order to build an effective image, the organization must report and adapt its message, taking into account the specificity of the audiences they are addressing at one point. Practically, the image of an organization is based on the interpretation of messages generated by public perceptions. The public perception management is completed from the communicational point of view by adapting the imaginative message of the advertisement launched at one point to the value system of the target public. Perception thus becomes an integral part of the organizational image and also influences it.

It plays the role of information integrator in the imagery and/or audiovisual message of the commercial launch. Through it they desire to convince the public in the context in which the message of the image of the organization transforms into a "perceptual image", meaningful and related to the presented context. The goal will be to change the target audience's acquisition behavior. In order to achieve this, the messages launched by the organization in the market need a motivation. The motivational message of the ad or the advertising campaign launched is aimed at activating and directing the consumer's behavior in the way that the issuing organization wants. (Figure 2.1).

Fig 2.1. Perception of the organizational image and consumer behavior



It is therefore necessary to manage the perception of the image of the organization in the eyes of the public, precisely because of the need to anticipate its behavior and anticipate/satisfy as much as possible its needs and/or desires.

Developing the organization's visibility management activities must relate to the three categories of image - desirable, projected, perceived - through which the organization's "social construct" is manifested. If the desirable image by which the organization wishes to be perceived by the public will be properly managed, it will increase its reputation, generating a high degree of attractiveness in the market. Therefore, it will attract new customer categories while making loyal a part of the existing ones. In order to reach this favorable position, the organization must manage its communication and public relations strategies by projecting its image among the public and paying close attention to the feedback received as a result of the collected messages (the perceived image).

We believe we can support these aspects of organizational visibility management by appealing, through reinterpretation and a series of ideas from Blumer's "theory of symbolic interactionism" (1969).

Three essential ideas underpin the theory of symbolic interactionism: "... people act upon things based on the meanings that these things have for them"; "... the meaning of things

is derived, it is born from the social interactions one person has with the others"; "... these meanings are manipulated or modified by a process of interpretation" (Blumer, H., 1969/1998). For Blumer, the triggering factor of a certain type of human behavior is the "meaning", as result of the interpretation (Dobrescu, P., Bârgăoanu, A., Robu, N., 2007).

Adapting these ideas to the analysis of organizational behavior shows us that the social component is gravitating around the social interaction. The attitudes, meanings, messages of organizational communication change and adapt according to the perception and impact on the target audience.

For example, an important role in managing an organization's visibility and maintaining this visibility at elevated levels can be the advertisement. If it is build based on the reason of obtaining feedback from the target audience, it will appeal to arouse sensations, feelings, so as to provoke the response reported to the behavior, according to the object of the respective advertisement. The power of feedback comes from the fact that it is constructive and can restore, maintain or change behavior depending on the response received. Through it, a "follow-up program" of consumer satisfaction is being built.

Therefore, we believe that the perception and visibility of an organization's image are closely related. Properly managed, they lead to the competitive advantage pursued by any firm in the market.

3. Conclusions

Whether we start the analysis from the management of organizational visibility or from the one of perception, one thing is certain. These activities intertwine and measure what the practical development of a "strategic communication" means. When properly built and managed, the organizational image will reflect its level of engagement from the point of view of quality and relationship in terms of internal and external communication. Building, developing and maintaining this image on the market is, we believe, a real "management exercise".

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THE ROLE OF NICT IN THE IMPLEMENTATION OF THE STRATEGY OF CREATING THE DIGITAL SINGLE MARKET

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Abstract

New information and communication technologies (NICT) are no longer a specific sector, they are the foundation of all modern innovative economic systems. Digital technologies and the Internet transform our lives, drive us the way we work - as individuals, in business, and in our communities as they become integrated into all sectors of the economy and society as a whole. This paper highlights the importance of digitizing the economy in promoting growth and employment and boosting EU competitiveness. The starting point of the study is to determine the opportunities offered by the creation of the single digital market, but also the barriers to the completion of a single digital market. Therefore, in this paper, we have been pursuing to focus on the strategy for a digital single market that transforms European society, ensuring that it can confront the future with confidence.

Key words: digital revolution, digital single market, NICT, strategy of creating the digital single market

JEL classification: M15

Introduction

The NICT sector has become an important part of the industrialized countries' economy, with a direct contribution of 5.9% of GDP in Europe. Beyond the sector itself, NTC contributes to the development of all other economic sectors, representing the NTIC effect of over 50% of productivity growth in Europe.

With regard to creating a digital single market in Europe, this means removing barriers to harnessing the opportunities that the online environment offers. It is time for Europe to adapt to the digital age, eliminating the regulatory "walls" for online services, creating hundreds of thousands of new jobs.

1. The need and importance of creating a digital single market at European level

The EU's single market offers Europe's citizens and businesses many freedoms and rights - to travel, trade, or operate anywhere in the Union. These freedoms have a positive effect on innovations that are evolving and spreading widely, and citizens have a wide offer and many opportunities.

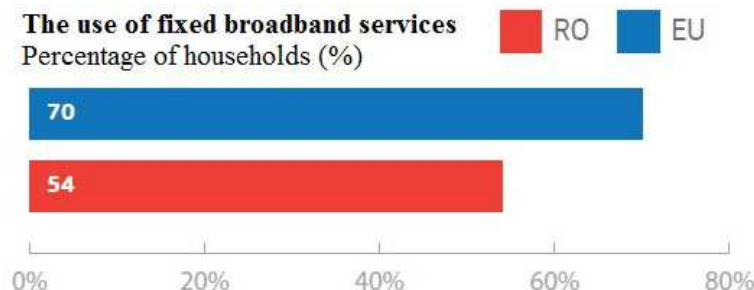
But today, more and more products and services are digital or online. European citizens often face obstacles when using online services and tools, despite the fact that over the years the EU has been working to remove these barriers "offline". Obstacles can be of various types: disproportionate and disproportionately high shipping charges, deliberate "geoblocking" of services to limit them to a single country or region, lack of access to the Internet (Chart 1) or digital skills and the existence of a whole of different rules at EU level. For whatever reason, it means that Europeans have to lose:

- citizens can not benefit from the widest range of goods and services or online products, or from the many opportunities the Internet offers;
- Internet companies and start-ups have limited horizons and can not carry out their activities on a large scale as they would like - that means fewer innovations and fewer new jobs;
- single market organizations do not benefit from high-quality digital services.

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The use of fixed broadband services
Percentage of households (%)



The use of mobile broadband services
The number of subscribers per 100 people

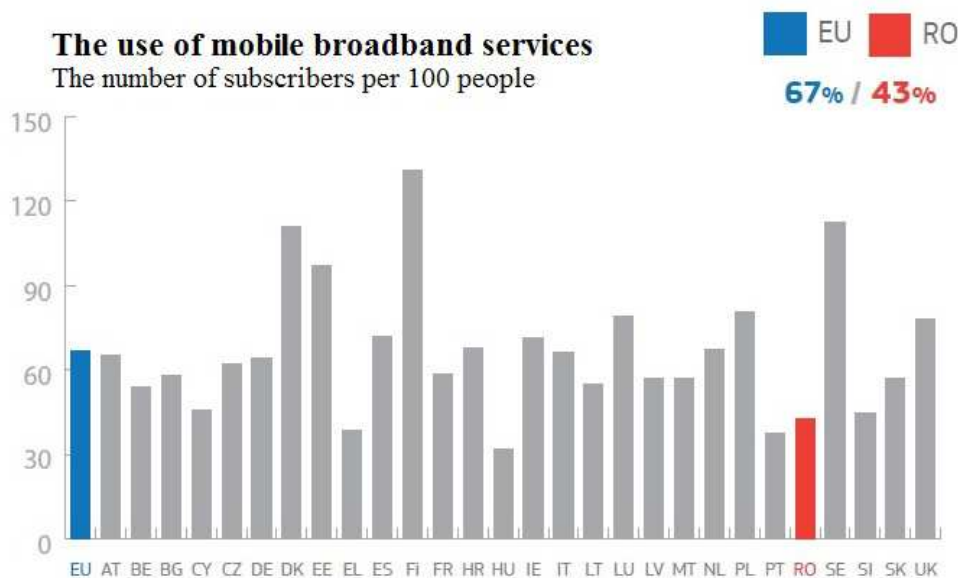


Chart 1. Access to the use of fixed and mobile broadband services

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 12:30

At European level, technology research and innovation has resulted in the digital revolution (the emergence of smartphones, high-speed internet, mobile applications) and the creation of a single digital market. The Internet and digital technologies transform the world we live in. Therefore, the completion of the single digital market:

- ✓ will boost competitiveness;
- ✓ will transform the industrial sector of Europe;
- ✓ will create new products and services for this expanding market.

In support of research and innovation on emerging and future technologies, the European Union ensures: establishing rules in the field of telecommunications; protecting consumer rights; setting technical standards. However, there are barriers that restrict access to products and services:

- ✓ only 15% of citizens shop online in another EU country;
- ✓ Internet companies and start-ups can not take full advantage of the opportunities offered by the electronic environment;
- ✓ only 7% of small businesses sell goods or services across borders;
- ✓ businesses and governments do not benefit sufficiently from digital tools.

In other words, a digital single market means fewer obstacles, more opportunities, a place where citizens and businesses can carry on their activities, can legally innovate and interact safely and at a reasonable cost, making them easier so life. Companies will also be able to make full use of new technologies, and small businesses in particular will be able to

reach the other side of the EU "with just one click". This could contribute € 415 billion a year to our economy and create hundreds of thousands of new jobs.

In 2015, the Commission presented its Digital Single Market strategy, which includes a series of 16 new legislation and measures, and by the end of 2016, the Commission has made concrete proposals for each of them. Initiatives are grouped into three main pillars: providing access, creating the right environment for online innovation in Europe, and ensuring that every European citizen, business and administration can get the most out of digital transformation through more modern common rules, and more harmonized in areas such as consumer protection, copyright and online sales.

2. The strategy of creating the digital single market

The strategy aims to broaden the digital economy at European Union level to provide consumers with affordable services to support business development at the same time.

In less than a decade, the largest economic activity will depend on digital ecosystems, the integration of digital infrastructure, hardware and software, applications and data. Digitization of all sectors will be necessary if the EU maintains its competitiveness, maintains a strong industrial base and manages the transition to an industrial economy and intelligent services.

2.1. Facilitating access for consumers and businesses to digital goods and services across Europe

The European Commission has presented a three-pillar plan to stimulate e-commerce by tackling the issue of geo-locking, by ensuring a more cross-border delivery of more affordable and efficient parcels, and by promoting consumer confidence through improved protection and enforcement.

❖ Facilitating cross-border e-commerce

➤ *Preventing geolocation and other forms of discrimination on grounds of nationality or residence*

The Commission has proposed a regulation to ensure that consumers who want to purchase products and services in another EU country, whether online or in person, are not discriminated against in terms of access to prices, sales conditions or payment.

In the online environment, there are too many situations in which consumer access to offers from other countries is blocked, for example by redirecting the consumer to the website of his country or imposing an obligation to pay for it using a debit or credit card from a particular country. This kind of discrimination has no place in the single market.

➤ *Cross-border delivery of parcels, more accessible and more efficient*

The Commission has proposed rules to help increase price transparency and regulatory oversight of cross-border parcel delivery services so that consumers and retailers benefit from affordable deliveries and convenient return options, even to or from regions peripheral.

➤ *Modern digital contract rules to better protect consumers who shop online in the EU and to enable businesses to grow their sales on the Internet*

The Commission has adopted two proposals: one relating to the provision of digital content (for example, music in streaming access) and one on the sale of online goods (Chart 2).

Online shopping

Percentage of Internet users (%)

RO EU

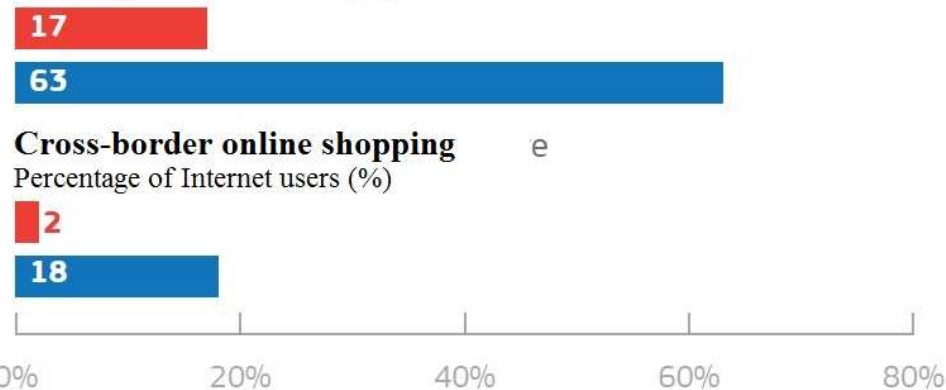


Chart 2. Online shopping / cross-border online shopping

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 13:10

The two proposals tackle the main obstacles to cross-border e-commerce in the EU: the legal fragmentation of consumer contract law and its high cost for businesses (Chart 3) and the low level of consumer confidence when shopping online from another country (Chart 4).

Percentage of businesses selling online products / services

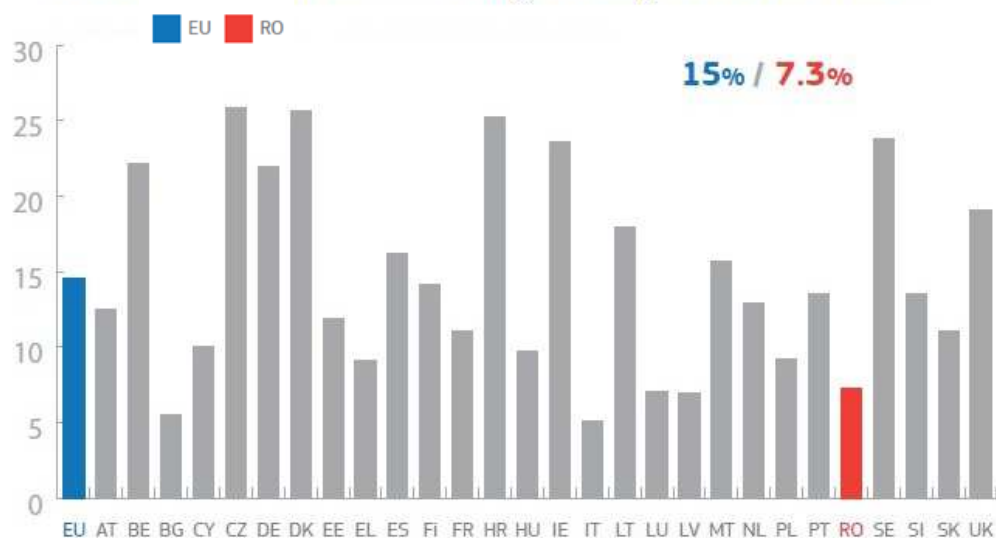


Chart 3. Percentage of businesses selling online products / services

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 14:30



RO EU

What worries you when you use the internet for activities such as online banking or online shopping?

You worry that someone might use your personal data abusively

28

43

You are concerned about the security of online payments

36

42

Do you prefer to make the transaction in person, for example, in order to be able to check the product or to ask questions about this product to a real person

35

26

You worry about the possibility not to receive the goods or services you buy online

22

22

Other

4

3

No worries

19

18

I do not know

5

2

0% 10% 20% 30% 40% 50%

Chart 4. Trust and security of using the Internet

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 14:50

Consumers will benefit from a higher level of protection and a wider variety of products at more competitive prices.

Undertakings will be able to provide digital content and sell goods online to consumers across the EU, applying the same set of contractual rules. The new EU-wide rules will allow businesses to save up to € 243,000 if they want to sell in all other EU member countries.

➤ *Enhancing consumer confidence in e-commerce*

In addition to the new rules on digital contracts, the Commission has proposed a revision of the regulation on consumer protection cooperation. More power will be given to national authorities to ensure better enforcement of consumer rights. Authorities will be able to check whether websites are practicing consumer geolocation or offer after-sales conditions that do not comply with EU rules (for example, withdrawal rights), will be able to request the immediate closure of sites hosting the scams and will be able to request information at domain registration offices and from banks to detect the identity of the responsible trader.

❖ **A more modern European framework for copyright regulation.** More modern European legislation on copyright will be created. It will improve citizens' access to online cultural content, thus promoting cultural diversity and facilitating new opportunities for creators. Cross-border portability, a new European consumers' right: Roaming charges have been completely lifted since 15 June 2017.

2.2. Create an environment conducive to the development of digital networks and services

❖ **EU Broadcasting Standards, in step with the 21st century.** The Commission presented a proposal to update the "Audiovisual Media Services Directive", ie the common rules governing audiovisual media services (Chart 5), cultural diversity and free movement of content in the EU for 30 years. So, the Commission wants to achieve a better balance of the rules currently in place for traditional broadcasting operators, on-demand video content providers and video-sharing platforms, especially with regard to child protection.

Access to audiovisual content

Music, Video, Gaming

Percentage of Internet users (%)

RO EU

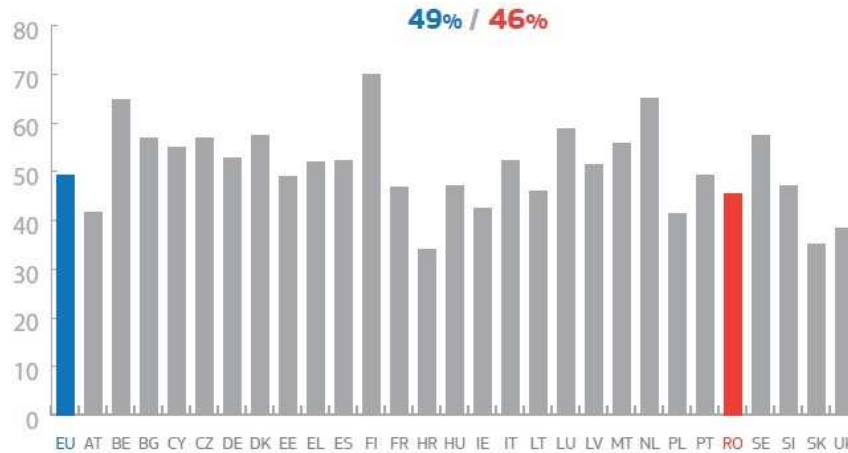


Chart 5. Access to audiovisual content

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 15:15

More specifically, the Commission has proposed:

➤ *Platforms responsible for video sharing:* Platforms that organize and mark a large amount of video will have to protect minors from harmful and all citizens, incitement to hate.

➤ *A more important role for audiovisual regulators:* The directive ensures that regulators are genuinely independent of governments and industry and that they can best perform their role: ensure that audiovisual media act in the interest of viewers.

➤ *Several European creations:* At present, television stations invest approximately 20% of their original revenue and service providers on demand under 1%.

➤ *More flexibility for television stations:* The viewers who bother with the large number of TV commercials can choose online offers without advertising, which did not exist 10 years ago.

It is expected that these measures will have a positive economic impact on media service providers, especially television operators, and will increase their capacity to invest in audiovisual content. This is important for the competitiveness of the EU audiovisual sector.

❖ **A modern telecommunication framework.** The Commission is pursuing more efficient coordination of radio spectrum, creating incentives for investment in high-speed broadband infrastructure, ensuring a level playing field for all traditional and new market players and creating an effective institutional framework.

Under the new EU network neutrality legislation, European operators in the telecommunications sector will have to treat all types of Internet traffic equally and will have to justify giving priority to certain services in their own network that impose a higher cost on the consumer than more.

- *Elimination of roaming charges in June 2017:* Starting mid-June 2017, Europeans will pay the same price regardless of whether they use their mobile devices in their own country or in another EU country.

- *The Next Generation of Communication Networks - 5G*

In the future, we will all use 5G, the next generation of communications networks. By 2020, there will be 26 billion connected devices and 70% of the population will own a smartphone. The 5G network will be the cornerstone of the EU's single digital market, future industries, modern public services and innovative applications such as connected cars, smart homes or mobile health services.

❖ **New rules on data protection.** The new rules strengthen existing ones and give citizens more control over their personal data. In particular, they include:

- *Facilitating access to their own data:* Individuals will have more information about how their personal data is processed, and this information should be available in a clear and easy to understand presentation.
- *Right to data portability:* Your personal data will be easier to transfer between service providers.
- *Clarifications on "the right to be forgotten":* when you no longer want your data to be processed and if there are no good reasons to keep them, they will be deleted.
- *The right to know when your personal data has been pirated:* for example, businesses and organizations must notify the national supervisory authority of serious data breaches as soon as possible so that users can take appropriate action.

❖ **Online platforms.** Online platform play a key role in innovation and growth in the digital single market. They revolutionized access to information and connected buyers and sellers in a more appropriate and effective way. EU action is needed to establish the appropriate framework to attract, retain and develop new innovative entities in online platforms. The Commission has defined a clearly-based, principle-based approach to resolving the issues raised by the participants in the public consultation carried out by the Commission during the evaluation of the platforms, which has been running over several years. The Commission will support the efforts of businesses and stakeholders in terms of automotive and co-regulation to ensure that this approach will continue to be flexible and current. Areas of action include:

- *Comparable standards for digital services*
- *The obligation for online platforms to have a responsible attitude*
- *Trust is indispensable*
- *Open markets for a data-based economy*
- *A Fair and Innovative Business Environment*

❖ **A partnership with the industry on cyber security.** According to a recent survey, at least 80% of European businesses have faced at least one cyber security incident in the past year. This affects European businesses, whether large or small, and threatens to undermine confidence in the digital economy. As part of its strategy for a Digital Single Market for Europe, the Commission wants to strengthen cross-border cooperation as well as between all cyber security entities and sectors and contribute to the development of innovative and safe technologies, products and services throughout the EU.

2.3. Creating a European economy and digital growth society

❖ **Digitizing the EU industry.** The Commission has proposed a series of actions to help European industry, SMEs, researchers and public authorities to take full advantage of new technologies. Thus, a set of measures has been presented to support and link national initiatives for the digitization of industry and related services in all sectors and to stimulate investment through strategic partnerships and networks. The Commission has also proposed

concrete measures to speed up the development of common standards in priority areas such as 5G communications networks or cyber security and to modernize public services. The plans also foresee the establishment by the Commission of a cloud-based European system which, as a first objective, will provide a number of 1.7 million researchers and 70 million science and technology professionals with a virtual environment to store , manage, analyze and reuse a significant amount of research data.

❖ **Ensure free circulation of data.** While personal data is regulated and protected by EU rules, there are no clear guidelines for other types of data. Every second, large volumes of data generated by people or generated by cars, such as sensors that collect information on climate conditions, satellite imagery, digital video and pictures, commercial transaction information, or GPS signals, are produced. They represent a gold mine for research, innovation and new business opportunities. However, data are often blocked at expensive national centers (for example, as a result of Member States' requirements to keep data on their territory). Unnecessary restrictions should be eliminated and prevented. National systems should be better coordinated to allow for better data circulation and the development of promising new technologies such as cloud computing (Chart 6) and the Internet of Things.

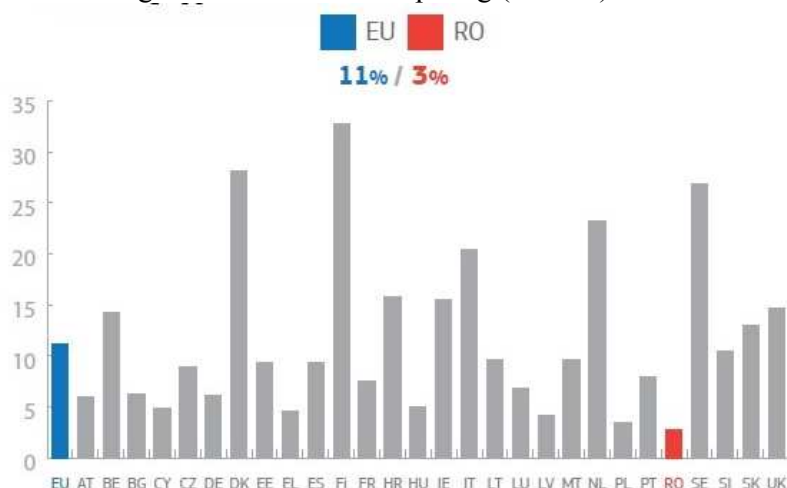


Chart 6. **Enterprises that purchase cloud computing services**

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 16:10

❖ **Appropriate skills for the digital age.** The Commission has adopted a comprehensive new competency agenda for Europe (Chart 7). Its purpose is to guarantee the assimilation of a wide range of skills from a young age and to make the most of Europe's human capital, which will ultimately increase employability and competitiveness and stimulate growth in Europe.

Basic digital skills - People who know how to send emails, use editing tools, install new devices, etc.

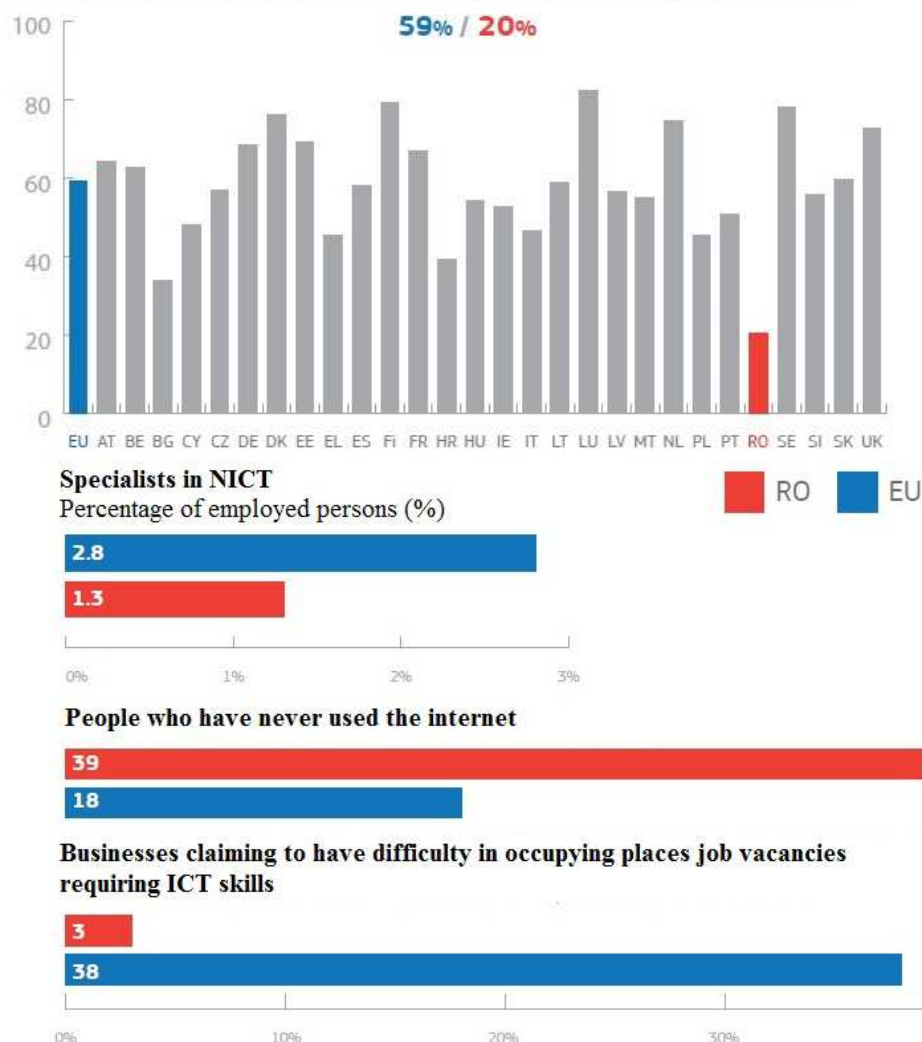


Chart 7. Digital skills in using NTIC

Source: Single digital market - national fiche (2017), https://ec.europa.eu/commission/sites/beta-political/files/romania_ro.pdf, accessed on 10.11.2017 at 16:30

As part of this agenda, the Commission will launch the "Digital Skills and Jobs Coalition", bringing together Member States and stakeholders in the education, employment and industry sectors to create a digital talent set, and to ensure that individuals and the workforce in Europe have the appropriate digital skills.

Conclusions

In conclusion, NICTs are key to the economic growth of the European Union, as the digital economy is growing seven times faster than the rest of the economic sectors. A significant part of the economic growth was due to broadband internet. Currently, the impact of high-speed broadband networks is similar to that of electricity and transport networks in the last century. They support innovative services such as e-health, smart cities and data-based production. Thus, it can be said that investments in NTC are those that have the merit of 50% of the increase in European productivity.

Therefore, digitization of the economy has a tremendous role and an enormous potential in promoting growth and employment and boosting the EU's competitiveness. Thus, the strategy for a digital single market is about to transform European society, making sure it can face the future with confidence.

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MICROECONOMIC IMPLICATIONS DURING THE STAGES OF SOCIO-ECONOMIC DEVELOPMENT AND TRANSITION TO THE “NEW ECONOMY”

Silvia Elena Isachi¹

Abstract: *This paper aims to show the characteristics of the different stages of socio-economic development peaking with the “new economy”. We also aim to highlight the implications of the “new economy” features on the economic organisation/entity. The “new economy” (also called “post-modern”, “post-industrial”, “post-capitalist”, “post-structural”, “post-traditional”) reflects the current transition from the industrial society to a new type of “information”, or “knowledge” society, marked by complex, deep transformations in all areas of activity, with important economic, social and environmental consequences, process of unprecedented scale in the history of humanity. The speed of the current changes produced mutations in the way we look at things, which fit no longer the present moments, while the shocking speed at which these mutations occur, make us change the manner of thinking in the future or even distant future.*

Keywords: *new economy, sustainable development, corporate governance, knowledge economy*

Jel Classification: *G32, O12*

1. Introduction

Within the context of the emergence and development of the “new economy”, the organisation, as central entity, experiences structural evolutions at all the levels of the organisational process. The characteristics of the “new economy” are assumed at the microeconomic level under the form of revaluation of the old economic and organisational theories, or under the form of new theories, adapted to the new framework of development.

The *new economy – economy of sustainable development*, involves at the level of organisations, operationalization of the notion of sustainable development through the concept of global performance. The approach of the performance as Triple Bottom Line might be defined as an endeavour to measure the global performance of an organisation function of its triple contribution to the economic prosperity, environmental protection and improvement of the social cohesion, stressing on the corporate social responsibility.

The *new economy – economy of information*, involves at the level of organisations, changes of organisational paradigms at different levels of activity: paradigm change of the processes of organisation by the emergence and development of multinational and transnational companies; shift from mass production to flexible, diversified production (function of individual clients requirements); the change of market paradigms is characterized by the profile change of the potential consumers (the client-consumer becomes a citizen-consumer eager to know the social costs involved by the products/services he/she consumes; higher demand for ICT (information and communications technology) products and services and relative lower demand for products and services from the traditional industries; change of work paradigms characterized by work flexibility, disappearance of work and professions in the industrial sectors, with a higher role of ICT in the qualifications that matter.

The *new economy – economy of knowledge*, which determines continuous learning and initiative; these are vital elements which contribute to a higher efficiency of the activity and of the global performance of the society.

The *new economy – innovation-based economy*, involves at the level of organisations, adaptation of the provided goods and services to the increasing consumer requirements, process which can only be accomplished by a continuous concern for innovation, unique aesthetics and experiences. Within this context, the intellectual capital becomes the main instrument for competition and economic survival.

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The *new economy – economy of corporate governance*, generates changes within the managerial system of the organization, which now relies on a complex of components which form the corporate governance. Important aspects are here: the transparency of the property structures; shareholders protection; transparency of information; separation of the executive management function from the function of president of the board of administration; higher role of the audit and internal control committees, of the remuneration of nomination committees.

2. Main characteristics of the different stages of socio-economic development

Peter Drucker considered that: “We may be sure that the world resulting from the present rearrangement of the values of belief, of the economic and social structures, of the political concept and systems, in other words, of the conception about the world, will be different from anything that we might imagine today. In some areas – particularly within the society and its structure – basic transformations already have taken place. The fact that the new society will be a non-socialist one, a post-capitalist one, is a fact. It is also sure that its basic resource will be the knowledge”

The human society shifted gradually the accent from manufacture production to automatic production, from individual knowledge to group knowledge, thus highlighting the importance of communication. The human society changed a lot and keeps changing faster and faster. The table below gives a synthesis of the specificity of the different stages of socio-economic development.

Table 1: Specificity of the different stages of socio-economic development

Stage of development	Preindustrial	Industrial	Post-industrial
Production sectors	Extractive	Manufacturing	Processing, services, recycling
Strategic resources	Raw materials	Financial capital	Knowledge
Technology	Force	Machinery technology	Intellectual technology
Methodology	Good sense, experience, Choice and error	Empiric, Experimenting	Abstract theory: models of simulation Theory of decisions: system analysis
Temporal perspective	Orientation towards the past	Ad-hoc adaptability; experimenting	Orientation towards the future, forecasting and programming
Axial principle	Traditionalism	Economic growth	Encoding the theoretical knowledge satisfaction and motivation
Key-concepts	Group of individuals, hierarchy, bureaucracy, strategies	Group of processes, teams, objectives, ecosystem, market, negotiation	Group of knowledge's, teams, free expression of creativity (with no strict objectives), innovation
Role of information	Vehicle along the hierarchical pyramid	Binder between the partners in common projects	Rare resource, support of the aware organization, continuous learning

Source: processing from W.J. Keegan (1980, p.6)

The specificity of these stages of socio-economic development creates the premises for the development of the “new economy”. The definitions of the “new economy” are as simple as they may seem, very complex when clear and defining characteristics have to be stated. As Drucker shows, “If there is a thing that can be forecast with confidence, is that the future will manifest in unexpected manners. Take for instance, the information revolution. They are almost all sure about two things: the first, it runs at unprecedented speed; second, its effects will be more radical than anything that happened before”. Isan, also depicts the simple-complex character of the “new economy”, estimating that “as novel as the phenomenon as such might seem, as much disarming is the variety of terms, so that any analytical attempt seems doomed to fail”. The rate of changes in our present times produced mutations in the way we are looking at things, which no longer fit the present time, while the shocking rapidity of these mutations also make us change the way we are thinking in the near or, even, distant future.

The term of *New Economy* is used and understood by most people as equivalent to the internet economy, or digital economy. For some analysts, the “new age” (the golden era illustrated by the American model) is characterized by a strong, long-term economic growth due to the benefits of the new technologies and of the market economy. A new type of capitalist economy (the New American economy) was discussed in the 90s, following market liberation of excessive governmental regulations, downsizing and reorganization of the American corporations and of the fast technological progress. Usually, the syntagm “new economy”, is used to design the economic mutations which occurred in the late 90s, following the emergence of the new technologies and the considerable expansion of the finances.

3. New economy – economy of sustainable development

The topic of sustainable development appeared as early as in the 1970s, with the publication of the first report of the Club of Rome “*The Limits of Growth*”. The best known definition of this concept is mentioned in *Our Common Future* (or the „*Brundtland Report*”) drawn up by the World Council for Environment and Development, in 1987: “*Sustainable development* is that development that meets the requirements of the present without compromising the capacity of the future generations to meet their requirements.” The purpose is, therefore, not to compromise the capacity of the environment to produce for the future generations, and this feature is very well captured by what we call *sustainability*, whose weak points are: the population, the climate changes and the energy consumption. The 1992 Rio de Janeiro World Summit developed and adopted Agenda 21, as instrument that promotes the concept of sustainable development. According to it, sustainable development is that development which doesn’t destroy and compromise the ecological, economic and social basis, on which continuous development depends.

In Europe, the European Council adopted at Goteburg, the first European Union Strategy for Sustainable Development. It was completed with an external dimension at the 2002 Barcelona Council of Europe, taking into account the 2002 Johannesburg World Summit for Sustainable Development. Subsequently, in 2006, the European Council adopted a reviewed European Union Strategy for Sustainable Development, which set a unique, coherent strategy for the way in which the European Union will observe more efficiently its long-term commitment for world solidarity and which acknowledges the importance of consolidating the work with non-EU partners, including with the fast developing countries that are to have an important impact on the global sustainable development.

The European Union Strategy for Sustainable Development understands sustainable development as *meeting the necessities of the present generations while not compromising the capacity of the future generations to meet their own requirements*.

We are thus witnessing the shift from an *uncontrolled development*, accompanied by the irrational and inadequate exploitation of the resources and raw materials, driven by the

size of the profit, to the *sustainable development*, with three main dimensions: *economic, social and ecologic*, i.e., sustainable economic development, ensuring the population's quality of life and environmental protection.

The enterprises understood that in order to have success, they must provide for and ensure environmental protection and suitable conditions of work, give collective rights to their employees and cooperate with the local authorities, with the labour unions, with the non-governmental organisations and with the governmental institutions.

The concept of *corporate social responsibility* emerged gradually within the context of sustainable development. This concept defines the orientation and aptitude of a company to voluntarily integrate, in its strategy and current activity, the social preoccupations, as well as those for cleaner, friendly environment, while ensuring the economic success of their business.

At the level of organisations, the operationalization of the sustainable development notion is usually achieved through the *concept of global performance* about which Elkington introduced the *Triple Bottom Line* concept, which presumes economic prosperity, environmental concern and improved social cohesion. The triple bottom line can be defined as an attempt to measure the global performance of an organisation function of its triple contribution to the three aspects mentioned earlier. This is an approach which considers both the financial outcome and the social and environmental balance of a company.

4. New economy – economy of information

This new type of economy aims the maximal use of the potential of the products and goods based on information. The main consequence is that the principles that govern the world of information (intangible products and services) will soon govern the world of the hard (world of reality, atoms, objects, steel, oil and hard work), which will establish a new category of business and will transform the existing businesses.

Speaking of the new economy, as of an information economy, M. Dinu considers that the “information is not just primordial, but also prioritary, while also being ineffable and substantial, essential and concrete, functional and yielding”.

At the level of the organisation, the new information economy, involves *changes in the organisational paradigms* at different levels of activity.

a) *Paradigm change in the processes of organisation* by the emergence and development of multinational and transnational companies, and the shift from mass production to flexible and diversified production (depending on the requirements of the individual clients). A more radical approach is that, within the new economy, all the companies will be internet companies, or will not be at all; much of the old economy (“industrial dinosaurs” are “cannon fodder” together with their hierarchical managerial structures and history of attitudes.

b) *Paradigm change for the markets*. The evolution of the information technologies, the possibility of exchanging real time information at low costs, allowed an increasing number of people having access to information and demand more transparency regarding company behaviour. This contributed to the change of the potential consumers profile. The environment in which the companies are currently developing changed radically during the recent years

(i) The client took over the control, accepting less and less to be perceived as member of the collectivity and more as an individual person;

(ii) Change if client attitude towards products and services: higher demand for ICT products and services and relative lower demand for products and services from traditional industries. The type of passive receiver consumer (*client-consumer*) yields place to the active type, who wants to consume critically (*citizen-consumer*), who wants to know the social costs involved by the products/services he/she consumes. This active attitude of the consumer was shown by many studies. Thus, according to the surveys of McKinsey & Company (2008 on a

sample of 7,751 consumers from 8 large economies, they found that 87 % of the interviewed consumers were concerned by the social and environmental impact of the products they buy. According to the studies of Gunn E.P, 83 % of the respondents changed their purchasing and life habits in order to protect the environment.

(iii) The rules of the comparative game changed radically, and the single comparative advantage relies on the information technology – the internet. On the other hand, there are the opponents of this approach who, starting from the diversity of businesses and their share within the economy, consider that the Internet is not the only key to the competitive advantage, being simply a nonsense" (Turner, 2001). All these changes in market paradigms motivate business focusing on the client.

c) *Paradigm change for the work.* We are currently witnessing the change of the traditional paradigm of work from the routine work to the "ever changing work"; from "office (workplace) above all", to "work above all"; from fixed working hours, to "flexible working hours"; from workplace (career) for life to "career portfolio" which express the diversification of activities, professional and occupational mobility and flexibility; from the "fixed" place of work to the "mobile workplace "; from the worker going to work, to the "work coming to the worker"; from choosing the workplace depending on the place of residence to "living in a place – working anywhere" or to "distance working".

Within the context of the new economy, the companies are looking for flexible forms of work, for a wider variety of styles, even though they are experimental, for the ability to accomplish several types of works, for a higher orientation towards the client and to use the new information and communication technologies. The qualifications that matter are only in the ICT area. There is increasing talk about work disappearance in the industrial sectors and the disappearance of professions as occupation in industry decreased constantly all over the world, while the industrial production increased. Man-power is increasingly replaced in an increasing proportion of economic processes and sectors. ICT bears the germs of workplace disappearance. „Work disappearance” as main factor of the production process has been, however, forecast many years ago by people such as Alvin Toffler, John Naisbitt or Peter Drucker. Other authors have even talked about the „end of work” done by people as ICT takes over, while Arthur C. Clarke predicted this for the year 2040.

d) *Paradigm change for the investors.* The huge financial scandals from the late 19th century deteriorated the confidence of investors in the processes of company administration. The investors have now, in the new economy, more than ever, need of concrete, full and transparent information about the management processes, about the structures of the corporate governance, a transparent reflection of those. They want to know whether company governance has a social trait, if it considers the adoption of responsible practices under the conditions of multi-stakeholder economies. Only in this way will the investments be sustainable. Thus, OECD was deeply concerned with the development of principles of company administration which to protect stakeholder/investor interests (1999), principles which were thereafter adopted by most countries. Among these principles there is the transparent character of the corporate governance activity – with the financial, social and environmental components. Information is the key to the "new economy", which develops further new features of the economy: knowledge and development by innovation.

5. New economy – economy of knowledge

Information per se has no role whatsoever, if it doesn't build up within the organisation by "knowledge". Winston Churchill noticed in a speech at the Harvard University, in 1943, that the "empires of the future will be true empires of the mind" (The Economist, 2006). The "new economy" or the knowledge- economy reflects that economy which passed the stage of development beyond which *knowledge is the key-resource*. What makes knowledge so important? There are many ensuing factors, the most important being:

progress in ICT, higher development rate of the new technologies, global competition, market liberalization, continuous change of the demand determined by the increasing proportion of people with medium and high incomes (sophisticated demand, good quality products), higher importance of the quality of life (characteristic to the capitalist society) was replaced by: „knowledge is power” (characteristic to the information society – knowledge society). The power belongs now to the “knowledge”, and the battle shifted from the realm of tangible (battle for resources) to the realm of intangible (battle to exploit “brain power”), which seems to be decisive for the “balance of power”.

Within the organisation, one can notice the “struggle” of the entrepreneurs to draw in their team people with high levels of education and training, which can cope with the future requirements and exigencies of the economy and society.

The world is dominated by the power of the mind and brain. Areas such as microelectronics and biotechnologies no longer depend on a particular resources-dependent geographical location; they can be located anywhere, where there is enough capacitated intelligence and mind power. This explains why many international organizations have the people and their competency as their top priority.

Education and continuous learning have an important role in knowledge, as well as the rate of technological renewal and the demands of competitiveness, which require a continuous updating of the knowledge, and which revolutionise the system of education and training, bringing forth the life-long learning concept.

In terms of the technological progress, we get “obsolete” every 5 years and we need training. Hence, the process of learning is critical for the “new economy”, being a cumulative and continuous process. The new information and communication technologies provide new forms of education and training: distance learning, virtual universities, computer-assisted training, etc. The process of learning must take place any time and anywhere. Life-long learning and initiative become vital for the “new economy”, as they determine the efficiency of any activity whatsoever.

5. New economy – economy based on innovation

The higher competition, induced by the phenomenon of globalization, generated the necessity of client-driven approach, and the higher requirements of the consumers force the organisation to use innovative practices, aesthetics and unique experiences. Under these circumstances, the success of the companies no longer depends decisively on the production facilities or the material capital, as it was several decades ago. Peter Drucker said that: “The company has just two basic functions: marketing and innovation. Only marketing and innovation yield results – all the other are costs”. The adaptation of the organisation to the, ever changing and transforming, needs of the clients requires the development of the intellectual capital, of the load of knowledge on which the company relies. The future belongs to the economic organisation which, by training, takes care of the permanent development of its intellectual capital, of the development of its foundation of knowledge. The global economic system is, therefore, becoming a system of “technological ideas and innovations”, in which the potential “intellectual capital” of the enterprise represented by: organisational knowledge’s and abilities (organisational capital), loyalty and cohesion of its staff (human capital), credibility of the enterprise (relational capital), become a competitive factor enabling the economic survival.

6. New economy – economy of the corporate governance

The term of corporate governance appeared in the everyday language in the 70s, in the United States of America, in the midst of the Watergate scandal, when was disclosed the involvement of the American corporations in the American policy by contributions given to the various political parties. Later, at the end of the 20th century, the financial scandals Xerox

Guinness -1986, Poly Peck International-1989, Maxwell-1991, BCCI-1991, Enron-2001, Allied Irish Bank- 2002, WorldCom-2002, Xerox 2002, Merrill Lynch-2002, Parmalat-2003/2004, Andersen-2001/2002, shattered the financial world and raised serious problems regarding the trust in the corporate governance of these companies. The uncontrolled development of the financial innovations, particularly of the derivatives, favoured the dematerialization of operations and the practices of “creative” accounting aiming to baffle those analysing the financial statements.

The *stock-options* technique and manager remuneration depending on their performance didn't align completely the interests of the managers with those of the shareholders, which resulted in prejudices for the minority shareholders, which didn't belong to the management control bodies. The shock of these bankruptcies was more so strong as they emerged on the background of a seemingly consolidated financial state of the companies; the figures have been knowledgeably manipulated by the managers-auditors tandem in order to provide a “cosmeticized” image.

The economic-financial crisis which started in 2008 affected the restoration of the world economic order. The current crisis caused “disruptions in the history of world economy, as reality, concomitantly with a fracture in the economic thinking. The detachment from such model presumes both the reform of the financial capitalism and of the architecture of the international relations, and the construction of pluralist paths of development”.

Within the new framework of economic and organizational development, the corporate governance appeared as a change in company leadership.

The efficient corporate governance allows the shareholders to make sure that the companies in which they invested are managed according to their own interests. At the same time, the corporate governance responds to the mutations which occurred in the mechanism which evaluate company performance. From the performance based on profit and yield, the early 21st century brings new approaches in terms of creation of value for all stakeholders.

Conclusions

The rapidity with which the information society changes into a society of information and knowledge determined the perspective on the “new economy” which to take into account the internet and the effect of internet information on all the economic actors, the effect of knowledge as economic factor which requires the acknowledgement of the role of intangible goods in general in the creation of economic value.

On the background of the recent financial crises, it is important to redesign the institutional architecture of the national capital market by adopting efficient stock exchange regulations, next to the development and implementation of measures which to stimulate the development of the corporate sector, starting from the premises that a strong economy with a solid, open and transparent financial market, can cope with the challenges of the globalized international environment. The developed countries were the first to become aware of the need for financial transparency, as successful requirement for the corporate governance.

Capital markets globalization and the competition for funds require the adoption of internationally acknowledged standards and procedures of corporate governance, which is very important for the emerging and transition economies which have to cover the gap of credibility in the eyes of the investors. Thus, the role of the corporate governance and resized approaches of the managerial and control structures becomes very important within the current context. Hence, the efficient corporate governance is primordial for company sustainability, as also shown by the international, and EU, concerns to develop and adopt codes of corporate governance and also at the level of the Romanian economy.

The corporate governance of the organisations within the new economy aims to create added value for the shareholders, while meeting client requirements, observing staff opinions

and the environment. This requires the existence of a complex of components which compose the corporate governance, which creates a synergic effect in which the transparency of the property structure; shareholder protection; information transparency; separation of the executive management from that of president of the board of administration; a higher role of the audit, remuneration and nomination committees, play important roles.

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ADAPTAREA FORMĂRII PROFESIONALE LA CONTEXTUL SOCIO-ECONOMIC

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Abstract: O atenție deosebită a fost acordată consolidării capacității educației și formării profesionale inițiale, de a contribui la furnizarea competențelor necesare viitorilor absolvenți pentru ocuparea unui loc de muncă. Restructurarea învățământului, văzută ca un proces continuu și coerent, este un exemplu pentru importanța dată nevoii de îmbunătățire a cooperării cu angajatorii și a abordare a nevoilor individuale de educație și formare profesională. Noul curriculum, bazat pe competențe și pe sistemul de credite transferabile, creează premisele pentru o ofertă de formare profesională flexibilă și mai bine adaptată nevoilor pieței muncii și pentru promovarea antreprenoriatului.

Importanța activității de formare și perfecționare a tuturor angajaților oricărei organizații este determinată de caracteristica dominantă a perioadei actuale (accelerarea schimbărilor, produse noi din punct de vedere tehnologic, devenite forțe motrice ale dezvoltării societății).

Formarea profesională este activitatea desfășurată în scopul însușirii de cunoștințe teoretice și deprinderi practice, în măsură să asigure sarcinile ce revin angajaților, în procesul muncii, a unei profesii sau meserii. Perfecționarea profesională este o activitate cu caracter precumpănitor informativ, desfășurată în instituții de învățământ sau organizații, în vederea lărgirii și actualizării cunoștințelor, dezvoltării aptitudinilor, în vederea creșterii nivelului calitativ al activității profesionale.

Cuvinte cheie: antreprenoriat, competențe, formare, perfecționare profesională

Clasificare JEL: M31 - Marketing

O atenție deosebită a fost acordată consolidării capacității educației și formării profesionale inițiale, de a contribui la furnizarea competențelor necesare viitorilor absolvenți pentru ocuparea unui loc de muncă. Restructurarea învățământului, văzută ca un proces continuu și coerent, este un exemplu pentru importanța dată nevoii de îmbunătățire a cooperării cu angajatorii și a abordare a nevoilor individuale de educație și formare profesională. Noul curriculum, bazat pe competențe și pe sistemul de credite transferabile, creează premisele pentru o ofertă de formare profesională flexibilă și mai bine adaptată nevoilor pieței muncii și pentru promovarea antreprenoriatului.

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În acest sens, P.H. Giscard afirma: "Se poate defini formarea, în sensul cel mai general, ca o transformare a individului (acumularea de cunoștințe, adaptarea unor atitudini sau deprinderea unor manifestări) determinată de transmiterea unor conținuturi noi de idei, a unor principii de judecată sau a unor moduri de acțiune. Între formare și perfecționare trebuie să se stabilească o anumită distincție, cel puțin de principiu: formarea este dezvoltarea unor capacități noi, în timp ce perfecționarea este îmbunătățirea capacităților existente".

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Câteva aspecte importante, puse în evidență de cele două definiții, sunt:

- ambele trebuie să răspundă unor cerințe reale, determinate de progresul științific și tehnologic;
- esențial, în planul promovării și al dezvoltării carierei, este dorința angajaților de autodezvoltare;
- ambele procese să asigure educația permanentă a lucrătorilor;
- ambele procese sunt dinamice și parțial se suprapun;
- eficacitatea proceselor de formare și perfecționare, crește semnificativ dacă sunt cuprinse grupuri de persoane, ceea ce oferă posibilitatea de a aplica, corelat și sinergic, cunoștințele și abilitățile însușite.

Creșterea relevanței educației și formării profesionale inițiale pentru nevoile pieței muncii rămâne un obiectiv major, urmărit în elaborarea politicilor educaționale și în activitățile desfășurate de furnizorii de educație. Rata șomajului în rândul tinerilor, ridică problema relevanței educației pe piața forței de muncă. Sunt adoptate o serie de măsuri vizând adaptarea ofertei de educație și formare profesională la nevoile pieței muncii:

- îmbunătățirea planificării strategice a ofertelor din învățământ;
- furnizarea de servicii de orientare profesională în carieră;
- furnizarea competențelor cheie.
- printre factorii care limitează gradul de corelare a educației și formării profesionale cu piața muncii se numără:
- insuficienta implicare a partenerilor relevanți în planificarea activităților educaționale;
- dezvoltarea și valorizarea insuficientă a parteneriatului în educație și formare;
- instruire specifică insuficientă furnizată partenerilor implicați în planificarea în instruire și formare profesională.

Este necesară adaptarea continuă a sistemului de educație și formare profesională, fiind în continuă schimbare, către o economie și societate bazată pe cunoaștere.

Se are în vedere dezvoltarea sistemelor de educație și formare profesională inițială și continuă conform priorităților stabilite de Comisia Europeană cu referire la consolidarea cooperării europene în formarea profesională precum: transparența, informarea și consilierea, recunoașterea competențelor și calificărilor, dimensiunea europeană și asigurarea calității în formare (Declarația de la Copenhaga, 29-30 noiembrie 2002).

Strategia Europeană pentru ocupare are ca prioritate investiția în capitalul uman și în învățarea continuă. Aceasta presupune:

- crearea unor politici adecvate pentru realizarea creșterii nivelului capitalului uman, pentru sporirea investițiilor din domeniul cercetării, dezvoltării și inovării, precum și pentru promovarea unei atitudini antreprenoriale și a abilităților prin intermediul educației de la toate nivelurile;
- cheltuieli și atribuții ale autorităților publice, societăți și persoane, dar și reactualizarea sistemului de recompensare pentru creșterea investițiilor în sfera capitalului uman, precum și în întreprinderi;
- scăderea abandonului școlar și revizuirea ofertei de formare profesională în scopul creșterii accesului la formarea profesională continuă, în special pentru indivizii necalificați și pentru angajații în vârstă, având în vedere viitoarele cerințe de pe piața muncii;
- utilizarea unor metode inovative de învățare și formare profesională și acumularea unor deprinderi legate de utilizarea tehnologiilor de informație și comunicare.

În România a fost adoptată Strategia Europeană de ocupare revizuită fiind concordantă între politica din domeniul pieței muncii și obiectivele acestei strategii.

În prezent, se arată că în România s-au realizat progrese privind restructurarea sistemului de învățământ. Având ca direcție de acțiune asigurarea necesarului de forță de muncă calificată au fost elaborate politici educaționale în corelare cu evoluția pieței muncii, prin consultarea mediului de afaceri, partenerilor sociali și a celorlalte instituții implicate în sistem.

Prin Hotărârea de Guvern nr. 875/2005 a fost aprobată strategia pe termen scurt și mediu pentru formarea profesională continuă, prin care se urmărește realizarea unui sistem

restructurat de formare profesională continuă, flexibil și transparent, cu un anumit nivel de finanțare și implicare din partea angajatorilor, care asigură creșterea nivelului de adaptare și mobilitate pe piața forței de muncă și care să corespundă nevoilor partenerilor sociali existenți ținând cont de restructurarea economică și condițiile aflate pe piața europeană. Tranziția către o economie și o societate bazată pe cunoaștere impune ca o necesitate obiectivă învățarea pe tot parcursul vieții.

În acest sens, orientarea către o societate bazată pe cunoaștere înseamnă realizarea unor investiții în resursele umane, în scopul încurajării angajaților pentru a dobândi noi calificări și competențe, dar și să accepte mobilitatea ocupațională. Oferta de formare profesională trebuie să promoveze calitatea și să asigure relevanța acestora conform abilităților, cunoștințelor și nevoilor individului. Prin acumularea de cunoștințe și abilități se îmbunătățește poziția de pe piața muncii și se asigură creșterea productivității. Atât individul cât și societatea obține beneficii dacă investește în formare.

Formarea profesională continuă este relevantă în susținerea transformării forței de muncă, ca instrument principal în adaptarea noilor cerințe, facilitând mobilitatea între diferite sectoare de activitate.

Prin elaborarea și implementarea programelor necesare instruirii permanente a forței de muncă se va contribui la prevenirea lipsurilor de forță de muncă calificată din anumite domenii și ocupații aferente.

Este utilă schimbarea gândirii individului, privind formarea profesională, în sensul creșterii nivelului de conștientizare cu referire la importanța învățării continue, a gradului de motivare, pentru sporirea cunoștințelor și dezvoltarea competențelor profesionale.

Sistemul de formare profesională continuă se dezvoltă prin realizarea unor parteneriate, cu contribuția factorilor ce pot afecta evoluția sistemului de învățământ. Implicarea partenerilor sociali este necesară în fixarea necesarului competențelor de pe piața muncii, astfel încât economia să beneficieze de resurse umane calificate corespunzător. Asigurarea cadrului necesar mobilizării resurselor în scopul formării profesionale continue se realizează prin adaptarea politicilor educaționale din sistemul de învățământ. Prin realizarea dialogului social dintre toți actorii implicați la dezvoltarea unui sistem de învățământ flexibil, continuu și transparent se asigură șanse egale tuturor în găsirea unui loc de muncă.

În acest sens, se continuă adaptarea actualului cadru legislativ, pentru a se asigura:

- a) maximizarea investițiilor publice și private pentru formarea profesională continuă;
- b) sporirea rolului și responsabilităților partenerilor sociali în formare profesională continuă;
- c) realizarea ofertei educaționale accesibile atât persoanei cât și companiei prin stimularea furnizorilor de formare;

d) menținerea unui climat favorabil participării la formarea profesională continuă și folosirea rezultatelor acesteia, indiferent de modalitatea de obținere (formal, non-formal sau informal).

Educația formală și informală a tuturor categoriilor de persoane se concretizează prin formarea competențelor, ce reprezintă ansamblul multifuncțional și transferabil de deprinderi/abilități, aptitudini, și cunoștințe necesare pentru:

- a) realizarea propriilor obiective în viață în conformitate cu interesele și dorințele fiecărui individ de a învăța pe toată durata vieții în scopul împlinirii și dezvoltării personale;
- b) contribuția activă a cetățenilor în societate și integrarea lor socială;
- c) contribuția activă la funcționarea și dezvoltarea unei economii sustenabile prin ocuparea unui loc de muncă;
- d) realizarea unor concepții de viață, având la bază valorile umaniste și științifice din cultura națională și universală precum și încurajarea dialogului intercultural;
- e) educarea în spiritul statului de drept, a normelor democrației demnității și toleranței;
- f) inocularea sensibilității față de problemele umanității, față de importanța valorilor civice și morale, precum și a aprecierii față de natură și mediul natural, cultural și social.

Principiile care stau la baza învățământului preuniversitar și universitar, precum și învățarea pe tot parcursul vieții din România sunt:

a) un prim principiu este cel al echității - conform căruia accesul la educație se face fără discriminare;

b) cel de-al doilea principiu, al calității - conform căruia activitățile din educație au la bază standarde de referință și bune practici recunoscute național și internațional;

c) principiul relevanței - conform căruia actul educațional contribuie la nevoia de dezvoltare individuală și social-economică;

d) un alt principiu este cel al eficienței - conform căruia se obțin rezultate educaționale maxime, utilizând corect resursele existente;

e) principiul descentralizării - conform căruia deciziile principale se iau de către persoanele implicate în procesul educațional;

f) principiul răspunderii publice - conform căruia furnizorii de educație răspund public de performanțele lor;

g) principiul menținerii identității etnice și culturale a cetățenilor români și dialogului intercultural;

h) principiul asumării, promovării și păstrării valorilor naționale și culturale ale poporului român;

i) un alt principiu se referă la recunoașterea și garantarea drepturilor indivizilor care aparțin altor minorități naționale, păstrându-și dreptul la păstrarea, la dezvoltarea și la exprimarea identității lor etnice, culturale, lingvistice și religioase;

j) principiul menținerii egalității de șanse;

k) principiul independenței universitare și libertății academice;

l) principiul transparenței – conform căruia se asigură vizibilitatea totală a deciziei și a rezultatelor, prin comunicare ritmică și adecvată;

m) principiul independenței și libertății de gândire față de ideologii, dogme religioase și doctrine politice;

n) un alt principiu se referă la incluziunea socială;

o) principiul conform căruia educația este centrată pe beneficiarii acesteia;

p) principiul responsabilității părinților și a gradului de participare la educația tinerilor;

q) principiul în baza căruia se promovează educația pentru sănătate prin activități sportive;

r) principiul conform căruia se organizează învățământul confesional specific cultelor recunoscute;

t) principiul luării deciziilor bazate pe dialog și consultare;

u) principiul conform căruia elevului/studentului i se respectă libera exprimare ca beneficiar direct al sistemului de educație.

La nivel macrosocial, capitalul uman este apreciat prin unirea stocurilor individuale de capital uman. Una dintre măsuri se referă la însumarea anilor petrecuți de către tineri în instituțiile de învățământ, fie prin media anilor de școală parcurși, fie prin stabilirea ponderii pentru populația adultă care a urmat un nivel de educație.

Dezvoltarea și creșterea economică a unei țări caracterizează capitalul uman la nivel național.

Explicațiile frecvente pentru creșterea economică rapidă din a doua jumătate a secolului al XX-lea din unele țări sud-est asiatice (Singapore, Coreea de Sud, Hong Kong) constă în investițiile majore din educație ale guvernelor (în 1999, 75% dintre absolvenții învățământului preuniversitar din Coreea de Sud erau înscriși la o formă de învățământ universitar).

Starea de sănătate a unei persoane conduce implicit la diminuarea forței de muncă.. Pe de altă parte, capitalul educațional înseamnă o valoare mai mare a forței de muncă crescute ceea ce conduce la o recompensă mai consistentă în cazul vânzării acesteia (salariul evidențiază productivitatea marginală a muncii, crescând în concordanță cu nivelul de educație). Un nivel de educație mai avansat înseamnă flexibilitate în adaptarea individului conform condițiilor de pe piața muncii, evitând riscul apariției șomajului.

James Hackman (1999) constată apariția decalajului dintre salariile celor mai educați indivizi, care se află în continuă creștere, precum și cele ale angajaților mai puțin instruiți și remunerați mai prost, decalaj în continuă creștere ce conduce la menținerea unor inegalități economice și sociale. Conform acestuia, modalitatea cea mai sigură de prevenire a sărăcirii populației se datorează dezvoltării capitalului educațional prin eficientizarea sistemului de educație și prin realizarea unor investiții în formarea continuă a persoanelor. Toate acestea contribuie la îmbunătățirea abilităților persoanelor.

Thomas Davenport (1999) realizează un model al salariatului ca investitor în capitalul educațional. El remarcă faptul că pe piața muncii ponderea locurilor de muncă înalt specializate este mai ridicată pentru toate nivelurile de educație în defavoarea activităților necalificate sau slab specializate. Protecția persoanelor împotriva riscurilor apariției șomajului o constituie realizarea investițiilor în educația continuă și reprezintă o prioritate.

Angajatorii obțin un profit ridicat efectuând investiții în instruirea propriilor angajați, mai mult decât în sporirea stocului de capital economic. Efectele productivității muncii se observă imediat, angajații devin mai creativi și au o dependență crescândă în luarea deciziilor, reacționând eficient, și găsind soluții potrivite fiecărei situații.

Un interes special pentru investițiile efectuate în capitalul uman este arătat și de preocuparea majoră și continuă a OECD de a sprijini dezvoltarea economică, prin implementarea unor programe de dezvoltare a capitalului educațional.

La nivel macrosocial, se constată că rata profitului investițiilor în învățământul secundar este mai mare decât rata profitului capitalului folosit în afaceri, comparativ cu beneficiile rezultate din investițiile realizate în învățământul terțiar plasându-l la aceleași niveluri cu rata profitului capitalului investit în activități de producție sau comerciale.

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CUSTOMER RELATIONSHIP MANAGEMENT WITHIN THE BANKS IN ROMANIA IN THE CONTEXT OF KNOWLEDGE REVOLUTION

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Abstract:

*Contrary to the traditional approaches in customer relationship management, we have found that in the context of a very competitive banking system and within the conditions of the knowledge revolution, were individualized certain dimensions which, beyond the philosophical nature they behave, become pragmatic viewed in terms of contribution brought to the competitive advantage obtained by banks. From this perspective, the present paper has the scope to highlight that the **performance** of banks on the Romanian market is influenced by defining the top management **vision** (as well as the organizational mission and values) as an essential stage within the strategic line adopted. Moreover, we believe that the **vision** expresses a desirable image of the future (which inspires the employees to achieve their goals) and the **performance** implies the materialization of that image. Simply put, both are rooted in the present of the organization but reveal a state of the future. Under those circumstances, we have tried to show, through this work, that the most **competitive banks** are those whose **vision, mission and values** are aimed at strengthening customer relationship. In this respect, CRM can be capitalized taking into account two other fundamental parameters: the **needs of employees** and the **social well-being**.*

Key words: customer relationship management (CRM); banks; knowledge revolution; vision, mission and values; social well-being, Romania.

JEL classification: D83, G21, M19.

1. Methodological aspects

The modern scientific article, including the economic one, goes through a period of strong standardization and reductionism, aiming simpler and more unitary configurations. Thus, according to the typology of scientific articles in the modern scientific research, the present paper is at the convergence between *study case* (the general features of which refer to the results of a research/analysis of an entity or a group of entities) and *opinion and comment article* (which implies the dissemination of opinions and comments that come from the revision of the specialized literature in the field). Moreover, this work is distinguished from what has been written, according to our knowledge, on this subject, through the methodological direction chosen, articulated by the personal vision and knowledge of the authors. In this regard, the methodological option does not have, in fact, canons, but it is concretized in a research strategy, which can be adapted depending on the contexts, on the difficulties that arise or on the unpredictable dose and the resistance to change of those with which we interact.

Advocates of the idea that a strict separation of the research methodology in a rational approach and an empirical approach is possible only theoretically, the research strategy underlying the conception of this work can be synthetically described by the following features: logical option – mixing between logical and infralogic with a higher degree of infralogy (subjective interventions, psychological elements etc.), epistemological option – prevalent interpretativism (the inseparability of the subject from the object of its research), methodological option – mixing of deductive and inductive through a qualitative approach, formulation of ascertainment based on observations, etc.). In the regard of those invoked, beyond the methodological direction for which we opted, this article is also intended to be perceived as an informative paper.

2. "History" vs. socio-economic topicality

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Historically, the humanity has experienced some major moments that have restarted or remodeled it as a social and economic structure, and whose effects have led to the so-called global economy and society of today. Thus, in the chronology of the four revolutions/waves of social progress, the knowledge revolution is noted to be the last known major change, whose genesis dates, approximately, four decades ago (although, from Drucker's optics and other consecrated theoreticians, regarding this topic, it can be deduced that the first mentions of the issues as knowledge revolution, knowledge-based workers, etc., have been imposed since the years '50-'60 of the last century). Simply put, towards the late '80, the economic theory and practice have shifted to understanding the background of what *knowledge* represents and how they can be exploited to achieve economic prosperity. This "parade of science", globally started about four decades ago, has a direct connection to the ability of economies to innovate, being in a "raging phase" in the developed economies and in an "embryonic stage" within the emerging ones.

Regarding those invoked, we understand that some subjects that have been imposed as reference issues in economics, accounting or management, have different valences today comparing to the traditional optics in economic or management theory. Thus, one of the major changes can be summarized, in terms of significance, in redefining the labor productivity. That is why, since the 1980s, the management theory and practice has been increasingly analytical about a so-called *knowledge worker*, whose DNA in labor productivity resides in the ability to predominantly use the knowledge and not the physical/manual strength to create value. Therefore, knowledge is considered the main resource within the modern organization, regardless the type of entity to which we refer, and the human resource/employees are the driving forces to move and exploit them dynamically. All this time, under the auspices of knowledge revolution, new niches have been stepped up in terms of competition which, can be observed with the "naked eye", governs, socially and economically, the world.

This transition period to a knowledge-based society/economy has produced, at the same time, a decisive mutation in the values to which various entities (individuals, families, organizations, economies, and finally nations) are reporting to. For example, the comparison between two individuals (with, roughly, the same characteristics of gender, age, social position, job, etc.) is not only limited to the material metrics but lies, particularly, in the volume and quality/specialization of the knowledge available to each individual; the remark being perfectly valid, as well, for organizations (be they business entities, credit institutions, public institutions, NGOs, etc., aimed or not at obtaining profit) or the economies of different countries. According to Daniel Andriessen, this Knowledge Economy has some fundamental characteristics, among which: the concept of *resource ownership* has changed in the sense that knowledge is predominant, not in the organization itself, but in the *employees' heads/minds*; physical strength and manual dexterity are replaced by the *knowledge of the employees* who create the most of the added value.

Regarding the aforementioned, we believe that the role of business organizations in the new economy, as well as the management or reconfiguration of their strategic direction, in order to be competitive on the market they operate, is a topical subject of a great interest for the theorists and management practitioners alike (assertion demonstrated through a variety of specialized works, globally, focused on these or other related topics).

However, arises the question: *what is the situation regarding another category of entities, essential/fundamental to the functioning and prosperity of the national economies and of the contemporary global economy, namely the banks?* Regarding this issue, we consider necessary an analysis to highlight the pragmatism and relevance of the banks vision, for the customer relationship management (CRM), for their competitive position, thus, implicitly, for their performance (as we have noted relatively few studies in the literature or even the lack of ones that relate to the dimensions analyzed within this paper).

Regarding the above mentioned, in the mutation to knowledge economy, new trends have been imposed in the administration of various entities, implicitly of the banks, and the decision-makers are the subject to a wide variety of challenges. Thus, the ability to manage issues of a predominantly immaterial nature, seen as significant resources of competitive advantage: *knowledge, relationships, emotions, intuitions, etc.*, is one of the imperative skills that decision-makers have to hold or to cultivate within the time. Under these circumstances, arise some questions of whose clarification is necessary for our research, including: *Is it possible to manage something intangible and, equally, to quantify the results of such an approach? Is there a specific "canon" that any bank should meet in the relation to its customers in order to be profitable? The level and the dynamic of a bank's clients, operating on the Romanian market, can be influenced by a cultural dimension given by the origin country of the bank (implicitly of the founders, top managers, etc.)?*

In the context of the above mentioned, this paper represents a study regarding the banks operating on the Romanian market, whereas they are considered an important link in the socio-economic development "chain" and they have a significant "specific weight" in the economy. In designing the research content, we focused our attention on some subjective parameters, referring, particularly, to the dimension **organizational vision**, because we found that there is a strong correlation between the top management vision, implicitly the mission and values of the organization, on the one hand, and strengthening the customer relationship, on the other hand, so, implicitly, the bank profitability/performance.

3. Banks within the Romanian economy

Inertially, the term bank is used synonymously with the one of credit institution, even though, as it can be seen, the banks represent only a significant part within the structure of the credit institutions. According to the credit institution and capital adequacy legislation, in force since 1 January 2007 (Emergency Ordinance No. 99, December 6, 2006), *a credit institution is defined as an entity whose business consists in attracting deposits or other repayable funds from the public and in granting credits on their own*. Moreover, credit institutions can be organized and function in one of the following categories: *banks, credit co-operative organizations, savings and lending banks in the housing sector, mortgage banks, e-money institutions*. According to the data provided by the NBR registers, the following types of banks currently operate in Romania: Banks - 26; Savings and lending banks in the housing sector - 2; Central House - 1 and Branches of credit institutions from other member states - 8.

Fundamentally, in the current period, the banking system, although characterized by a lot of criteria, is structured on two levels. The Romanian banking system has witnessed a spectacular quantitative development in the last decades, achieved through the transition from an excessively centralized banking system with the majority of banking functions concentrated in the NBR operations and several specialized banks, towards a banking system adapted to the requirements of the market economy and, implicitly, to the financial globalization. Thus, in the current banking landscapes, alongside the central bank, are working the secondary banks which are also called system banks (commercial or deposit banks and the specialized banks).

From the perspective of this paper, it remains of interest, we believe, taking into account Banks, counting 26, whereas their quality of primary intermediary in the economy-investment relationship is essential for the economic prosperity and, moreover, the existence and development of these entities is linked to obtaining and maximizing profits. Of course, by the specifics of the activities undertaken and the tools used for profit making, the management of a bank differs from the management of a business organization, but certain issues can be extrapolated. For example, the financial equilibrium and the normal situation, in both cases, are represented by getting higher revenues than expenses, meaning profit. That is why both,

the activity of a business organization and that of a bank, identify themselves with the same *raison d'être* to which the management of both entities focuses the attention and efforts and which, regardless the conceptual nuances they can take, in essence, remains the same – the performance (*a very complex concept that clearly shows a stable competitive position on the market on which that organization operates*).

A bank can be defined as an institution that mobilizes available cash resources, finances and which lends the individuals and legal entities, organizes and performs settlements and payments within the national economy and in relations with other states, in order to achieve profit. In this respect, one of the fundamental features of such a definition lies in the importance of the relationship *established between the bank and the client*. Regarding the mentioned issues, we believe that in the knowledge economy context, the *connection* established between the *bank* and the *client* is, in its dynamics, influenced by a multitude of objective and subjective dimensions/factors, among which are:

- ∞ **Objective factors:** the scale at which it operates through: price level (inflation and its dynamics), interest rates, competitive pressure, loyalty mechanism of existing customers, etc.

- ∞ **Subjective factors:** formulation of the *organizational mission, vision and values*; the level of training and experience of bank employees; the volume of management, social or human knowledge available to the relationship managers; the level of confidence that the bank places among potential clients, etc.

Of course that, the bank profitability analysis indicators, among which: ROE, ROA are important barometers in showing the dynamics of a bank's performance, but the premise from which we left, in the context of this paper, clearly refers to the fact that *certain subjective factors can influence the activity of a bank, its profit, even if they are intangible (hence, they are not found in the financial reports and they are not regarded as reference indicators)*. Thus, in an attempt to highlight their relevance to the client-bank relationship, implicitly for its performance, we considered necessary a different, but complementary approach to those referred traditionally.

4. The relevance of defining the banks vision for CRM

Fundamentally, any organization, implicitly the bank, is constituted on the basis of two central pillars, namely: the mission of the organization (its *raison d'être*) and the top management vision, whose articulation involves defining the long-term goals. The ability to manage successfully "binds" to management strategies and techniques based on the continuous exploitation and integration of the material/financial assets and of the intellectual property that the entity has at a certain moment of time *t*. At the competitive level, in the "struggle" between entities, it is more and more common that those who resist/stay in a particular industry/market are those that "demonstrate" the ability to innovate faster and better than other competitors.

In this respect, it is understood that the importance of *knowledge* in *banking innovation* lies in the difficulty, and even the impossibility, of these resources to be imitated/copied by competitors (only when they are embedded in new products or services). In the same sense, we believe that the intensification of banking competition is induced by the growing need of customers to "consume" increasingly diversified/specialized/customized products and/or services. Moreover, there is a great difference between the limited operations carried out by bankers, at the beginning of the banking activity, and the complex range of products and services offered, currently, by a modern bank.

In a well-known work in *knowledge management*, *The Knowledge-Creating Company*, the authors Nonaka și Takeuchi militate for the idea that customers needs are tacit (they have a major tacit dimension). Therefore, we conclude that the relations established between the two

parties, in the present case *banks* and *customers*, are of fundamental importance for a competitive position and a sustainable presence on the market.

The assertion that, today, the *social comfort* of an individual is no longer limited to the metric of money, is not of a purely philosophical nature. From a pragmatic perspective, the *knowledge* accumulated in the school (theoretical) and the empirical (accumulated through direct experience) seems to provide, today, the premises of social and financial stability that an individual needs. Similarly, the knowledge that individuals bring to the workplace, formal and informal relationships that are established between them, or between themselves and various external stakeholders, the experience and expertise gained in a narrow field of knowledge can propel an entity in terms *competitive advantage*. In fact, the market value of an organization is, in many cases, higher than the sum of the components of its tangible patrimony (this is most often the case for companies operating in high technology industries where knowledge is needed to be, constantly, updated). In the case of modern organizations, the *knowledge capital* tends to have a growing weight. Though intangible, the *knowledge* of people in organizations are valuable, a value which is, increasingly, monetary expressed. For example, the stock exchange values for electronics and IT firms are, often, several times higher than the value of buildings, equipment, and terrains they own. This remark is perfectly valid for banks as well. From the intangible resources that increase the *bank's market value*, strengthening customer relationships is the key to maximize it, and one of the major parameters is the *volume* and *dynamics* of the *customer base*.

Regarding the management of the bank-client relationship (customer relationship management) we believe that some major influences arise from the strategic line adopted by the bank, implicitly from the *bank's mission statement (its raison d'etre)*, *the vision of top-management, its objectives and values*. They represent the tasks of designing an institution's identity: *who are we, what are we, what we do and how do we do?* The mission of an organization is the synthetic framework of appreciating the global laws of economic functioning, representing the reason for being/activating in order to create value for society, but also to determine the system evolution in the sense of transforming the corresponding vision into reality. Essentially, the vision is a journey of mind from "known" to "unknown," meaning creating the future from a montage of current facts, desires, dreams, dangers and opportunities. An authentic vision gives birth to excellence and learning, inspiring people within the organization, because they want to meet these goals. In fact, the vision represents, in our point of view, *a laconic construction of a desirable future* or the ideal state that does not characterize a momentary situation but refers to the future, although it is rooted in the present of the organization.

From the perspective of our work and according to the information available on the official websites of the banks operating on the Romanian market, we found that defining the *vision* is one of the main concerns of the management (however, contrary to our expectations, we noted that a good part of the analyzed banks did not have defined the vision, at least not at the time we made the study). In this regard, in the case of more than 50% of the banks, the vision is, as we can deduce, a clear proof of the fact that banks are oriented to *customer relations*, to *employees* and to the *social good*. Under the given conditions, through **Table no. 1** we have shown the visions of banks operating on the Romanian market, from which we made a few *possible deductions*. Moreover, from a pragmatic perspective, we have tried to highlight which of the parties within the triad *employee-customer-investor* is the number one in the strategic management priorities.

In this demarche of highlighting the correlations established between the banks vision and their performance, we have found that the banks operating in Romania have formulated/developed visions with a strong strategic character oriented towards strengthening the customer relationship (some issues regarding the other categories of stakeholders or the

community welfare can be deduced from the mission and values statement) are in the top rankings of *assets, profits, customer number, reputation, or ratings on social networks*.

Through the syntheses included in **Table no. 2** and **Table no. 3** we turned our attention to three credit institutions: **BRD – Groupe Société Générale SA, BANCA TRANSILVANIA SA and RAIFFEISEN BANK SA**, banks that have a special reputation in Romania and which, at the same time, hold top positions (as we will show) in different market surveys. As well, regarding the relation between the statement of their mission, vision and values and their performance (according to the information provided by the official websites of the banks) we deduced that the three banks are counting on the following "winning combination": *customer, employee and community* to achieve sustainable competitive advantage.

BANCA COMERCIALA ROMANA S.A.	"We propose, through all our actions, to be an integral part of society, aiming to mediate and support the development of value in the communities we are part of."	<i>The dev con</i>
BANK LEUMI ROMANIA S.A	"Our vision is to exceed customer expectations (through an individual approach, increased professional standards), employees' expectations (by creating a challenging working environment, a place where every employee can build a career and benefit from a fair reward system) and shareholders expectations (in terms of the bank's profitability profile)."	<i>Cus view mee (fo</i>
BANCA TRANSILVANIA S.A.	"Banca Transilvania aims to be a bank of first choice for corporate and retail clients in Romania, while operating with a sense of responsibility towards its shareholders, its employees and society."	<i>Def goa ass dire cus</i>
BANCPOST S.A.	"We aim to be a bank of first choice for corporate and retail clients in Romania, while operating with a sense of responsibility towards its shareholders, its employees and society."	<i>Soc val trus the</i>
CREDIT EUROPE BANK (ROMANIA) S.A.	"To be the favorite partner on major business segments."	<i>Foc be cus</i>
BRD - Groupe Societe Generale S.A.	"We believe that education is one of the most powerful tools to reduce poverty and social inequality."	<i>Edu itse</i>
PATRIA BANK S.A.	"In Romania, only 1 in 2 Romanians have access to banking services. Patria Bank aims to change this statistic over the time and to help building a better future for all Romanians by facilitating the access to simple and quality banking services. "	<i>Ban imp view dev on</i>
ALPHA BANK ROMANIA S.A.	"The vision is to provide competitive funding services and to respond to our customers expectations through quality and professionalism. We want to deliver services at the highest standards, to ensure the flexibility and transparency of operations, to build important business partnerships."	<i>Sat nee com ma</i>
PIRAEUS BANK ROMANIA S.A.	"The future vision of the Group is the continuous development of a human and responsible organization, where each employee highlights its skills and inspiration, working in team with dedication, capitalizing on diversity and creating value with every action."	<i>Org inte org the</i>
OTP BANK ROMANIA S.A.	"We want to be recognized as a strong, stable and profitable partner in medium-sized universal financial services, a partner that manages efficiently, grows dynamically and engages strongly in social responsibility programs."	<i>Ori the sus ma cus</i>
ProCredit Bank S.A.	"We are looking to be the primary bank for small and medium businesses and to offer to our corporate clients a full range of modern services, including financing, leasing, factoring, insurance, investment services,	<i>The the</i>

GARANTI BANK S.A.	"Making our customers happy and satisfied with our products and services has been from the very beginning the basic principle around which we have built our set of fundamental values. We emphasize on the way we develop relationships with our customers, making sure that their needs are first. In this sense, we focus on innovating and bringing the best financial solutions to the market. "	<i>Innovation and solutions for managing</i>
RAIFFEISEN BANK S.A	"Our vision is to be the preferred financial ecosystem in Romania where our customers, employees and partners share one another's experience and mobilize resources to create value for all."	<i>Share experiences, create mechanisms for economic change, organizations and</i>
BANCA ROMÂNĂ DE CREDITE ȘI INVESTIȚII	"BRCI has built a vision and an appropriate development policy for the environment in which we operate. We see, around us, banks with relatively high problems because of the nonperforming loans, that's why we have set strict credit policy targets for bank's appetite and risk tolerance, thus we can keep the bank to a low rate of NPL."	<i>It is a mission, responsibility, managing the</i>

Source: Personal elaboration based on the informations provided by the banks official websites

Table no. 2 – Banks whose vision shows customer, employee and community orientation

BANK	MISSION	VIZION	VALUES
BANCA TRANSILVANIA S.A.	Transilvania Bank's mission is to support the development of the business environment through innovative products and services professionally offered.	"Banca Transilvania aims to be a bank of first choice for corporate and retail clients in Romania, while operating with a sense of responsibility towards its shareholders, its employees and society."	<i>*soul</i> <i>*energy</i> <i>*new ideas</i>
BRD - Groupe Societe Generale S.A.	Historically, the mission of this institution was to finance the first stages of the industrial sector development in Romania. Today, "Our social mission is to bring a positive change in the Romanian society namely educating children and young people, together with our employees and stakeholders, through a team effort."	"We believe that education is one of the most powerful tools to reduce poverty and social inequality."	<i>*profesionalism</i> <i>*innovation</i> <i>*teasm spirit</i>
RAIFFEISEN BANK S.A	Our mission is to support the development of sustainable and prosperous communities, to understand the needs of our customers and to help them reach their full potential, to provide safe, advisable and financial services easy to use.	"Our vision is to be the preferred financial ecosystem in Romania where our customers, employees and partners share one another's experience and mobilize resources to create value for all."	<i>*integrity</i> <i>*learning</i> <i>*respect</i> <i>*passion</i> <i>*colaboration</i> <i>*discernment</i> <i>*simplicity</i>

Source: Personal elaboration based on the informations provided by the banks official websites

Table no. 3 – Deductions formulated from the mission, vision and values of credit institutions

BANK	Deductibles implications from the mission, vision and values
BANCA TRANSILVANIA S.A.	Innovation is a driving force for the rise in the competitive field of banking entities, today when innovative ideas are a barometer in assessing the effectiveness of employee's work and their output can be a new product or service. (emphasis on customer, employee and society)
BRD - Groupe Societe Generale S.A.	Commitment to the community (by initiating educational activities) seems to ensure sustainable economic progress especially when employees and stakeholders make a common goal from this. (focus on customer, teamwork and community)
RAIFFEISEN BANK S.A	Sustainability has become a key word for the economic prosperity of all the organizations, implicitly of the banks, and the establishment of a "communion" between customers, employees and partners can be, indeed, a source of competitive advantage. (emphasis on customer, employee and community)

Source: Personal elaboration

From a report made in 2011 for the Romanian Banking Association regarding the financial education level of the Romanians, it follows that confidence in banks, implicitly the choice of the bank (for credit, savings products, etc.) are influenced by a number of factors, among which a few are of great importance: the employees amiability, the rapidity with which a bank responds to requests or *the quality of advices provided by the bank employees*. At the end of 2013, GFK (considered to be the market research institute number 1 in Romania) publishes, in a press release, a ranking of the banks that enjoy the best reputation in Romania. The top banks are: ING Bank, **Raiffeisen Bank**, **BT** and **BRD**, representing the main bank for over 60% of the banking population. In the opinion of Romanian citizens, the bank with the best reputation must be *"oriented towards people, very concerned about customer satisfaction and guided by principles such as honesty, transparency, ethics and accountability."* *"Reinforcing reputation has a direct impact on the company's financial performance, because there is a very good correlation between reputation (strengthened by the recommendation and the use of products or services, the quality of a good employer and of responsible actor) and the financial performance of the company."* According to the same source, the reputation score is built on seven pillars: familiarity, quality management, product and service quality, financial performance, the quality of a good employer, social responsibility and emotional attachment.

The global socio-economic progress also brought new ways of manifesting the competition concept existing in the banking community. Thus, the trend that has gained credit within the recent years, in terms of competition, is manifested through the largest social platform in the world, *Facebook*. That's why, more recently, the competition and the popularity of the banks on Facebook became a certainty. At the beginning of 2014, only two of the largest banks, classified by the asset level, Alpha Bank and CEC Bank, are not the followers of Facebook promotion. These aspects are included in **Table no. 4**.

Table no. 4 – Ranking of banks according to the level of ratings registered on Facebook

Rank	Bank	Ratings number 2014
1	BCR	302.729
2	Banca Transilvania	278.239
3	ING Bank	202.207
4	Garanti Bank	103.544
5	BRD (și BRD student)	88.881
6	Raiffeisen Bank (<i>Life without Cash & Raiffeisen Communities</i>)	71.555
7	Piraeus Bank	46.566
8	UniCredit Bank	44.544
9	Credit Europe Bank (și Card Avantaj)	38.625
10	BancPost	16.807
11	Millennium Bank	14.022
12	Volksbank	10.045
13	Alpha Bank	<i>are not the followers of Facebook promotion</i>
14	CEC Bank	<i>are not the followers of Facebook promotion</i>

Source: Personal elaboration based on the informations provided by www.bankingnews.ro & <http://www.bankingnews.ro/topul-bancilor-social-media.html>

Also in 2014, in the Top Social Brands ranking were included 6 banks (compared to 2013 with just two), namely: BancPost, ING Bank, UniCredit Țiriac Bank, Raiffeisen Bank, Banca Transilvania and Garanti Bank. The rating makers are claiming the following: "The social media champions in Romania combine creativity, constancy and social networks to be present where their customers are with relevant and impact messages. The top brings together

50 media brands (social active) that, over the past year, have integrated the most impactful strategies and communication means of the moment."

The three banks, whose mission, vision and values reveal orientation and focus towards customer, employee and community, have a high reputation and a high popularity ranking being on the top positions in the asset rankings and the number of clients. These issues were surprised by us in **Table no. 5** and **Table no. 6**.

Table no. 5 – Ranking of the main banks depending on the assets value

TOP	Bank	2014(mld lei)	2015 (mld. lei)	2016 (mld. lei)
1	BCR	59,03	59,46	67,5
2	Banca Transilvania	35,61	47,38	51,5
3	BRD	45,18	49,1	50,6
4	Raiffeisen Bank	28,73	31,44	33,5
5	UniCredit Bank	28,69	30,6	32,68
6	CEC Bank	27,98	27,53	<i>There are no data available at the time of the study</i>
7	ING Bank	18,17	23,37	28
8	Alpha Bank	16,95	15	14,65
9	Bancpost	11,53	11,38	<i>There are no data available at the time of the study</i>
10	Garanti Bank	8,22	9,58	9
11	OTP Bank	4,74	8,58	8,6

Source: Personal elaboration based on the informations provided by **NBR** through the annual reports (for 2014, 2015) and www.bankingnews.ro

Table no. 6 – Evolution of customers within the main banks in Romania

Bank	2010 (mil. customers)	2013(mil. customers)	2016 (mil. customers)
BCR	4,6	3,2	2,8
CEC Bank	approx. 3,4	3,4	2,7
Banca Transilvania	1,8	1,76	2,25
BRD	approx. 2,5	2,27	2,25
Raiffeisen Bank	approx. 2	2	2,1
ING Bank	over 0,9	over 1	1,1
Bancpost	<i>There are no concrete data available at the time of the study</i>	over 1	over 1
UniCredit Bank	0,51	0,65	<i>There are no concrete data available at the time of the study</i>
Garanti Bank	approx. 0,15	0,45	<i>There are no concrete data available at the time of the study</i>
OTP Bank	approx. 0,2	0,31	<i>There are no concrete data available at the time of the study</i>

Source: Personal ellboration based on the informations provided by www.bankingsnews.ro and www.infobancar.ro (ranking based on the data provided by bank officials)

Table no. 7 The profit evolution within the main banks in Romania

Bank	2010 (billion RON)	2013 (billion RON)	2016 (billion RON)
Banca Transilvania	0,134	0,375	1,277
BCR	0,477	0,336	0,886
BRD	1,008	(0,384)	0,764
ING Bank	<i>There are no concrete data available at the time of the study</i>	<i>There are no concrete data available at the time of the study</i>	0,474
Raiffeisen Bank	approx. 0,356 (83 millions eur)	approx. 0,464 (104 millions eur)	approx. 0,451 (100 millions eur)
UniCredit Bank	0,171	0,095	0,329

Source: Personal elaboration based on the data provided by the financial statements prepared according to the International Financial Reporting Standards

The profit evolution for the most important banks in Romania is surprised by us through **Table no. 7**. According to the data above, among the most profitable banks in 2016 (according to the bank's financial results) top positions are occupied by: **Transilvania Bank**, which ranks first, reporting the highest profit from the Romanian banking system - 1.27 billion RON; **BRD**, which registered in 2016 a net profit of approx. 764 millions RON (the best after 2009) ranked third; **Raiffeisen Bank** is occupying the fifth position with a net profit of 450 millions RON.

5. Conclusions regarding the pragmatism of vision in CRM

From the perspective of what we have outlined until this point, in a synthetic formulation, the main conclusions of this paper can be summarized as follows:

- First of all, we stress that the strategic direction of our research was oriented towards the relevance of formulating the vision of banks related to the customer relationship management, implicitly related to their competitive advantage obtained on the Romanian market. Thus, from the statements of the banks' visions, as well as according to the reputation obtained, the level of the assets held or the profit recorded by them, it was possible to deduce that the most competitive banks are those whose vision reveals the orientation towards customer relationship consolidation, maintaining a stable relationship with the employees as well as the orientation towards the community well-being, thus the social welfare.
- Another conclusion that we come up with from this analysis is that, in the light of the increasingly diversified needs that the customers have, they choose the bank, taking into account certain parameters, including the *employees' amiability and the quality of the advice provided by the bank employees*. Under these conditions, the level of training and the experience of the employees as well as the volume of managerial, social or human relation knowledge available to the relationship managers is of particular importance in establishing a high level of trust among potential clients, attracting new clients, keeping existing ones and managing relationships with them continuously and dynamically.
- Regarding the strategic direction, the responsibility of the bank's management remains to define or even to redefine the vision of the organization, whose purpose is to inspire employees to achieve organizational goals (which must become their own goals to be successfully fulfilled). Under these conditions in the organization's general vision should be found a general orientation of the bank's management towards clients and their needs (unrequited or misunderstood visions are losing their value).

- In the same sense, the multitude of variables that influence the customer relationship management is a "hindrance" in quantifying precisely the output of such an activity. In the context of a sustainable economic progress, we believe that management's vision is one of the most important subjective parameters to establish, among employees, the desire to understand the needs of customers and to contribute to the design of innovative goods or services to meet the more and more personalized needs of those.
- Under knowledge revolution conditions, a context in which intangible assets acquire a great importance in the structure of the socio-economic life, we believe that in order to be competitive the banks should not pursue a universal recipe, but to make full use of the knowledge, experience or expertise of those employees who come in direct contact with customers which are, by far, the most important asset in any organization.
- Finally, in the context of the current Romanian "banking landscape", when the tendency of financial globalization is felt in the competitive struggle of these institutions, we believe important that in the structure of the bank's board of directors to be part of presidents, vice-presidents or members with different nationalities, eventually raised and educated in different countries/cultures (in the case of the three banks, **Raiffeisen Bank**, **BT** and **BRD** this happens). These whereas, any new good or service does not have to strictly meet the characteristics of the market on which the bank operates but international valences.

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ABOUT FISCAL BEARABILITY OF ROMANIAN ENTERPRISES AND THEIR ECONOMIC COMPETITIVENESS

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Abstract

In this paper we aimed to define the concepts of fiscal bearability and economic competitiveness of enterprises in Romania and try to establish a correlation between these two indicators. In our approach we expressed fiscal bearability through tax burden of enterprises and economic competitiveness through their turnover (both expressed as chain based indices). Regarding the correlation between fiscal bearability and competitiveness of firms, it does exist, and is inversely proportional. To be competitive, turnover should be inversely proportional to the tax burden (turnover increases, tax burden decreases), as demonstrated on the basis of the annual economic and financial situations of economic agents in the real economy of Romania, provided by the Ministry of Finance.

Key words: fiscal bearability, competitiveness, tax burden, turnover, enterprises

Jel Classification: H 25, M 41

1. Introduction

Concerning competitiveness, we can not speak of a unanimously accepted definition, of an unitary concept; the specialized literature reveals very different points of view in defining, measuring and understanding this concept, which determines its definition to embrace multiple approaches. Therefore:

- competitiveness becomes a dominant factor in supporting economic growth and reducing gaps in the context of convergence processes;
- competitiveness has a relative dimension, rather than an absolute one;
- the hierarchical system of socio-economic competitiveness of a country makes clear distinction between its components and factors, the economic competitiveness being only a part of this (but an extremely important part). The ultimate goal is the well-being of a nation, and its degree of achievement represents the best measure of competitiveness in relation to other countries.

Concepts used in defining competitiveness are:

- "technological competitiveness" - refers to the ability to successfully launch new goods and services on the market;
- "competitive capacity" - refers to the ability to exploit new technologies, innovations through their widespread application in as many fields as possible;
- "competitive cost / price" - defined as an indicator either by the unit cost of labor in industry in a common currency (as a horizontal measure at firm's level) or by the gross domestic product per capita (vertical axis, at the level of regions or nations) or through productivity, whose difference is reflected in the exchange rate between countries;
- "competitive demand" - expresses the relationship between one country's production (structure of trade) and the structure of global demand, essential in the analysis of competitiveness;
- market orientation, which gives superiority to competitiveness results, is addressed by Day and Wensley (1988) through its position to resources (qualified labor), assets-capital-possession of the source and market position (positional advantage).

Theories regarding the competitiveness can be grouped into three categories:

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1. The approach based on the theory of comparative advantage and / or the competitiveness of the price, found in the works of Fakiolas, 1985, Durand and Giorn 1987, Fagerberg, 1988 and 2004, Hilke and Nelson, 1988, Porter, 1990, Krugman, 1991, Rugman and D. Cruy, 1993, Bellak, 1993, Cartwright, 1993, Hodgetts, 1993.

2. Strategy and management approach, found in Parsons' work, 1983; Kogut, 1985; Porter, 1985, 1990, 1999; Porter & Millar, 1985; Ghoshal & Kim, 1986; Day & Wensley, 1988; Peters, 1988; Yip, 1989; Grant, 1991; Mahmoud et al., 1992; Mahoney & Pandian, 1992; Mathur, 1992; Powell, 1992a, 1992b; D'Cruz & Rugman, 1993.

3. Approach from historical and socio-cultural perspectives, found in the works of Hofstede, 1980, 1983; Kennedy, 1987; Hofstede & Bond, 1988; Aaker, 1989; Franke et al., 1991; Porter et al., 2001.

In Romania, in some of the most recent studies competitiveness is being addressed:

- at national level
 - are based on a set of specific indicators that can reveal different aspects under investigation (Altar et al., 2006, coordinator Iancu, 2005, coordinator E. Pelinescu, 2006);
 - an integrative model for the economy (Mereuță, Hornianschi, Chilean and others, 2005, Mereuță and others, 2004, 2010, 2012);
 - regional competitiveness index - GEA, 2007,
 - regional competitiveness indexes based on integration criteria - Mereuță 2007, Chile 2011,
 - cascading decomposition of GDP per capita based on inter-correlated factors - Vincze, 2003, Chilean, 2011,
 - analysis of Competitiveness Harmonization in Process and Chance, Chilean 2011,
 - analysis of External Competitiveness of Regions Based on Comparative Advantage Theory, Chile 2011, 2013,
 - panel models for analysis of regional competitiveness determinants, Jula, 2009, Chilean, 2011)
- at the firm's level (Tudor-Soare, 2006, B. Pelinescu, 2010).

2. Theoretical aspects regarding the firms' competitiveness

Enterprises are the engine of economic growth and their performance depends on the competitiveness of the whole economy. Improving their access to the factors, their participation within the European single market, their investments in optimizing the industrial base, complying with the principles of sustainable development, represents a critical condition for ensuring the competitive functioning of the Romanian economy.

The European Union's strategic objective is to transform Europe into "the most competitive and dynamic economy in the world, capable of sustainable economic growth, with more and better jobs, and greater social cohesion" (strategic objective for the year 2010, established at the Lisbon European Council in March 2000).

According to the proposed strategic objective, competitiveness is the characteristic of the new European economic system. Considering the context of the amplification of the globalization phenomenon, this feature (competitiveness) has become an emblem of this system. Achieving this objective at macro level will be possible by transformations from the micro level.

From the semantic point of view, in the traditional economic system, competitiveness at microeconomic level has several meanings: cost reduction, productivity increase of production factors, etc. The new European economic system adds to competitiveness new valencies that must find themselves at micro level, based not on resources but on knowledge and innovations:

"Europe needs to renew its competitiveness base, increase its growth potential and productivity and strengthen social cohesion, with particular emphasis on knowledge,

innovation and optimization of human capital. In order to achieve these objectives, the European Union must mobilize all its national and community resources - including cohesion policy - in the three-dimensional strategy (economic, social and environmental) so as to unite their synergies in the overall context of sustainable development." (Communication from the Commission: Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007 - 2013, Brussels, 05.07.2005, COM (2005) 0299, p.4).

The new form of competitiveness is no longer a quantitative one, but a qualitative one, fewer goods and services with higher added value. Competitiveness is the ability to defeat in a competition, regardless of the environment in which it takes place. In order to be competitive, Romanian firms need to establish certain objectives such as: flexibility, position (value) on the market, liquidity and profitability. These objectives can be achieved if there are initiative, knowledge and rigor at the enterprises' managers level, if fiscal and monetary policies are coherent and effective, the quality of the human factor (as a production factor) is increasing.

In an increasingly competitive economy, competitiveness becomes an essential condition for the existence of service-producing firms. Achieving competitiveness by an enterprise requires permanent adjustment to market conditions and consumers demands. We live a period characterized by the "consumer / client dictum" in which bidders, in order to be competitive, must constantly be concerned about meeting his(the client) requirements. Consequently, we can say that there is a strong relationship between product quality and competitiveness, and the latter represents an engine for enterprise development.

Competitiveness can be defined as the company's ability to resist market competition. This desirability of any enterprise is ensured by a number of interdependent factors:

- profitability;
- investing profits in improving and developing activities;
- improving product quality while reducing costs;
- Expansion of markets - due to a favorable price / quality ratio for the consumer;
- expanding production capacities and hiring new employees;
- adapting existing products to changing customer requirements, designing and launching new products on the market.

The company's competitiveness can only be assessed by reference to competing enterprises. In practice, the competitiveness of a firm is analyzed by two indicators - the profit obtained and the impact of the products / services on the market.

In modern management, profit is not seen as a company's finality, but rather as a means to ensure its existence, development and achievement of the economic and social goals it has set itself. In other words, the basic objective of the enterprise must be to satisfy the client and society as a whole. Profit, however, is an indicator of the company's performance and competitiveness, being seen as a consequence of achieving the economic and social goals set by the enterprise as a reward for success on a competitive market.

3. About the degree of fiscal bearability

This is one of the most important indicators to be taken into account when assessing the effectiveness of authorities action; is a feature of tax administration. The degree of supportability is a complex indicator. Heterogeneity makes it particularly difficult to measure, being a permanent challenge for the political decision-maker. In fact, the degree of supportability is expressed by:

- the capacity to manage transformations by the political decision maker;
- the ability of economic and social partners to absorb the costs of transformations.

It can be noticed that the correct assessment of the degree of bearability of the socio-economic environment includes itself within what is called risk management.

Theoretically, fiscal supportability is given by the amount to which it would be given up for the State; or, in other words, at what level of tax pressure the taxpayer (a physical or legal person) is tempted to make tax evasion.

When we talk about the ability of the economic environment to absorb the costs of transformations in fiscal policy, we are not just referring to the assumption of tax increases. There are many other ways in which taxation can increase without changing overall levels. Taxation may increase, for example:

- by taxing new activities that were not subject to taxation until then
- by withdrawing facilities and / or deductibility
- by changing payment methods (for example, shortening the payment period to the moment of receipt)
- by raising interest and penalties for non-payment cases
- by complicating bureaucratic procedures
- by failing to pay in time the state's payment obligations to the taxpayer, for example, VAT refund
- by maintaining tax levels if it is gradual, but by modifying (lowering) the thresholds
- by the appearance of parafiscal charges or by the modification of the depreciation regime.

The way in which the economic environment absorbs the costs of transformations is directly influenced by the quality of legislative action. Fiscal legislation, in the modification procedures, must have several characteristics, in order not to induce negative effects.

► must, according to the European Commission, follow smart regulation. This implies, first of all, a certain „roadmap”, which should include the legislative options in the field;

► it involves an impact assessment, an ex ante evaluation; after each step, an ex post evaluation. At each stage of the regulation, consultations must be held between decision-makers and social partners;

► must provide predictability;

Legislation in the field of the Fiscal Code must be covering, leave no area outside legislation, avoid the risk of revisions at short time, avoid ambiguities and be related to the rest of the legislation;

► the form must be concise, and methodological details, by rules and implementation orders, should be avoided.

The degree of tax compliance is directly influenced by taxpayers' behavior, their voluntary tax compliance. Voluntary compliance is also important because it provides revenue to the state budget, but especially because it offers a certain predictability, which is particularly important in setting up overall budgetary policy.

The degree of voluntary compliance with tax obligations is calculated as the ratio between current receivables and declared amounts for the reporting period. However, the degree of voluntary compliance is not only the result of civic consciousness, the improvement of taxpayers' behavior, it is a priority objective of fiscal policy. Voluntary compliance is a reaction, a positive or a negative response to what the authorities propose. The widening of the range of services available to taxpayers, the predictability and supportability of legislation, the computerization of the tax system are all the possibilities the state has at its disposal to improve the voluntary compliance of taxpayers.

An example in this context is the increase in the VAT rate (from 19% to 24% in 2010), the evolution (involution) of VAT receipts indicating that the effects of its increase were not reflected in the increase in tax revenues but in the increase of tax evasion. The attitude of the economic environment was to reject this measure (in 2008, with VAT of 19%, the collection was 8,0% of GDP, in 2014, with 24% VAT, the collection was 7,5% of GDP).

Taxation is generally perceived at the firm's level as the most pressing issue they face with in their activities. High competition, lack of demand, high production costs, lower payment discipline in the economy, etc. are problems reported as significantly less acute than the level of taxation.

4. Determination of the correlation between the degree of fiscal bearability and the degree of competitiveness

In determining the correlation between the degree of fiscal bearability and the competitiveness we chose the companies that recorded profit on December 31, using the data from the balance sheets of the economic agents active in the real economy.

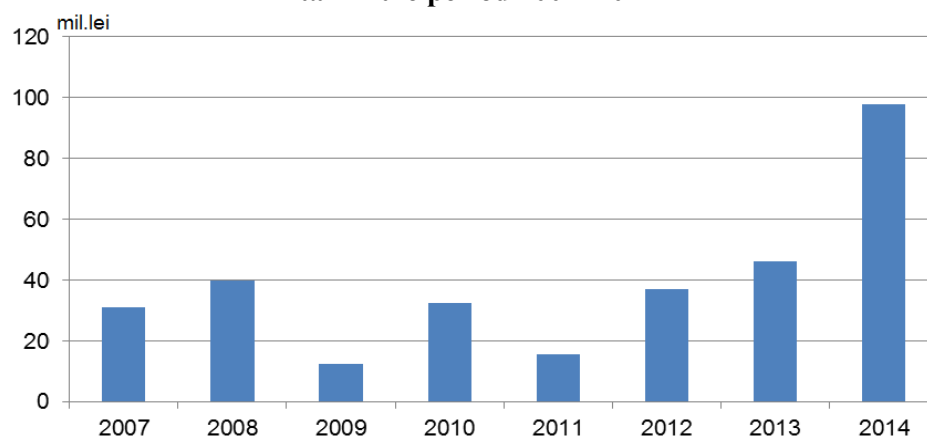
The facility was considered to be the difference between effective (reported) tax and statutory tax (16%). This difference, if positive, means that the company benefited from facilities, and if it is negative, it does not have facilities. The situation of these facilities resulting from the data in the balance sheets of the economic agents active in the real economy is presented in the table below. The facilities also appear to be negative if the declared corporate income tax is higher than 16%.

We therefore have:

- fiscal bearability = $\Delta \text{ profit} * 16\%$
- competitiveness, for example income $\Delta > 0$,
respectively
- $\Delta \text{ profit} > 0$
- Facility = Reported Tax - Tax 16%

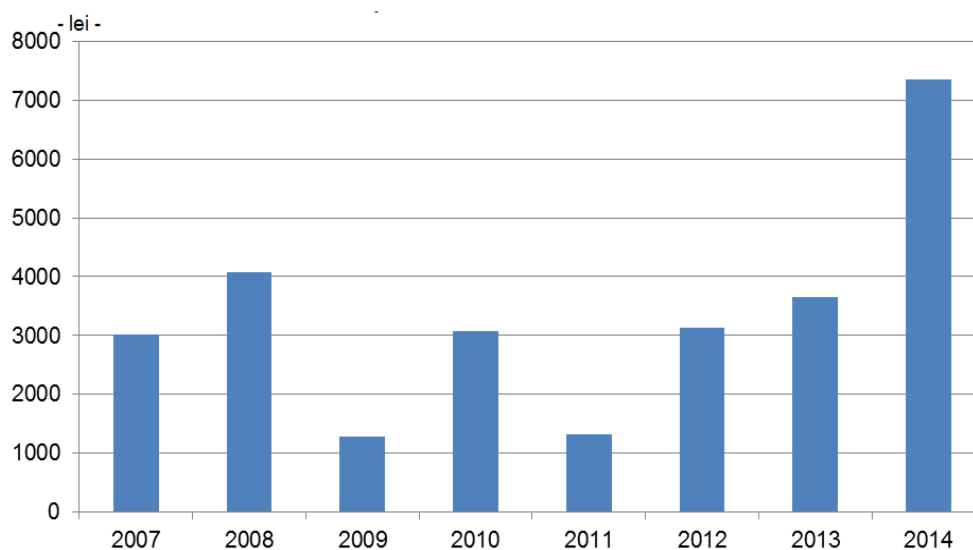
There were also calculated the fiscal facilities on average on a firm.

Figure 1. The Evolution of total tax incentives in the field of agricultural profit tax in the period 2007- 2014



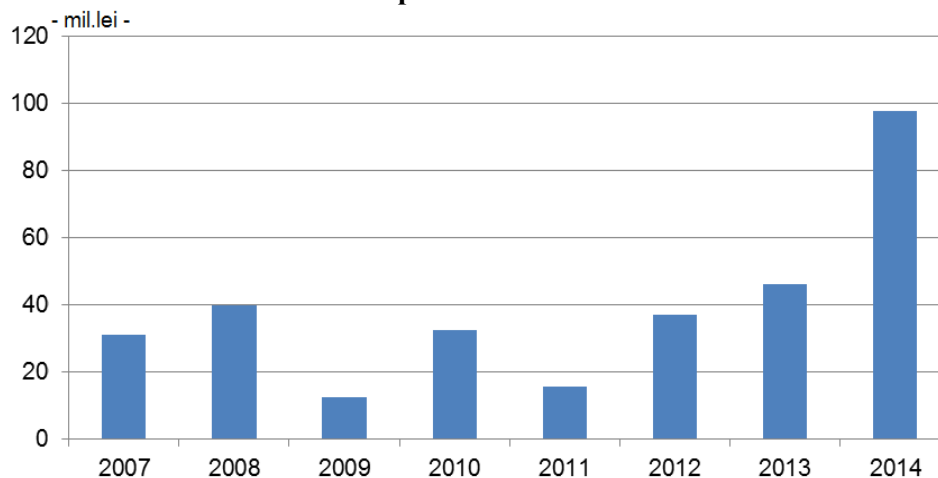
Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Figure 2 Evolution of average tax incentives per firm in the field of agricultural profit tax in the period 2007- 2014



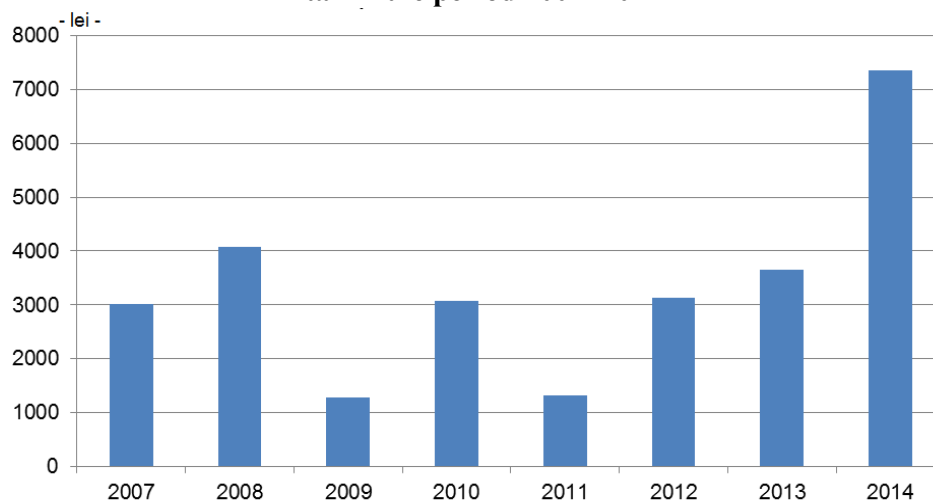
Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Figure 3 Evolution of total tax incentives in the field of agricultural profit tax in the period 2007- 2014



Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Figure 4 Evolution of average tax incentives per firm in the field of agricultural profit tax in the period 2007- 2014



Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

In order to observe a potential correlation between the fiscal supportability and the competitiveness of the enterprise, we have exemplified for the companies in the "agriculture" branch, and we have used the following indicators: for fiscal supportability - fiscal pressure (calculated on the basis of the chain-based evolution index), turnover (based on the chain-based evolution index).

Table 1 Total turnover and fiscal pressure for agricultural active firms in the period 2007-2014

Year	Turnover in agriculture - mld.lei -	Fiscal pressure - % -
2007	14,43	33.72
2008	19,05	24.74
2009	17,81	26.8
2010	21,47	27.46
2011	30,61	27.94
2012	33,18	25.79
2013	30,91	27.92
2014	31,54	27.81

Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

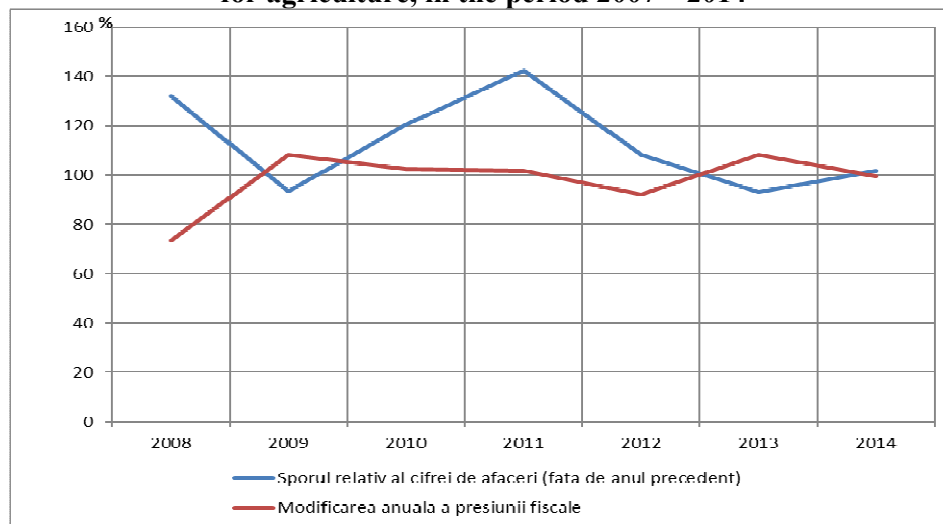
Tabel 2 The chain-based index for total turnover and fiscal pressure for agricultural firms (%)

Year	Turnover in agriculture	Fiscal pressure
2008	132,02	73,37
2009	93,47	108,37
2010	120,56	102,46
2011	142,58	101,75
2012	108,40	92,30

012		
2	93,17	108,26
013		
2	102,02	99,61
014		

Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

Figure 5 Evolution of total turnover and fiscal pressure for agriculture, in the period 2007 – 2014



Source: Own calculations based on the annual economic and financial statements of economic agents in the real economy of Romania, 2007 - 2014, Ministry of Public Finance

For competitiveness, the turnover should be inversely proportional to the fiscal pressure (comparability is made between independent indicators, with the same unit of measure - in this context, I calculated them as chain-based indexes to observe the evolution from year to year) - turnover increases, tax pressure decreases.

Fiscal pressure is calculated as a ratio between the total of taxes and dues of the enterprise and its gross added value (value added is calculated by the analytical method: profit, depreciation expense, labor, without turnover included).

Particular attention should also be paid to the rhythms of growth / decrease of the two indicators. Any increase in fiscal pressure leads to a decrease in turnover (and vice versa).

The fiscal supportability is "given" by a certain interval, with a lower or higher limit, where the enterprise can perceive tax regulations and their changes and also behaves normally. The lower limit means that the economic agent does not perceive the fiscal pressure as being burdensome, so he has a normal behavior. The upper limit implies that the company changes its normal state due to the "too strong" perception of tax obligations, fact reflected in the evolution of performance indicators. This state of normality is also influenced by other factors, namely the size of the firm, the branch in which it operates, its health, etc.

Competitiveness means that the company operates on the market in accordance with the required rules and meets / adapts to any regulatory change, customer demand, change in the behavior of the competition. The company has a positive reaction, from the perspective of its economic and financial results, to changes in the business environment, and adapts itself to these changes.

When the two indicators, bearability and competitiveness, "engage", if they are within the supportability range, they may have a reaction. According to the Figure 5, there is a correlation between the two: in 2009, the fiscal pressure increases, coupled with a decrease in

turnover (due to the economic crisis and the fiscal measures taken), in 2013 we have the same situation, only the rhythms of growth / decrease are not that strong.

The Figure above will change for the year 2017, since, according to the changes in the Fiscal Code that will occur in 2017, the tax pressure will decrease due to the reductions in taxes.

5. Conclusions

In this paper we tried to present the concepts of fiscal bearability and competitiveness of firms, and to see if there is a possible correlation between these two indicators.

This correlation exists, and is inversely proportional. We have illustrated by using as indicators the turnover and the fiscal pressure (both expressed in chain-based indexes). To be competitive, the turnover should be inversely proportional to the fiscal pressure (turnover increases, the fiscal pressure decreases), which is demonstrated on the basis of the annual economic and financial statements of the economic agents in the real economy of Romania.

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THE DISCRIMINATION OF EMPLOYEES ON THE EU LABOR MARKET

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Abstract

Discrimination is not limited only to work, many people experience it at a certain stage of life, and the reasons vary. The law seeks to regulate these areas where discrimination is widely known. Discrimination on grounds of gender, race or disability is the most common form, but a person may also be discriminated against on other grounds: age, religious beliefs, sexual orientation, or a criminal record. The anti-discrimination legislation makes vulnerabilities during the recruitment process of recruiting minimized. The article aims to present the phenomenon of discrimination at the workplace from two perspectives: the stage of knowledge of concepts and the dynamic analysis of relevant indicators. The research method used is the analysis of secondary sources and the sample consists of employees of organizations from the territory of the EU member states.

Key words: job, vulnerability, discrimination, human resources

JEL: D 63, J 71

1. Theoretical approach

In a context of rapid changes and intense aging of the population, jobs are not just a political ambition, but a necessity of an economic and social nature too. The job gives the individual money, safety and stability. In order to ensure a proper working climate, it is very important to ensure equal treatment in the labor market.

In the text of the Directive no. 2006/54 / EC are defined the most important notions for the field of ensuring equal treatment on the labor market of individuals. These are as follows ([http://www.perfect-service.ro/intelinet/2010/martie/intel\(i\)net.php?legatura=2](http://www.perfect-service.ro/intelinet/2010/martie/intel(i)net.php?legatura=2)):

1. *direct discrimination*;
2. *indirect discrimination*;
3. *harassment*;
4. *sexual harassment*;
5. *remuneration*;
6. *professional systems of social security*.

Classical discrimination refers to the application of unequal or unfair treatment in relation to that used for other people or groups, treatment due to gender differences, ethnicity, age, country of origin (Massey D, 2007). Employment faces a variety of vulnerabilities. To open the formal labor market to vulnerable groups are necessary (http://media.hotnews.ro/media_server1/document-2009-09-22-6180947-0-riscuri-inechitati-sociale-romania-sinteza.pdf):

- (a) constant changes of the regulations regarding work relations;
- (b) favouring temporary demand;
- (c) remedy and extend active temporary employment measures;
- (d) introducing new financial support schemes for people who no longer have a job.

2. Discrimination in the labor market

Methodology of research

Research objectives:

The fundamental objective is to identify and analyze discrimination in the EU labor market. It is divided into:

O1: Knowledge of the percentage of European discriminated workers at work;

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O2: Identify the share of people expected to lose their jobs in the coming months

Research hypothesis:

H1: From 2005 to 2015, the percentage of Romanian employees discriminated at the workplace doubles;

H2: The inhabitants of the EU Member States are optimistic about the current job and perceive it as safe.

H3: At EU-28 level in 2016, the percentage of women with management position increases compared to 2005.

The research method and the sample. For this research, the method of analysis of secondary sources (European statistics taken from EUROSTAT) was used, and the sample surveyed consists of Member States' representatives from the EU. The statistical analysis of the phenomenon of discrimination at the workplace is presented in the following three table and three figure.

Table 1. The percentage of the employees discriminated at the workplace

GEO/TIME	2005	2010	2015
European Union (28 countries)	4,8	6,2	7,2
Romania	4,2	4,8	8,4

Source: <http://appsso.eurostat.ec.europa.eu/nui/setupDownloads.do>

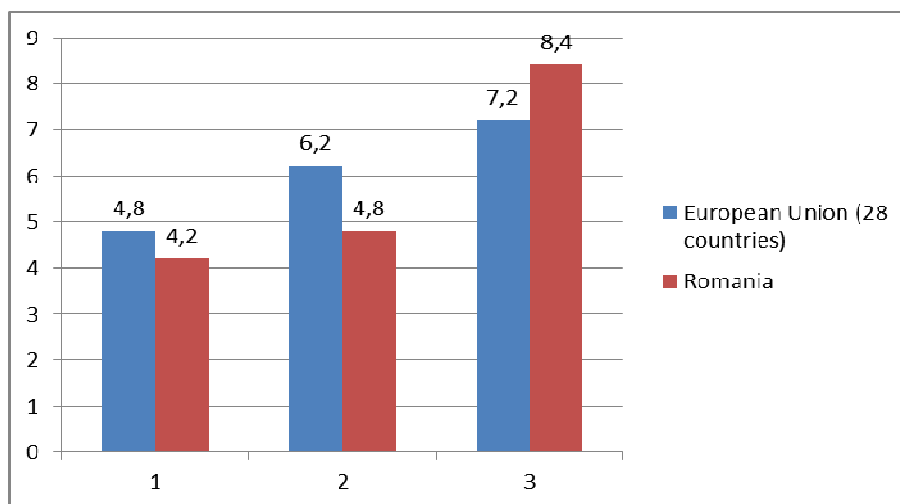


Figure 1. The percentage of the employees discriminated at the workplace

Source: <http://appsso.eurostat.ec.europa.eu/nui/setupDownloads.do>

At EU level there is an increase in the percentage of people discriminated at their workplace, a change of 2.4%. In the case of Romania, the percentage of discriminated employees at the place of work doubles (from 4.2 in the first year analyzed at 8.4 in the last year). **The first hypothesis of the research was confirmed as a result of the dynamic analysis of the indicator of the percentage of discriminated employees.**

Table 2. The percentage of people who expect to lose their job

GEO/TIME	2005	2010	2015
European Union (28 countries)	13,8	16,5	16,0
Belgium	9,1	16,2	15,3
Bulgaria	23,1	29,5	11,7
Czech Republic	31,8	34,0	16,7
Denmark	7,1	9,8	11,0
Latvia	19,0	31,6	19,9
Lithuania	23,2	40,7	13,6
Netherlands	17,8	14,1	25,2
Austria	9,1	10,7	10,4
Poland	26,8	17,9	24,0
Portugal	19,5	18,3	19,1
Romania	19,3	24,5	16,3

Source: <http://appsso.eurostat.ec.europa.eu>

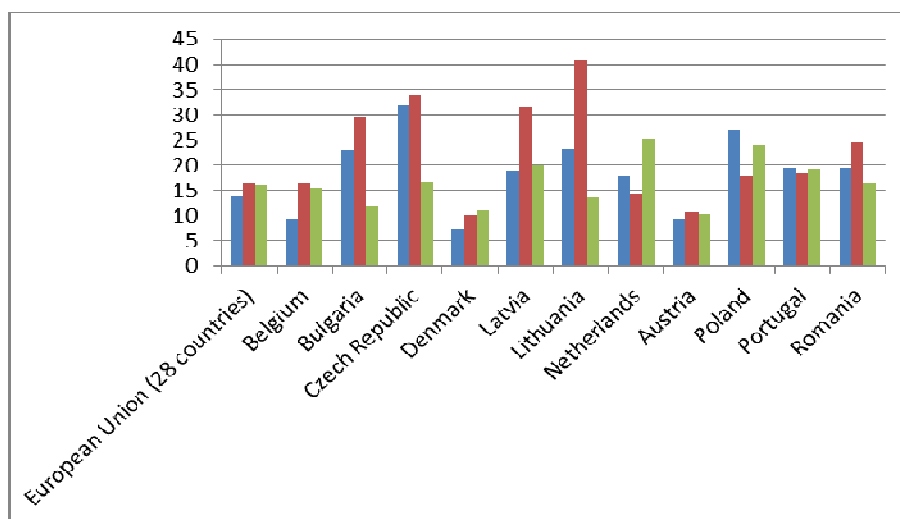


Figure 2. The percentage of people who expect to lose their job

Source: <http://appsso.eurostat.ec.europa.eu>

At EU level, but also in our country, the percentage of people expecting to lose their jobs increases. **The second hypothesis was not verified because the Romanians and the Europeans do not show the feeling of safety of the job.**

Table 3. The percentage of the women aged under 24 in management positions

Under 25 years												
geo\time	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU (28 countries)	44	46,3	44,6	45,5	42,8	41,7	40	39,8	40,5	43,2	42,5	42,5

Source: <http://appsso.eurostat.ec.europa.eu>

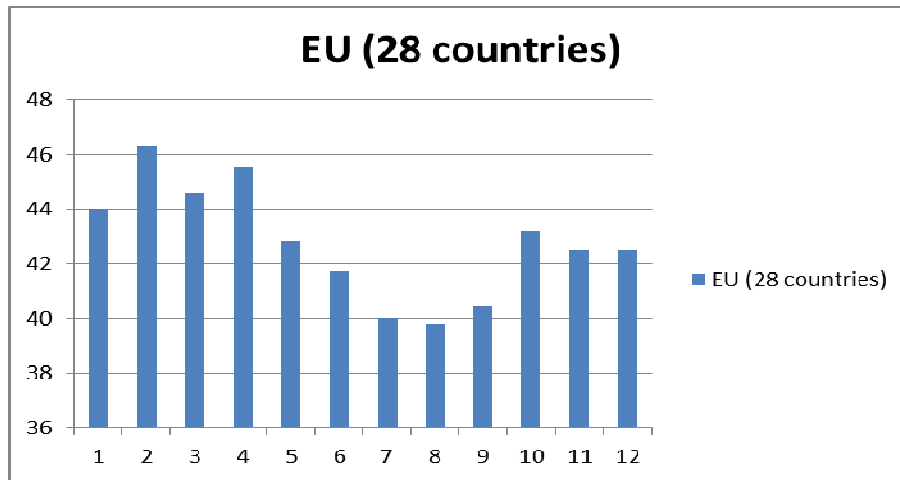


Figure 3. The percentage of the women aged under 24 in management positions

Source: <http://appsso.eurostat.ec.europa.eu>

At the level of all EU Member States, the percentage of women under the age of 24, but in a management position shows a decrease of 2%. Thus, **the last hypothesis of research has not been verified.**

Conclusions

Discrimination at the workplace exists, an employer treats a human resource inappropriately only because of race, religion, sex, origin, disability. There may also be some apparently correct policies or procedures of the employer, but which have a discriminatory impact on members of special groups. Discrimination may be against a single person or group.

The statistical analysis of indicators reflecting the discrimination of the employees highlights the fact that Romanians and Europeans feel vulnerable and insecure at work. In conclusion, it can be said that although there is legislation on discrimination at the workplace, this is a phenomenon that cannot be eradicated.

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AN EMPIRICAL STUDY ON THE RELATIONSHIP BETWEEN HUMAN RESOURCES MANAGEMENT PRACTICES AND LABOUR PRODUCTIVITY

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Abstract

Human resources management represents an intensely debated subject in the specialized literature. One particular issue regarding this field is represented by the specific human resources management practices and their influence on organizational performance.

The modern companies regard their employees as valuable resources and recognize the need for their development. The human resources exert a great deal of influence on the evolution and performance level of an organization through their specific skills, involvement, and individual activity results. Therefore, the study of the relationship between the human resources management practices and the organizational performance represents an important issue. Among the indicators used to express the performance level, the most frequently encountered is labour productivity.

Based on an empirical study, this paper intends to analyse this relationship in the case of the Romanian companies. The structure of the paper is the following: firstly, an overview of the human resources management practices and the relationship with the organizational performance, especially the labour productivity, is presented, and then the results of several previous studies on this topic in Romanian companies are discussed in relation to the subject approached. The next section presents the research methodology, followed by a section reserved for data analysis and interpretation.

Key words: human resources management practices, organizational performance, labour productivity

JEL Classification: M1, M54

1. Introduction

Human resources management practices represent a subject that has been approached by different specialists. Various issues were analysed within the specialized studies in relation to this concept. One of these issues, that proved to be of a particular importance, was the one concerning the relationship between these specific practices and the organizational performance.

The human resources within a company exert an important influence over the evolution and performance of the organization through their skills, involvement, and individual level of performance. People were considered as a source of competitive advantage for the company by different specialists that issued favourable arguments, even if in the specialized literature there were presented opposite points of view. The specific practices concerning human resources were often subject to an analytical process in relation to the organizational performance.

This paper intends to analyse the relationship between human resources management practices and the level of organizational performance that was frequently expressed by the labour productivity indicator. The analysis used in this paper is aimed at investigating this specific relationship in the case of Romanian companies, based on the results of an empirical study.

2. An overview on the relationship between the human resources management practices and labour productivity

The specialized studies have approached the issues regarding the relationship between the human resources management practices and organizational performance. One can notice

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that among the indicators used to express the level of organizational performance, the labour productivity was the most frequent.

The attention paid by different researchers to this subject demonstrates the particular importance of such research theme in the area of human resources management studies.

In order to emphasize the degree of interest for such a subject, we considered useful and necessary to present the results of several studies dedicated to this theme within the specialized literature. One of the most cited studies is the one undertaken by Ichniowski et. al. (1997) that pointed out the positive influence of innovative human resources management practices over the level of labour productivity within the studied companies. Such innovative practices were considered financial incentives, teamwork, flexible working time arrangements, job security and personnel's training activities. The results have indicated that the companies using such practices have registered a higher level of labour productivity than the ones that didn't. This situation proves the importance of the research subject.

The results of another study by Tamkin (2004) indicated that the organizations using these specific practices have registered significant differences in productivity levels, up to 40%, compared to those that were not using such practices.

Other researchers have found that the human resources management practices have generated an increased level of employee's involvement that positively relates to their productivity and also the fact that the use of specific practices regarding the reward granted had a favourable influence on the labour productivity (Boselie and Wiele, 2002).

More recent studies have indicated the same positive correlation between employees' reward practices and the level of labour productivity (Soomro et al., 2011).

The relationship between human resources management practices and organizational performance, expressed by labour productivity, was approached in different surveys. At European level, one of the most revealing was the European Company Survey (2009). Based on the results provided by this survey Jungblut and Storrie (2011) have analyzed the influence of the innovative practices concerning human resources on the performance level of the companies participating in the study.

Four indicators were considered for the performance level: work climate, the lack of problems concerning the human resources domain, labour productivity, the financial results obtained by each company.

There were considered as innovative human resources management practices: working time arrangement, where practice related to part-time systems or extra time compensations were targeted, financial incentives, especially related to performance, training practices, in this particular case, there were considered practices such as the ones regarding the training programs provided for the part-time employees, autonomous teams, based on the liberty granted to the employees in selecting the tasks to be accomplished and establish the persons responsible for them and those practices regarding the employees' involvement in different processes within organization.

The results of the mentioned study have indicated that the most common practices are the working time arrangements ones, followed by those practices regarding the employees' training, the use of autonomous teams, the practices targeting the employees' involvement and finally, the practices regarding the financial incentives.

The analysis of the relationship between these practices and the performance indicators considered revealed several particular situations. The most significant results were registered in the case of the practices regarding the employees' involvement related to the absence of the problems concerning human resources domain. In the same category, there was mentioned the relationship between training practices and labour productivity. It is also worth mentioning the positive relation between incentive reward and labour productivity. Autonomous teams positively affect the labour productivity and also the working climate.

The above-mentioned results prove that an array of human resources management practice exerts a positive influence on the labour productivity within an organization.

Another issue that should be discussed in relation to the correlation between human resources management practices and labour productivity is represented by the concept of HPWP (high-performance working practices).

These practices represent a set of interrelated human resources management practices that allow a company to recruit, select, develop, motivate, and maintain their employees (Way, 2002).

This concept was approached in a more detailed manner by Pfeffer (1998). Pfeffer has studied a set of practices that included job security, the selectivity of the selection and recruitment process, autonomous teams, payment related to performance level, employees' training. The results obtained have indicated a significant and positive influence of these practices on the organizational level of performance.

The organizations that resort to such type of practices invest a considerable amount of money in human resources in order to ensure a well-prepared personnel, possessing the required abilities and the necessary degree of empowerment for accomplishing the specific tasks for their positions (Becker and Huselid, 1999).

Several issues need to be clarified when approaching the concept of high-performance working practices such as the measurement level of performance, the categories of practices and the systemic effect of such practices (Boxal and Macky, 2007). The systemic effect that points out the positive effect that a bundle of specific practices has on the organizational level of performance, is of a particular interest to our research.

Regarding the indicators used to measure the organizational performance, the studies that approached the relationship between these specific practices and the level of performance, have involved different types of indicators. Thus, in his study, Huselid (1995) aimed to analyze the correlation between such practices and employees' turnover, productivity and financial performance of the studied companies. The results obtained have revealed a significant influence. Another study undertaken by Delerey and Doty (1996) has pointed out a positive influence of the considered human resources practices on the profitability of the banks included in the study.

Other researchers have approached the influence of these practices both on the organizational performance and on the individual level of performance (Applebaum et al., 2000).

Another perspective regarding these types of practices has emphasized, on the one hand, the positive and significant correlation between the high-performance working practices and the employees' involvement. On the other hand, a positive influence was indicated between the involvement level and the considered performance indicators such as operational expenses or company profitability (Wright, Gardner and Moynihan, 2003).

This approach underlines the mediation effect that occurs in the relationship between these specific practices and the organizational performance, through the results generated by this kind of practices. One of the most analysed results was the employees' involvement. In this context, the study of Ahmad and Schroder (2003) pointed out the positive influence of these practices on the operational performance through the degree of involvement.

This situation has been identified by other researchers (Benson and Lawler, 2003; Ramsay et. al., 2000) who reached the conclusion that a higher level of involvement generated by the use of such practices determined an increased level of performance.

The same conclusion was reached by Karatepe (2013) in his study regarding the use of high-performance working practices in the tourism industry. These practices such as training assessment, employee's empowerment and rewards have generated an increased level of involvement with positive effects on the individual performance.

The researchers have identified some differences regarding the use of this kind of practices between companies of different sizes. Thus, the small companies were using few or none of these practices. This situation is explained by the reduced availability of resources or by the strategic decisions made by the business' owners (Kroon et al., 2013).

The above-mentioned aspects prove that the relationship between human resources management practice and organizational performance generally and labour productivity, in particular, represents a complex subject. It was approached by different researchers that emphasized various issues regarding this correlation.

In the next section, we will present the results of several specialized studies that reflect the subject of human resources management practices used in Romanian companies.

3. Human resources management practices and performance of the local companies

The subject of human resources management was approached by different Romanian researchers and by several consulting companies. The particular issue of human resources management practices used by the local companies was better reflected in the specialized studies. Thus, we choose to approach this subject through the results provided by different studies.

have approached the issues regarding the human resources management practices in local companies. A wide range of specific practices was approached in various types of companies. The provided results enable a better understanding of this subject.

Their results proved that the specific practices are subject to a development process that marks the transition from a traditional approach to human resources domain, the administrative one, to a modern approach, strategically oriented.

The topic regarding the practices related to the organizational performance was reflected in these studies in an indirect manner. However, the information provided was sufficient in order to reach a conclusion regarding the development of such practices within the local companies.

The presence of the specific human resources management practices related to organizational performance was underlined by these studies. In order to provide a clear image on this topic, we decided to present those results in a synthetic manner for each of the analysed studies.

The studies undertaken by **Ensign Management Consulting** (2012, 2014 editions) indicated an increasing number of companies seeking to ensure a correlation between personnel' payment and the performance achieved. This practice is still in an early stage and there are a lot of possibilities for improvement.

The 2012 edition of the mentioned study revealed that only few companies used a performance monitoring system.

Both editions of the analysed study indicated some specific areas that need improvements such as career management, competencies management and performances management.

Based on the results provided by these two editions of the mentioned study we can conclude that the human resources management practices associated with a high level of performance are still scarcely represented in the studied companies.

Another specialised study, **Romanian Human Resources Outlook** (2011) provided some interesting results regarding the use of such specific practices related to the high performance. Thus, a small part of the budget of the human resources department is oriented toward the performance management activities. At the same time, the part of that budget targeted to personnel training and development was higher. Therefore, we can assume the concern of those companies for the development of the practices related to the level of performance.

Training activities were based on the use of e-learning platforms for an important number of the studied companies. The use of the modern technologies in the area of human

resources management practices has been proved to have a positive effect on the organizational performance. Moreover, such technologies enable a better assessment of the quality of the training programs which will provide a better understanding of the influence that such programs had over the employees' performance or the organizational ones.

Other practices related to the high performance reflected by the results of this study were the increased decisional power that determines the empowerment level of the employees, the flexible working time arrangements. Such practices have been proved by other specialised studies as ones with a positive influence on the organizational performance. We have to mention the fact that these practices' were still used by a reduced number of the studied companies.

European Company Survey (2013) provided some results that indicated a scarce usage of the practice relate to the high performance of the Romanian companies. Thus the flexible working time arrangement was indicated by a reduced number of the studied companies and only for a limited number of their employees. At the same time, the use of supplementary payment associated with performance level was limited to a reduced number of enterprises.

The 2013 edition of AON Romania study reflected the following results concerning the use of the human resources management practice related to the high performance of the participating companies. First, the level of involvement desired by the management of those companies was reported for the employees with ages below 25 and over 45 years old. The involvement level has been proved as a positive factor in the relationship with the organizational performance.

The managers in the studied companies indicated on a large scale that their organizations provided their employees with career opportunities, while the employees perceived those opportunities as reduced. Such career opportunities could generate a positive influence on the individual and organizational level of performance. The benefits provided for the employees in the studied companies were considered as appropriate by the managers, while the employees appreciated in a lower proportion that the company provided such benefits. The benefits provided by a company to its employees represent a practice that could allow an important improvement of the individual performance.

The information presented above has offered an image on the use of the practice associated with the high performance of the local companies. We can notice that such practices are still underdeveloped and there is a need for improvement. Therefore, the study of these practices and their influence on the individual or organizational level; of performance proves to be a topic that needs to be further analysed in the case of the Romanian companies.

In the next section of this paper, we will present the methodology used to develop our empirical study dedicated to this subject.

4. The research methodology

This research represents an empirical study aimed at disclosing human resources managers' opinions on the use of the human resources management practices and their influence over the individual performance, expressed by labour productivity. It represents part of an ampler research focused on revealing the current issues faced by human resources management.

The research used as main research tool a questionnaire. It comprised several sections focused on general data on the company, on strategies employed in the field of human resources and on the specific practices aimed at providing, retaining and developing human resources within the company. The questionnaire was distributed to human resources managers or those persons responsible for the specific activities, from companies located in Constanta County, between January – April 2017.

A total of 220 questionnaires were distributed, and 115 were returned filled in. Only 100 questionnaires were validated and subjected to analysis using SPSS (Statistical Data Analysis, version 21).

This case study emphasizes the research results from the sections regarding the human resources management practices aimed at providing (recruitment and selection), maintaining and developing (training and incentive payments) the human resources in the studied companies. The aim of the study was to investigate the correlation between these specific practices and labour productivity in the case of the participating companies.

The considered human resources practices was subject to evaluation using five-point semantic differentials (from 1- the least important, to 5 – the most important) or five-point Likert type scales from -1- total disagreement to 1-total agreement). For the evaluation of the labour productivity, we used the perceived importance expressed by the respondents (from 1- the least important, to 5 – the most important). In order to test the influence of these practice on the perceived importance of the labour productivity, several research hypotheses were formulated and tested.

In order to analyse the perceived importance granted by the respondents to the specific practices regarding the recruitment and selection, training and incentive payment we used three variables, each of them composed of several items. In the case of the first variable called Recruitment and selection selectivity, we considered a number of items reflecting the perceived importance of the main selection criteria used in the studied companies and also the importance granted to recruitment sources and selection methods used in the case of operative and management staff. For the variable expressing the importance of training practices, we considered several items that expressed the importance granted to personnel training, the number of participants to the training programs in the previous year and also the opinion regarding the impact of such programs on the individual performance. The last variable considered consists of two items that reflect the opinion of the respondents on the usage of supplementary payment formulas related to both individual and collective performance.

The analysed sample

Regarding the field of activity, the distribution of the companies involved in the study is the following (figure no. 1): the majority (87%) are active in the service field, 3% are industry based companies, 5% are active in constructions, and only 5% have agriculture as the main object of activity.

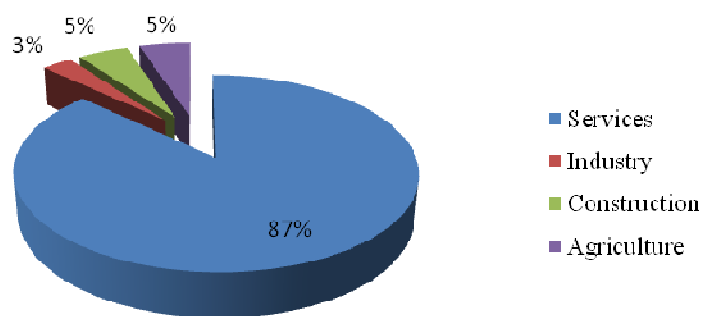


Figure no.1: The distribution of the companies by field of activity
Source: Data from survey

As far as the size of the companies is concerned (figure no.2), 45% of them have between 0 and 9 employees, 36% have between 10 and 49 employees, 10% have between 50 and 249, while 9% are large companies with more than 250 employees.

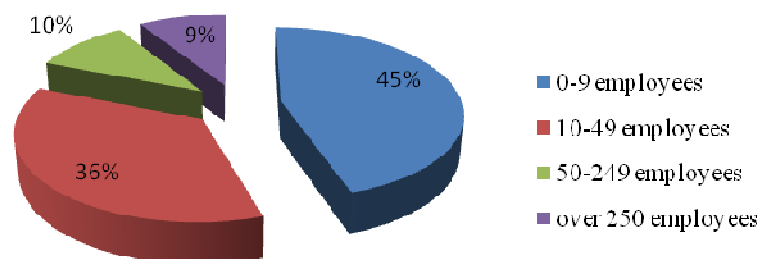


Figure no.2: The distribution of the companies by size
Source: Data from survey

5. Data analysis

In case of the first variable that reflects the selectivity of the recruitment and selection practices used by the participating companies, the obtained results indicated a medium value for the collected answers of 3.02, expressing a medium level of importance granted to this type of practices. For the training variable, the medium value of responses was 2.97, indicating the same situation regarding the level of importance. The variable expressing the use of incentive payment registered a medium value of responses of 1.27 that is equivalent to the opinion reflecting agreement.

For the perceived importance granted to the labour productivity the medium value of responses was 4.62 that reflects the highest level of importance.

Testing the hypotheses

H1. There is a significant and positive association between the selectivity of recruitment and selection practices and the importance granted to labour productivity

A test aimed to determine the Spearman' correlation coefficient was conducted. The choice for this test was influenced by the result of the Shapiro-Wilk test ($p < 0.05$) indicating that the two considered variables do not have a normal distribution.

The result obtained for the Spearman' correlation test was $r_s = .443$, $p = .000$. It indicates that there is a positive and significant association between the two considered variables. Therefore we retain the alternate hypothesis and reject the null one.

Based on this result we can assume that in the analysed companies the practices that ensure the selectivity in the recruitment and selection process, oriented towards a high level of performance, are positively associated with the importance granted to the employees' productivity.

H2. There is a significant and positive association between the variable expressing the training practices and the importance granted to labour productivity.

A test aimed to determine the Spearman' correlation coefficient was conducted. The choice for this test was influenced by the result of the Shapiro-Wilk test ($p < 0.05$) indicating that the two considered variables do not have a normal distribution.

The result obtained for the Spearman' correlation test was $r_s = .399$, $p = .000$. It indicates that there is a positive and significant association between the two considered variables. Therefore we retain the alternate hypothesis and reject the null one.

This result led to the conclusion that in the studied companies the variable that expresses the training practices, that are oriented towards high-performance levels, are positively associated with the importance granted to the employees' productivity.

H3. There is a significant and positive association between the variable expressing the use of incentive payment and the importance granted to labour productivity.

A test aimed to determine the Spearman' correlation coefficient was conducted. The choice for this test was influenced by the result of the Shapiro-Wilk test ($p < 0.05$) indicating that the two considered variables do not have a normal distribution.

The result obtained for the Spearman' correlation test was $r_s = .217$, $p = .000$. It proves that there is a positive and significant association between the two considered variables. Therefore we retain the alternate hypothesis and reject the null one.

This result led to the conclusion that in the companies participating in the study, the variable reflecting the use of incentive payment and which was positively related to high-performance levels by other studies, is positively correlated with the importance granted to the employees' productivity.

6. Conclusions

The study of human resources management practices generated a great deal of interest for researchers, especially concerning the relationship between these practices and the organizational and individual performance. The above-mentioned theoretical point of view presented the specific issues that the different researchers have identified when they approached this topic.

This subject generated various opinions in the specialised literature that reflected the importance of such a research theme. Based on the results provided by the specialized studies approaching the human resources management practices in companies from our country we reached the conclusion that this topic represents an area insufficiently explored.

Therefore, we considered relevant to investigate this issue through an empirical study on a sample of companies located in Constanta county.

The results of this study have confirmed the presence at a satisfactory level of those human resources management practices that have been proved, in the specialized literature, to be positively correlated with the high levels of performance. The existence of a positive and statistically significant association between the human resource management practices considered and the importance granted to personnel' productivity in the studied companies could be also noticed. Therefore, we can assume that such practices exert a positive influence on the employees' productivity in the case of the studied companies.

This study has revealed only a small part of this complex subject regarding the relationship between human resources management practices and the organizational performance in case of the Romanian companies. It pointed out some information that complete the results of other specialized studies that analysed the local companies and also indicates future research directions that could be considered.

Further research directions could analyse the differences between companies, considering their size or the level of development of these practices related to performance. Further research could also narrow down the type of investigated companies by their size or by field of activity or extend the sample to include companies from other counties.

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CASE STUDY: TIM HORTONS SOCIAL RESPONSIBILITY. GET BETTER INVOLVED TO BETTER PERFORM?

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Abstract:

Tim Hortons is a fast-food company that has been comforting Canadians for over 50 years, and more recently, Americans too. Beyond its impressive profits, it is a mainstay of maintaining Canadian culture, both inside and outside the country of origin. Based on recognized corporate social responsibility (CSR) analysis models (notably those of Pasquerro (2004) and Reidenbach and Robin (1991)), this paper proposes to provide an extended description of Tim Hortons' social responsibility practices. The exemplary behavior of this company in terms of CSR is a source of inspiration for other companies working in the same field. In addition to increasing profits, Tim Hortons does philanthropy, innovates, demonstrates transparency and ethics, cares about protecting the environment, cares about employees and helps developing countries, which are its main coffee suppliers.

Key words: *corporate social responsibility, Tim Hortons, fast food, CSR analysis models*

JEL classification: *M12 Personnel Management*

1. Introduction

Tim Hortons is part of Canada's 50-year-old economic and cultural landscape. It represents a symbol of the development of Canadian fast food, but also an example of a company for which building relationships with its community is undoubtedly a major priority. In this paper, the authors propose to develop a description of Tim Hortons' social responsibility (CSR), using dedicated theoretical models, used in management schools in Quebec, one of Canada's major provinces.

2.1 Tim Hortons presentation

It was in 1964 in Hamilton, Ontario, Canada, that the first restaurant in the chain was opened by famed Canadian hockey player Tim Horton. Then, the company expanded from 1967 across the country, to open its 500th restaurant in 1991 and the 1000th in 1995. From a more strategic point of view, the company's 2014 year is marked by his acquisition by Burger King and the 3G Capital fund. Following the alliance with Burger King, Restaurant Brands International was born. This new entity is proving to be one of the largest management companies in the fast food industry around the world. Thus, the two brands, operated separately, can benefit from support and expertise of the group in their respective growth.

Here are some numbers that describe the picture of this new entity (according to Restaurant Brands International, 2016): 11 million customers served every day around the world at Burger King; 2 billion cups of coffee services at Tim Hortons restaurants; 19,000 + restaurants around the world; 200,000 children helped by the Tim Hortons Children's Foundation; \$ 23 billion in sales worldwide; 450,000 employees around the world; 8 out of 10 (80%): Coffee cups sold in Canada from a Tim Hortons restaurant; 100: Number of cumulative experiences of the two flagship brands; 100: Number of countries in which the group is present.

Tim Hortons is an integral part of the Canadian business culture. It turns out to be a very strong brand across the country. The company holds the largest market share for filter coffee sales. In fact, 8 out of 10 cups of coffee sold in Canada are donated by Tim Hortons.

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This success with the company's customers makes it the largest fast food chain in Canada, in terms of the number of locations, but also the volume of sales.

2.2 Tim Hortons socially responsibility (according to Pasquerro, 2004)

Pasquerro's (2004) model describe eight elements on which an organization must work in order to optimize its relations with all his stakeholders. According to this author, corporate social responsibility represents "all legally required or voluntarily chosen obligations that a company must assume in order to pass for an imitable model of good citizenship in a given environment" (in M.-F. Turcotte (2013), 245). In what follows, we detail the components of Tim Hortons' CSR according to the Pasquerro (2004) approach.

Efficient management

Tim Hortons is proving to be a profitable company, which has performed well in the past. In addition, in 2015, a total of 155 new Tim Hortons opened their doors. The company also made the decision to close 27 unprofitable locations in two US states, with the goal of focusing on markets that show more potential. The combination of Tim Hortons and Burger King under Restaurant Brands International is also thought to be part of efficient management. This merger is an important strategic element, which is part of a world growth perspective, which can be favored by their title as the world's third power in the fast food industry.

Philanthropy

From a philanthropic point of view, it seems that Tim Hortons understands its role, but also the duty it has to get involved in the communities it deserts, which are an integral part of its success. For example, the Timbits Sports Program raised more than \$ 3 million across Canada in 2014. Over 300,000 children shared 2,400 hours of ice in 435 arenas and 1,700 hours of ice time. swimming pool in 198 sports complexes. In addition to allowing these children to practice a sport, the program aims to remind them of the importance of moving and fostering teamwork.

For its part, the Smiley Cookies program, which consists of selling a cookie on which a smile is drawn with icing, results in the delivery of all sales to a local community organization. In 2015, \$ 5.3 million was donated to 500 organizations across the country.

Another philanthropic activity is related to the Tim Horton Children's Foundation's activity. The purpose of this foundation is to enable disadvantaged children to have a better future and thus increase their self-confidence. The stays they will spend in one of the Foundation Holiday Camps and the various community leadership programs offered aim to focus on developing skills that will be useful to these young people throughout their lives. In 2014, more than 17,000 youth traveled to one of the Foundation's camps and \$ 11.8 million was raised as part of Camp Day.

Solicitude

The company has health and safety awareness programs for its team members to ensure a healthy and safe workplace. But the company goes further to help the most vulnerable people. In fact, it gave \$ 2.2 million between 2005 and 2014 as scholarships for employees or their grandchildren. This program returns each year and all members of student teams, parents or grandparents in restaurants are invited to apply.

In addition, the importance given by the company to training and skills development is great. A leadership and operational excellence training program is offered to the leaders of each restaurant, while all team members can benefit from an online training center.

Limitation of nuisances

To reduce its environmental impact and thus promote social acceptability in relation to its operations, Tim Hortons is proving to be proactive in this regard. Thus, it provides for the design of its packaging with a view to efficiency in the aspects of transport and distribution. Energy use did not increase significantly between 2013 and 2014, although the volume of business grew. Between 2008 and 2014, the efficiency of order delivery operations to restaurants increased by

12.5%. Water consumption at the head office has been reduced by 35% since 2011. These achievements are shared in the Sustainability and Corporate Responsibility Report.

In addition, a pilot project is currently underway in 200 restaurants in Ontario. This project aims to reduce the ecological impact of restaurants and involves the integration of new concepts and new technologies into the design of new locations. So far, the project has saved 4 million kilowatt hours of energy.

Finally, with regard to the Tim Hortons Coffee Partnership presented above, the development of local know-how in the countries in which it is sourcing will have increased land efficiency by 80% and made 14,000 hectares are now sustainably harvested.

Social receptivity

When considering the company from coast to coast and aiming to have a relatively uniform menu across all restaurants, the environmental impact that results in greenhouse gas (GHG) emissions need to be considered. In order to promote social receptivity, the company turns out to be focusing on its environmental successes. In this sense, they are accessible to the general public through posters and other equipment in the restaurant, messages on TimTv or in various reports of the company, including the annual report and the report on sustainability and social responsibility.

Ethical integrity

From the outset, the Board of Directors has governance guidelines in addition to business ethics code. In fact, this document provides the board structure in addition to providing directors 'selection, orientation and evaluation. In addition, election policy and management oversight are planned. The presence of clear guidelines to orient the board 'activities is beneficial, thus reducing the probability of misconduct occurrence.

Also, a document is provided for all Tim Hortons corporate employees. This includes a message from the President and Chief Executive Officer at the time of its adoption, which has the effect of further legitimizing the content of the message to employees. The ethical and egalitarian values of society are recalled from the outset and the procedure for raising unethical behavior is presented. Their philosophy of "open communication" in addition to the importance given to confidentiality is recalled. These clarifications by senior management underscore the importance of the whistleblowing process and the importance of employee involvement in it, as "working together, we will maintain the superior quality of Tim Hortons while promoting our future success" (Tim Hortons, 2014).

In addition, it is important to emphasize Tim Horton's commitment in order to developing sustainable business relationships with the coffee producing countries. In fact, the company supports the communities that produce coffee, as demonstrated in the section on the "citizen participation" component.

Accountability

As a public company, the Tim Hortons is forced to show many accounts. It must produce various reports to investors, but it is also transparent to the general public. Reports on sustainability and responsibility for activities are published in addition to the various documents that present the company's results, including the annual report.

"Citizen" participation

It is through Tim Hortons Coffee Partnership that the company helps disadvantaged communities who produce their coffee in the South Countries. Actions at the economic, social and environmental levels are planned. They will collaborate on community projects, alone or in partnership with other organizations, in order to leave sustainable infrastructures and allow the development of local know-how. In 2014, 4,830 producers were registered for a program that allowed them to take part in more than 20,000 demonstrations or technical training in the field. These actions translate into an empowerment and knowledge transfer program. This allows the sustainable development of the business relationship, but also the contribution to the progress and advancement of these communities, both in terms of knowledge and know-how.

2.3 Tim Hortons Moral Development Stage Modeled by Reidenbach and Robin (1991)

Reidenbach and Robin (1991) present a model (see the bibliography), which we consider to be important, if not impossible to circumvent, in order to analyze the actions of a company like Tim Hortons in relation to social responsibility. In this sense, considering the philanthropic implications of the organization, but also its contribution to the development of local youth and communities elsewhere through its Tim Hortons Coffee Partnership, we believe that the organization is between the fourth and the fifth model 'stage. While the interests of stakeholders are considered and respected, the organization must still meet the demand for returns from investors. We consider, however, that it tends towards the developed ethical organization, because of its strong ethical values and the influence of its actions, going as far as its foreign suppliers in the developing countries.

3. Conclusion

In short, the actions of Tim Hortons are fairly broad and have a reputation even in countries where it finds its suppliers. Whether supporting the communities in which its restaurants are based, through its donation and sponsorship programs, or by supporting the development of villages on the other side of the world, we consider Tim Hortons to be a socially responsible company which pay attention to all stakeholders that gravitate in his environment.

Also, we consider the company to be in a good position with respect to its international growth strategy, considering the strength of Restaurant Brands International. In addition, she will be able to count on the strength of the brand known to all in Canada and Burger King's experience on the international scene. Therefore, it will be interesting to repeat the study of the actions put forward, to validate that these have adequately followed the growth of the company and thus ensure that they still meet the expectations of each of the stakeholders.

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THE MANAGEMENT OF GREEN CERTIFICATES IN ROMANIA

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Abstract:

Green certificates remain a sensitive issue both for Romanian authorities, but especially among producers of renewable energy that thought they would benefit from the authorities' support for a long time. Thanks to a particularly generous support scheme (the most generous in Europe), there is a danger of producing a phenomenon similar to that produced in the real estate sector in 2006-2008 by creating an investment bubble in the field of unconventional energies. The renewable investment bubble would be choppy following the reduction in the number of green certificates, a government measure. Since the legislative measures to be taken on green certificates are not yet clear, there is a possibility that their number may fall or their volume drops from 55 euros.

Keywords: renewable energy, green certificates, reducing emission, renewable investment bubble, efficiency

JEL Classification : Q42, Q43, Q48

1. Introduction

Until 2012, there has been an increase in investments in this area of green certificates, together with the number of legal entities that benefited from the Romanian state support scheme.

The value of green certificates was calculated at a value of 55 euro / piece, the average value between the values of the reference years analyzed. The value of green certificates increased by 765.5% in 2012 compared to 2005, with the indication that the maximum was reached in 2012. Also, the number of energy producers increased by 48% in 2012 compared to base year 2005, which means a development of this sector.

2. Evolution of value of green certificates in Romania

This rhythm of growth is in line with the projections of the National Energy Strategy, with the Romanian state providing subsidies and aid to producers in order to increase investments in the renewable energy sector (Table 1).

Table 1: Evolution of the value of green certificates issued compared to the number of renewable energy producers

Year	Green certificates value (million euro)	Number of green energy producers
2005	0,4	3
2006	1,3	3
2007	2,5	20
2008	7,3	23
2009	13,3	31
2010	37,2	48
2011	95,3	78
2012	306,2	144

Source: Data processed by the author based on statistics ANRE (2016)

The decision to suspend (temporarily) green certificates trading will probably reduce the number of green energy market participants, especially the producers in this sector. At the same time, it is important for the market to remain dynamic and not to block itself on the basis of those public decisions, in order to avoid possible adverse effects.

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Perhaps a large number of producers will disappear from the market as a result of the decision to suspend green certificates trading, the large proportion will be among those producing small amounts of renewable energy. In support of them, the Romanian government promises to grant subsidies in order not to block their activity until 2017.

Renewable energy producers who own plants / parks with a capacity of up to 1 MW will benefit from regulated tariffs ranging from 69.4 Euro / MWh to 167 Euro / MWh. These tariffs will be granted according to the technology used by the producers.

The number of CV required to meet the quota in 2015 was 12,193,817 CV, and the share of CVs received by E-RES producers who benefited from them in 2015 were: Enel Green Power Romania with a 10 %, CEZ Romania with a 5% share, EDP Romania with a 5% share, Verbund Renewable Power with a 4% share, S.S. Hidroelectrica with a 2% share, Holdindustrie+Bio Electrica Transilvania with a 2% share, Lig Green Source Energy Alpha with a 2% share and a 1.44% Hidroelectrica S.A are shown in Figure 1.

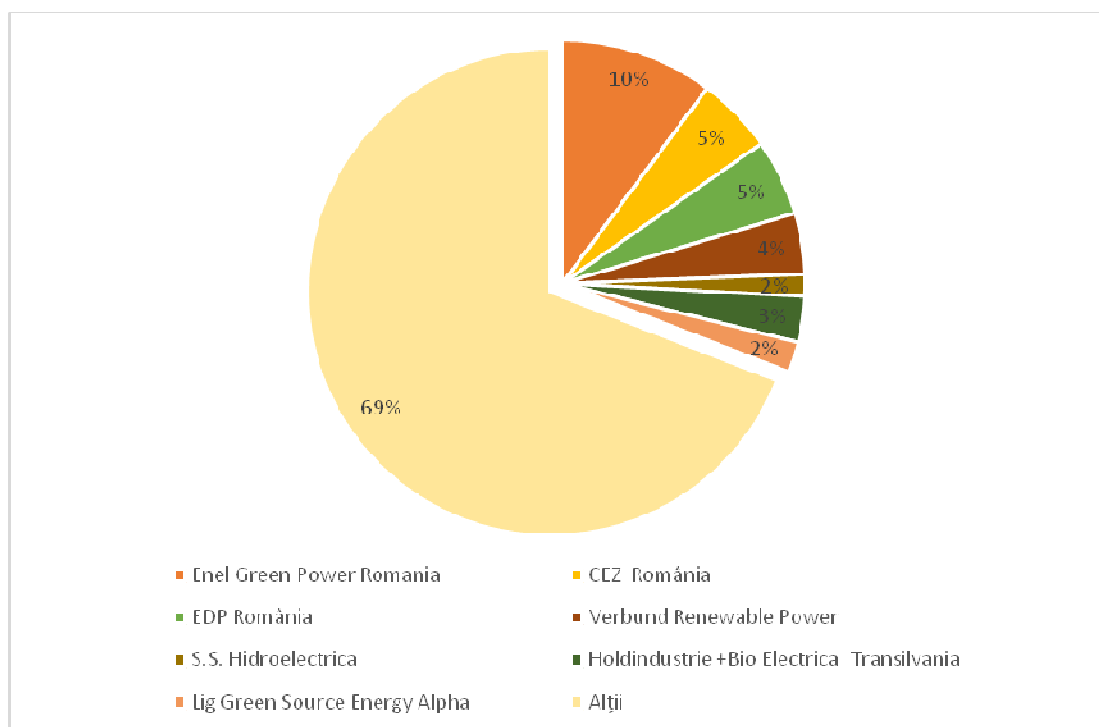


Figure 1: Share of green certificates system received by manufacturers in 2015

Source: data processed by the author on the basis of ANRE statistics (2015)

If at the beginning of 2009 the renewable energy field was underdeveloped, it is currently experiencing a considerable increase in both the number of market players, installed capacity, investments in the field and the results obtained from using this type of energy (Figure 2).

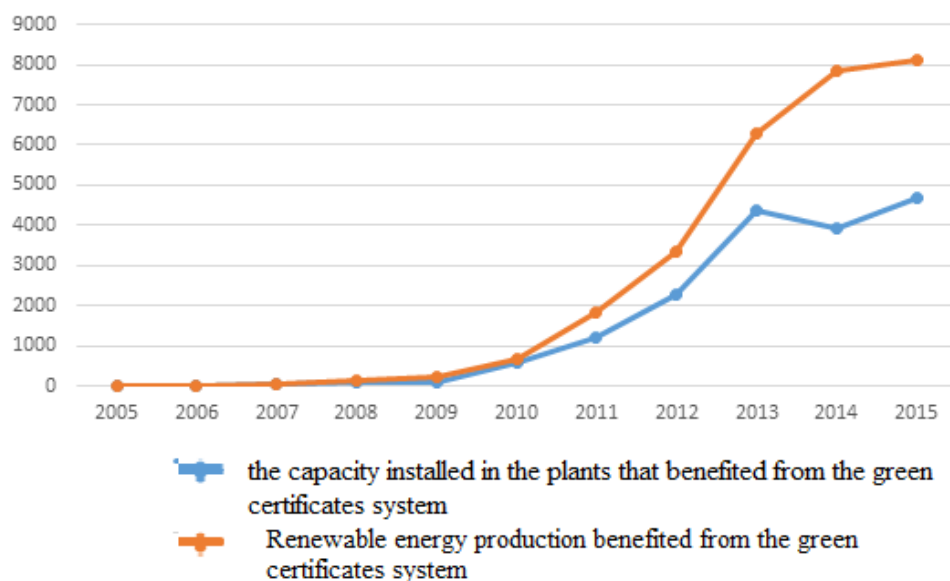


Figure 2: The evolution of the renewable energy production quantity of producers who benefited from the green certificates system

Source: data processed by the author on the basis of ANRE statistics (2005-2015)

Analyzing Figure 2 we can see that the year with the highest renewable energy produced in Romania is 2015, when the total energy consumption is covered by 15% of wind and solar, while the investments in the field tend to zero.

In Romania, out of the 25 wind farms, 8 of them are central probes with a total installed capacity of 1887.5 MW at the end of 2013, and with a total investment value of 2973, 8 million euro, 6 are managed by companies with Romanian capital, and the remaining 19 are owned by foreign companies.

The largest parks are owned by EDP Renewables (Portugal), with six parks, by Enel Green Power in Italy with five own parks and one jointly followed by CEZ with two parks.

However, the biggest capacity is the wind farm owned by CEZ, this company occupying the first place on the wind power market with the highest installed capacity and the highest value of the investment. The total value of investments in Romania, in production capacities, by type of technology, in the period 2011-2014 is 5.529 million euro (Table 2).

Table 2: Value of investments in production capacities, by types of technologies, in 2011-2014

SER technologies	Investment 2011	Investment 2012	Investment 2013	Investment 2014	Total
New winds	1.243	1.272	1.015	143	3.673
Hydro (new, refurbished)	61	67	240	36	403
Biomass	-	30	860	0.384	
Photovoltaic	3	62	1.228	43	1.336
Total	1.307	1.431	2.568	223	5.529

Source: Data processed by the author based on statistics ANRE (2016)

The two wind farms built in Constanta (Fântânele and Cogealec) have the supremacy in Europe with an installed capacity of 600 MW.

Regarding the solar parks, in 2012, there were 1082,103 MW installed in photovoltaic parks in Romania with a total investment value of 2 billion euros. Despite these investments, in Romania at the end of 2012 only three solar parks with a total of 2 MW operated.

3. Distortions on the Renewable Energy Market in Romania - Comparative analyzes

Regarding the distortions of the energy market obtained from renewable sources in Romania, we will aim at highlighting the malfunctions regarding the financing of this sector, the subsidies granted by the state to the investors whose projects have no financing to be completed, the defective management, the energy prices which evolves inversely in proportion to consumer incomes.

E-SER producers are the beneficiaries of CV subsidies, this cost being borne by industrial and household consumers through the monthly electricity bill. Although in the E-SER field, production capacity increased from 21 MW in 2005 to 4552 MW in 2015 and ANRE predicts continued growth, energy efficiency remains a problem for Romania because the economy and the national energy sector are not sustainable, the main causes being the poor organization and losses in this sector.

Distortions of the green certificates market are the result of subsidizing this sector, an intervention that changes the price of energy affecting producers, suppliers and final consumers of energy.

Renewable energy producers are beneficiaries of CV subsidies, their cost is borne by industrial and household consumers through the monthly electricity bill.

The number of traded green certificates increased 13 times, from 48 economic operators in 2010, to 622 economic operators in 2014, while the weighted average price, both in lei and in euro, was changing (Table 3).

Table 3: Evolution of green certificates number traded on the renewable energy market in 2010-2014

CV	2010	2011	2012	2013	2014
Eolian	26	42	56	73	23
Hidro	18	32	47	77	81
Biomasă	3	4	7	14	19
Fotovoltaic	1	4	41	395	456
Total	48	82	151	559	622

Source: Data statistics ANRE (2016)

Financing the energy sector is a public decision, borne by all consumers, which affects the attraction of private funding and hinders real investment in this area. The lack of adequate legislation in the energy sector and a stable political climate have had adverse effects on attracting investment in the E-SER sector. While the liberalization of the E-SER market is desirable, it can't be sustained by the state at all times, the lack of investments in the field being a real problem.

Also, E-RES grants are only used through mandatory green certificate quotas. In this way, many investors have been able to benefit from the recovery of investments made by issuing and selling green certificates, not wanting to continue their activity on the energy market as operators.

Under these conditions, investors who have produced green energy and have managed to recover their investments are no longer loyal players on the market, abandoning their activity and withdrawing money from the Romanian market. In fact, they get a double win:

once they sell the business at the market price, recovering their money and once they have benefited from the subsidies granted by the Romanian state. This raises the question of those investors receiving subsidies of any kind and the fact that their grant should be conditional on a long-term commitment to the Romanian energy market.

The renewable energy market can't be truly developed in Romania due to the functioning of the electricity market. Thus, although we witness the liberalization of the electricity market in Romania in 100% since 2007, this is not really the case due to long-term bilateral contracts negotiated outside the stock market at prices below the market (centralized market of bilateral contracts), which represent approximately 16TWh, about one third of total consumption, we can't talk about a total liberalization of the electricity market in Romania. These contracts represent 80% of long-term contracts, indicating that the electricity market is about 20-25%.

The development of EE's production capacities in the SER is only apparent, since the approvals of documentation for the construction of a wind or photovoltaic park remain mostly in the feasibility study, with potential investors not finding sources of financing for investment projects.

Electricity in Romania has a distorted price, has not declined at all in recent years, contrary to the expectations of the Romanian authorities that have supported the development of green energy and the fact that the country has one of the largest national renewable potential. In 2012, the average price per MWh is 21% higher than in 2011, so for a company the average cost of electricity is \$ 80 / MWh, compared to the U.E. of \$ 65 / MWh. This can be explained by the fact that in Romania about 35% of the electricity price is composed of subsidies, eco-taxes, infrastructure and transport tariffs.

Electricity prices in Romania are considered small compared to the European average, but monthly consumer bills reflect fairly high values, largely due to the fact that markets are not properly regulated and liberalized. Also, prices rise very quickly and significantly in relation to the incomes of the population, which prevents their support in the medium and long term.

If the system of the electricity market in general and of the energy in the RES were based on perfect competition, the price of the product would be the result of the efficient use of energy resources, the ideal situation within the economic theory. The market mechanism can be radically influenced if the price of a good does not include the socio-economic costs resulting from its production.

Excessive volatility of energy prices and trading-related risk occurs when participants can not estimate the quantities produced and consumed, the manufacturer can't predict when its production capacity will be exceeded, and the energy seller can't estimate the demand. Thus, the price tends to have strong oscillations, mean values and variable dispersions, presents seasonality, the so-called calendar effect, characterized by increased volatility and unpredictable developments.

In the electricity market, although prices are largely regulated, they do not include the real socio-economic costs of the products traded. In the energy market the most common environmental externalities are difficult to quantify and often not included in the price of products and services.

Market prices do not reflect some of the costs or benefits associated with production or consumption, lack of socioeconomic cost assessment creates distortions, preventing price formation according to the supply-demand ratio.

Within the energy market of the RES, there are some major imbalances between the prices paid by households vs. on the one hand, and the prices of cogeneration power plants. individual consumer prices, on the other hand. These disturbances seriously affect the heating economy, a sub-sector, which is completely disconnected from European practices.

Renewable energy support schemes have further contributed to disrupting the proper functioning of the energy system.

In this situation, minimizing the impact of energy market transformation shocks, environmental externalities, and the risks associated with company penetration raise the issue of studying an optimal structure of the market for the existence of an optimum.

Although the costs of negative externalities are fairly high, they are borne by all consumers and produce inefficiencies in resource allocation, they are preferred to the detriment of alternative energy generating alternatives.

The different costs of the externalities resulting from the application of the technologies for energy production in the RES are relatively low. However, these technologies remain a rarity in the energy market due to very high operating costs. In these situations, in order to eliminate the distortions of the energy market in the RES, it is necessary to internalize the environmental externalities resulting from the exploitation of these resources

Distortions of the market are manifested in various ways: energy price changes, fragmented information of market players, inadequate subsidies, uncontrolled and insufficient investment, corruption, bureaucracy, negative externalities, improper management and losses in the electricity distribution network. Energy losses account for almost a third of consumption, largely due to old technologies, old buildings and inefficient transport systems.

Other constraints that may arise from climate change restrictions, reluctance to use nuclear power and the difficulty of further promoting renewable energy, due to higher costs.

The lack of informing the market players, the lack of information of the suppliers regarding the changes in electricity taxes, bureaucratic barriers and corruption, are other causes of the occurrence of distortions from the EER market of the EES.

In many cases the projects have documentation, have connections to the National Energy System but are not completed due to corruption). These distortions on the SER energy market can be corrected by monitoring investments for a period of 3 years.

In order to correct the distortions of EER market E, the subsidies for these energies and the indirect effects they produce should be considered: the real impact on prices, the production market, the pressure on transport networks.

Those who invest in green electricity production should benefit from a stable, fair and predictable regulatory framework that would provide them with conditions for meeting a calendar to maximize the economic performance of the plant.

4. Conclusions

In many cases, despite the fact that subsidy E of the RES is borne by all consumers due to the increase in production, it was exported to the exclusive benefit of traders.

It is often ignored that the price of electricity to the producer has decreased in Romania as a result of the market entry of renewable energy, which put pressure on all the producers to make the activity more efficient.

In order to correct the market failures of renewable energy, the following measures are needed:

- Renewable energy subsidies should be granted to those who make a commitment to long-term participation in the Romanian energy market. Subsidization introduces changes in energy prices - manufacturers, suppliers and end-users are affected. Many investors benefited from investment recovery by issuing and selling green certificates but did not want to continue their activity on the energy market as operators (they sell their investments at market price). Renewable energy producers receive free green certificates, which they sell on a specialized market for extra gains from energy. These green certificates are paid by all consumers in Romania, including by the population, in the final electricity bill.

- setting the correct energy price - about 35% of the electricity price consists of subsidies, eco-taxes, infrastructure and transport tariffs.

- internalizing externalities - market prices do not reflect some of the costs or benefits associated with production or consumption.

- the existence of bilateral long-term negotiated contracts at below-market levels (the centralized bilateral contracts market). This represents about 80% of long-term contracts. (OPCOM - Operator of the Romanian Electricity and Natural Gas Market).

- Monitoring investments over a period of 3 years (have documentation, have connections to the National Energy System, but projects are not completed due to corruption);

- investing in modern technologies and eliminating energy losses.

The measures needed to achieve the priority objectives are: regulations, energy audit, voluntary agreements and cooperation instruments, financial instruments, energy performance contracts involving the private sector (energy saving services), tax reductions, subsidies to private companies involved, advantageous loans granted by banks to private producers of renewable energy

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THE IMPACT OF MANAGEMENT ON THE ACTIVITY OF CULTURAL INSTITUTIONS

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Abstract:

Cultural management defines the space within which the conditions of cultural and especially artistic creation can be achieved, the forms of its implementation and its reception by the general public. It assumes the individual's effort to bring about a common denominator through a conscious activity, to facilitate the relationship between the specific demand and the spiritual coherence of a community and its creative activities in the field of culture and art in order to be as rich and dynamic as possible.

Keywords: *the object of cultural management, artistic creation, cultural necessities, cultural interest, the general public*

JEL Classification: ZI

Introduction

Management is a term derived from english and adopted as such, with a very complex semantics, which designates the science of management of organizations and their scientific leadership.

Management is, above all, an economic discipline of synthesis. However, in the last decades, he is increasingly engaged in areas of activity beyond the limits of the economy.

The management of the cultural institution consists in directing the cultural profile organization to a finality (the production of values in aesthetic, artistic, moral, spiritual, the dissemination / promotion of these values, the protection and the putting into circulation of the cultural patrimony etc.). In this type, the specificity of the management-culture relationship is conferred by the fact that the management exceeds its original, traditional, that it has strengthened in the firm (the micro-system), namely, to determine the obtaining of the most significant profit . In the service of culture, management is committed to systematic creativity and to achieving objectives of a completely different nature, radically different from those in the economic sphere. It is thus becoming a determinant, while culture emerges as a product of action. In the antithesis with the previous approach, this time, we will represent management as a means and culture as a goal; Management will now be instrumental in helping to achieve spiritual, artistic, aesthetic goals, while culture can be considered as intrinsic absolute value.

Employed in the service of culture, management assumes the role of capacity in this vast and important area of community life. Economic management focuses on competitiveness and efficiency (achieving the best possible balance between all the useful effects and the total effort), as opposed to the management of the cultural institution that aims and is especially effective, that is to achieve the predetermined objectives, and produces the effects expected, to ensure the logistics of the cultural phenomenon, etc.

1. The objectives of cultural management

The main object of cultural management is the study of all organizational methods (forms, models) that appear in different societies and in different historical periods within cultural manifestations in their entirety and in some sectors of culture (theater, cinema, radio broadcasting). As the objective of management in the field of culture and art is the discovery

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of the appropriate organizational solutions (models) that, to the greatest extent, determine the most effective cultural activity in the social and market economy, it results that this science has two dimensions base: the description and research of existing forms and methods of organization or analytical descriptive and the development and discovery of new forms and methods more suitable for organization or design-modeling.

These two dimensions of cultural management are intertwined and complemented. It is obvious that the description and analysis of the existing situation is the minimum condition for the design and development of the new organizational models, but vice versa , the description of the existing one has to be done by modeling synthesis.

The specific objectives of cultural management are as follows:

- designing the system of cultural life, starting from a certain cultural policy of a country and community;
- the organizational modeling of the system of cultural life within a country and a community;
- cultural development planning, which implies setting goals, priorities and methods of implementing cultural policy, as well as researching the existing cultural situation, as a starting point in the design of planning models;
- designing public-private partnerships in cultural activities, which will lead to the optimization of the results obtained;
- the realization of the cultural infrastructure, as well as the coordination and organization of the activities within them - the management of the respective cultural institutions;
- organizing the production process (cultural project management) inside the cultural institution or independent;
- organizing the process of disseminating culture;
- product and cultural service management and marketing;
- Establishing forms and models of international cultural collaboration;
- Establishing thematic cultural networks.

These ten cultural management objectives imply different levels of training and skills of the cultural manager.

2. The components of cultural management are as follows:

- Cultural policy;
- Cultural development;
- Cultural decentralization;
- Strategic management of cultural institutions;
- Management of cultural institutions;
- Management of cultural projects;
- Culture economy;
- Culture research;
- Exchange and cultural cooperation;
- Thematic cultural networks

3. Cultural needs

Research and knowledge of cultural needs is one of the basic objectives of the cultural manager, especially in order to determine the validity of cultural programs and activities, but also to plan cultural development; To stimulate the development of new cultural needs or to broaden the circle of people who will be sensitive to cultural aspirations.

Through cultural necessities we understand the aspirations through which man develops his personality, becoming active, productive, creating material and spiritual values, enjoying and integrating the old ones, sharing them with others.

A possible typology of cultural needs may be: the need for verbal communication, the need for knowledge, the widening of the circle, aesthetic needs of everyday life, aesthetic-artistic necessities (aesthetic needs, creative necessities). Sometimes there are only a few basic necessities, as they provide the normal life of the individual, then stagnate or quit, so that they never develop into real needs and interests. This means that personality did not generate cultural skills in time. People will often be friends and associates, they will enjoy together, taking into account the diversity and intensity of cultural needs and interests expressed through the most diverse activities. For these reasons, cultural management pays special attention to creating conditions for the development of cultural needs and cultural skills, from early childhood. As cultural needs develop from birth to the end of life, and can be established if there are good relationships in family and society, even prior to attending school, certain programs of activity will be conceived for preschool children, adolescents, students, young people in the urban and rural environment, mid-generation and "third-aged", retired and people over sixty years old.

A special emphasis is placed on programs for children and youth because they go through periods of life when needs and interests of all kinds increase and begin to form personality.

The quality and intensity of cultural needs can be seen first and foremost in the possibilities of expression and symbolic communication. Art is by definition a sense of feeling, but not everyone has equal predispositions for the development of senses, to extend the sensitivity relationship to artistic content, especially those with high symbolic value. These possibilities are partly inherent (hearing, talent for visual perception, verbal expression, etc.), but to a large extent, they depend on family, preschool and school education and knowledge.

Research shows that higher cultural needs only reveal a small part of the political and economic oligarchy. Higher cultural needs are most pronounced in intellectuals, regardless of their income or the place occupied in the sphere of political decisions, and the artists were born almost equally in all social classes (being the children of peasants, officials, traders, craftsmen, officers, political men, and big business owners or businessmen).

This is precisely what demonstrates that a great talent is extinguished, no matter the conditions in which it grows and lives. On the other hand, the fact that the audience of artists originates, above all, from very accurate, exclusive cults and privileged, shows that the cultural needs of most people, however, depend on latent possibilities and that they can develop in real conditions and with adequate support.

Conclusions

In the context of a hyper industrialized and systematized world, we have to look more and more at institutions of culture as organizations. If we look at the internal cultures of cultural institutions, we will see that, beyond the specificity of the cultural products and services they offer, they function to a large extent like an economic organization that, in order to survive, has an imperative need for management.

The manager is the leader who applies the principles and techniques of management in managing an organization by using, combining and coordinating human, financial, material and informational resources in an effective way to achieve the desired results. The manager is also the one who intelligently cope with change. It is the tool through which social, economic, technological, political and human changes can be rationally organized and spread throughout society.

Public institutions, irrespective of the funding and subordination system, have the obligation, through the manager, to organize, manage and manage the activity of the institution on the basis of an application defined by the authority. In the case of a cultural and spectacular institution, the demand from the authority is, beyond the irreproachable financial management, to meet the cultural needs of the community. It is the task of the manager to provide concrete solutions for achieving the objectives and tasks.

If the personality training does not intervene by stimulating the artistic and aesthetic sensitivity in the family, the more culture institutions need to be engaged as well as the institutions for the education of preschool and school children.

In order to maintain cultural needs and interests, it is particularly important to live and work, that is to say, the opportunity to discuss, to share impressions about the artistic emotion lived through viewing or reading. It is therefore obvious that the role of school, media and cultural institutions is complementary. The school cultivates interests and sensitivities, and the media and cultural institutions, with the help of the new attractive programs, deepen them and consolidate them.

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CONCEPTUAL ELEMENTS AND CHARACTERISTICS CONCERNING PUBLIC-PRIVATE PARTNERSHIP*

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Abstract

Public-private partnerships are forms of cooperation between the public and, respectively, private sector, in order to achieve infrastructures or services, through which there are expected to optimize the experiences of the two entities.

Knowledge of the collaboration between the two sectors is important from the perspective of the contribution to promote economic development, regeneration of urban areas, in the context of the participation of a wide range of actors belonging to central/local governments, private actors.

The emergence of this new form of cooperation, in the last period, can be considered, among others, as a consequence of governments' constraint on avoiding the growth of public spending, paying attention to new forms of financing.

The paper proposes a brief presentation of the defining elements about the concept of public-private partnership, respectively, its motivation and objectives, the history of the emergence of partnership forms and their evolution until the modern age, the definition and characteristics of the concept, as expressed in the opinions of some theoreticians or international bodies.

Key words: *partnership, public sector, private sector, concept.*

Jel classification: H41; H42; H44

1. INTRODUCTION

PPPs are forms of cooperation between public and, respectively private sectors, to achieve infrastructures or services through which is also expected to optimize the experiences of the two entities.

The objectives of the partnership belong to a wide range of economic and social activity, with political support and constituting the target of authorities' concern at all levels:

- *supranational* - support by the European Union, to promote PPP in the Member States, to achieve the objectives (CEC-1996)²;

- *national* - governmental administrations choose, often, version to lower volume of services achieved through the public system and directing their provision through public-private partnerships or private sector;

- *local* - PPP practice is carried out by public, private actors, non-governmental organizations as a result of financial difficulties faced by local governments, but also the awareness, at local authorities level, of the potential benefits of the partnership (Leach et al. 1994)³.

Trends and forms of PPP manifestation are developing in the context of each country regulations and practices and depend on its historical, economical, political and social conditions.

2. History of Public-Private Partnership development

The analyse of cooperation between public and private sectors is important from the perspective of knowledge the contribution to promote economic development, urban and rural areas regeneration, in the context of participation of a large range of actors belonging to central/local governments, private actors.

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² Ronald W. McQuaid quotes CEC - 1996, in 1 "The theory of partnership Why have partnerships?", in „Public Private Partnership Theory and practice in international perspective” Osborne P. Stephane ed., p. 9;

³ Ronald W. McQuaid quotes Leach et. al. 1994, in 1 "The theory of partnership Why have partnerships?", in "Public Private Partnership Theory and practice in international perspective” Osborne P. Stephane ed., p.9;

Adopting this formula to ensure the provision of public activities is not new, in history, forms of cooperation between public and private sectors have shown since antiquity, continuing and evolving until the modern era.

The first and most known form of PPP - the concession - has been practiced for development of infrastructures or other economic services. On the Roman Empire territory, to serve the vast road system of Empire, it has developed a network of post offices built and managed by private partners based on contracts with administration, for a limited period, which, also, forecast the associated road maintenance. These offices were located near warehouses, workshops, military barracks.

In the Middle Ages, France has practiced, since the 12-13th centuries, the procedure of partnership forms, by leasing construction/development of fortified cities, as well as of provinces.

The practice continued in 16th and 17th centuries, France, like other monarchies of Europe, but also, America, Japan expanded the forms of public-private partnership in the guise of concession of construction of public works (canals, roads) as well as other utilities (lighting and public transport), postal services.

Urban sprawl as a result of industrialization in the 19th century, was accompanied by the expansion of the public works construction in transport, water supply, sewerage, etc., works, usually performed through public actions delegated to private entrepreneurs, based on concession contracts.

The economic damages caused by the wars in the first part of the 20th century, felt in most European countries have driven to an increase in the role of state and its intervention in socio-economic development: a series of concessions were canceled, state companies arose, the size of public administration increased, significantly.

The concept of Public-Private Partnership was used after the 70th years of the last century, in the context of diminishing economic governmental performance and New Public Management procedures getting through. Diminishing the role of state was produced due to the privatization of public services or their outsourcing, respectively, achievement in partnership with the private sector, favouring efficiency increase in public administration. (Savas, 1982).

At the end of the last century and beginning of 21st century, there has been a trend of consolidation of the forms of public-private partnership in the industrialized and developing countries and their entrance on new markets. At EU level, there are developed countries that already have its tradition, in various sectors of activity (United Kingdom, France, Germany, Ireland, Italy), others that approached it, later, but have progressed significantly (Spain, Portugal) as well as other states that are testing in this direction. (Luxembourg, Sweden).

In Romania, although the notion of partnership was used, as such, after 1990, this form was practiced a long time ago, the manifestation form materializing, especially in concessions, since the beginning of last century.

The introduction of this concept, after the year 1990, was favored by the gradual transition to the market economy, the public sector becoming interested in privatization of activities of utilities and the private sector showing availability of taking over such responsibilities.

3. Conceptual elements

At present, in democratic countries and, generally, in the world, there are frequent references on public-private partnership in relation to public sector reform and the importance that it shows in the efforts to enhance service delivery quality (Ryan, 2001, p. 104)¹.

¹Roger Wettenhall, "The Rhetoric and Reality of Public-Private Partnerships", p. 78, quotes Ryan (2001), p. 104;

Faced with the need for investment efforts and, also, subject to constraints to avoid public spending growth, commitment of public loans, governments attention has focused on identifying new sources of funding. Orientation was towards public-private partnerships, argued by the availability of private resources, towards finance some services and infrastructure works in the context of continuous monitoring and governmental control. Thus, PPP can be considered as one of the possibilities to reduce the gaps in infrastructure, to increase efficiency and quality of provision of infrastructures and services.

However, in dealing with partnerships, it should consider the levels to which this notion is reported:

- a new paradigm of development oriented towards favoring cooperation with the private domain of economic life in the context of stagnation or decrease of the public contribution to development, PPP being considered an instrument able to mobilize new resources that enable proximity to the objectives of millennium;

- a new distribution of roles and responsibilities between the two sectors (public-private) on running issues of development, elder, they were belonging to the resort of the state.

At European Union level, the theme of partnership was promoted by the need of reducing public spending as a result of budget constraints imposed by the Maastricht Treaty (1992), for the achievement of public works of major importance (transport infrastructure, liberalization of public services at European level), the solution being the achievement of investments through cooperation with the private sector.

For the public sector, the option for public-private partnership practice relates to the interest of government to balance its capital, optimize resource allocation, to gain managerial experience; the availability of private sector depends on the offer of public services and on the perspective of profit achievement. The common objective is to provide, efficiently, service to community.

In clarifying the concept of public-private partnership appear different shades and opinions

- some authors insist on mutual obligations and trust between partners (Muetzelfeldt, M, 2001);
- others insist on the commercial dimension of the partnership (Chalmers J. et Davis, 2001);
- or consider an intermediate process in that “fill a space between traditionally procured government projects and full privatization”.¹ (Grimsey and Lewis, 2005, p. 346).

Generally, the definitions given to public-private partnerships are distinguished depending on the share of ownership referring to assets, the level of risks and responsibilities assumed by partners, interorganizational relationships, as they appear in the opinions of some authors mentioned below:

- „a dynamic relationship among diverse actors, based on mutually agreed objectives, pursued through a shared understanding of the most rational division of labour based on the respective comparative advantages of each partner. Partnership encompasses mutual influence, with a careful balance between synergy and respective autonomy, which incorporates mutual respect, equal participation in decision making, mutual accountability and transparency”² (Brinkerhoff, 2002, p. 21);

- “ongoing agreements between government and private sector organizations in which the private organization participates in the decision-making and production of a public good or service that has traditionally been provided by the public sector and in which the private sector shares risk of that production”³ (Forrer, et.al, p. 476, 2010);

¹ Jomo KS; Anis Chowdhury; Krishnan Sharma; Daniel Platz “Public-Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for purpose?”, DESA Working Paper No. 148 ST/ESA/2016/DWP/148, February 2016, p.3, quote Grimsey and Lewis, 2005, p. 346, quoted in OECD, 2008, p.16;

² Jennifer M. Brinkerhoff (2002). “Government–Nonprofit Partnership: a defining framework” pp. 19–30, p. 21;

³ John, Forrer; James Edwin Kee; Kathryn E. Newcomer; Eric Boyer (2010). “Public-Private Partnerships and the Public Accountability Question”. *Public Administration Review*, Volume 70, Issue 3 May/June 2010, pages 475–484, p. 476;

- “a legally-binding contract between government and business for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners”¹ (Partnerships British Columbia, 2003, p. 2).

- “a relationship that consists of shared and/or compatible objectives and an acknowledged distribution of specific roles and responsibilities among the participants which can be formal or informal, contractual or voluntary, between two or more parties. The implication is that there is a cooperative investment of resources and therefore joint risk-taking, sharing of authority, and benefits for all partners”² (Lewis, 2002);

- “a relationship involving the sharing of power, work, support and/or information with others for the achievements of joint goals and/or mutual benefits”³. (Kernaghan, 1993).

Similarly, also, the international bodies expresses a range of views on the concept of partnership, such as, for example, that made by the Organisation for Economic Cooperation and Development: “an agreement between the government and one or more private partners (which may include the operators and the financiers) according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners.”⁴ (OECD, 2008, p. 12) It can reveal a shade of public-private partnership reported to concessions that include the risk of private provider, whose source of income is taxes laid on users and that paid by government.

Public-Private Partnership requires an intense cooperation and joining mutual benefits between the two sectors, public-private, first, being responsible for covering the needs of society and spending public financial resources; the latter should prove competence, efficiency.

The stake of a good development of the partnership process is the compatibility of partners’ interests, coordination of actions as well as the ability of both parties to contribute with the resources needed to the expected objective.

At engagement in a partnership, *the purposes* of participants can be different, depending on the position in which they occurs, for example:

→ *Private sector*:

- obtaining revenues and maximization of profits from the sale of goods and services;
- entering on new markets and the possibility to control them;

→ *Public sector*:

- obtaining certain products at advantageous costs in areas where the public authority is not interested in acting, but where the private sector is proving effective;
- reducing public debt by transferring certain expenditures, through PPP.

4. Conclusions

Trends and forms of manifestations of public-private partnership are developing in the context of regulations and practices of each country and depend on their historical, political, economical and social conditions.

Call for public-private partnership favours penetration of private sector management techniques in the traditional formulas of public administration, contributing to administrative performance increase and optimizing resource allocation.

¹Partnerships British Columbia (2003). “An Introduction to Public Private Partnerships”, June 2003, p. 2;

²Jens K. Roehrich; Michael A. Lewis; Gerard George (2014). “Are public - private partnerships a healthy option? A systematic literature review”, *Social Science & Medicine Journal* p. 112, quote Lewis, 2002;

³Jens K. Roehrich; Michael A. Lewis; Gerard George (2014). “Are public - private partnerships a healthy option? A systematic literature review”, *Social Science & Medicine Journal* p. 112, quote Kernaghan, 1993;

⁴Jomo KS; Anis Chowdhury; Krishnan Sharma; Daniel Platz “Public-Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for purpose?”, DESA Working Paper No. 148 ST/ESA/2016/DWP/148, February 2016, Annex 1, p. 26, quote OECD, 2008, p.12.

Experimentation this mode of cooperation has expanded in a large number of countries, with applicability to the most various economic and social fields, motivation being on the potential benefits it can bring, such as: cost savings in projects achievement, growth of rate of investments operationalizing, conjugation of participating actors experiences, with favourable effects on the quality of services provided to community.

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THE IMPACT OF TECHNOSTRESS ON EMPLOYEES IN A DIGITAL SOCIETY

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Abstract

Stress has become a pervasive phenomenon in modern organizations, particularly through the use of new information and communication technologies (NICT) that allow employees to organize work in timesome and spatial flexibility, creating an opportunity for work-life balance. Although new evolving new technologies allow instant availability, facilitating communication processes and sharing information, they are a major source of stress due to the inability to cope with the requirements of NICT use. Thus, the study highlights both the positive factors and the stressors caused by the use of NICT within organizations, bringing preventive measures at the organizational level, which could help mitigate the negative effects induced by technostress, and increase welfare and employee satisfaction.

Key words: NICT, stress, technostress, positive factors, stressors, satisfaction, well-being.

JEL classification: M15, O15.

Introduction

Stress has become an epidemic (Conner, 2014), being one of the major health threats. The research supports the idea that prolonged stress at work affects employee performance and leads to general health deficiencies or even exhaustion (Kahn & Byosiore, 1992; Ozkan & Ozdeveciogölu, 2013). Although burnout is not considered an autonomous disease in the International Disease Classification, but only a factor of influence, it has become a global concern and has been recognized as a major issue for policy makers of health care and a challenge for the performance of organizations (Bondac G. T., Hrestic M. L., 2017).

A topic that begins to receive particular attention in the context of stress is the use of new information and communication technologies (NICT) at work. NICT penetrates virtually all areas of life into modern societies, becoming an essential part of both leisure and working time (Chesley, Moen, & Shore, 2003, Day, Scott, & Kelloway, 2010) and providing considerable benefits for Employers, workers, but also for society in general (Mamaghani, 2006; O'Driscoll, Brough, Timms, & Sawang, 2010). However, NICT can also be an additional source of stress, leading to health deficiencies (DERKS, Zece Brummelhuis, Zecic, & Bakker, 2012; Harris, Marett, & Harris, 2011; Matusik & Mickel, 2011 Ragu-Nathan, Tarafdar, & Ragu- Nathan, 2008; Thome'e, Eklo'f, Gustafsson, Nilsson, & Hagberg, 2007). There is still insufficient research on the benefits and drawbacks of NICT use at work, especially with regard to the possible negative effects of technology on employee health and well-being (Popescu C., Iacob S. E., Ilie O.-M., 2015; Day et al, 2010, Derks, Van Mierlo, & Schmitz, 2014; Diaz, Chiaburu, Zimmerman, & Boswell, 2012).

The overall purpose of this research is to examine qualitatively both positive factors and overloading NICT use within organizations.

1. Theoretical foundation

Given the growing interest in positive psychology (Seligman & Csikszentmihalyi, 2000), this research focuses not only on NICT as a workplace stressor, but also on its positive characteristics. In this context, the study is based on the Demand-Resource model (JD-R

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model) (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). The premise of the model is that, regardless of the type of occupation, working conditions can be divided into job applications and job resources. Job applications are aspects of a job that may require sustained and/ or psychological physical effort and are associated with certain physiological and / or psychological, social or organizational costs. Job resources indicate the physical, psychological, social or organizational aspects of a job that can reduce job demands and can play a key role in achieving work goals by promoting personal development (Bakker & Demerouti, 2007; Demerouti et al., 2001).

Regarding burnout in particular, the model assumes that the risk of exhaustion is greatest in working environments where demand for jobs is high and job resources are limited (Demerouti et al., 2001). Consequently, Bakker, Demerouti and Euwema (2005) found that high job demands and limited job resources lead to higher levels of exhaustion.

In fact, it has been found that job resources are particularly relevant under stress conditions (Bakker, Hakanen, Demerouti, & Xanthopoulou, 2007). These findings support the importance of job resources in promoting employee health.

Although initially did not take the JD-R model into account, scientists agree that NICT can also be divided into demands and resources (Patel, Ryoo, & Kettinger, 2012). This is because NICT can provide potential benefits, but also additional staffing demands. The ability to be accessed via wireless devices that are independent of location and time can transform work structures into some flexible working time (Cousins & Robey, 2015; Diaz et al., 2012; Jarvenpaa & Lang, 2005).

However, constant accessibility could cause permanent interruptions from phone calls, text messages, or emails. Sellberg and Susi (2014) noted in their observational study that by constantly using NICT throughout the day can force employees to work faster and more to meet deadlines.

Accessibility, regardless of location and time, can also promote compulsive checking of calls, text messages or emails (Lee, Chang, Lin, & Cheng, 2014), creating expectations for faster responses (Mazmanian, Yates, & Orlikowski, 2006; Park, Fritz, & Jex, 2011).

2. NICT, stressors and benefits

Therefore, employees can use NICT for their own personal advantage. Moreover, the previous literature noted that the workspace interferes with private life, thus causing a conflict at work (Diaz et al., 2012). Current results suggest an increase in permeability as a result of technological progress in the workplace, which can also help employees to better balance work and private life, possibly improving long-term welfare (Popescu C., Iacob S. E., Ilie O.-M., 2015). Therefore, separating private life from work can not be the solution to lessening technology-induced stress. These findings have been classified as increased flexibility. In summary, the results confirm the idea that NICT can be perceived as beneficial in working life, providing improved communication processes, instant access to site-independent information and device, as well as increased flexibility in working time and place work.

This exploratory qualitative study, examining the stress factors (Hrestic M. L., Bondac G. T., 2016) and benefits of using NITC at work (Popescu C., Ilie O.-M., 2016), confirmed the hypothesis that NICT is perceived to be both beneficial and harmful (Figure 1), supporting the idea that NICT is a two-edged sword (Diaz Et al., 2012; Patel et al., 2012). The stressful categories of stress are constant availability, connectivity pressure, inward availability, and increased workload, while better communication, instant accessibility, and increased flexibility are advantages of using technology.

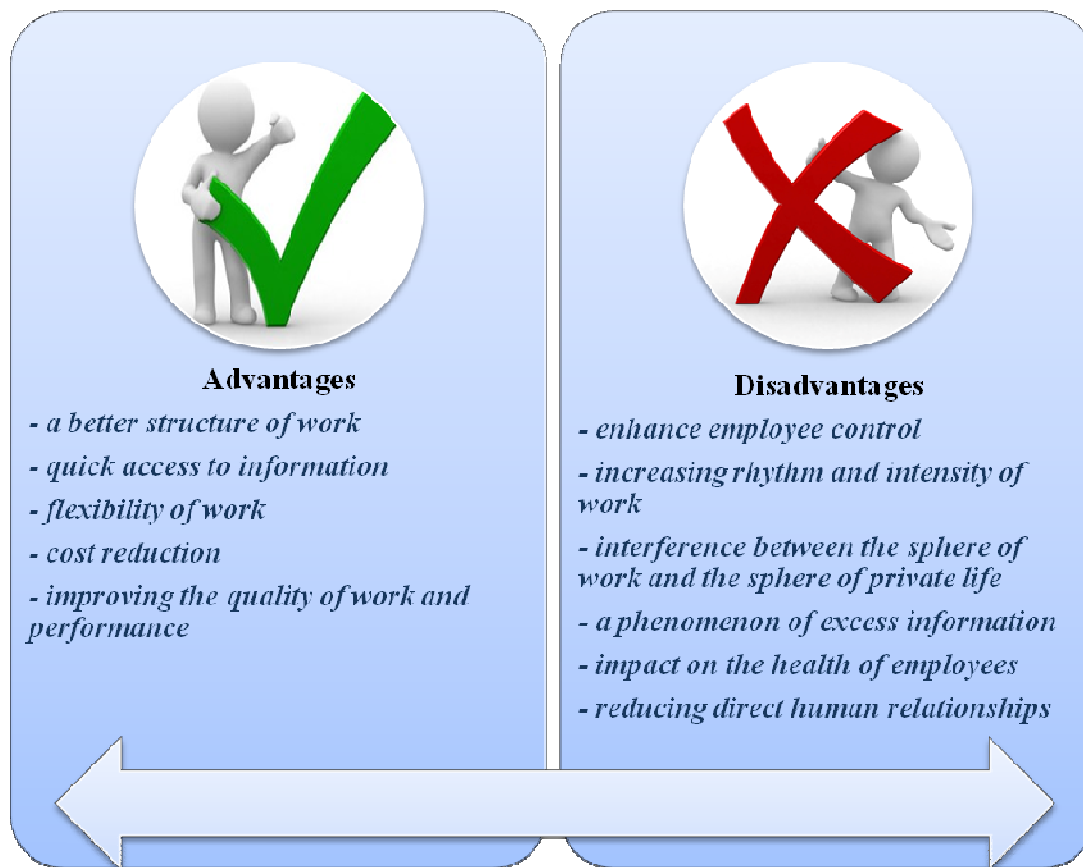


Figure 1. The advantages and disadvantages of using NICT in organizations

Source: Processed after Popescu C., Iacob S. E., Ilie O.-M. (2015), NICT – A Means of Increasing Organizational Performance, *Valahian Journal of Economic Studies*, Volume 6, Issue 4, ISSN-L 2067-9440 / ISSN 2344-4924, pp. 19-29, http://www.vjes.eu/images/2015/issue4/%205.vjes%20vol.%206%2020%20issue%204%202015_popescu.pdf

It is obvious that the aspect of availability is perceived at the same time as a stress factor and a benefit. NICT enables instant availability through wireless devices, whether employees are in a meeting or off-office programming, thus facilitating communication and coordination processes as well as sharing information.

In most organizations, instant messaging applications have become an integral part of employees' work lives and communication processes have changed to allow for a quick and simplified sharing of just-in-time information.

In addition, employees can access relevant time or location-independent business information with mobile devices, allowing for effective control of the flow of information, increasing production time and being informed about ongoing work.

The current study indicates that the increasingly vague boundaries between the private sphere and the workplace as a result of the use of developing technologies can actually create an opportunity in terms of work flexibility.

These benefits help to improve employees' work efficiency and work capacity and can thus contribute to their welfare. However, being immediately available inside and outside the office also means that employees are continuously available to colleagues, supervisors, or clients through technologies (Chart 1).

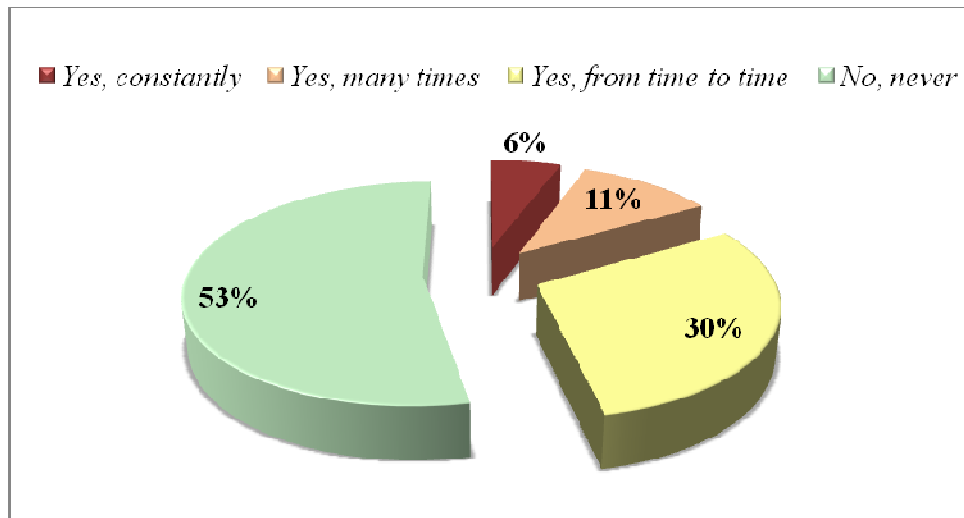


Chart 1. The extent to which employees are required to check out workplace messages outside work hours

Source: Processed after « *Bien-être au travail ou technostress ?* » Une enquête du Service d'Etudes de la FGTB, BRUXELLES, LE 23 AVRIL 2013, <http://www.fgtb.be/documents/20702/177858/Bien-%C3%AAtre+au+travail+ou+technostress-FGTB23042013.pdf/c1db226c-5718-473d-b353-765c01513360>, accessed on 25.09.2017, at 11:35.

In this context, the results of the study suggest that NICT allow for constant interruptions in work processes inside and outside the office, extending work beyond normal working hours and increasing response expectations, all with the ability to increase stress at The workplace being additional pressure on employees. Consistent with previous results, constant connectivity at the workplace can lead to an increase in decoupling (Barber & Jenkins, 2014, Boswell & Olson-Buchanan, 2007, Mazmanian et al., 2006, Park et al., 2011).

In particular, the provision of technological devices by the employer may increase the availability pressure, whether or not this is expected. Fenner and Renn (2010) found that an organizational climate that stimulates the performance of extra-work at home behavior with the help of technology can actually be interpreted by people as a social pressure to expose this type of behavior. The findings presented in this study also indicate that employees may feel compelled to be accessible at any time for colleagues, supervisors, or customers due to a general expectation of constant availability through technology devices and applications (Chart 2).

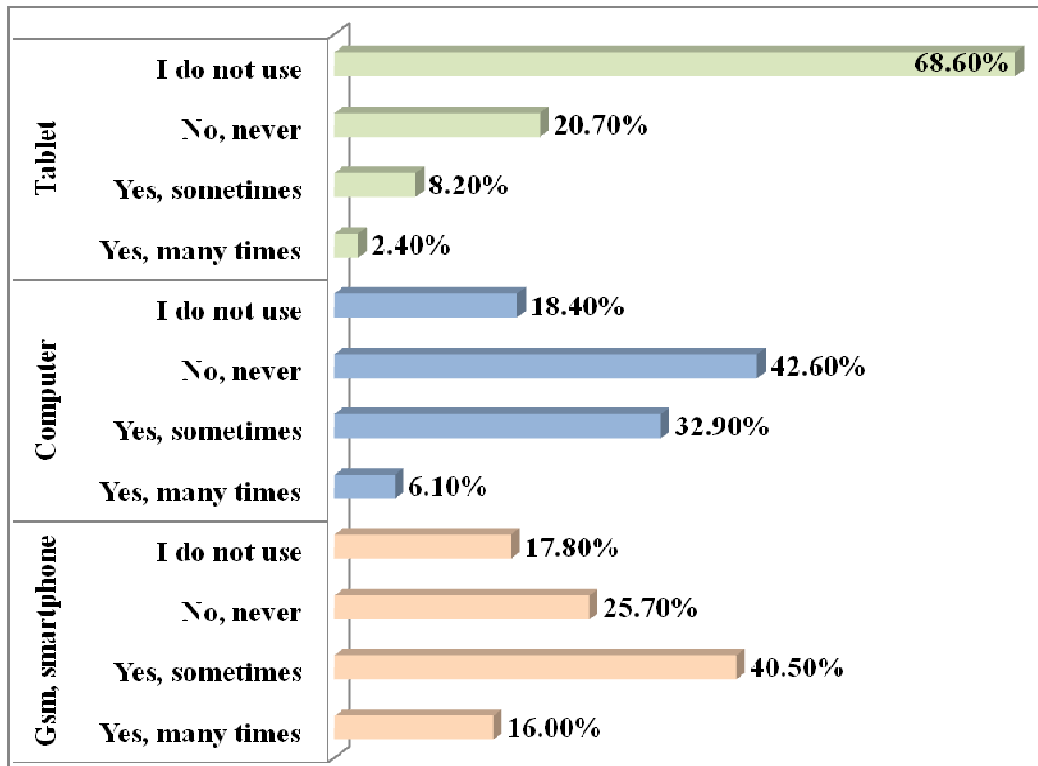


Chart 2. Stress-generating tools for employees outside working hours

Source: Processed after « *Bien-être au travail ou technostress ?* » Une enquête du Service d'Etudes de la FGTB, BRUXELLES, LE 23 AVRIL 2013, <http://www.fgtb.be/documents/20702/177858/Bien-%C3%Aatre+au+travail+ou+technostress-FGTB23042013.pdf/c1db226c-5718-473d-b353-765c01513360>, accessed on 25.09.2017, at 11:35.

Therefore, the use of NICT contributes to the increase of employees' work capacity and productivity. However, employers and employees should not overlook the fact that the introduction of NICT in the workplace comes with a cost, which is an additional source of stress in the workplace. NICT thus increase the risk of undergoing prolonged stress, which may have adverse effects on employee health.

Conclusions

This research could provide valuable information on promoting employee health and provide an appropriate basis for the development of interventions and preventative measures at the organizational level that could help reduce the stress generated by the use of new technologies at work. These measures can further help reduce occupational stress and its negative consequences and increase welfare and employee satisfaction.

Organizations may wish to develop and implement appropriate corporate guidelines on the use of NICT in the workplace, in order to reduce the technology-induced stress. These could also include internal communication within the company, knowing that technologies can be a major factor in work-life stress.

Implementing interventionist and preventive measures could help reduce the risk of stress at work while taking advantage of the benefits of using NICT. Such measures are considered important because technology can be a crucial issue in relation to work environment stress and general health of employees.

Limitations and future research directions

The use of NICT should provide sufficient grounds for further exploration of the effect on employee health. In view of the results of the study, it would be particularly interesting to examine whether the effect of using NICT on employee welfare depends on whether the use of NICT is more perceived as an opportunity for a better work-life balance or more than a cause for a conflict between areas of life. This hypothesis is supported by the increase in awareness that burnout should no longer be treated as an exclusively work-related phenomenon but as a result of the complex interaction between work and non-work experiences (Grzywacz, Almeida & McDonald, 2002; Lingard, 2004). Therefore, it is assumed that the perceived effect of using NICT on the reconciliation of work and private life moderates the effect on the health of employees.

Future research could also focus on the possible gender differences in individual experiences related to the use of NICT in general, as well as the perception of technology-induced stress, in particular.

Digital "digital natives" also have different perceptions about the stresses generated by new technologies and benefits compared to "digital immigrants" who grew up in a computerless and Internet environment (Prensky, 2001). In addition, other socio-demographic factors such as education or whether an employee has children, as well as the age of children, could influence the perception of NICT as stressors or benefits from their use at work.

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MOTIVATION OF EMPLOYEES AND ITS ROLE IN ORGANIZATION'S OBJECTIVES

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Abstract

Motivation has become a concept designed to help organizations achieve their goals. Studies have shown that there is a direct relationship between employee motivation and organizational performance.

The purpose of this article is to identify the main motivational theories and their applicability to employees of financial institutions.

The research method used consists in the analysis of the specialized literature and the quantitative research, which is based on a questionnaire applied to the employees of an ALPHA financial institution in Romania.

Keywords: motivation, employees, reward, organizational performance, individual performance

JEL Classification: A14, M12

1. Introduction

Motivation is a major component of management and one of the most discussed topics in the speciality literature. In the definition of motivation a lot of authors expressed their opinions. and do it further, their approaches being very diverse and not rarely contradictory.

P. Golu defined the motivation as the subjective model of objective causality, causality produced psychically, accumulated over the time, transformed and transferred by learning to the internal acquisition of the person.

G.A. Cole, one of the British specialists on human resources, offers us a synthetic and accessible definition for motivation as a process in which people choose between alternative forms of behavior in order to achieve personal goals.

By motivation, B. Zörgö understands all internal motives of conduct, whether they are acquired or innate, conscious or unconscious. Thus, motivation embodies the integrity of internal and external driving forces which impose man to do an activity, determines the limits and forms of activity and provides guidance in achieving the objectives. It is the force that makes a person to successfully achieve a goal.

2. Motivational theories

Motivational theories attempt to explain the initiation, the direction of a certain behavior, how it is sustained and stopped. By focusing primarily on content or motivational processes, these theories divided into:

Theories oriented to the motivation content

Conceptual theories of motivation are based on identifying the needs that require people to act in a certain way. The meaning of these theories is to determine the needs of employees and determine how and to what extent the internal and external rewards must be used for motivational purposes. These theories try to answer the questions "What motivates people? and "Why do people behave in a certain way?".

Maslow's theory of needs hierarchy

Psychologist Abraham Maslow has developed one of the most well-known theories of motivation, which has been taken over by human resources management. According to this, all human needs can be classified into 5 categories arranged in a hierarchical scheme that determines the order in which they are satisfied. Representing them in a pyramidal form,

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Maslow claims that they must be satisfied starting from the base and ending with the top. By following this order, we describe these categories:

- physiological needs are basic needs such as food, shelter, rest, clothing, and everything else that determines and ensures existence and survival. At the organizational level, these refer to payroll, working conditions, work schedule, etc.;

- security needs (security) involve work security conditions, changing salaries according to inflation bonuses and retirement benefits;

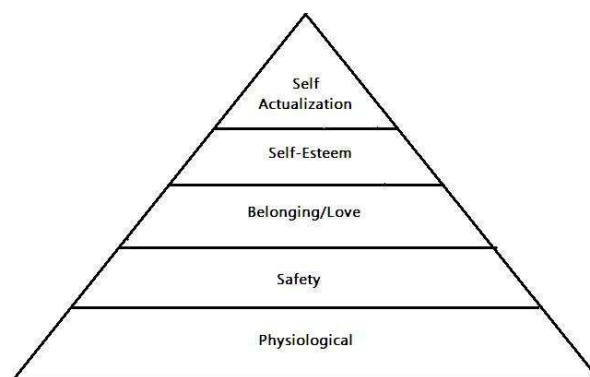
- social needs include the need for friendship and affection, association to a group, in general of satisfying interpersonal relationships. In the frame of professional activity the needs are manifested by the desire to contact and collaborate with the other employees, to create strong connections within the team, etc.;

- the need for respect and social recognition refers to the need of each individual to be more than just a member of a group, to have a favorable image in his own eyes but also in front of others, to respect and to be appreciated his achievements.

- the need for self-realization represents the highest hierarchical level of the pyramid, encompassing the needs for the improvement of the creative capacity and the special purchases in the professional field.

The principle of satisfying human needs after Maslow would be the following: the individual first satisfies the needs found at the basis of the hierarchy pyramid and then only passes to the satisfaction of those at the next level. Once satisfied, it advances to the next level and continues to the last category at the top of the pyramid. Only unsatisfied needs serve as motivational factors.

Figure 1 - Maslow's Pyramid



Source: processed by authors

Maslow's theory is criticized, being categorized as simplistic, artificial and rigid. The main arguments of criticism would be that people do not pursue Maslow's needs in the order prescribed by Maslow, especially in terms of higher levels and that due to the complex psychology of the individual, many of these needs intertwine, sometimes even combining, stimulating him to try to satisfy them simultaneously. Theory has popularity among managers being useful in understanding the motivation of subordinates.

McClelland's theory of success acquisition

This theory is based on the superior needs, namely those of affiliation, power and achievement that have a determining role in the behavior of an individual.

The need for power is manifested by trying to control the environment of people with whom the subject comes into contact. Employees, who are dominated by the need for power,

are motivated to occupy the highest and most authoritative position in the organization, being stimulated to do all the work which achieve this objective.

Employees, driven by the need for affiliation, are most strongly motivated by the fact that their work offers them frequent contact with colleagues. For this type of people it is more appropriate not to have isolated jobs.

Employees with predominantly realizing needs prefer challenging tasks, without being very difficult, tasks that they can master and fulfill (never they assume goals that cannot be achieved). They constantly seek to know the feedback (response) to the outcome of their work;

Herzberg's theory of dual factors.

Frederick Herzberg has come to the conclusion that there are two sets of factors that influence the employee's feelings about his work:

- motivating factors (intrinsic or content factors);
- hygienic factors (extrinsic or context factors).

Motivational factors are:

- recognition.
- achievement and success in work.
- responsibility.
- the work done
- promotion and status.

According to Herzberg when the motivating factors are missing the satisfaction and motivation stagnates. Their existence leads to an obvious positive reaction and an increase in the motivation of the employees.

Hygienic factors are:

- working conditions.
- the wage.
- control level.
- interpersonal relationships.
- company's policy.

The lack of hygienic factors causes work dissatisfaction. Existence eliminates dissatisfaction but does not lead to an increase in motivation having a neutral effect.

Alderfer's ERG theory

Alderfer's ERG theory determines three categories of needs:

- existential needs E - they are satisfied with food, air, water, salary, housing, working conditions.

- relational needs R - involve informal and formal relationships with colleagues, friends, heads and subordinates.

- needs for development and fulfillment G (growth) - refers to increasing individual potential. They are satisfied with creative work.

The ERG model differs from that of Maslow, being more flexible (Arnold, Feldman, 1986), considering that more needs can be simultaneously active, demanding their satisfaction. Also, the transition between the different levels is possible in both directions, so if a higher need is not satisfied then can become more important another one from the base. In the organizational framework, if an employee fails to meet their development needs by assuming new responsibilities then he can respond by higher salary claims to meet his existential needs.

Theories oriented to the motivational process

They try to answer the questions "How does the motivation arise?", "What are the modalities and relationships between the various involved factors?".

The procedural theories of motivation analyze how the staff distributes their efforts in achieving goals and how they select the concrete type of behavior in their process of realization.

Representatives are:

Victor Vroom's expected performance theory

This theory starts from the premise that the intensity of the individual's effort in an activity depends on the amount of rewards he expects to receive.

The theory of expectation is based on three basic elements:

- expectation (relationship: effort-performance);
- instrumentality (relationship: performance – result);
- valence (the value of the results).

The high intensity of motivation will result from the combination of these three components, all of them absolutely necessary, and the lack of any element will automatically lead to lack of motivation.

S. Adams's equity theory

Employees compare their work effort with the effort of others or the rewards obtained with rewards received by others. If, as a result of this comparison, a fair report is perceived, then there is a situation of fairness, a fair exchange of employee-organization exchange. In the situation of perceiving an uneven report a state of inequity is induced. According to the analyzed theory when employees perceive an unfair exchange relationship, to reduce the tension generated by it, they can choose between six directions or tactics of restoring equity:

- changing the effort.
- changing of rewards, salary, status, etc.
- leaving the workplace
- actions directed towards others (demand to increase their burden or decrease reward)
- changing the compared object.
- cognitive distortion of efforts and rewards, that is, that meaning they distort themselves perception of their own efforts and rewards;

McGregor's Theory X and Y

Douglas McGregor highlighted the need to increase the importance of the social factor in motivating behaviors. Through theory X and Y, he sets out the motivation modalities for the two types of employees.

Theory X

The suppositions of the X theory are as follows:

- the human being is prone to laziness;
- to make a certain effort, most human beings must be forced, constrained, controlled and threatened with punishment;
- the average man avoids responsibility, has low skills and prefers to be driven.

This conception reflects the point of view of those who lead by guidance and control using vertical leadership structures.

Theory Y

It outlines a modern point of view, of integration of the individual and organization's objectives, based on the consideration of human resources in the management process being applicable to workers who show attachment for work and positive-motivated attitude.

The assumptions of this theory are as follows:

- the physical and intellectual effort required by the work is similar to the one made for fun and rest, and as such work can be the source of satisfaction (if it is voluntarily) or punishment (being avoided as much as possible);
- the average man is able of self-management and self-control so that he can do his work not only through external control and threat of punishment;

- by rewards proportionate to the degree of achievement of the tasks can be obtained the effective involvement in activities;
- under normal circumstances, the average man assumes responsibility on his own initiative;
- the high degree of imagination, ingenuity and creativity in solving the organization's problems;
- under the contemporary conditions, the intellectual potential of the performers is only partly used.

3. Case study: The analysis of the motivating factors for employees into an ALPHA financial institution in Romania

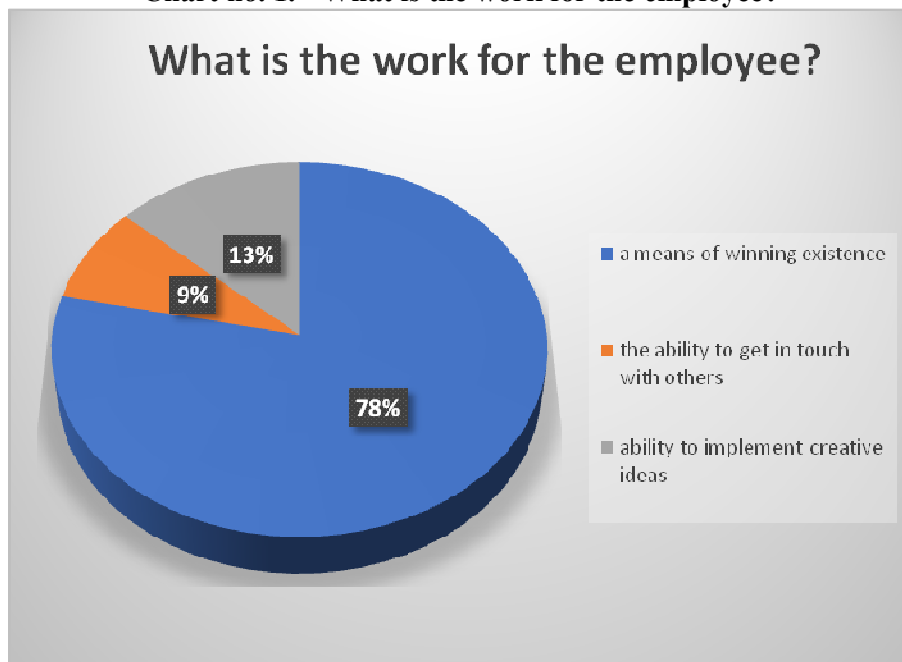
In order to meet the established objectives, we used as a method of research, a quantitative analysis, based on a questionnaire, which was applied among the employees of an ALPHA financial institution in Romania. The questionnaire used aims to collect information based on the experience and perception of respondents about the importance of employee motivation and its role in achieving organizational goals that lead to performance. The questionnaire was applied to 60 respondents with different ages, different years at workplace, different levels of education, women and men and different hierarchical positions.

Structure of respondents:

- 53% of respondents are women and 47% are men;
- 78% have higher education, 22% have high school education;
- the hierarchical position of the respondents was as follows: 11% occupy a management position and 89% do not occupy managerial positions.

Interpretation of research results:

Chart no. 1. - What is the work for the employee?

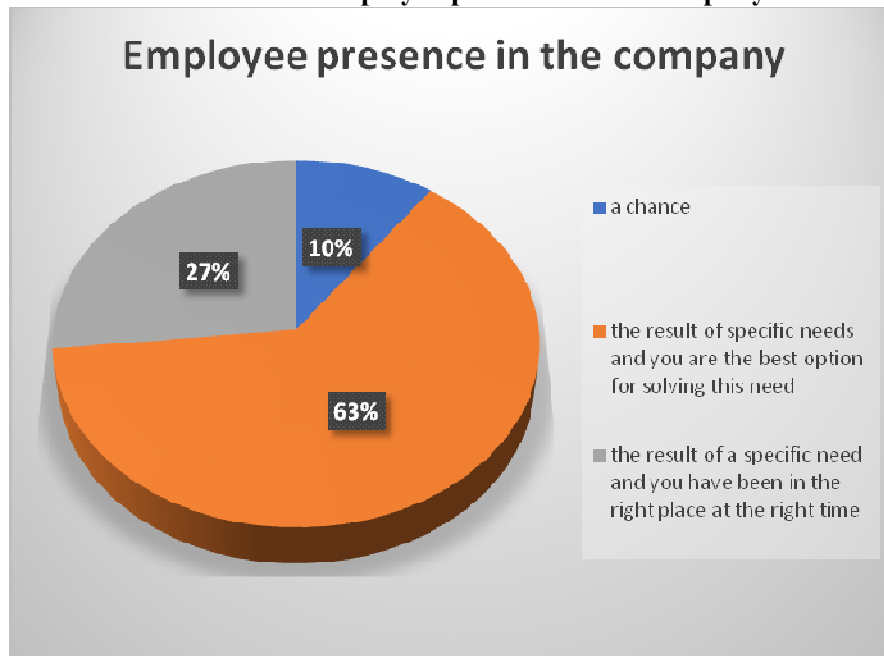


Source: processed by authors

According to the research results, to the question "What is the work for the employee?", most of the respondents in the Alpha financial institution have appreciated that the work is a means of gaining life, fact which shows that employees have the sole purpose the remuneration and all they do is just because they can survive or from a social obligation. It is noteworthy that only 8% of respondents consider work as a possibility to use their creative

ideas. This result confirms that the motivation is "the difference between mediocrity and excellence, this is the bond that put together the goals and strategies of the organization." (Sherman A., 1992).

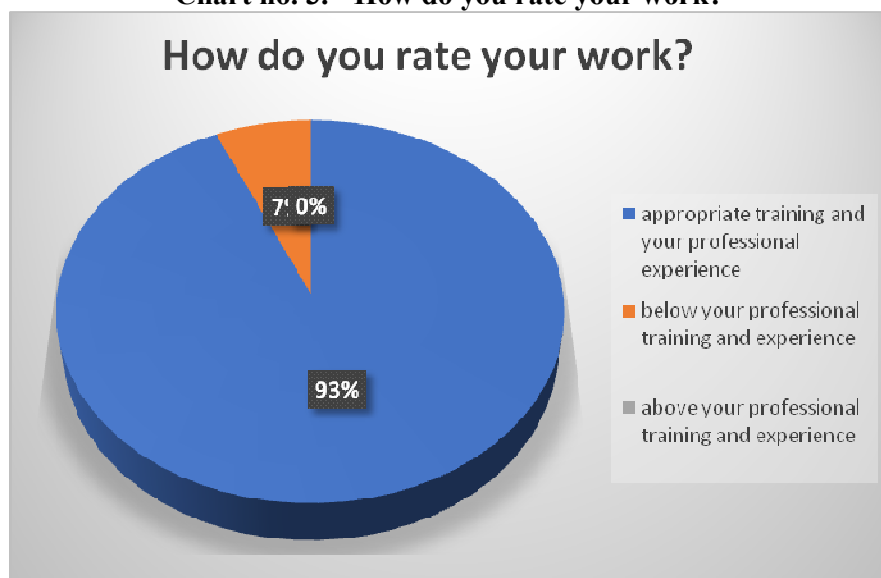
Chart no. 2. - Employee presence in the company



Source: processed by authors

Following the research results analysis revealed that 63% of the respondents consider their presence in the firm to be the result of a concrete need of their organization and they consider that they are the best way to solve this need. On the opposite side, 10% there are employees who have come into the organization by chance, so they did not choose what they wanted to do, but they were committed to the need to have a paid job.

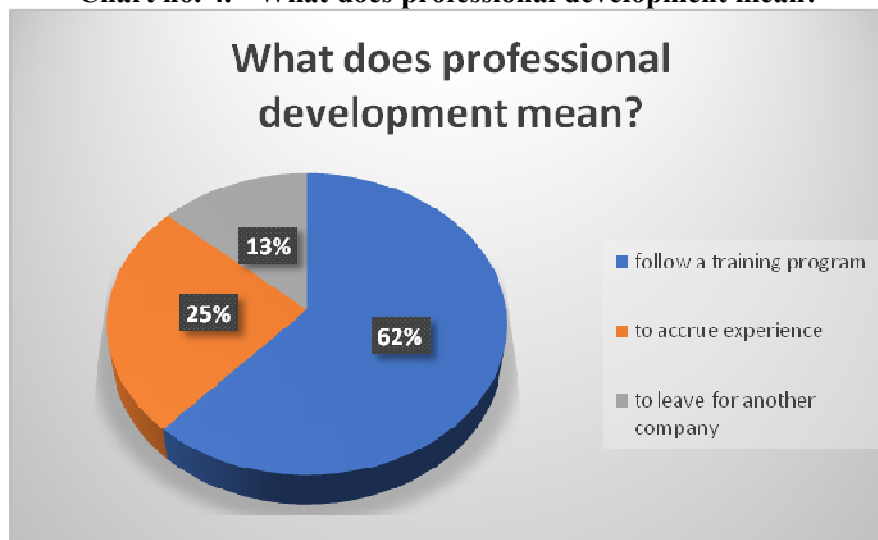
Chart no. 3. - How do you rate your work?



Source: processed by authors

The results of the research demonstrate that 93% of respondents consider that their position in the financial institution in which they operate is in line with the training and professional experience of each of them. There are also 7% respondents who appreciate that they can more and deserve higher positions in the organization because they have professional training above the level of current tasks.

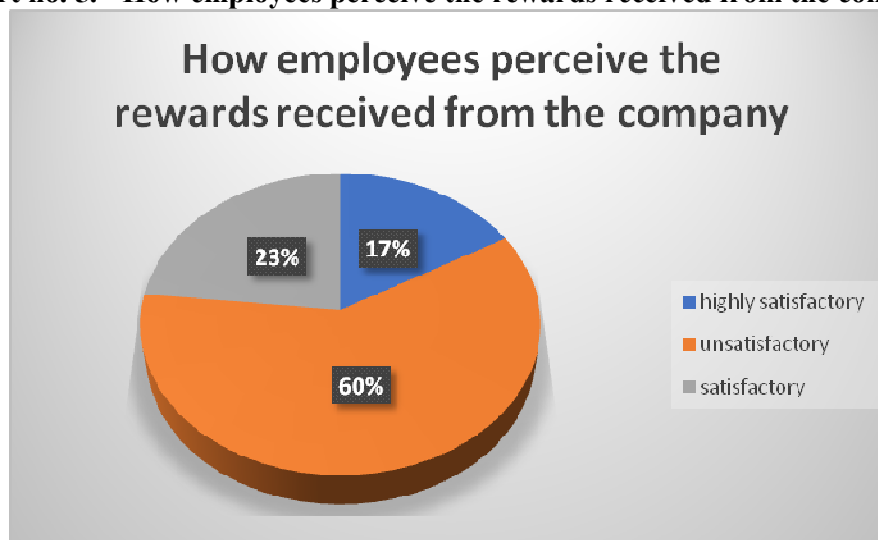
Chart no. 4. - What does professional development mean?



Source: processed by authors

Following the interpretation of the research results, the majority of respondents in the Alpha financial institution (62%) have appreciated that in order to evolve professionally they have to follow a vocational training program, 25% of respondents said they needed to gain experience for a professional development and 13% think that if they go to another company they can get a higher position than they currently have.

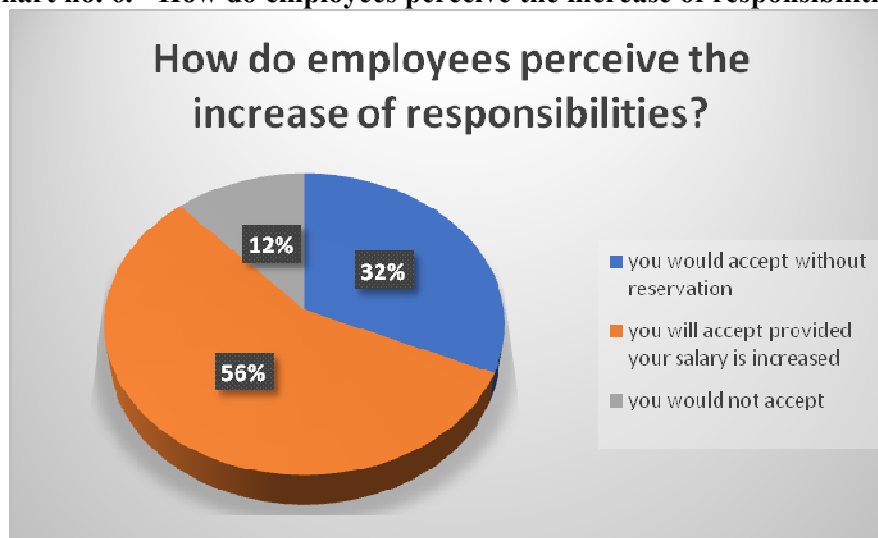
Chart no. 5. - How employees perceive the rewards received from the company



Source: processed by authors

Respondents, in their capacity as employees of the Alpha Financial Institution, appreciate, in a proportion of 60%, that the reward package offered by the company it's wrongly designed, unfairly and employees do not feel motivated, 23% of respondents appreciated the reward package as a satisfactory one. Only 17% of respondents consider the rewards offered by the company to be excellent, so they correspond to their expectations. The high percentage of unmotivated employees should awaken the company's interest in rethinking the reward package.

Chart no. 6. - How do employees perceive the increase of responsibilities?



Source: processed by authors

Research based on the questionnaire applied to employees of the Alpha financial institution have provided information on employees' perceptions of the increase in their job responsibilities which they have in the job description, 31% of those interviewed would unreservedly accept new responsibilities. To a large extent, 57% of respondents would accept more responsibilities if their salary would increase proportionally with new tasks. Not too neglected is the 12% of employees who do not want to taking on extra responsibilities, being content with the current work report.

Conclusions

Between motivational theories and managerial practice there is a defining link to the success of the organization. As a result of the study, I came to the conclusion that the human factor within the Alpha institution the human factor corresponds in terms of training, and has a strong desire to develop skills in order to provide the potential for increased revenue. In order to achieve the proposed objectives, we recommend that managers know the theories of motivation and intelligently to apply the motivation techniques, considering both their own leadership style and the subordinate personality too. People are characterized by different aspiration levels and what motivates an employee may not be enough for another. As a result, the motivation process must be personalized. It is essential to identify what motivates the employees in order to develop a motivation plan to achieve optimal results.

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CHINESE OR AMERICAN BANKS?

Sorin-George Toma¹
Cătălin Grădinaru²

Abstract

The turbulent economic environment that characterizes nowadays society pushes companies, public institutions, entrepreneurs and other stakeholders involved in the economic game towards flexibility and constant vivid awareness. Banks have to behave in a similar fashion if they want to be competitive on the global market. A strong connection between the world's biggest banks and the economies they come from exists, China and the United States of America being world leaders. The aim of the paper is to highlight the evolution of the world's largest banks in the period 2016-2017 by using criteria such as Tier 1 capital, assets and market capitalization. The research is based on a quantitative method. The results of this research show that even though both China and the USA are key competitors in the banking sector, the Industrial & Commercial Bank of China stands out in terms of Tier 1 capital and assets both in 2016 and in 2017.

Keywords: banking system, China, United States of America, Tier 1 capital, assets, market capitalization

JEL Classification: F39, G21

1. Introduction

The roots of the modern banking system can be traced to twelfth century Italia. The rise of Italian merchant banking houses such as the Bardi, the Peruzzi and the Medici set the landscape for the current global banking system. Later, in the sixteenth century, the German banking houses grew in importance (Roussakis, 1997). Since then, the global banking system has continuously developed and become a key economic sector. On the one hand, the evolution of the banking system has been highly influenced by crises, bailouts, mergers, regulatory reforms, technology and customer behavior (Grossman, 2010; Brereton et al., 2014). On the other hand, many economic crises in history have been the results of different financial crises (Cetorelli et al., 2012).

As the beginning of 21st century has been characterized by uncertainty, volatility and turbulence (e.g., the 2007 financial crisis), most banks have understood the need to clearly articulate a core strategy, to improve the efficiency of the risk management function, to rebuild trust, to provide solutions that emphasize the customer experience, to increase their flexibility, to consolidate their operations abroad and to develop new operating models in order to regain profitable growth (AT Kearney, 2009; Choudhary, 2012; Claessens and van Horen, 2014; Ernst & Young, 2017). Increased competition in the banking industry around the world has led to riskier bank behavior and higher instability (Bolt and Tieman, 2004; Vives, 2010). To face global competition commercial banks has made considerable efforts to generate sustainable organic growth and to consistently create shareholder value (Accenture, 2013).

The paper analyses the evolution of the world's largest banks in the period 2016-2017 by taking into account various criteria such as Tier 1 capital, assets and market capitalization. The research is based on a quantitative method.

The paper comprises two sections besides this introduction. The first section presents the global competition in the banking industry worldwide. The paper ends with conclusions.

2. Chinese versus American banks

China and the United States of America (USA) dominate the global banking system in 2016 (Table 1, Figure 1). Having four banks each, they cumulate 8 out of the first ten banks in

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the world, in terms of Tier 1 capital. With a focus on having “high quality capital” levels throughout the global banking system, Tier 1 capital refers to the “money that the bank has in its coffers to support all the risks it takes: lending, trading, and so on” (Financial Times, 2017). Between the two economic powers of the world, China has better ranked banks (first two positions) and, altogether, they cumulate more than their American counterparts. The last two positions are occupied by Great Britain and Japan. The difference between the first and the last placed bank is significant, the Industrial & Commercial Bank of China having more than twice Tier 1 capital than Mitsubishi UFJ Financial Group.

Table 1. The world’s largest banks after their Tier 1 capital (07.2016)

Rank	Bank	Tier 1 capital (US\$ bn)
1	Industrial & Commercial Bank of China (China)	274,432
2	China Construction Bank (China)	220,007
3	JPMorgan Chase & co (USA)	200,482
4	Bank of China (China)	198,068
5	Agricultural Bank of China (China)	185,607
6	Bank of America (USA)	180,778
7	Citigroup (USA)	176,420
8	Wells Fargo (USA)	164,584
9	HSBC (Great Britain)	153,303
10	Mitsubishi UFJ Financial Group (Japan)	131,753

Source: <http://www.thebanker.com/Top-1000/2016/2016>

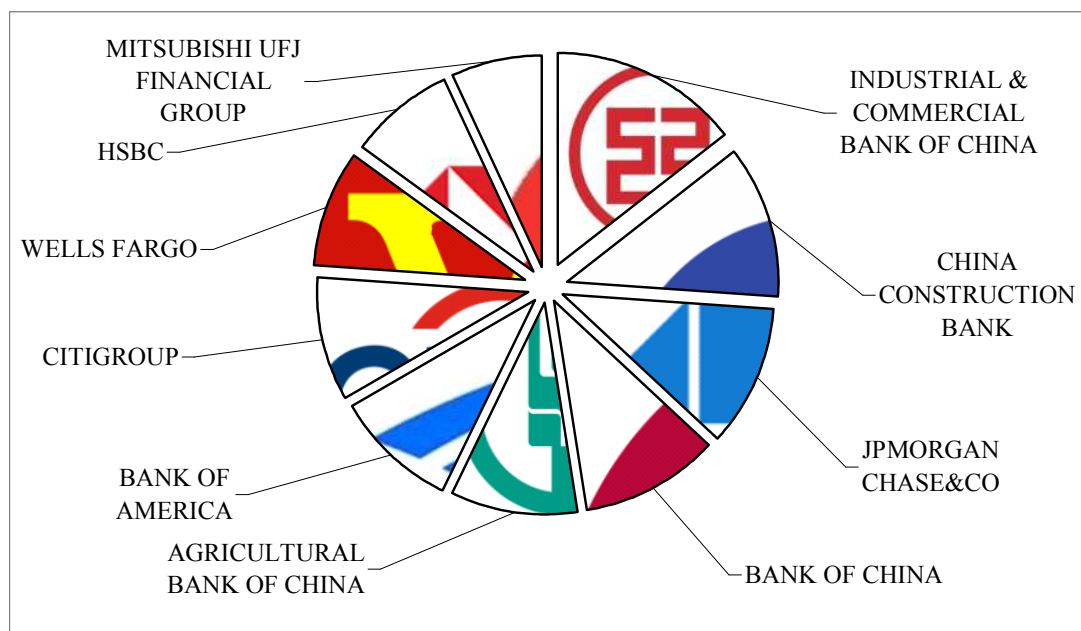


Figure 1. The world’s largest banks after their Tier 1 capital (07.2016)

Source: authors’ contribution

In 2017, taking into consideration the Tier 1 capital criteria (Table 2, Figure 2), the global banking system is dominated by the same main power poles: China and the USA. They are dividing the ranking equally in terms of the number of banks, four each, but when considering the highest value, China places first with the Industrial & Commercial Bank of China. Great Britain and Japan are the other countries that managed to place on the 9th and 10th positions.

Table 2. The world's largest banks after their Tier 1 capital (03.07.2017)

Rank	Bank	Tier 1 capital (US\$ bn)
1	Industrial & Commercial Bank of China (China)	281,262
2	China Construction Bank (China)	225,838
3	JPMorgan Chase & Co (USA)	208,112
4	Bank of China (China)	199,189
5	Bank of America (USA)	190,315
6	Agricultural Bank of China (China)	188,624
7	Citigroup (USA)	178,387
8	Wells Fargo (USA)	171,364
9	HSBC (Great Britain)	138,022
10	Mitsubishi UFJ Financial Group (Japan)	135,944

Source: <http://www.thebanker.com/Top-1000>

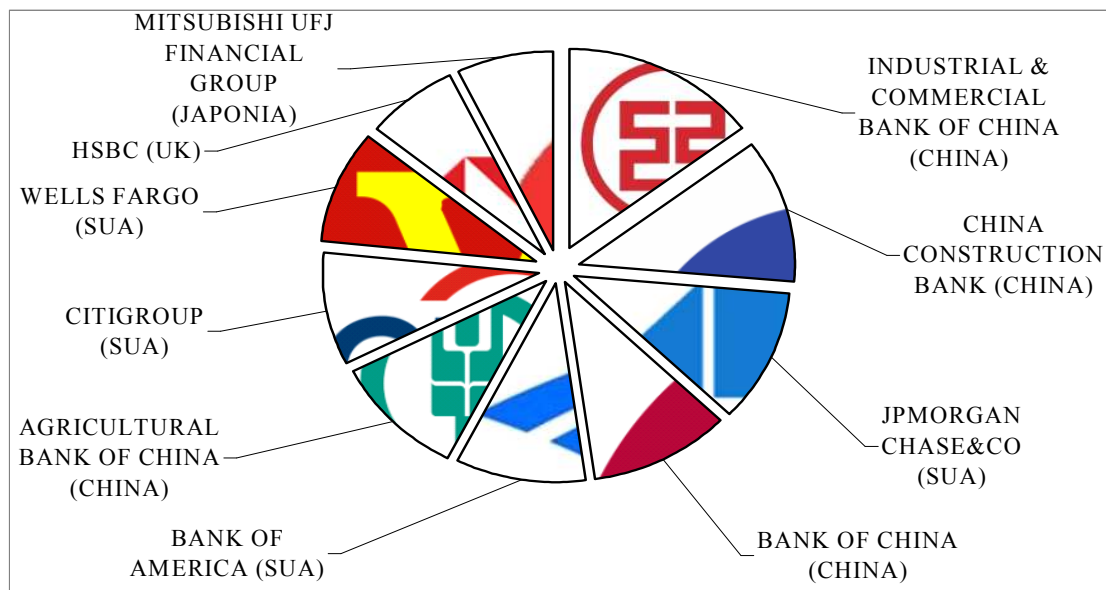


Figure 2. The world's largest banks after their Tier 1 capital (03.07.2017)

Source: authors' contribution

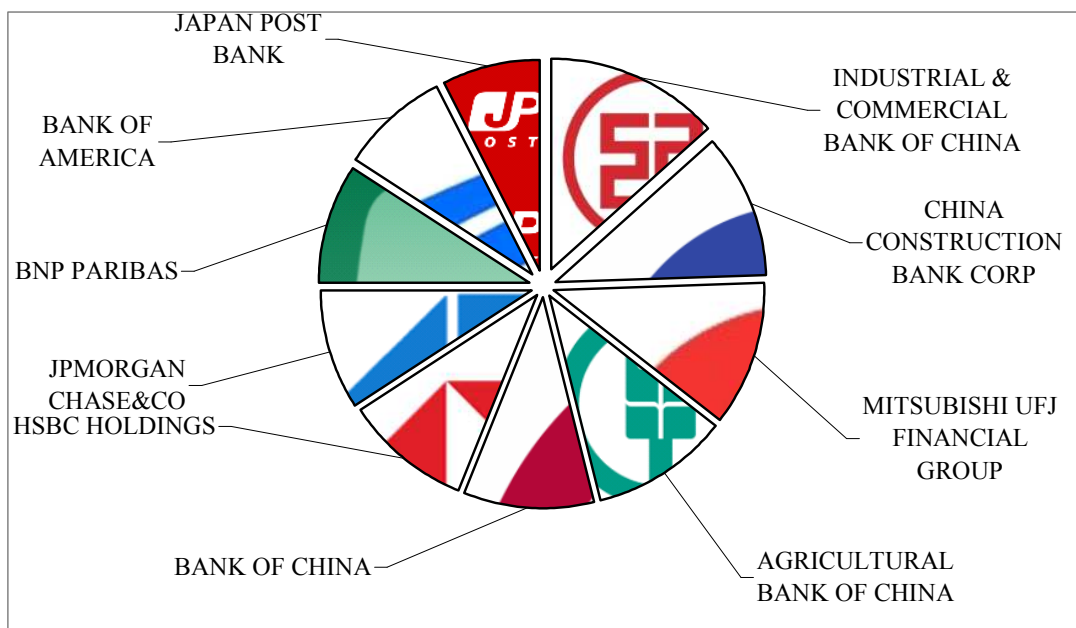
Both in 2016 and 2017, the ranking concerning the first 10 largest banks in the world by Tier 1 capital is clearly dominated by China and the USA. The Chinese and American banks are the ones competing, with no other bank coming on the big stage. The only change in the top is a castling between the Agricultural Bank of China and the Bank of America. The first placed bank isn't in a position where to feel threatened, the gap between the first and second place being consistent. Except HSBC, all the other banks registered an increase in they Tier 1 capital in 2017 in comparison to the previous year.

In terms of assets, the ranking regarding the world's largest banks in 2016 (Table 3, Figure 3) is dominated by China with four banks out of the first five, two of them ranking first and second: Industrial & Commercial Bank of China, respectively China Construction Bank Corp. Ranked 10th in terms of Tier 1 Capital, Mitsubishi UFJ Financial Group is now the third bank by assets (Japan has two banks in the top 10). Great Britain, the USA (two banks) and France are also present.

Table 3. The world's largest banks after their assets (30.06.2016)

Rank	Bank	Assets
1	Industrial & Commercial Bank of China (China)	3.549,88
2	China Construction Bank Corp (China)	2.981,85
3	Mitsubishi UFJ Financial Group (Japan)	2.901,34
4	Agricultural Bank of China (China)	2.818,89
5	Bank of China (China)	2.656,07
6	HSBC Holdings (Great Britain)	2.608,15
7	JPMorgan Chase & Co (USA)	2.466,10
8	BNP Paribas (France)	2.417,00
9	Bank of America (USA)	2.186,61
10	Japan Post Bank (Japan)	2.022,02

Source: <https://www.relbanks.com/worlds-top-banks/assets-2016>

**Figure 3. The world's largest banks after their assets (30.06.2016)**

Source: authors' contribution

In 2017, the first four positions are held by Chinese banks and the fifth one being placed 10th, all of them registering an increase in their number of assets. The USA is on the second position when referring to the number of banks present amongst top 10, Japan, Great Britain and France having one bank each.

Table 4. The world's largest banks after their assets (30.06.2017)

Rank	Bank	Assets
1	Industrial & Commercial Bank of China (China)	3.764,27
2	China Construction Bank Corp (China)	3.200,38
3	Agricultural Bank of China (China)	3.035,37
4	Bank of China (China)	2.866,05
5	Mitsubishi UFJ Financial Group (Japan)	2.713,60
6	JPMorgan Chase & Co (USA)	2.563,17
7	HSBC Holdings (Great Britain)	2.492,44

8	BNP Paribas (France)	2.447,84
9	Bank of America (USA)	2.254,53
10	China Development Bank (China)	2.080,27

Source: <https://www.relbanks.com/worlds-top-banks/assets>

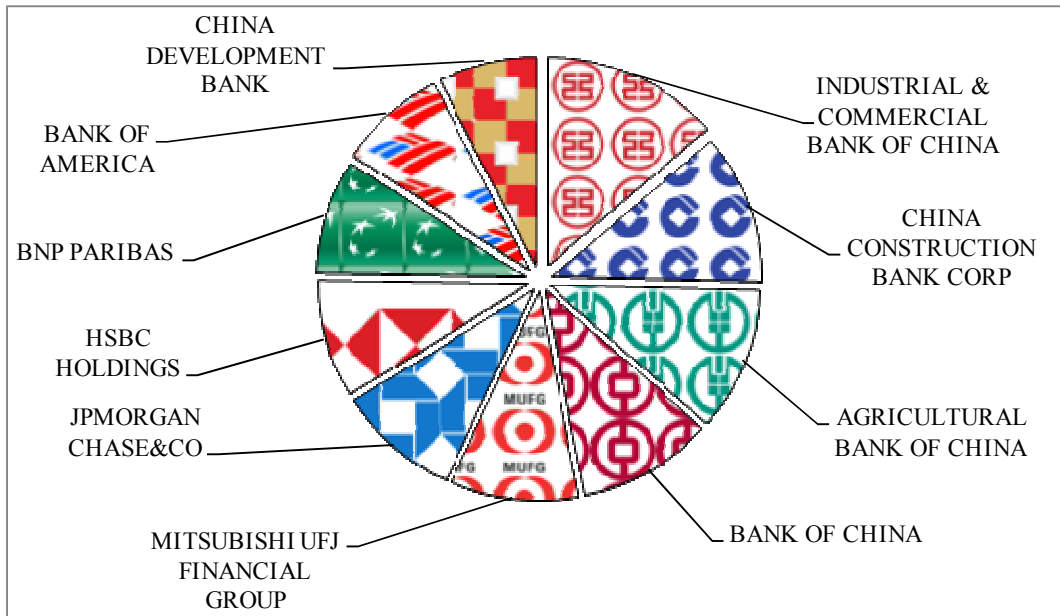


Figure 4. The world's largest banks after their assets (30.06.2017)

Source: authors' contribution

A new entry in the top 10 banks in the world by assets is China Development Bank, taking Japan Post Bank's 10th place. The Industrial & Commercial Bank of China maintained its leading position. China seems to be dominating the leaderboard in terms of the world's largest banks after their assets.

In 2016, the USA and China dominated the ranking regarding the world's largest banks after their market capitalization (Table 5, Figure 5), argument supported by them having four banks each, making room only for Great Britain and Australia. The USA ranked first, owing this to Wells Fargo.

Table 5. The world's largest banks after their market capitalization (11.03.2016)

Rank	Bank	Market capitalization
1	Wells Fargo (USA)	254,19
2	Industrial & Commercial Bank of China (China)	226,55
3	JPMorgan Chase & Co (USA)	217,79
4	China Construction Bank (China)	155,97
5	Agricultural Bank of China (China)	155,04
6	Bank of China (China)	144,16
7	Bank of America (USA)	142,39
8	HSBC Holdings (Great Britain)	128,91
9	Citigroup Inc (USA)	126,74
10	Commonwealth Bank of Australia (Australia)	99,69

Source: <https://www.relbanks.com/worlds-top-banks/market-cap-2016>

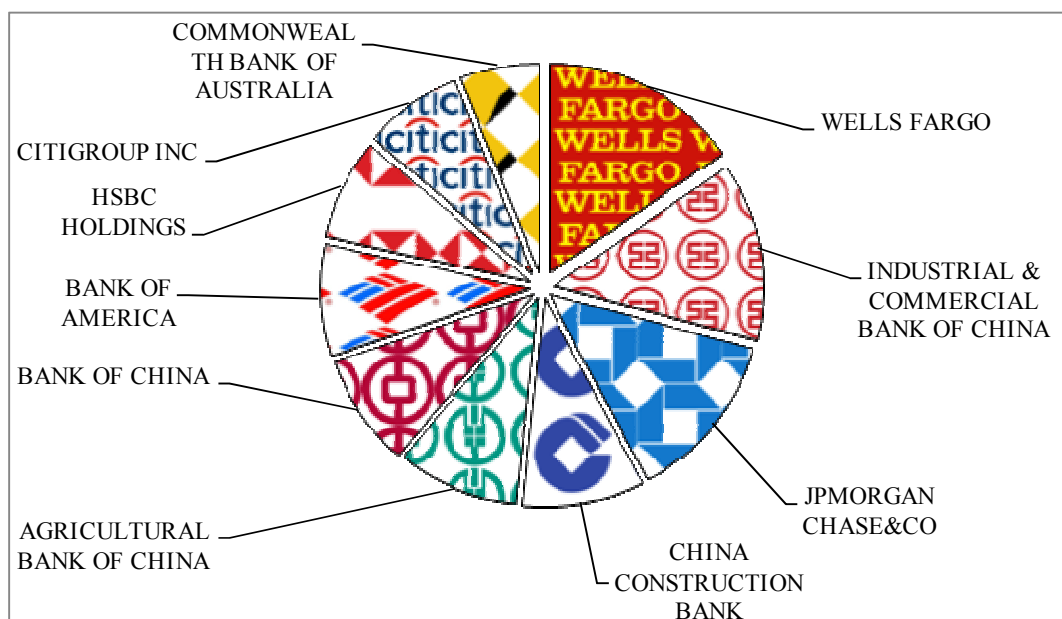


Figure 5. The world's largest banks after their market capitalization (11.03.2016)
Source: authors' contribution

Disputing their global domination once again, China and the USA have four banks each ranked among the world's top 10 largest banks after their market capitalization in 2017 (Table 6, Figure 6), Great Britain and Australia having only one each. The leader is an American bank, JPMorgan Chase & Co, closely followed by Wells Fargo.

Table 6. The world's largest banks after their market capitalization (20.01.2017)

Rank	Bank	Market capitalization
1	JPMorgan Chase & Co (USA)	299,393
2	Wells Fargo (USA)	276,578
3	Industrial & Commercial Bank of China (China)	229,700
4	Bank of America (USA)	228,778
5	China Construction Bank (China)	186,818
6	HSBC Holdings (Great Britain)	165,839
7	Citigroup Inc (USA)	159,898
8	Agricultural Bank of China (China)	148,100
9	Bank of China (China)	145,729
10	Commonwealth Bank of Australia (Australia)	106,355

Source: <https://www.relbanks.com/worlds-top-banks/market-cap>

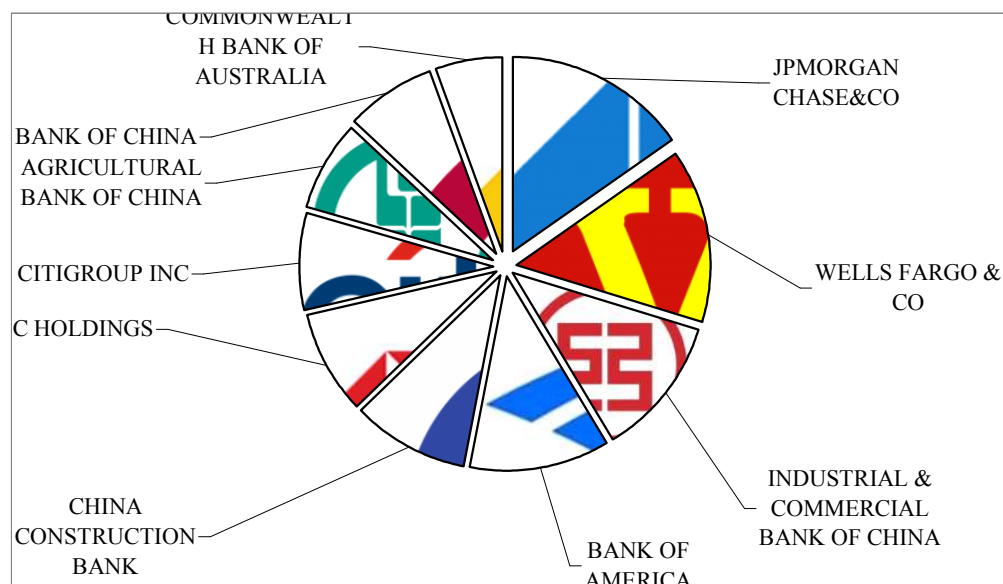


Figure 6. The world's largest banks after their market capitalization (11.03.2016)

Source: authors' contribution

The top managed to highlight the leadership of the USA, with Wells Fargo being ranked first in 2016, then JPMorgan Chase & Co in 2017. The same banks formed the global rank in 2017 as in 2016, the only one holding its position being the Commonwealth Bank of Australia.

Conclusions

The past years have witnessed an increased competition within the banking industry all over the world. As in the economic domain, China and the USA are the key competitors in the banking sector. China has succeeded in placing its powerful banks in the best positions in the ranking. Standing out of the crowd is the Industrial & Commercial Bank of China, leading the rankings by Tier 1 capital and assets both in 2016 and in 2017. In terms of market capitalization, the bank was second in 2016 and third in 2017.

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CONSIDERAȚII GENERALE PRIVIND PIAȚA MUNCII

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Abstract:

Piața muncii reprezintă ansamblul actelor de vânzare - cumpărare a forței de muncă, al relațiilor specifice acestora, ce au loc într-un spațiu economic; ea relevă întâlnirea dintre cererea de muncă (care provine de la firme) cu oferta de muncă (care provine de la populație), stabilirea pe această bază a condițiilor pentru angajarea salariaților, negocierea și fixarea salariilor în funcție de performanțele lucrătorilor, realizarea mobilității salariilor și forței de muncă pe locuri de muncă, firme, zone, etc.³

În corelație cu rolul determinant al muncii în dezvoltarea economico-socială și cu exigențele generale ale teoriei pieței și prețului, s-a format și funcționează piața muncii.

Piața muncii se comportă ca orice piață având și trăsături proprii, determinate de tipologia umană al obiectului cu care operează și cel al serviciilor realizate de acesta și pe care agenții economici le cumpără.

Teoria autentică a pieței muncii actuale trebuie să țină seama de faptul că nemunca duce la sărăcie pe termen lung. Istoria economică relevă că raționamentul fundamental al pieței muncii trebuie să rezulte din relația directă dintre munca permanentă caracterizată prin profesionalism și moralitate, pe de o parte, și eficiența sistemică, dezvoltarea economică, bunăstarea și echitatea, pe de altă parte.

Cuvinte cheie: piața muncii dezvoltare economică, indicatori, ofertă, cerere.

Clasificare JEL: M31 - Marketing

Piața muncii reprezintă ansamblul actelor de vânzare - cumpărare a forței de muncă, al relațiilor specifice acestora, ce au loc într-un spațiu economic; ea relevă întâlnirea dintre cererea de muncă (care provine de la firme) cu oferta de muncă (care provine de la populație), stabilirea pe această bază a condițiilor pentru angajarea salariaților, negocierea și fixarea salariilor în funcție de performanțele lucrătorilor, realizarea mobilității salariilor și forței de muncă pe locuri de muncă, firme, zone, etc.

În corelație cu rolul determinant al muncii în dezvoltarea economico-socială și cu exigențele generale ale teoriei pieței și prețului, s-a format și funcționează piața muncii.

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Conținutul pieței muncii a constituit obiectul diferitelor teorii opționale, unele fiind favorabile muncii, altele fiind favorabile celorlalți factori de producție.

Teoriile din anii 1960 susțineau că piața muncii reprezintă ansamblul relațiilor de vânzare cumpărare a serviciului muncii. În această perioadă se încadrează teoria susținută de Robert Solow potrivit căreia piața este un eșec. Aceasta înseamnă că mecanismul pieței muncii se dezechilibrează datorită factorilor economici, monoeconomici, care influențează oferta de muncă datorată cheltuielilor crescânde pe care le implică cererea de muncă.

Teoria Clubului de la Roma susținea că piața muncii înseamnă actele de vânzare – cumpărare a mâinii de lucru, ce generează relații proprii.

Teorii structuraliste despre piața muncii susțin că piața muncii conține tranzacțiile specifice privind vânzarea -cumpărarea muncii de o anumită structură și calitate pe un timp predeterminat.

Unele teorii recente susțin că, în condiții specifice ale restructurărilor economice la nivel național și mondial are loc un proces pregnant de extindere a unui mod de creștere economică bazat pe tehnici și tehnologii moderne și pe diminuarea ocupării resurselor de muncă.

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Teoriile privind piața muncii receptează valori mari ale dezvoltării economico – sociale precum: munca, oferta de muncă, piața muncii, calitatea muncii și vieții.

Teoria autentică a pieței muncii actuale trebuie să țină seama de faptul că nemunca duce la sărăcie pe termen lung. Istoria economică relevă că raționamentul fundamental al pieței muncii trebuie să rezulte din relația directă dintre munca permanentă caracterizată prin profesionalism și moralitate, pe de o parte, și eficiența sistemică, dezvoltarea economică, bunăstarea și echitatea, pe de altă parte.

Piața muncii s-a format și funcționează în corelație cu rolul determinant al muncii și cu exigențele generale ale teoriei pieței și profitului. Experiența istorică arată că, în esență, piața muncii implică întotdeauna stabilirea de raporturi între purtătorii ofertei și cei ai cererii de muncă.

Conform parametrilor de performanță, se pot delimita:

- piața principală a muncii este reflectată printr-un nivel ridicat de stabilitate a locului de muncă și de școlarizare;

- piața secundară a muncii caracterizată prin parametri specifici activității economice, respectiv instabilitate accentuată, salarizare modestă.

Piața muncii se mai poate delimita astfel:

- la nivel macroeconomic există piața muncii care contribuie la formarea condițiilor de angajare a salariaților, a principiilor de stabilire a ierarhiei și dimensiunii salariilor;

- la nivel microeconomic există piața muncii unde sunt stabilite condițiile de muncă precizate prin oferta de angajare, încheindu-se contracte de muncă individuale între angajat și angajator.

Indicatorii folosiți la nivel macroeconomic reflectă starea pieței muncii. Prin analiza acestor indicatori se formulează soluții concludente ce permit realizarea unor previziuni precum: relația muncă – salariu – management; inflație – productivitate - șomaj. Ca urmare, sunt importante următoarele situații:

- ✓ specific noului sistem economic, se poate contura piața muncii într-o perioadă mai îndelungată de timp, fiind necesar un nou sistem legislativ precum și metodologii de aplicare la care ar trebui să se raporteze partenerii sociali cu un nivel ridicat de responsabilitate pentru a evita disfuncționalități și blocaje.
- ✓ corelat cu ocuparea forței de muncă, piața muncii are o sferă de cuprindere limitată, (datorită tensiunilor existente între piața muncii și instituțiile legislative, se nasc consecințe negative pe termen mediu și lung); sub aspect social protecția angajaților este slab abordată atunci când există situații în care sunt închise sau sunt restructurate întreprinderi;
- ✓ la nivel macroeconomic și microeconomic sunt prezentate disfuncționalități referitor la mecanismele ce gestionează piața muncii. O importanță majoră o are informația sub aspectul colectării, prelucrării și distribuirii acestora care să contribuie la elaborarea și realizarea strategiilor și politicilor privind piața muncii, fundamentate pe eficiență, credibilitate și transparență.
- ✓ criza locurilor de muncă se manifestă ca urmare a crizei economice la nivel național, fiind o expresie a crizei muncii și a pieței muncii (în condițiile recesiunii economice românești, eliminarea sau diminuarea cererii de pe piața muncii are ca efect scăderea investițiilor, devalorizarea leului sau a unor dereglări monetar-financiare);
- ✓ reducerea gradului de cuprindere în sistemul de educație a populației aptă de școlarizare reprezintă un proces cu rol deosebit în formarea, flexibilizarea și adaptarea ofertei la cererea de forță de muncă.

Aceste aspecte au determinat diminuarea nivelului mediu de educare a populației totale, cu consecințe defavorabile pe termen îndelungat asupra reorientării în carieră.

Piața muncii reprezintă locul abstract în care se întâlnește cererea de muncă cu oferta de muncă. Piața muncii nu poate fi considerată o piață „obișnuită”, deoarece lucrătorii nu sunt identici și pot decide unde și în ce condiții să muncească.

Firmele oferă locuri de muncă și cer în schimb forță de muncă, în timp ce populația activă oferă forța de muncă și cere, la rândul ei, locuri de muncă:

- ✓ oferta de muncă este reprezentată de populația activă;
- ✓ cererea de muncă provine de la întreprinderi și administrații.

Oferta de muncă poate fi studiată atât la nivel individual, cât și la nivel total (oferta agregată de muncă). Aceasta exprimă numărul de ore de muncă efectuate de un individ în funcție de salariul primit. Oferta agregată de muncă este formată din populația activă (PA), care la rândul ei se compune din populația ocupată (PO) și populația neocupată (PN)

$$PA = PO + PN$$

Populația activă depinde de doi parametri:

- populația în vârstă de muncă (>16 ani)
- rata de activitate globală (RA), care arată probabilitatea că o anumită persoană, de o anumită vârstă, să facă parte din forța de muncă.

$$PA = (RA \times PAT) \times 100$$

unde:

PAT – reprezintă populația aptă totală.

Populația aptă de muncă depinde de următorii factori:

- factori demografici:
 - creșterea naturală, dacă este pozitivă, antrenează o creștere a populației active (număr nașteri > număr decese);
 - soldul migrației, dacă este pozitiv, determină o creștere a populației active (numărul populației care intră în țară > număr populație care iese din țară).
- vârsta la care se intră pe piața muncii și la care se iese de pe piața muncii - dacă vârsta de intrare pe piața muncii este ridicată (ani de studiu), populația activă va cunoaște un declin.

Rata de activitate globală depinde de următorii factori:

- conjunctura economică - dacă se îmbunătățește, șomerii descurajați își vor găsi un loc de muncă și se vor număra printre persoanele active iar rata de activitate va crește; dacă se înrăutățește persoanele aflate în șomaj vor renunța să mai caute un loc de muncă, crescând numărul persoanelor inactive;
- factori de natură sociologică – dorința persoanelor de sex feminin de a accede la un statut social conduce la creșterea ratei de activitate a acestora.

Cererea de muncă reprezintă nevoia de muncă salarială care se formează în economie într-o anumită perioadă de timp și poate fi analizată pe termen scurt cât și pe termen lung. Pe termen scurt, investițiile realizate nu se modifică, iar stocul de capital rămâne constant. Pe termen lung, firma are de ales între doi factori de producție, L și K, ce să-i permită maximizarea producției, în condițiile unui cost de producție datorat. Cererea de muncă depinde de costul muncii și de posibilitățile de substituție sau de complementaritate între capital și muncă. Se pot distinge două categorii de muncă:

- muncă calificată și capital – factori de producție complementari;
- muncă necalificată și capital – factori de producție substituibili.

Costul total de producție este :

$$CT = P_k \times K + w \times L$$

unde:

w – salariul real

L – număr lucrători

K – capital

P_k- prețul capitalului

Cererea și oferta de muncă sunt, prin conținut și formă de manifestare, categorii economice și mărimi economice dinamice, așa cum sunt și valorile de așteptare ale indivizilor și societăților. Ele se modifică de la o generație la alta, sub incidența progresului cultural și instituțional dobândit de fiecare sistem, precum și ca urmare a rangului de prioritate pe care aceasta este în măsură să îl atribuie nevoii de educație în cadrul ierarhiei nevoilor sociale.

Caracteristicile pieței muncii sunt:

- a. arată conexiunile reciproce dintre situațiile demografice reale care stabilește oferta de muncă, și cele ale dezvoltării economico-sociale, care influențează cererea de muncă;
- b. presupune dialogul permanent între angajator și angajat, din punct de vedere cantitativ, calitativ și structural. Ea facilitează întâlnirea între locurile de muncă disponibile și lucrătorii disponibili, fiind principalul model de parteneri între patron și angajat;
- c. este reglementată în cel mai înalt grad și înregistrează cele mai multe influențe din partea multor factori. Această trăsătură este dată de specificul muncii, dar și de cerința de a i se asigura salariatului protecție, și de a controla competiția loială cu ajutorul organizațiilor sindicale. Piața muncii trebuie să prezinte reglementări structurate flexibil, care să conducă la o mai bună competitivitate, influențând favorabil creșterea economică.
- d. arată modul prin care se asigură resursele de muncă pe niveluri de calificare, pe ramuri, sectoare și profesii. Acest lucru se realizează prin intermediul tendinței de egalizare a costurilor și a veniturilor factorilor de producție necesari activităților economice.

În strânsă corelație cu caracteristicile menționate, piața muncii prezintă următoarele funcții:

- funcția socială – implică negocierea unor elemente ce țin de condițiile de muncă și ansamblul calității vieții;

- funcția formativ-culturală – se realizează prin calificare, profesionalism, educație, recalificare și reconversie. Aceasta asigură o mai mare mobilitate și adaptare a forței de muncă la exigențele dezvoltării economice.

Oferta și cererea de muncă, privite în interdependență, constituie forțele esențiale ale pieței muncii în toate timpurile.

Oferta de muncă reprezintă resursele de muncă de care dispune societatea la un moment dat și care se delimitează pe baza următoarelor criterii:

- salarizarea;
- posesia aptitudinilor fizice și intelectuale necesare pentru o muncă;
- căutarea susținută a unui loc de muncă;
- disponibilitatea unei persoane de a ocupa imediat un loc de muncă, de a presta un serviciu.

Oferta este formată din populația aptă de muncă a unei țări și crește mai rapid decât cererea de muncă.

Oferta de muncă are caracter relativ rigid și exprimă o piață a muncii cu concurență totdeauna imperfectă. Acest caracter se explică prin următorii factori:¹

- factori economici și teritoriali – se referă la lipsa posibilității sau a dorinței persoanelor de a lucra în alt teritoriu. Motivația acestei imobilități a ofertei de muncă constă în: efortul bănesc pe care îl presupune schimbarea locului de muncă în altă localitate, atașamentul față de mediul economic-social, etc.

- factori la nivel demografic, profesional, ocupațional – se referă la lipsa posibilității persoanelor de a-și schimba locul de muncă. Explicația acestui tip de comportament se referă

la: calificarea insuficientă, insuficienta informare despre ocupațiile disponibile, starea de sănătate, vârsta, insuficiența șanselor pentru reconversia forței de muncă, etc.

Putem concluziona că oferta de muncă depinde de: dimensiunile populației, calitatea forței de muncă, structura populației, rata de activitate a forței de muncă, etc.

Cererea de muncă reprezintă ”nevoia de muncă salarială ce se formează într-o economie de piață concurențială la un moment dat sau pe o anumită perioadă, exprimată prin numărul locurilor de muncă”. Prin utilizarea disponibilităților de muncă existente în societate (populația aptă de muncă) se realizează satisfacerea nevoilor de muncă.

Caracterul specific al pieței muncii poate fi pus în evidență prin următoarele aspecte:

- pe termen scurt, datorită apariției unor activități noi și dezvoltarea celor existente se creează locuri de muncă iar cererea de muncă este într-o continuă schimbare,;
- într-o perioadă îndelungată de timp oferta de muncă se formează , perioadă în care generația nouă ajunge la vârsta legală de muncă și se instruește;
- Se observă o mobilitate scăzută la persoanele apte pe piața forței de muncă ; oferta de muncă depinde și de alți factori nu numai economici (vârstă , stare de sănătate, etc.);
- generațiile de tineri nu sunt crescute ca niște mărfuri sau numai pentru a deveni salariați, ci oameni; oferta de muncă nu se formează în exclusivitate pe principiile economiei de piață;
- cererea și oferta de muncă nu sunt omogene, iar neconcordanța dintre structurile acestora fac substituirea între diferitele ei componente să fie redusă.

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****Legea nr. 250/2013 pentru modificarea și completarea legii nr. 76/2000, privind sistemul asigurărilor pentru șomaj și stimularea ocupării forței de muncă.*

PSYCHOLOGICAL EXPERIMENT ON HOW THE SOCIAL ENVIRONMENT INFLUENCES SELF-IMAGE AND SELF-ESTEEM

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Abstract: *This paper aims at presenting the defining aspects of the concepts of self-image and self-esteem, as well as the main studies and researches in the field. An important objective included in the purpose of the paper was to conduct an experiment on how the negative feedback we receive from the social environment in which we are active influences our self-image and self-esteem. The type of experiment we used was the confirmation one, starting from a hypothesis, where we assumed the existence of a relationship between a stimulating action and a specific response. The end of the research and therefore its main result was that the experimental hypothesis was confirmed, thus demonstrating that the negative feedback influences a person's self-image. The paper also presents the main implications of this phenomenon.*

Keywords: self-esteem, self-image, psychological experiment

Jel Classification: E71

1. Introduction

This paper aims at presenting the defining aspects of the concepts of self-image and self-esteem, as well as the main studies and researches in the field. **An important objective included in the purpose of the paper was to conduct an experiment** on how the negative feedback we receive from the social environment in which we are active influences our self-image and self-esteem.

In order to achieve the aim of the paper an experiment was carried out on the students of the first year of Psychology, from the University of Pitesti. The experiment was conducted during the Experimental Social Psychology seminar.

The subjects of the research were 2 students from the first year, the Faculty of Psychology, aged between 19 and 20 years old.

The hypothesis on which the study was based was the following: negative feedback influences a person's self-image.

The type of experiment we used was the confirmation one, starting from a hypothesis assuming the existence of a relationship between a stimulating action and a specific response.

The **expression “self-image”** is usually used with reference to the perceptions and attitudes that individuals have on their bodies, although some authors claim that, in fact, the term is much broader and includes aspects that accompany our behaviour, such as weight loss attempts or other investment indicators in self-appearance (Banfield & McCabe, 2002). As a rule, women have a lower self-image compared to men (Feingold & Mazzella, 1998).

Self-image is defined by how we perceive our own physical, emotional, cognitive, social and spiritual characteristics that outline and strengthen the dimensions of our self.

Depending on our perception at a given moment of our development, of what we would like to be, or what we might become, we can distinguish more hypostases of our self: the present ego, the ideal ego, and the future ego.

Two expressions (moments) can be found in its formation, taking into account the fact that:

- a) Self-image is factual – an individual is considered fat, smart or hardworking based on facts, data, comparisons;
- b) These are interpreted – if it seems disgusting to be fat or useless to be smart or diligent, the self-image is low.

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Self-esteem, interdependent with self-image, can be most simply defined as how people perceive themselves (Steinberg, 1999). Self-esteem is also seen as the difference between true esteem and ideal esteem (Pettus, 2001). The more people are closer to the ideal they want to achieve, the more likely they are to have a greater self-esteem than if they consider themselves to be far from achieving the proposed goals (Wohlford, Lochman, Barry, 2004, pp. 575-582).

2. Experiments, studies and research on self-esteem

Coopersmith (1967) conducted experiments on self-esteem on a group of American boys aged 10-11 years old. He built his experiments based on: his own assessment of the boys; the teachers' reports on them; psychological tests. In the end, he distinguished three groups after scaling up self-esteem as high, medium and low. He found the following differences between the three groups:

a. **The group of boys with low self-esteem** presented as general characteristics that their parents were little concerned about them and they presented low levels of aspirations for their future. In infancy, the boys had been sick. The boys did not make "big dreams" of life, nor aspire to success.

b. **The group of average self-esteem** was composed of optimistic boys who accepted criticism from others. Unlike those in the high self-esteem group, they were conventional, showing the tendency of conformism and rallying to the opinions of the majority or of the leaders.

c. **Those with high self-esteem** were active, they expressed themselves easily, they obtained and were confident in success. Parents were generally concerned about them, restrictive and with clear rules for their program.

Coopersmith concluded that the sources of high self-esteem are complex, dependent on the parenting styles and the early setting goals in life. It is important in building self-esteem for individuals to be respected as early as the age of the first childhood, to have well-defined values and to be oriented towards solving problems.

Self-esteem prolongs life. A study on the winners of the Oscar Academy Award made by researchers at Sunnybrook and Women's College Health Sciences Centre has shown that actors who won just once a prize in this category tend to live longer. Donald Redelmeier, the author of the study, explains that not the prize is the cause of their longevity, but the self-esteem that it has generated and the social benefits that have followed.

3. Methodology of the scientific research

Self-image is the way we see ourselves, with our physical, emotional and social characteristics, our own opinion about ourselves, about who we are now, but also about how we could be.

The feeling of self-image is the central unit of our existence, to which we ultimately relate everything.

The steps we performed to complete the experiment are the following:

- observing the facts;
- establishing the hypothesis;
- the experimentation itself;
- processing and interpreting the results.

Through this experiment, we aimed to highlight an immediate effect to a negative reaction to the surrounding environment (hypothesis). Absolutely everything we do, we undertake in order to maintain the sense of self-image, to preserve it or to improve it.

Two female subjects took part in the experiment; they are students in psychology, in the first year. The experiment took place within the Socio-Human Faculty, in Pitesti, within the seminar of experimental social psychology.

The subjects were not informed about the methods of carrying out the experiment.

We randomly chose a subject from the room, invited her to sit on a chair (in front of us) and asked her to enumerate ten animals and what they do, for example: *the dog barks, the cat meows, the mouse chews and so on.*

At the first animal named by that person, we nodded encouragingly. With the second example, we started the experiment itself.

At each enumeration we frowned in astonishment or vexed, nodded disapprovingly (that is, we sent a negative feedback) and then we waited. At the fourth animal listed, the subject began to lose her patience, and at the end of the experiment, said something like “Was there a trick?”, “What happened?”, “I do not know exactly what you want from me,” etc.

The type of experiment we used was the confirmation, starting from a hypothesis, in which we assumed the existence of a relationship between a stimulating action and a specific response.

4. Data analysis

Subsequent to the experiment, the following responses from the subjects were highlighted and these are quantified in the following tables:

Subject 1

	Negative feedback from the experimenter	Response to feedback
Enumeration 1	NO	NO
Enumeration 2	YES	NO
Enumeration 3	YES	NO
Enumeration 4	YES	YES
Enumeration 5	YES	YES
Enumeration 6	YES	YES
Enumeration 7	YES	YES
Enumeration 8	YES	YES
Enumeration 9	YES	YES
Enumeration 10	YES	YES

Subject 2

	Negative feedback from the experimenter	Response to feedback
Enumeration 1	NO	NO
Enumeration 2	YES	NO
Enumeration 3	YES	NO

Enumeration 4	YES	NO
Enumeration 5	YES	YES
Enumeration 6	YES	YES
Enumeration 7	YES	YES
Enumeration 8	YES	YES
Enumeration 9	YES	YES
Enumeration 10	YES	YES

The analysis of the data confirms the established hypothesis; in the sense that, as we can see, at most to the fourth animal listed the subjects began to lose their patience, reacting to the negative feedback from the experimenter.

5. Conclusions and final assessments

Thus, the hypothesis of the experiment, that the negative feedback influences a person's self-image, has been confirmed.

The psychological interpretation of this experiment lies in two possible explanations, namely:

- Self-image is factual – an individual sees himself/herself as fat, smart or hardworking based on some facts, data, comparisons;
- Social Reflection – expresses the fact that the others are mirrors in which we see our own image. The self is the product of social interaction. As George Herbert Mead argued in 1934, we often get to know ourselves by imagining what other people, whose opinion we consider important, think of us, incorporating their appreciations into the self-image.

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SECTION: MARKETING AND TOURISM

FUNDAMENTAL MARKETING STRATEGIES BASED ON THE PRODUCT-MARKET MATRIX IN ENTERPRISES ACTIVE WITHIN THE TOURISM SECTOR

Adrian, Serban-Comanescu¹

Abstract

The marketing strategies developed by the management structures are an important component in the elaboration and substantiation of the marketing plan. Conceived in forecasts, they sharpen the action lines of each enterprise, their contribution often depending on the effectiveness of the interface with the over-systems to which it belongs, the extent to which they maintain and amplify their respective occupied market segment, the profitability obtained.

In the marketing plan, marketing strategies are the core of the strategic management process and contain some defining features: they are based on an appreciable amount of aggregate information, they are subordinated to the objectives set, they are interchangeable with objectives, they define the major directions in which the enterprise concentrates its future activity and do not mark the beginning of their transposition into fact, are the basis for the elaboration of strategic plans, require the existence of strategic feed-back in order to obtain the competitive advantage.

They target the market strategy according to its specificity and the strategies corresponding to the elements of the marketing mix: product, price, distribution and promotion.

Key words: marketing, strategies, tourism, market matrix.

J.E.L. Classification: A1

Today, tourism companies are facing a number of new marketing realities: demographic changes, complex competitors, excess travel offers on the market, increasingly demanding and more exigent consumers. Tourism in the 21st century imposes as an objective necessity to consider these factors that make us realize that it is increasingly difficult to please and satisfy our customers. The existence of a large number of activities and their complexity, the different positions held by the enterprises on the market have led to the development of a number of marketing strategies, grouped by a series of criteria, which allow their basic characteristics to be highlighted. When formulating marketing strategies, account is taken of the stage in which the product is located within its lifecycle, the position of the tourist enterprise in relation to competitors in the field, and their alignment with the general strategies of the organization.

The strategy is currently one of the most used concepts. In the economic sense there is a large number of definitions of this notion.

Chandler (1962) defined the strategy as "*the long-term determination of the goals and objectives of an organization, the adoption of the course of action and the allocation of resources for their achievement.*" (Chandler, A., *Strategie, structure, decision, identite*, Paris, Dunod, 1993, pg 63).

Igor Ansoff (1965) treats the strategy as "*the common axis of the actions of organizations and products / markets that define the essential nature of the economic activities the organization carries out or envisages to achieve in the future.*" (Ansoff, I., *Strategie, structure, decision de l'entreprise*, Paris, LesEditionsd'Organisation, 1996, pg 116). In its vision, the strategy comprises four components: firstly, the *geographic growth vector*, based on the product / market pair that specifies the orientation and size of the

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organization's future activities; secondly, the *competitive advantage* of ensuring a stronger competitive position by identifying the properties of each product / market pair; thirdly, another component refers to the *synergy of the use of the organization's resources* and, fourthly, the *strategic flexibility* based on transferable resources and skills from one field of activity to another (Istocescu, A., *Strategia și managementul strategic al organizației. Concepte fundamentale. Aplicații manageriale*. Editura ASE, București 2005, pg 16).

The same Igor Ansoff defines the concept of strategy as "*an elusive and rather abstract concept. It is obvious that its simple formulation remains without immediate concrete effect regarding the operation of the company. Rather, it is a process that costs both time and money. Management is a pragmatic activity that unites concrete results; in this context, one can ask whether such an abstract concept as the strategy can contribute to improving the company's performance*" (Ansoff, I., *Strategie du développement de l'entreprise-une approche méthodologique du management stratégique dans le dernier quart du XX^e siècle*, Les Edition d'organisation, 1989). The above statement is better illustrative of the current state of the art in research and which causes uncertainty among the business managers.

According to Kenichi Ohmae, a well-known Japanese strategist, when approaching a strategy, "three major players or the strategic triangle peaks: the company, the customer, and the competition must be considered. Both the company and its competitors create a value that is associated with costs." (Ohmae K., *Inteligența strategului. Arta afacerilor în Japonia (Intelligence of the strategist. Art of business in Japan)* Teora Publishing House, Bucharest, 1998).

The well-known American professor Peter Drucker, referring to the strategy, said that it must answer to two fundamental questions, namely - what is the business about? – what must be the object of activity of the business?

Regardless of the chosen wording, the strategy essentially identifies the same idea: the *strategy is a long-term plan in order to know how to act under uncertain future conditions in order to achieve the goals previously set.*

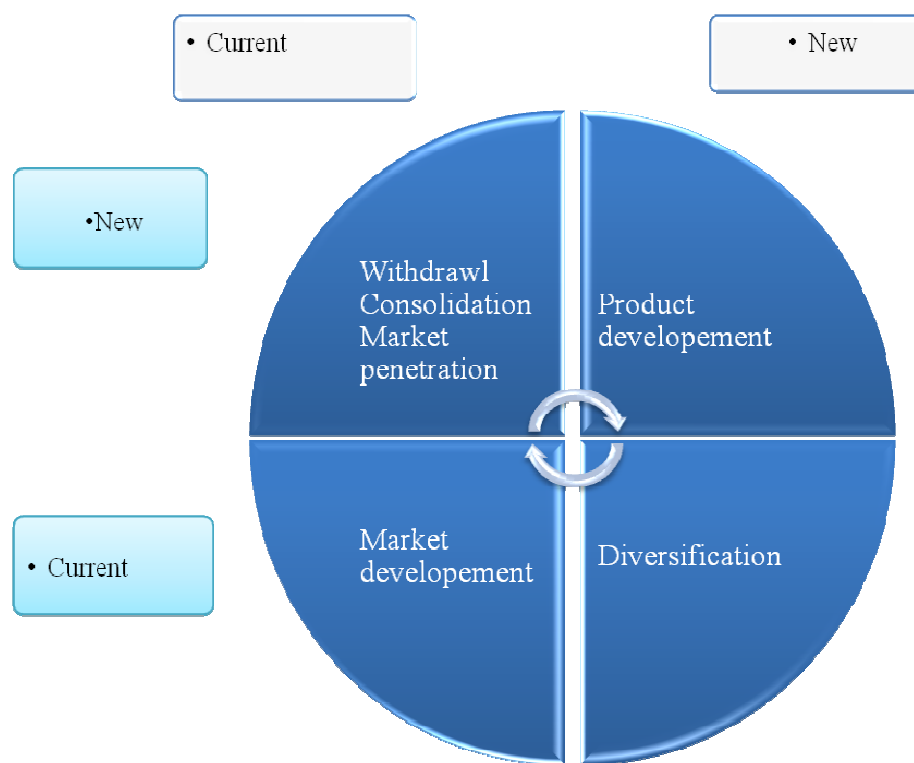


Figure 5.1. Product-market matrix

The strategies that tourism businesses can resort to are based on the product-market matrix introduced by Igor Ansoff based on the concept of planning gap (Ansoff, H., I., *Corporate Strategy*, Pelican Books, Gretna, Los Angeles, 1968, p. 99). Through the Ansoff matrix, it is possible to analyze possible *strategies* that an enterprise could use at a given time. Products and markets represent the variables, so this matrix identifies potential areas where strategic competencies can be developed (see Figure 5.1).

1. *The withdrawal strategy* entails the restriction to different extents - in whole or in part of the business activity on the current markets. It is a relatively uncommonly recommended strategy in marketing plans that aims to normalize a negative trend in order to avoid certain losses or to solve a difficult financial situation in which the enterprise is located. This strategy is also classified as:

- the strategy of partial withdrawal of activity,
- full withdrawal strategy and
- captivity strategy.

The strategy of partial withdrawal of activity consists in giving up achieving less profitable products or services, followed by the consolidation and increase of efficiency of the remaining activity.

The strategy of complete withdrawal consists in the sale or dissolution of the enterprise, a strategy that can be deliberately adopted or that can be decided by circumstances. The sale of products, assets, or of the entire business to other market operators is made when the business owners consider the market to be unsafe, they do not have a positive view of the future, or they want to get the value of its assets as soon as possible.

The captivity strategy implies that an enterprise waives its right of decision in a number of fields of activity (marketing, sales) in favour of another enterprise to ensure its survival. The company that has lost its independence is assured with a client with whom it concludes a long-term contract.

2. *The consolidation strategy* refers to the maintenance of the position on the current markets and is usually promoted by an enterprise when it is content with its present situation within the market segment. This strategy is characterized by the fact that the volume of activities remains largely unchanged or by a slow and non-aggressive growth. In the long run and in case of mature markets, marketing strategies focus on product quality, cost reduction, or the scale and diversification of the marketing activity. On the short term, in the case of developing markets, the maintenance strategy used by all types of enterprise is to strengthen the position vis-à-vis competitors through market share growth strategies at the same pace as that of the market development.

3. *Development strategies*. Ansoff's matrix analyzes possible *growth directions* that an enterprise can follow and *identifies* four growth strategies:

- 3.1 Market penetration - increasing the share in current markets using existing products,
- 3.2. Development of the market - entering new markets and segments of different geographic areas using existing products,
- 3.3. Development of the product - the development of new products on the existing markets,
- 3.4. Diversification - penetration into new markets through new products.

3.1. *Market penetration strategy* - requires the development of existing tourism markets with tourism products and services available on the market in a previous period.

Market penetration is based on improving service quality or increasing efficiency, thereby reducing costs under those of competition. When we refer to mature or declining markets, we find that they are more difficult to penetrate than those that are still in the growth stage, with the latter offering more opportunities. So, if a market is declining, companies can

reorient their strategy through the possibility of shrinking activity or even withdrawing, so as to redirect their resources to growing markets.

Providers of tourism services resort to special marketing policies that make it possible to identify and understand the individual requirements of the customers and the elements of differentiation from competition, as well as the establishment of the possibilities for their accomplishment. Thus, a marketing strategy is implemented based on the differentiation of the categories of buyers for each target market; marketing plays a key role in ensuring market success through the detailed knowledge of the potential customer with its expectations, its preferences and dislikes. It is possible to develop a marketing strategy that aims at meeting the needs of the client to the highest degree.

For revenue growth, tourism businesses can develop conditions that favour extending the service life of a set of existing products and services outside the season.

3.2. *The Market Development Strategy* - involves finding new outlets for current Romanian tourism products and services. Adopting this strategy involves a number of risks, especially if the "outlets" market is not well-known.

Market growth involves tackling new markets using essentially unchanged products. New markets are represented by new geographic areas or new segments of existing markets. In both situations, this strategic option seeks to attract new customers for the existing product range. The major risk associated with this type of strategy is that business managers may have little experience in new markets, and consequently they can make certain mistakes.

The development of the market therefore involves attracting tourists from other geographic areas with genuine and diversified, truly attractive tourist offerings.

3.3. *The Tourism Product Development Strategy* - involves the creation of new services for the current markets.

Product development involves the development of new products on existing markets with the intention of attracting new consumers and retaining existing ones. Product development offers advantages to negotiating with customers who have some experience as they are part of the existing market. In a world where product life cycles diminish, product development has become an essential form of strategic development for many businesses. Although we often find the expression "new products", we note the existence of an extremely small number of products that we can see as completely new, and often these are variations of existing products or are new for some companies. For example, a tour operator that launches a new airline or a tour operator that launches new destinations. A truly new product could be the tourist trips on the Moon.

In order to achieve this goal, it is very important to know the needs of potential customers of tourist services. The strategy of developing tourism products is destined to take advantage of existing market opportunities through innovation (Ionciă M.(coord.), Petrescu E.C., Popescu D., *Strategii de dezvoltare a sectorului terțiar (Tertiary Sector Development Strategies)*, Uranus Publishing House, Bucharest, 2004).

Applying this strategy to tourism would imply: improving the quality of the products offered and of the services provided by the tour operators. Another option could be to identify and develop new forms of tourism.

3.4. *Diversification strategy* - involves offering new tourism services on new markets.

Of all the strategies, this is the most risky because both the products offered, the services provided and the market on which they are sold are new. The diversification strategy of the tourist services aims to tune the ways to meet the requirements of the many segments of the tourism clientele. It starts from changes in the size of the range of services that make up the offer of the travel company. Its implementation in practice can be accomplished by: adopting a strategy for selecting the components of the offer that provide the greatest chances of success on the market; the strategy of product range stability based on maintaining the range of services where this is proven to be viable by consumer demand; the range diversification strategy which implies the widening of the product market by tinting the ways to

meet the tourist needs. Diversification can take several forms according to Figure 5.2. (Glaesser D., *Crisis Management in the Tourism Industry*, Butterworth–Heinemann, Ed. 2003).

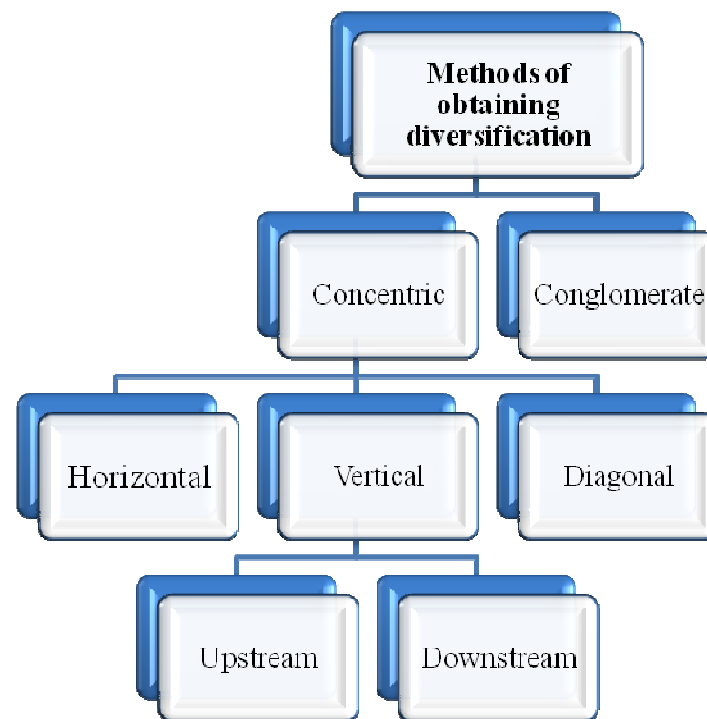


Figure 5.2. Directions and methods of diversification

Diversification can be a good strategic option when: current products and markets no longer record the desired financial results; the enterprise has used its skills and resources below its optimum level; the enterprise wishes to diversify its scope to more than a product or market segment; the enterprise wants to make more efficient use of the existing distribution system by reducing fixed costs and resulting in revenue growth; the enterprise tries and wants to dilute its risks.

In tourism one can choose one of the following diversification options: vertical diversification (vertical integration), horizontal diversification (integration), concentric diversification or integration as a tourist conglomerate.

The strategy of concentric diversification is met when new products or markets have common features with existing ones and this likelihood can reduce the risks of diversification. By concentric diversification, development in similar industry sectors upstream or downstream can take place in the existing distribution chain of the enterprise.

Through the conglomerate diversification strategy, the development of completely new areas and market products can be achieved. In the case of conglomerate diversification compared to concentric diversification, one can see a higher risk due to new products being made for markets with which the company is not familiar. This strategic option is adopted when the enterprise has severe restrictions on growth potential on existing markets, or when it sees significant development opportunities in new market areas.

The horizontal diversification strategy consists in the development of new products and services for which technologies different from those of the current products are used and which are intended for the same customer segments. For example, internationally, there are airlines that associate with service providers (food, airport, etc.) in order to diversify the tourism products offered to the market. Marriott has developed a distribution system for the

supply of restaurants called the Marriott Distribution System and has opened six distribution centres serving Marriott hotels in a particular region. In this way, the restaurants are supplied on time, with the freshest raw materials, and the customers are fully satisfied. By synthesizing, horizontal diversification implies that an enterprise enters a complementary market or a competitive market when it works with another operator in order to achieve common objectives or when it takes over another operator.

The strategy of vertical diversification is the alternative that drives the company to produce new products and services that are not related to current products and services, either technologically or in terms of the market segments. For example, a spa and tourism company offers its clients pure tourist services (excursions, leisure, etc.), restaurant services, transport services and various medical treatments.

By investigating the various strategic diversification alternatives, the enterprise may discover additional forms of sales growth. Diversification offers great opportunities for affiliated businesses, but the company must have the necessary experience to record success in the new business.

The main reason for adopting a change strategy is to distribute the risks so that the business is not dependent on a single business area, especially when the field takes place on saturated or declining markets. Another reason for diversification is the hope of achieving higher financial results.

Each of the four alternative strategies presents advantages and disadvantages; that is why the decision-maker or the decision-makers must make a very rigorous assessment of them so that they can finally choose the right option in the given situation, both in terms of benefits and risk.

At the macroeconomic level the approach of choosing a strategy option that would allow the development of Romanian tourism in the European space proved to be a difficult one, even if tourism was considered, for a long time, a national priority.

The lack of continuity in making decisions of major importance, the incompetence of decision-makers in this area, the pursuit of personal interests in the process of privatization of the material basis of tourism are only two of the many examples that contributed to the situation in which tourism finds itself.

Under the current conditions, the strategy for the development of Romanian tourism in the European space must ensure a better capitalization of its multiple *strengths*, of which we should mention the geographical position and tourism potential, as well as the *opportunities* related firstly to the increase of the interest in the area Central and Eastern Europe, the free movement of goods, persons, services and capital, while ensuring the influence of the *weaknesses* by investing in the material basis and infrastructure, without neglecting the *threats* related to the degradation of the environment, the multiplication of terrorist acts and the effects of the crisis.

The proposed strategy solution to ensure the adaptation of Romanian tourism to the requirements of the European Union could include a mix of actions starting with attracting new consumers of tourist services, continuing with a better segmentation of the tourist market, increasing the frequency of use of tourist services over a year; identifying and developing new forms of practicing tourism; the attraction of foreign tourists for which Romania has not represented until now a holiday destination; vertical and horizontal diversification (integration) of the economic agents in the tourism industry.

Thus, for the development of tourism in the European area, we believe that it is essential to pay special attention to improving the quality of the tourism products and services offered, to the training and professional training of human resources in tourism (as a factor that decisively influences the quality of the performance) as well as to the intensification of cooperation between economic agents in tourism.

The diversification of tourist services is meant to satisfy the needs of as many tourist segments as possible, by offering variety of prices, forms of tourism and activities (Marin-Pantelescu A., *Diversifying tourist services and personalizing them with the help of travel agencies*, The 2007 International Conference on Tourism, Academy of Economic Studies, Faculty of Commerce, Department of Tourism-Services, ISBN: 978-973-594-991-4, pp. 87-97).

A first possibility of diversifying tourism services in the case of a *travel agency* would be to sell tourist holidays at different prices depending on the consumer's economic potential. Thus, the following three solutions can be chosen: high prices for luxury customers with high incomes and who demand sophisticated tourist products difficult to satisfy, average prices for middle class customers, as they are easier to satisfy and low prices for mass tourism, which will benefit the low-income customers who can also buy less developed tourist products.

It should also be noted that in tourism the price for the same product changes according to the tourist seasons (off season – season peak), socio-professional categories (vacationer - businessman, foreigner - native, child - adult - student - pensioner) consumption volume (long stay - short stay, group - individual, full service package - services purchased separately), time of registration and payment.

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ACCESSIBILITY IN TOURISM - NEED AND OPPORTUNITY FOR THE TOURISM MARKET

Mihaela, Diaconu¹

Abstract.

The paper aims at raising the awareness of the actors responsible for the development of tourism on the emergence of new segments of tourism consumers generated by the elderly and those with temporary capacities or permanently restricted as direct beneficiaries of accessibility. The paper is based on the definition of accessibility in tourism starting from the trends of the tourism market from a socio-demographic perspective, on the presentation of the implications of the aging process on the structure of tourism market demand, on describing the experiences and the initiative for supporting accessible tourism. Accessibility must be approached as a parameter of the quality and functionality of the tourism supply components, but also as part of responsible and sustainable tourism policy and strategy. The accessible tourism market in Europe is estimated at about 27% of the total population and about 12% of the tourist market. According to world health statistics, the proportion of tourists in the senior category will account for 22% of the world's population in 2050 plus the population with disabilities and families with young children. Developing travel opportunities for people with disabilities provides a fundamental human right, but it is also an exceptional opportunity to develop business.

Keywords: accessibility, affordable tourism, tourism for all, inclusive tourism, senior tourism, accessible tourism market

JEL Classification: D63,J14,M19,M38

1. Introduction

Tourism is the world economy sector that contributes with 10% to world GDP, holds 7% of world trade and one in 10 jobs is related to tourism. Given this performance, we can say that the tourism sector has the responsibility related to sustainable development. Tourism activity in its complexity gained over time, has both economic, cultural and social dimensions. The Manila Declaration of 1980 specified the terms „tourism” and „accessibility” that were later developed by the World Tourism Organization and recognized tourism as a fundamental right and a key instrument for human development. Economically, tourism synthesizes the outputs of a significant number of activities, and on a psychosocial level it constitutes a superior way of organizing leisure, even talking about a free time market. By its specific nature, tourism can contribute substantially to identifying and solving many problems related to the challenges of the current world, to building a more responsible and sustainable economic and social climate. In the context of the new agenda agreed in 2015 by world tourism leaders under the name of ***Transforming our world: the 2030 Agenda for Sustainable Development***, tourism has the task of fulfilling the following objectives:

- raising the awareness of all stakeholders on the contribution of tourism to development so that it becomes a catalyst for positive changes,
- promoting policies and business practices that favorably influence the consumption behavior of all potential tourism consumers.

UNWTO declared 2017 as the International Year of Sustainable Development for Tourism as a clear recognition of tourism's contribution to the implementation of the development agenda and the awareness of the potential of the tourism sector in ensuring economic growth, social inclusion and preserving the environment and culture.

According to OMT, in 2020, the tourist market trends and the socio-demographic characteristics of tourists will be (Alén, E.& al., 2012, p.140):

- the increase in the number of elderly tourists and a significant increase in the segment of tourists over 55 years;

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- switching from active holidays to holidays based on experience with longer itineraries that are managed in many cases individually;
- the increasingly complex segmentation of demand that is geared towards goals and objectives that are different from traditional travel;
- reducing the average household size in the EU to about 2.4 members;
- changing the behavioral habits of tourism consumption in the sense of increasing the share of travellers with a higher education and employment income and who travel during holidays, Easter, Christmas and weekends for recreation, then for visits to relatives and friends, and for business and studies. The length of stay has decreased for young tourists, while for adults over 40 years it has increased;
- there is a tendency to allocate tourism more periods during one year with shorter holidays;
- a combination of travel and work periods is increasingly practiced;
- looking for tourist products that offer more experiences in a short period of time.

2. Accessibility in tourism, concept and history

The concept of accessibility is used in both the social and architectural sense. In the social sense, accessibility refers to the possibility that a product, service, information can be used by any person. Architecturally, accessibility expresses the capacity of civil engineering to meet the needs of all categories of users, including people with disabilities or in need for assistance. Accessibility is considered the central element of any responsible and sustainable tourism policy (Bordeianu, 2015). In a new challenge and advertising there are built increased demands on accommodation, restoration, recreation or wellness. It is a social responsibility but also a factor for increasing the competitiveness of tourism as it makes it possible to expand the tourism market by meeting the needs of new demand categories that are on the rise. This is the third-age population (the upward trend of population aging), but also about 650 million people with disabilities worldwide.

Accessibility should be understood as the need to meet the expectations of any potential consumer of tourism regardless of individual characteristics, but are not limited to people with disabilities. Accessibility is related to the possibility of people, whether or not they have a deficiency, to have unobstructed access to the entire environment without spatial and temporal barriers, especially architectural and physical ones. It is used as a term to create a positive image within the community of people with disabilities.

Affordable tourism was initially conceived as an activity that includes a set of facilities for access to infrastructure for people with physical, mental and sensory disabilities. It is appreciated in the literature as the variety of leisure activities dedicated to tourism by people with limited capacities, which allow them to integrate functional and psychological perspectives in order to achieve individual satisfaction and social development. In the author's view, accessible tourism is synonymous with integration.

Affordable tourism involves all those activities through which people, regardless of their status, can enjoy the tourist experiences. Interaction of people with the tourist environment is influenced by meeting the access needs of the elderly, the less mobile or the disabled. The fundamental reference framework for the development of sustainable and responsible tourism is the Global Code of Ethics for Tourism. Article 7 of this Code provides that direct and personal access to the discovery and enjoyment offered by the planet's resources constitutes a right of all the inhabitants of the planet.

A comprehensive definition of accessible tourism is given by Buhalis and Darcy "Accessible tourism is a form of tourism that involves collaborative processes between stakeholders that enables people with access requirements, including mobility, vision, hearing and cognitive dimensions of access, to function independently and with equity and dignity through the delivery of universally designed tourism products, services and environments.

This definition adopts a whole of life approach where people through their lifespan benefit from accessible tourism provision. These include people with permanent and temporary disabilities, seniors, obese, families with young children and those working in safer and more socially sustainably designed environments” (Buhalis and Darcy, 2011, pp. 10-11).

At the end of 1980, a term was introduced with reference to tourism for people with small capacities, namely *tourism for all*, defined as a set of activities oriented to tourism and agreement that are carried out in the free time by an individual and to which all people can have access regardless of their degree of ability / disability, as a full integration and as a social and individual fulfillment of user interaction with the environment. (Fernandez and Villaran, 2007, p 49).

The term *accessible tourism* originated for the first time in 1989 on the occasion of the International Year of Persons with Disabilities. In Europe, this concept has spread rapidly, followed by a number of changes in legislation that have led to development priorities and the perception of accessibility in the tourism sector. Accessible tourism as a concept is presented under several names like: tourism for all, inclusive tourism, universal tourism, barrierfree tourism (Bordeianu, 2015). In 2009, the European Commission launched the Calypso 27 project on achieving social tourism objectives, arguing that ensuring accessibility for disabled people to tourism will contribute to the key objectives of the Lisbon Strategy for economic growth and jobs. The aim of the project was to correct social inequities and universal access to holidays as well as to generate economic activity and economic growth in Europe, combat seasonality in tourism, create new jobs, strengthen the link between European citizens (Alén & al., 2012). This concept was again brought to the attention of actors responsible for global tourism development in 2016 through the theme of the World Tourism Day ”Tourism for all-promoting universal accesibility” who tried to raise awareness among decision-makers about the tourism industry for all, a tourism that would benefit all individuals regardless of their individual capabilities.

Accessible tourism has been the subject of several academic studies, the literature being focused on the definition of terminology (Darcy, 1998; Aitchison, 2003; Buhalis et al., 2005; Darcy and Buhalis, 2011; the ATP4SME Project Partnership, 2014), on analysis of the theoretical approaches (Darcy, 1998; Buhalis et al., 2008b), on highlighting the problems faced by tourists - people with disabilities (Brouillette et al., 1995). All of these studies have started from the analysis of demography at European and world level, from the identification of the population aging phenomenon and new segments of tourism consumers who have accessibility needs and are poorly accommodated by the tourism industry. There are authors who consider (Buhalis, Darcy, Ambrose, 2012) that the development of affordable tourism for all is a rational response to a predictable demographic trend and a massive economic opportunity for the tourism sector.

3. Implications of the aging process on the structure of the tourist market

The population structure of each country plays an important role in the process of substantiating the development strategies, economic and social policies. Nedelea and State (2008) believe that changing the demographic structure of the population will lead to a change in the markets. Growing life expectancy, declining birth rates and purchasing behavior of the baby boomer generation will influence the range of products and services required. Demographic change influences consumer behavior, actors in the national, European and global tourism market, tourism development strategy and implicitly the structure of tourism products. These products must meet the identified needs of aging consumer segments that have specific biological, psychological, social and economic characteristics, but with a rich tourist consumption experience, with a demand for more personalized tourism products.

Worldwide, according to United Nations data, the proportion of the elderly will increase faster than the weight of any other age segment. A study published in 2016 by the National

Council of Elderly People notes that in 2020, worldwide, the number of the elderly will reach 0.6 billion and will steadily increase in 2100 to 2.3 billion. At EU level, in 2020 the number of elderly people will reach 103.4 million, and by 2100 it will reach 139 million.

A study carried out in 2014 by the European Commission DG Enterprise and Industry mentioned the following key aspects of accessible tourism (p.6-7):

- starting with 2011, in the EU there were 138.6 million people with access needs, of which 35.9% were disabled people aged between 15-64 and 64.1% were 65-year-olds or more;
- Great Britain, France, Germany, Italy and Spain are the European countries with the highest number of people with access needs, all with over 10 million;
- In 2012, more than half of people with disabilities in the EU travelled, and most travels were mainly done in their home country;
- The direct gross turnover of the EU's affordable tourism in 2012 was about EUR 352 billion, or EUR 786 billion if the multiplier effect is taken into account;
- The direct gross added value of the EU's affordable tourism in 2012 was about EUR 150 billion, and after considering the multiplier effect, the total gross value added contribution was approx. EUR 356 billion;
- The contribution of affordable tourism to the EU in 2012 was about 4.2 million people, and considering the multiplier effect, the total employment was about 8.7 million people;
- A study conducted by James Bowtell in 2015 (p.203-204) on the accessible tourism market in Europe has highlighted that tourism demand for accessible tourism in Europe will increase from 120 million people in 2005, meaning about 27% of the population European Union, to approximately 160 million people in 2025. Approximately 70% of the demand for accessible tourism has physical and financial capacities to travel, and accessible tourism will generate potential revenue of EUR 88.6 billion in 2025, representing a 65% increase over 2005 when the last paper of this type of research was published. Due to the aging of the baby boomer generation and the deterioration in health, an increase in the share of people with disabilities is expected, but for this growth there is a very small percentage of the market that responds to the needs of accessible tourism.

The structure of the European population by age group by 2015 and the projections for 2020 and 2060 is as outlined in table no.1

Table no 1. The structure of the European population by age group

Country/ Region	2015			2020			2060		
	0-14 years old	15-64 years old	65 years old and over	0-14 years old	15-64 years old	65 years old and over	0-14 years old	15-64 years old	65 years old and over
East Europe	15,0	68,3	16,7	15,6	66,2	18,2	15,7	55,1	29,2
North Europe	17,6	64,3	18,1	17,7	63,3	19,0	17,2	57,5	25,3
South Europe	14,3	64,2	18,8	14,5	64,5	21,0	14,6	53,9	31,5
West Europe	15,6	64,6	19,9	15,5	63,1	21,4	16,6	56,0	27,4
EU-27	15,5	65,3	19,2	15,7	64,1	20,2	16,0	55,7	28,3

Source: UN databases for 2011-2100, http://esaunorg/unpd/wpp/excel-Data/DB04_Population_ByAgeSex_Annual/wpp2010_db4_f1b_population_by_age_both_sexes_annual_2011-2100.xls in Population aging in European context and in Romania-perspectives

At the level of Romania, the number and structure of the population are presented as in the below table (tabel no 2):

Tabel no. 2. The number and structure of the population at the level of Romania

Age group	2015		2025		2050	
TOTAL	21.675,8	100,0	19.898,0	100,0	16.083,5	100,0
0-14 years old	3.816,4	17,6	2.589,6	13,0	1.615,9	10,0
14-64 years old	14.804,8	68,3	13.515,7	67,9	9.401,7	58,5
65 years old and over	3.054,6	14,1	3.792,7	19,1	5.065,9	31,5

Source: *National Council of Elderly People-Population aging in European context and in Romania-perspectives*, July 2016, p.13; Tempo databases of the National Institute of Statistics, "Designing the population of Romania by averages, by 2025", National Institute of Statistics, 2005 and "Designing the population of Romania by development region, horizon 2050", National Institute of Statistics, 2009;

The growing number of older citizens within the European Union and around the world can be characterized as a major challenge for the tourism industry. The increase in the number of seniors determines the need to identify patterns of tourism consumption and the creation of those types of personalized tourist arrangements, which are modular by considering leisure variables, tourism consumption experience, safe income. The quality of service and accessibility could be considered the major requirements of this segment of consumers located in full digital growth. The potential for tourism for seniors is increasing due to increased life expectancy, improved health, increased comfort in the tourism product structure due to modern technologies used in travel and new organizational systems applied in tourism. Currently, a large part of the tourist market segment of elderly citizens have financial resources, but also consumption habits of tourist products acquired over time. In addition, traveling is seen by this segment of consumers as a way for older people to participate in social life and maintain a proper physical and mental status.

4. Experience and initiatives to support affordable tourism

Affordable tourism has been examined in recent years from the perspective of increasing the tourist destination's competitiveness as a factor that can contribute to better valorisation of the tourist destination by addressing to a growing market segment. Tourism destination management can highlight the accessible tourism concept as a tool to increase tourist value by attracting new consumer segments.

In order to turn tourist destinations into accessible destinations, in recent years, UNWTO has been a UN specialized agency working in the field of world tourism promoting sustainable responsible tourism, the universality and accessibility of tourism, together with organizations of people with disabilities, civil society, governments and representatives of the tourism industry have developed a number of specific actions. From the cooperation with ENAT - European Network for Accessible Tourism and the Spanish ONCE Foundation resulted in recommendations and technical manuals. An example is Module V: Best Practices in Accesible Tourism of the Manual on Accesible Tourism for All: Priciples, Tools and Best Practices. This brochure presents six case studies illustrating key elements of the accessible tourism chain, with examples of good practices on cultural tourism, the use of new technologies to make accessible the art of visitors with visual impairments, the inclusion of groups of visitors with reduced mobility and learning difficulties in natural, outdoor environments, guiding visitors with intellectual disabilities or learning difficulties on cultural heritage sites.

ENAT - European Network for Accessible Tourism present in more than 30 countries and 5 continents, launched in 2009 the Code of Good Conduct as a commitment and

certification scheme for tourism organizations that recognize and promote affordable tourism. Within ENAT there are also three members from Romania, namely: Motivation Foundation Romania, RDA - Regional Development Agency and Sano Touring, tour operator.

From 2013, Motivation Foundation Romania is certified to provide training courses for the wheelchair delivery technicians, based on standards and course materials developed by the World Health Organization (WHO). From 2014, the foundation organizes in Romania courses for specialists on the implementation of the International Classification of Functioning, Disability and Health, in order to offer services centered on the abilities of each person. In 2012 it launched the first national map of accessible places where public institutions, places of entertainment, leisure, accommodation and facilities and their surroundings can be found. The Accessibility Map is an online platform that includes information about buildings in the fields of culture, entertainment, health, sports, tourism and services of general interest. The map is available at www.accessibil.org and is intended for people with locomotor disabilities. It can also be used by those economic agents in tourism that aim to develop tourist arrangements for people with motor disabilities. Another initiative of the Motivation Foundation Romania is related to its quality of access provider expertise and refers to the assessment of the accessibility of buildings based on Romanian legislation, the Law 448/2006 on persons with disabilities and their free access to the public space, as well as the building norm on the accessibility of public spaces (NP 051-2001). Buildings that meet the criteria of accessibility for wheelchair users receive Brand Accessibility based on evaluation of access to outer space, access to the interior and facilities available. The Accessibility Mark is registered with the State Office for Inventions and Trademarks. Among the few tourist and hospitality service providers that meet the accessibility criteria are Băile Felix Complex and the Royal Court of Piatra Neamț.

The Regional Development Agency has as a declared mission the contribution to the sustainable and equitable development of the Region by removing the disparities and imbalances between the development regions for the benefit of their inhabitants.

Sano Touring is the only national tourism agency that promotes Romania as an accessible tourist destination. As a tour operator, Sano Touring has created a wide variety of travel products for seniors and wheelchair users. The destinations promoted on www.accessibleromania.com are included in the offer of Sano Touring which is authorized to market tourist services according to the Romanian legislation in force. Among the outstanding results achieved in Romania in the field of accessible tourism is the 2013 project titled *The European Excellence Award for Available Travel*.

5. Barriers to the development of accessible tourism services

Bindu and Kiruthika (2016, p.2-3), present points of view from the research undertaken in the field of accessible tourism. Thus, according to Smith (1987) there are three main types of barriers and obstacles to the consumption of tourist products by people with disabilities, respectively: environmental barriers (including factors of attitude, architecture and ecology), interactive barriers (communication) and intrinsic barriers (related to their own individual, psychological or cognitive functioning).

In 1991, Crawford et al made a model in which they rank the constraints that influence the participation or non-participation of people with disabilities in leisure activities, intrapersonal constraints, followed by interpersonal constraints, and finally, structural constraints. Turco et al (1998) identified the constraints for people with disabilities by considering the major aspects of tourism consumption and barriers related to attractions, information, inaccessibility of airplane toilets and accommodation.

McKercher et al (2003) have identified a number of exogenous obstacles that can inhibit travel or reduce satisfaction:

- architectural barriers: stairs, inaccessible toilets, inaccessible accommodation of the hotel etc.;
- ecological barriers: irregular runways, tree roots and other external obstacles;
- transport barriers, especially local transport including cars, buses and taxis;
- legal barriers where rules or regulations prohibit disabled people from bringing with them the necessary equipment;
- communication difficulties, both at home and at destination;
- barriers of attitude due to negative attitudes from service providers;
- information barriers due to the inaccuracy of site accessibility data. It is necessary the information on accessibility to places of tourist attraction, as well as accessibility to reception units, means of transport as well as the availability of assistance and the presence of travel partners.

Within 1st UNWTO European Conference on Accessible Tourism 2014 organised at San Marino there were presented ***the barriers that hinder the development of services related to accessible tourism***, namely: lack of knowledge and skills in issues related to the requirements of people with disabilities; lack of accessibility standards; the need for large investments and / or additional costs; marketing barriers and problems in attracting tourists with accessibility needs; lack of funding; negative attitudes of staff or other clients; legal requirements; accessibility requirements are too complex to implement; training staff on accessibility issues; lack of time. Among the needs of providing services related to accessible tourism are mentioned in the same study as follows: Customer demand; Social responsibility; Business benefits - increased profits; Requirements from business partners; Demands from DMOs; Corporate policy; Legal requirements.

The main categories of needs that tourism stakeholders should specifically address are: wheelchair needs or those who have difficulty traveling, technical equipment related to sensory disabilities; communication needs accessible to people with intellectual disabilities. Infrastructure is a major barrier to meeting the needs of all categories of tourists. Its existence and quality is a competitive advantage / disadvantage and a strategic factor for the development of other sectors of the economy, of tourism regions with potential.

6. Conclusions

Tourism is an activity with a strategic role in sustainable development, but it must consider the important changes resulting from the evolution of the demand structure. The aging process, the dynamics of economic and social development create opportunities for tourism. New consumer segments are emerging with features that support tourism development. An important segment of the tourist market determined by the aging process, by the improvement of the economic condition and the health conditions of the group is the *senior tourism segment*. This segment is characterized by the fact that it has a tourist consumption experience, the possibility of requesting tourist products by valorising the accumulated tourist consumption experience, the possibility to consume tourism outside the peak season considering the availability of free time and approaching 20% of the world's population. This segment joins other potential consumer segments of accessible tourism, ie people with disabilities with whom elderly citizens share common needs as people with temporarily restricted capacities such as pregnant women, families with children. The term senior tourism (Hossain, Bailey and Lubulwa, 2003, p.4) is used to designate people aged 55 and over who consume tourism alongside "non seniors", who fall within the age of 15-55 years. The same authors divide the senior segment into two subgroups, namely "younger seniors" between 55-64 and "older seniors" aged 65 and over.

Another segment of the current and prospective tourism market is that of social tourism. *Social tourism* was created with the aim of making travel tourism available to a large segment of the population. Most authors agree that it is a way of promoting fun and cohabitation

among these disadvantaged groups (Fernandez and Villaran, 2007, p 50). This idea is based on providing resources for groups with limited resources, elderly, young people or people with different abilities to allow them to travel in the right conditions in terms of price, accessibility, safety and comfort.

Quality tourism, a new segment of the tourism market, considers the definition of quality as the set of characteristics inherent in a product or service that enables it to be valued the same, better or worse than others. Respecting the needs and expectations of consumers of products / services is the key to quality that should not be perceived as a luxury or privilege but as a differentiation and positioning tool.

Affordable tourism focuses mainly on inclusive tourism or on tourism for everyone. It requires the removal of constraints on access (transport), accommodation and tourist attractions, constraints that prevent disabled people and reduced mobility from enjoying travel experiences. Removing these constraints constitutes opportunities for business development for all categories of tourism stakeholders.

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IMPACT FACTORS ON THE ROMANIAN TOURISM PERFORMANCE

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Abstract.

Even if Romania is a country with a high touristic potential, it is not a top competitor on the European or on the international travel and tourism market. The present paper, starting from a series of indicators able to highlight the performance of the touristic activities (such as number of tourists, incomes of the industry, contribution to the GDP, number of employees in the touristic industry, number of the accommodations etc) as well as from the global indicators of the touristic competitiveness, presents an analysis of the factors through which we can explain the actual performance of the Romanian tourism, in order to make a contribution to its improvement.

Key-words: tourism, competitiveness, factors of tourism performance

1. Introduction

Romania is a touristy country due to the existence of various forms of relief, due to a favorable climate that allows the development of tourist activities throughout the year, due to a rich fauna and flora potential with species and unique ecosystems in Europe, as well as a result of the internationally-preserved cultural, historical and architectural patrimony. However, our country is not globally highlighted as one of the countries with a high degree of competitiveness, ranking behind comparable countries as socio-economic development. Factors such as the characteristics of the business environment, the priority given by the governmental agencies to the tourism services, terrestrial and maritime infrastructure determine this situation.

Global analyzes highlight the factors that influence the competitiveness of the travel and tourism industry and accordingly provide international classifications. In the current paper the authors present the impact factors on the Romanian tourism performance.

2. Romanian tourism performance

In 2017, *The Travel & Tourism Competitiveness Report*, places Romania on the 32nd in the European level and 66th on the global level. Moreover, this is a downward trend compared to the 2015 benchmark when Romania ranks 66th in the world. For a better understanding of the position of Romanian tourism in relation to the European countries, we summarize the table below.

Tabel 1. The Travel & Tourism Competitiveness Index (TTCI) 2017

Country	European ranking	Global ranking
Spain	1	1
France	2	2
Germany	3	3
Greece	13	24
Bulgaria	23	45
Hungary	25	49
Romania	32	66

Other features of the tourism activity in Romania are presented below, accordingly with Eurostat statistics:

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- *The number of foreign tourists who visited Romania:*
 - According with National Institute of Statistics, at the end of 2016, almost 2.5 million foreign tourists visited Romania, which is a positive development from 2014 (1.91 million foreign tourists) and 2013 (1.71 million foreign tourists). Most of the foreigners who come to Romania, respectively around three-quarters of them are accommodated in Bucharest and in the important towns of the county. The main reason for the stay of non-resident tourists in Romania is represented by business, participation in congresses, conferences, courses, fairs and exhibitions (more than 50%).
- *Expenses of foreign tourists:*
 - The average spending of foreign tourists in Romania was 2,400 lei / tourist in 2016, respectively 2,200 lei / tourist in the first half of 2017. Thus, at the end of 2016 foreign tourists spent 5.9 billion lei in Romania, which is an increase compared to 2014 (5.09 billion lei) and yo 2013 (4.8 billion lei).
- *The number of Romanian tourists traveling to foreign destinations:*
 - Romania is ranked last in Europe in terms of the number of Romanian tourists travelling outbound – less than 10% of Romanian tourists go to destinations abroad.
- *Nights spent at tourist accommodation establishments*
 - As for the number of overnight stays, Romania is placed on one of the last places among the EU states. The gap between Romania and the main five competitors on the tourism market is huge. And, at the percentage of overnight stays of foreign tourists (the ratio of overnight stays between domestic and foreign tourists), Romania has the last percentage in the EU - 18%
- *Contribution of tourism to GDP:*
 - The contribution of travel and tourism to GDP (% of GDP) was 5.2% in 2016. The European countries following Romania according to this indicator are: Luxembourg (5.1% of GDP) and Poland (5.1% of GDP). Countries with a socio-economic structure comparable to Romania report contributions such as the following: Bulgaria (12.8% of GDP), Hungary (10.5% of GDP), Czech Republic (7.8% of GDP).
- *Employment in tourism:*
 - In 2013, tourism provided 212,500 jobs directly in Romania, and the total labor market contribution, including jobs indirectly supported by tourism, is estimated at 500,500. The total contribution of tourism to employment also places Romania on the last position among the neighboring countries and 136th in the world.
- *Number of establishments, bedrooms and bed-places:*
 - In 2016, 7,028 accommodation units were active in Romania (compared to 578,093 at European level), and these provided about 326,000 accommodation places (compared to 31 million accommodation places at European level). The number of establishments is steadily increasing.

The data presented place Romania in a modest place in relation to the existing potential in our country and compared to other Central and Eastern European countries.

3. Factors influencing the competitiveness of Romanian tourism

The causes of such a situation are diverse. According to the calculation methodology used for the *Travel & Tourism Competitiveness Index*, information and data from a wide range of areas considered to influence tourism performance are used as follows:

A) **Enabling Environment** - is evaluated through 5 indicators:

A.1. – Business Environment

This indicator analyzes: the effectiveness of the legal framework in terms of ensuring compliance with law and dispute settlement (these issues guarantee to the representatives of the business environment that the right to property and contractual rights are respected); the

number of days to get building permits and their costs (these elements are an important factor in supporting tourism development); the level of competition (considered to be beneficial for tourism development); the level of taxes (this being considered as an element that can encourage or not the development of businesses).

As regards *Business Environment Pillar*, Romania ranks 76th out of 136 countries, and in comparison with other comparable countries in the European Union, the situation is presented in Table 2. The first European country in the ranking from the perspective of this indicator is Switzerland, ranked 3th, and last Italy, placed on 121.

Table 2. *Business Environment Pillar*

Country	Global Ranking
Bulgaria	61
Czech Republic	65
Poland	64
Romania	76
Hungary	98
Croatia	114

Romania is in the second half of the ranking according to the business environment indicator, but there is a positive evolution from the 2015 of 20 positions.

A.2. – Safety and Security

This indicator reflects issues such as: police confidence, homicide rate, terrorism incidence etc. *Safety and Security Pillar* places Romania on the 39th. The first in Europe is Finland and the last Bulgaria (89) and Turkey (116). Romania's positioning is as follows:

Table 3. *Safety and Security Pillar*

Country	Global Ranking
Croatia	24
Czech Republic	30
Romania	39
Hungary	45
Poland	48
Bulgaria	89

Romania holds a good position and a positive trend compared to 2015 (when it ranked 65). However, if in 2015 it ranked first among the comparable countries, in 2017 it lost that position.

A.3. – Health and Hygiene

This indicator is calculated on the basis of data on access to health services, the number of places in hospitals, the rate of illness etc. At first sight, Romania holds a good global position, 31st place and in evolution from 2015 (46th place), but between the EU states is one of the last positions. According to this indicator, the first European country is Germany (also the world's first), and the last one is Ireland (55th place).

Table 4. *Health and Hygiene Pillar*

Country	Global Ranking
Czech Republic	7
Hungary	9
Bulgaria	10
Croatia	19
Polonia	28
Romania	31

A.4. – Human Resources and Labour Market

Consideration is given both to the qualification of human resources and to the way the labor market operates. The following are analyzed: ease with qualified tourism workers, pay levels, labor productivity, the percentage of women engaged in tourism, the availability of tourism training services, the ease with which human resources can be employed abroad etc. *Human Resources and Labour Market Pillar* places Romania on 81st, in a significant decline compared to 2015 (64th place). The first European country accordingly to this indicator is Switzerland and the last one is Croatia (on 85th). The position of Romania in relation to other European countries is presented in the following table:

Table 5. Human Resources and Labour Market Pillar

Country	Global Ranking
Czech Republic	33
Poland	44
Bulgaria	54
Hungary	60
Romania	81
Croatia	85

No other European country follows Croatia in this ranking, reflecting the fact that Romania is the penultimate place in Europe according to this indicator.

A.5 – ICT Readiness

Within this indicator are analyzed elements such as: the number of individuals using the internet, internet coverage, internet usage rate in business etc. Romania ranks 60th in a steady evolution compared to 2015 and last among EU countries. The first European country in this ranking is Denmark (also 2nd in the global ranking).

Table 6. ICT Readiness Pillar

Country	Global Ranking
Czech Republic	26
Poland	45
Croatia	47
Bulgaria	48
Hungary	54
Romania	60

B) **T&T Policy and Enabling Conditions** - is evaluated through 4 indicators:

B.1. *Prioritization of Travel&Tourism*

Government efficiency in promoting the country brand has a direct impact on the perception of tourists. It analyzes: the efficiency of marketing activities aimed at attracting tourists, government spending on tourism etc. The importance that the government attaches to tourism activities places Romania on the 108th place globally, in a marked decline compared to 2015 (88th place). The first European country according to this indicator is Malta (also first in the global ranking). Romania ranks last among the European countries

Table 7. Prioritization of Travel&Tourism Pillar

Country	Global Ranking
Hungary	42
Croatia	77
Bulgaria	92
Czech Republic	94
Poland	96
Romania	108

B.2. *International Openness*

This indicator analyzes facilities that attract foreign tourists, such as visa requirements, partnership agreements with foreign partners etc. Depending on this indicator, Romania ranks 45, approximately the same position as compared to 2015 (42nd place). The first European country is Ireland, 4th place in the global rank, and the last one is Bulgaria (48 place). In comparison with the European countries with which the comparison was made, Romania is positioned as follows:

Table 8. *International Openness Pillar*

Country	Global Ranking
Czech Republic	24
Hungary	25
Croatia	26
Poland	33
Romania	45
Bulgaria	48

B.3. *Price Competitiveness*

It analyzes: airport taxes, hotel service charges, purchasing power, fuel price etc. In terms of price competitiveness, Romania is ranked 85th, down from 2015 (54th place). Compared to other European countries, the ranking is as follows:

Table 9. *Price Competitiveness Pillar*

Country	Global Ranking
Poland	35
Bulgaria	37
Czech Republic	67
Romania	85
Hungary	87
Croatia	100

The first European country in this ranking is Lithuania (33rd place) and the last Switzerland (136th place) – also the last in the global rank. Therefore, Romania has a good position according to this indicator, not only in relation to the countries presented in the table, but also in relation to the other European countries. This is due to the low prices and tariffs for tourism services compared to the European average.

B.4. *Environmental Sustainability*

The degree of the environment degradation influences the attractiveness of tourism. The indicator analyzes the sustainability of the tourism industry, regulations on environmental protection, forest cover rate, water pollution level etc.). Romania is on 43, roughly the same as in 2015 (46). The other comparable countries are ranked as it follows:

Table 10. *Environmental Sustainability Pillar*

Country	Global Ranking
Bulgaria	11
Czech Republic	14
Croatia	21
Hungary	23
Poland	34
Romania	43

The first European country in this ranking is Switzerland (1st on global ranking) and the last EU country is Portugal (47th place).

C) **Infrastructure** - is evaluated through 3 indicators:

C.1. *Air transport infrastructure*

It is calculated according to the quality of the air transport infrastructure, the number of airlines operating in the country, the number of airports etc. Romania ranks 82nd, followed by few European countries and none of the EU countries. The first European country in terms of the *air transport infrastructure* is United Kingdom (8th place in the global ranking).

Table 11. Air transport infrastructure Pillar

Country	Global Ranking
Czech Republic	49
Croatia	52
Hungary	55
Poland	70
Bulgaria	80
Romania	82

C.2. *Ground and port infrastructure*

It is calculated according to the quality of the terrestrial, rail and maritime infrastructure, the density of the railway and motorway network, the density of the paved streets. In terms of terrestrial and maritime infrastructure Romania holds a position among the last European countries and the 92nd place in the global ranking. The first European country according with this indicator is Switzerland (which is 4th in the global ranking) and the last one among EU countries, Romania.

Table 12. Ground and port infrastructure Pillar

Country	Global Ranking
Czech Republic	18
Hungary	30
Poland	35
Croatia	46
Bulgaria	73
Romania	92

C.3. *Tourist service infrastructure*

The tourist infrastructure is appreciated by the number of tourist accommodation units, the presence of large car rental companies, the number of ATMs, the number of recommended tourist trails etc. The analysis from the tourism infrastructure perspective places Romania on the 62nd place (in decline compared to 2015, when it ranked 42). This is a modest position among the European countries.

Table 13. Tourist service infrastructure Pillar

Country	Global Ranking
Croatia	5
Bulgaria	14
Czech Republic	32
Hungary	57
Romania	62
Poland	65

The first place in the global ranking for this indicator is a European country, namely Austria and the last EU country is Poland.

D) **Natural and Cultural Resources** - is evaluated through 2 indicators:

D.1. *Natural resources*

Evaluates the attractiveness of the country's natural resources. The indicator highlights the number of protected areas, the quality of the natural environment, world-recognized tourist destinations, world heritage sites, the number of on-line searches etc.

Table 14. Natural resources Pillar

Country	Global Ranking
Croatia	20
Bulgaria	41
Poland	72
Romania	68
Hungary	88
Czech Republic	98

As far as European countries are concerned, the best place is occupied by Spain - 9th place.

D.2. Cultural Resources and Business Travel

The assessment is based on indicators such as the number of stadiums, the number of international conferences organized, the number of world-recognized cultural destinations, the number of on-line searches etc. Romania is placed on the 46th position.

In the global ranking, a European country, namely Spain, is ranked second.

Table 15. Cultural Resources and Business Travel Pillar

Country	Global Ranking
Poland	36
Croatia	39
Czech Republic	42
Hungary	45
Romania	46
Bulgaria	52

4. Conclusions

The results obtained by Romania in each of the categories of indicators that determine the competitiveness in tourism are the following:

- In comparison with 2015, Romania recorded decreases to the following indicators: Human resources and labour market – from 64th to 81st; Prioritization of travel and tourism – from 88th to 108th; Price competitiveness – from 54th to 85th; Tourist service infrastructure – from 42nd to 62nd.
- Romania recorded a positive evolution on the following indicators: Business environment - from 96th to 76th; Safety and security – from 65th to 39th; Health and hygiene – from 46th to 31st; Natural resources – from 79th to 68th.
- Romania is ranked last among European countries for a number of indicators such as: ICT Readiness; Prioritization of Travel&Tourism; Air transport infrastructure; Ground and port infrastructure
 - Regarding index components, Romania ranks first in the world for the next: Index of terrorism incidence; Access to improved drinking water; HIV prevalence; Malaria incidence; Number of regional trade agreements in force; Presence of major car rental companies
 - Regarding index components, Romania exceeds 100th place out of 136 countries for the next: Efficiency of legal framework in challenging regs (120); Effect of taxation on incentives to invest (125); Primary education enrollment rate (114); Extent of staff training (101); Ease of finding skilled employees (130); Government prioritization of travel & tourism industry (131); T&T government expenditure (107); Effectiveness of marketing and branding to attract tourists (131); Fuel price levels (121); Sustainability of travel and tourism industry development (130); Quality of roads (126); Quality of tourism infrastructure (129).

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ECOTOURISM POTENTIAL AS PART OF SUSTAINABLE RURAL DEVELOPMENT IN DOBRUDGEA

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Abstract:

The development of ecotourism activities in the protected areas implies socio-economic benefits for the neighbouring settlements. Taking into consideration the natural and anthropic tourism resources, the tourism types and forms, and the tourism infrastructure, Dobrudgea is a region where ecotourism is an important instrument for preserving nature, educating visitors and supporting sustainable rural development. In this context, the aim of the paper is to identify the necessary measures for the improvement of the management of ecotourism activities development in Dobrudgea's countryside. The statistical data were completed with information from papers and studies published in specialty books and journals, in governmental documents, as well as in other development strategies related to tourism and rural development.

Key words: *ecotourism, sustainable rural development, development strategy, Dobrudgea.*

JEL Classification: L83, R10, Q01.

1. Introduction

The tourism activities developed under the aegis of ecotourism offer to tourism industry, tourists, authorities and local people the possibility to cooperate for the organization and development of responsible journeys into the natural areas unaltered by the anthropic activity, in order to admire the ecological richness, to study, understand and enjoy both nature and cultural diversity, in a manner that will take into account the environmental impact, in the idea of maintaining the viability in the respective area on an indefinite period of time (Nistoreanu, 2006).

At the same time, the ecotourism activities can contribute to the economic recovery of villages, to infrastructure modernization, they can attract different investors, if the inhabitants of the rural areas adopt a favorable attitude, which can be appreciated by the tourists who prefer this type of tourism, and if the local authorities are sufficiently involved in the development of this profitable economic activity.

Romania has a lot of natural attractions, making it one of the most attractive ecotourism destinations in Europe. The authenticity and the uniqueness of those attractions create a story that is looking forward to be revealed to all tourists visiting Romania (Isbăşescu and Fîntîneru, 2013).

Among the zones where ecotourism programs are developed, we can also mention Dobrudgea, a historical province from Romania's South-East extremity, with an area divided into two counties from the administrative point of view: Tulcea and Constanța, consisting of three geographical relief units: delta, plateau and seashore (Sima, 2016).

In this context, the aim of the paper is to identify the necessary measures for the improvement of the management of ecotourism activities development in Dobrudgea's countryside. The statistical data were completed with information from papers and studies published in specialty books and journals, in governmental documents, as well as in other development strategies related to tourism and rural development.

2. The main areas with ecotourism potential in Dobrudgea

Situated in the South-East of Romania, Dobrudgea's area totals 15,570 km², divided between two counties: Constanta and Tulcea; this is an extremely important zone from the bio-geographic point of view, where a large number of flora and fauna species of conservation

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interest exist, with the interference of the floristic species from the Central European, Mediterranean and Asian areas.

In Dobrudgea the main areas with ecotourism potential are the following: the Danube Delta and Razim-Sinoe lagoon complex, the Măcin Mountains National Park, the Romanian Black Sea Coast and the Northern Dobrudgean Plateau (Table 1).

Table 1. Characteristics of the main areas with ecotourism potential located in Dobrudgea

Name	Characteristics
Danube Delta and the lagoon complex Razim-Sinoe	With a great diversity of aquatic and terrestrial ecosystems, which has a triple international status at present: Biosphere Reservation, Ramsar site (wetland of international importance) and World Natural and Cultural Heritage Site where real opportunities exist for ecotourism activity.
Măcin Mountains National Park	Located in the north-western part of the county Tulcea, with maximum altitude 467 m (the mountain peak Greci-Țuțuiatul), which is fascinating by its unique geo-morphology and bio-geography.
Romanian Black Sea Coast	With its specific ecotourism potential represented by the Sites of Community Interest, such as: sea dunes from Agigea and sea zones from Tuzla, Costinesti, Vama Veche.
Dobrudgean Plateau	With ecotourism potential, yet totally un-explored (large forests and a rich hunting fund).

Source: www.ddbra.ro/, <http://www.parcmacin.ro>, <http://www.anpm.ro/>

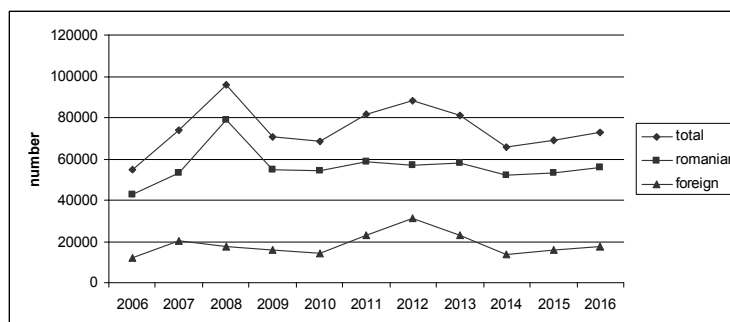
In most protected areas from Dobrudgea, networks of tourism routes have been created, in majority homologated or on the way to be homologated. Most routes are for camping, but also cycling routes or water routes (in the parks located in wet areas) were established.

In the *Danube Delta Biosphere Reserve*, with an old tradition in tourism and ecotourism, different other variants of access were also developed over time, respectively transport by boats and by ships of various sizes.

In this area, the ecotourism activities can include:

- types of adventure activities (e.g. rafting, canoeing, on horse tourism on pre-established routes, bicycle trips on established routes, etc.);
- guided trips / organized journeys;
- tours for nature observation (flora, fauna);
- experimentation trips for nature preservation activities;
- trips to local communities (visits to cultural objectives, visiting traditional farms, viewing traditional cultural manifestations, traditional food products consumption, acquisition of non-food traditional products, etc.).

In the year 2008, in the Danube Delta Biosphere Reserve (Tulcea municipality included), 96090 tourists were accommodated, out of which 82% were Romanian tourists and 18% foreign tourists (Figure 1); in the year 2012, the same area accommodated 88021 tourists, out of which 64% were Romanian tourists and 36% foreign tourists (NIS, 2017).



Source: NIS, Tempo-online, 2017

Figure1. Number of tourist arrivals in the Danube Delta Biosphere Reserve

In the Danube Delta Biosphere Reserve, the most frequented localities are: Crişan and Maliuc located along the arm Sulina; the localities Nufăru, Mahmudia and Murighiol located along the arm Sfântu Gheorghe; the locality Jurilovca, on the bank of lake Razim. For tourism purposes, the helio-marine potential of the marine beaches from Sulina, Sfântu Gheorghe and Gura Portiţei is also put into value.

The Macinului Mountains National Park represents a new and a special attraction point for the tourists who are fond of ecotourism, due to the special values of the area: various landscapes, special biodiversity, with species defended by the law and declared monuments of nature, the oldest territory in Romania and one of the oldest territories in Europe. The natural tourism potential of the Macinului Mountains National Park is represented by many ecotourism objectives, such as: Țuțuiatu Peak (467 m); Căpuşa Peak (433 m) and the neighbouring zone; Moroianu Peak (434 m); Priopcea Peak (410 m); Sulucu Mare Peak (370 m) and Pricopanului Peak; the fossil point: Bujoarele Hill; the Forest: Valea Fagilor – a botanical natural reserve; the Salty Lake.

According to the data of the National Institute for Research and Development in Tourism (NIRDT) from Bucharest, most visitors in the National Park Macinului Mountains are Romanians from the zones near the Park (the local communities or the municipalities of Brăila, Galaţi, Tulcea, Constanţa), with an average duration of stay of one day (and a minimum economic impact upon the local communities); the main visitor groups are local people from the localities near the park (for a picnic), bird-watchers, rovers in small groups (2-10 persons), organized groups of 20-40 persons who ask for a guide from the park administration, cycling tourists, climbers, families with caravans and personal cars (NIRDT, 1998).

3. Measures for ecotourism organization in Dobrudgea

The Romanian effort to develop and promote tourism in the rural area (e.g. rural tourism, agro-tourism and ecotourism), has been completed by the support provided by the EU funds since the year 2000, in conformity with the priorities and rural development directions of the National Rural Development Program (NRDP), established in close connection with the community priorities and in relation to the analysis of the socio-economic and environment situation, obtained on the basis of available statistical data. The European Pre-Accession Program 2000-2006 granted community financial support through under SAPARD (Special pre-Accession Program for Agriculture and Rural Development). The European post-accession programs 2007-2013 and 2014-2020 have granted and still grant community financial support through the EAFRD funds (European Agricultural Fund for Rural Development).

The development of Romanian tourism in the rural area have largely benefited from the EU funds implemented through the Agency for Rural Investment Financing (ARIF), which

took over the patrimony of the Agency for Payments and Intervention in Agriculture (APIA) and the attributions resulting from the monitoring function of SAPARD Program, as well as the attributions for the technical implementation, payments and monitoring for NRDP 2007-2013. In addition, ARIF complies with the accrediting criteria throughout the period for which it was conferred the assistance management through the European Commission's Decisions (<http://www.afir.info/>).

Table 2. Main measures providing financial support to ecotourism development and promotion in the Romanian rural area

Program	Measure	Eligible investments
NRDP - SAPARD 2000-2006	3.4 "Development and diversification of economic activities generating multiple activities and alternative incomes"	<ul style="list-style-type: none"> - Rural tourism - Other types of tourism activities in the rural area
NRDP 2007-2013	313. "Encouragement of tourism activities"	<ul style="list-style-type: none"> - Tourism accommodation infrastructure and recreational activities - Small-scale infrastructure (tourist information centres, installation of tourism signs etc, - Development and/or marketing of tourism services related to rural tourism
NRDP 2014-2020	06 – Development of farms and enterprises - sub-measure 6.4 "Investments in the creation and development of non-agricultural activities" - sub-measure 7.2 "Investments in the creation and modernization of small-scale basic infrastructure"	<ul style="list-style-type: none"> - Infrastructure on the tourist reception units of agro-tourism type, leisure activities (agro-tourism accommodation services, leisure services and catering) - Development/promotion of rural tourism services (to be continued from NRDP 2007-2013, through the transition procedure, by which 119 projects were transferred to be completed, out of which 161 under sM 6.4 and 38 projects under sM7.2)

Source: <http://www.madr.ro>

In this context, in Dobrugea, ecotourism is in an early stage, characterized by the existence of a few initiative groups, who wish to promote ecotourism. At the same time, in the present governmental context, there is an interest at the level of Ministry of Tourism in promoting and sustaining programs and activities in ecotourism. Their main goal is biodiversity preservation and development of tourism activities in the protected natural areas.

Another important factor in sustaining the ecotourism activities is the increasing interest in this kind of activity worldwide. An increasingly great number of tourists are involved in ecotourism and they wish to get engaged in this kind of nature preservation actions, for the appreciation and promotion of the traditional way of life, of valuable local traditions and customs.

A key factor in ecotourism development is the realization of a program to improve the present tourism infrastructure, which has in view:

- transport to the protected area,
- transport inside the protected area,
- trails and tourism signs,
- tourism trails,
- information and interpretation of tourism activities.

Another factor of ecotourism development is the realization of a program for the development of traditional products destined to increase the incomes in the local communities and financially support the activities in the protected area through the following initiatives:

- guided trips,
- tourism programs with complex trails, easy to make trails, specialised (professional) trails.

The marketing activity will focus on accessing specific market niches, at internal and international level, having in view reaching the following objectives:

- increasing the number of visitors, mainly outside the main tourism season,
- increasing the volume of tourists' expenditures in the park and in local communities,
- educating the visiting people in the spirit of responsible trips into nature.

The specific marketing methods of the ecotourism activities include:

1. web pages of protected areas,
2. tourism leaflets edited in collaboration with the Ministry in charge, containing all the necessary information for visiting the protected area,
3. detailed tourism maps, posters, postcards, booklets, etc.,
4. producing documentary films about the protected areas in collaboration with the national television stations, distributed overseas, also with promotional goals,
5. information packages regarding each tourism program, with information and images on the local accommodation structures and other local services,
6. the visiting centers and the information points, which will play a very important role in the promotion of the protected area, in which ecotourism activities are developed.

In order to promote and sell tourism programs, the administrators of the protected areas collaborate with the tour operators for:

1. participation in fairs and international tourism exhibitions,
2. establishment of more partnerships with the tourism agencies,
3. contacting agencies and tour operators abroad,
4. creation of an attractive and interactive Internet site.

Partnerships with tourism agencies are also important due to the fact that each of them will promote the activities meant to support eco-tourism development through:

1. maintaining the natural values and the zone clean,
2. the program of small funding for the bio-diversity preservation project,
3. promoting the idea of ecotourism as an alternative for the economic and social development of the communities and the organization of main directions for action linked to this purpose through:
 - a. informing and encouraging the local communities for the development of eco-tourism activities;
 - b. encouraging the creation and participation in local tourism associations and forums;
 - c. promoting and the maintaining alive the local traditions inside communities;
 - d. promoting traditional elements on the new buildings, encouraging the small farms to produce natural foodstuffs and traditional objects, to organize traditional events;
4. assisting the tourist villages and not only them in supplying edible water to farms and dwellings.
5. helping in all ways the local authorities to repair and renew the basic infrastructure inside communities: roads, public facilities, communication and transport facilities.

The cooperation between authorities, protected areas, boarding houses managers-owners and other persons or associations interested in ecotourism will be essential in order to

implement the strategic guidelines for tourism development and promotion. For the purpose of this collaboration, the following measures are necessary:

- encouraging the creation of local forums consisting of organizations interested in rural tourism, agro-tourism and eco-tourism.
- collaboration with all key factors in the zone, including the land owners, who are playing an important role in the regional economic development.

The necessary finance for the development and promotion of ecotourism can be ensured through:

1. entry fees in the protected area, in cooperation with the local authorities; part of these will be used for biodiversity preservation, rehabilitation of tourist routes and keeping the zone clean; another part will be used by the local authorities for infrastructure improvement and for keeping the neighbouring areas clean as well as for funding the intervention teams in case of necessity;
2. parking fees in parking places, specially settled on the entry points in the protected areas;
3. voluntary contributions from the visiting people, destined to the improvement of the infrastructure in the protected area;
4. tourism programs developed by the neighbouring local communities to the protected area, in collaboration with third parties;
5. incomes coming from a small accommodation module organized by the forest ranges, coupled with the incomes realized from the visitor fee in the center and from selling local products, can also be an eventual income source for the protected zone.

The ecotourism inside and outside the protected areas imposes:

- close cooperation with the authorities of the protected areas;
- the tourist operators and guides who work in the protected areas must have high ecologic knowledge;
- practical and financial contributions of tourism operators for the preservation of the protected areas;
- rules for promoting and marketing of holidays based in the protected areas;
- guidelines for the local communities involvement;
- standards for the design and operation of sustainable and business tourism (Iova, Crețu and Constantin, 2012).

In order to obtain good results in the Dobrudgean ecotourism activity, the following are necessary:

- improvement of infrastructure to support the ecotourism business;
- continuing to reduce bureaucracy with regard to the establishment and operation of ecotourist boarding houses;
- a better information of the population with regard to the governmental programs for private initiative stimulation;
- popularization of the successful business examples of the Romanian entrepreneurs.

In the future, in order to improve the living standards in the rural areas, it is of utmost importance to create and maintain sustainable jobs, to initiate and consolidate businesses, to develop products, services and activities on the basis of the existing potential.

4. Conclusions

Tourism and specifically eco-friendly tourism industries encourage development activities in the regional and national Natura 2000 sites as a sustainable opportunity for people and nature. Following the example of other countries, the local community can create multiple niches to give the possibility for the local people to participate in the development of tourism promoting mechanisms. Together, these can promote their traditions and the local natural resources at national and international level.

Dobruddgea represents an important zone from biogeographical point of view, with valuable ecosystems in scientific reserves, natural reserves, national parks and natural parks; the economic impact produced by the developed ecotourism programs is obviously increasing.

In most protected areas in Dobruddgea, networks of tourist routes were created, in majority homologated or on the way to be homologated. Most routes are for camping, but also cycling routes and water routes were created (in the parks located in wet areas).

Once acknowledged the importance of this sector for the protection and preservation of the natural and cultural heritage, for the economic and social development of the local communities in the natural rural areas and for the increase of the tourist experience, all efforts should be made for the efficient valorization of our country's rich patrimony.

The support for the entrepreneurial initiatives in ecotourism means:

- investments for a continuous improvement of the quality of accommodation and leisure equipment,
- prevalence of association forms, with the empowerment of small-sized family units,
- tourism packages, which should respect the natural, economic and social integrity of the rural space and ensure the rational exploitation of the natural and cultural resources necessary for the next generations.

Ecotourism has the potential to contribute to labour employment and to rural development, to the development of the less-favoured and remote rural areas; at the same time, it plays an important role in the rural economy, where it represents a significant source of additional incomes through the promotion of entrepreneurial and innovation skills.

The Dobruddgean ecotourism sector is adversely affected by the lack of organization, promotion and dissemination of information on the tourism centers and by the limited number of these centers activating at local level. Ecotourism is not fully developed so as to meet the market needs at national and international level, while the tourism infrastructures in particular do not comply with the requirements and needs related to the accommodation and recreational structures, from the qualitative and quantitative point of view.

As a consequence, the strategic direction of action for the next years must ensure the legislative foundation on which the entire system of institutional-legislative instruments should be based, meant to foster ecotourism development, as a strong and efficient platform for guaranteeing the sustainable economic and social development.

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THE NEW PERSPECTIVE OF SUSTAINABLE DEVELOPMENT APPLICATIONS

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Abstract:

The new models of economic development have to express a view on the risk management of synergistic and of existing natural resources, but also on the impact of digital technologies open up new horizons to identify resources and transition towards another type of economy. Human civilization must respond with a holistic global problems faced, and identify the challenge of developing intelligent solutions in the context of the growing role of artificial intelligence built into most human activities. Economic reality is reshaping itself which influences new mechanisms of coexistence of the virtual space with the physical.

Key words: Smart economy, sustainable, data, natural resources.

JEL Classification: I3, O1, O2

1. A perspective of new technology above economy system

A concept of decreasing yields, which characterises the tangible capital and transforms the accumulation of capital is the main source of technical progress. It is suggested that there is an internalisation of costs, limiting investment at a threshold of internal and marginal efficiency; on the contrary, a concept of increasing yields shows that the firm may benefit from knowledge or experience of other firms, a recipe, a blue print, etc., without internalising costs of production of their own.

Under these conditions, the growing globalization as a deregulation and the integration of global markets for capital, goods and labour, increasing competition and technological revolution based heavily on the nature of General Purpose Technology of information and communication technologies seem to constitute a new identity to the new economy, with changes of duration in the unemployment-inflation trade-off towards a decline of unemployment without inflation increasing trend in the direction of the return to a golden age (Baily, 2002).

From this angle, the explanations and perspective on the economy are a permanent temptation for economists, providing a concept for the new economy that engages the transformations of products and processes at all levels of the economy. But instead encounter far greater observation difficulties (van Ark, 2005) and thus raise doubts, to which Stiroh (2000) expressed as follows: „Until someone finds compelling evidence of spillovers and productivity gains, the importance of those ideas should be considered cautiously” (Stiroh, p. 10). Similarly, Schreyer (2000, p. 8) argues that the ability to interpret the technological factor as an index of the benefits derived from the use of large-scale ICT (information and communication technologies as GDP) such as positive externalities, spillovers, scale revenue and technological progress, especially under the appearance of obtaining correct results. At the same time, van Ark (2002) insists that the most powerful explanations of economic growth are those that combine investment, efficient use of resources, invention and innovation with a focus on institutional, historical and political factors.

2. Risk management from the perspective of sustainable development

Sustainable development solutions in future decades can be laid down on the basis of the specific issues facing the global economy. The top 10 risks in terms of impact faced by humanity at present, according to Global Insight Report Risks, World Economic Forum 2015 (p. 4) are: Water crises, the Spread of infectious diseases, Weapons of mass destruction,

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Interstate conflict, Failure of climate change adaptation, Energy price shock, Critical information infrastructure breakdown, Fiscal crises, Unemployment or underemployment, Biodiversity loss and ecosystem collapse.

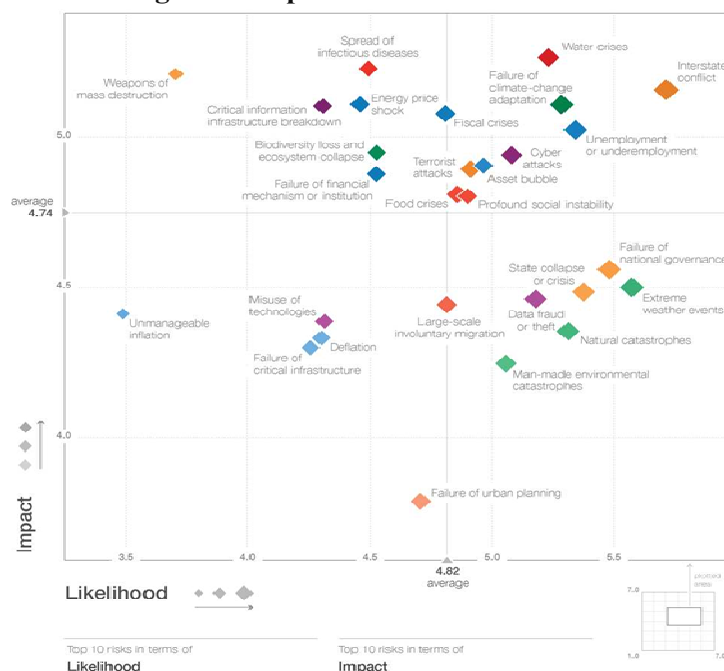
It is inevitable to deepen economic development issues in holistic terms, analyzing the way in which can interfere and impact on political economy and medical phenomena, planetary ecosystem functioning failures and climatic imbalances. Also, because of the high probability of the water crisis, we require a new view on resources and demographic growth. From this perspective, water is a resource whose exhaustion threatens the existence of all plant species and animals, including of mankind.

Demographic evolution models have to be developed and modified, even according to political decisions. Thus, if you it will decide to terminate suspend the one-child policy in China (<http://www.agerpres.ro/externe/2015/10/30>), the population of this country will be able to increase by 57 million people over the next 15 years, as estimated in the year 2030 to reach 1.450 billion inhabitants, compared to 1.393 billion (UN predictions). This demographic growth will render an increase in consumption of natural resources, primarily water, not only because of natural increase, but also by increasing the percentage of the population with a higher living standard in the next 15 years.

In terms of prediction (likelihood), the report quoted (Global Risks Insight Report 2015, World Economic Forum 2015, p. 4) identifies the top 10 risks: Interstate conflict, Extreme weather events, the Failure of national governance, State collapse or crisis, Unemployment or underemployment, Natural catastrophes, the Failure of the climate-change adaptation, Water crises, Data theft, fraud or Cyber attacks. Synthetic analysis of data places it among the political factor that can significantly affect the direction of evolution.

Instead of being a market corrector, social policy becomes, in the frame of this new European discourse, an optimization tool for the adaptation of the system of social protection from market forces. This new approach of the European social model starts from the idea of an European political Project which aims building a European identity.

Figure 1. Top 10 risks in terms of Likelihood








Source: The Global Risk Landscape 2015, GLOBAL RISKS INSIGHT REPORT 2015, WORLD ECONOMIC FORUM 2015, pg. 4.

Regional conflicts may move other phenomena that were not detailed in the report, such as human migration from the Middle East. Frontex- the European Agency for border surveillance (<http://www.digi24.ro/Stiri/Digi24/Extern>) announces that, from the beginning of the year 2015 and to date, 630000 emigrants have arrived in Europe, which represents the phenomenon with the greatest breadth, since World War II. The magnitude of this phenomenon of relocating population has important economic consequences, both for the countries in Western Europe which are targets of the migratory phenomenon, and for countries that are in transit, consequences which must be taken into account when analyzing trends and creates scenarios of evolution in the economy. In consequence, structural mutations will occur at the level of the economic instrument, both in terms of behaviour, as the attitude towards work, values and principles right in the antithesis to a behavioral model of european social type, but also at the level of an economic Act, through changes in labor relations, generated by an increase in labor market pressures. In fact, these pressures will result in reductions in the level of wage, with direct repercussions on the level of population, in terms of well-being. A new approach to european social model advances the idea of a productive social policy applied to the various social models in Europe (Hay, Watson, Wincot, 1999), to promote flexicurity, partnership, enhancing labour force activity, etc. Such a concept involves a social policy stance rather towards encouraging the individual to survive in the context of an economy that has become ever more dynamic, than to use its capability of the individual as cause for action to correct market forces.

Given the fact that economic constraints become more evident, it requires an upgrade - favorable to innovation activities - to a new capitalist model. The main idea is that solidarity was institutionalized so much that it diminishes people's desire to adapt their behaviour to the economy's demands. Therefore, it is necessary to shift from passive support to the active involvement of people, to insert people in the process of society modernization. The purpose of institutions in this context is to provide tools (ability to look for labour force on the market, flexicurity), which allows individuals to find ways to adapt to changing economic and social conditions (Balaceanu, 2012).

Figure 2: Smart-City Applications Can Help Cope with Scalability of Smart Cities

	 Energy	 Transport	 Water and waste	 Social	 Buildings
ICT-based systems/apps/services	Smart meters and demand response	Intelligent transportation and smart parking	Smart water meters	E-government	Home, building and energy management systems
	Electric vehicle infrastructure	Tolling and congestion charging	Distribution network control, leak detection, GIS	Remote social infrastructure (health, education)	Home entertainment and communication
	Distributed generation integration	Public transport system information sharing	Storm and flood management	Safety and security	Smart consumer appliances and devices
	Consumption visualization and behaviour change	Car and public transport sharing	Consumption visualization and behaviour change	Social city apps	Peer-to-peer room sharing portals
Non-ICT	Renewable- and co-generation	Low emission vehicles and new public transport	New water purification methods	Green hospitals	Energy-efficient building design and refurbishment

Source: Expanding Participation and Boosting Growth: The Infrastructure Needs of the Digital Economy, World Economic Forum, Prepared in collaboration with The Boston Consulting Group, March 2015

At the level of organization, information and communication technologies enable increasingly complex administration data bases, which causes changes in both the production system/services, as well as in all operational and management mechanisms of the community, including in their marketing activities.

Digital infrastructure allows and new forms of social and economic organization, called smart cities (Expanding Participation and Boosting Growth: The Infrastructure Needs of the Digital Economy, Prepared in collaboration with The Boston Consulting Group, World Economic Forum 2015, p 49).

3. The digital economy's support to develop Smart Economy.

The debate on new economy revolves around ICT (Information and communication technology), as well as prerequisite for economy by increasing emphasis on labor productivity and a new approach to human capital looked at from the angle of computerisation process digitalization. Thus, ICT shall be presumed to have the most growth, which would attract reducing unemployment and inflation, the effect or a cyclic response of a positive impact the bid (with a drop in prices for food, energy, insurance and technology).

Smart economy is based on concepts of productivity growth in the services sector, based in particular on re-allocation of factors and more efficient use of ICT (Sharpe 2002; Bosworth and Triplett 2007; Basu and Fernald 2008), suggesting a deep impact of ICT at the level of the production function. The transition from old economy to new economy is taking shape more and more comfortable on the smart economy, both by reforming economical policies in order to incorporate the technology at the level of all sectors of the economy, as well as at the level of principle policies production within the meaning of the phrase: *faster, better, cheaper* (Jorgenson 2004).

In general, the economic growth *boom* overlaps with the investment in ICT, and high rates of growth of investment reflects the full nature of technological new economy; ICT presents itself as type of input at rates of efficiency or marginal products large, with low costs and huge potential for additional applications (organizational) type GPT (General Purpose Technology).

Thus, the new economy is based on the ICT technology, showing low costs and high marginal products; main difference from conventional types of capital is that it indicates high rates of depreciation. In these circumstances, the investment *boom* reflect both rapid decline of high prices and the rates of the efficiency of ICT, supported by technological progress in top levels of high-tech, as well as the fact that entrepreneurs have chosen to change their pattern and replacing ICT with other types of input.

We admit the advantages and disadvantages of this position. A number of economists have sought to suggest that the difference between investment and technological advance, on which a neo-classical conception indicates that an investor can internalise yields return on investment without benefit, in exchange of spillovers benefits, external benefits which are produced elsewhere, without satisfying the entire concept of technology and outputs (increasing), highly associated with ICT at a microeconomical level. Thus, ICT reflects a huge potential for techno-human complementarity, emphasized by the organizational literature and/or the skill based technical change Theory, and historical analogies with General Purpose technology, which marked, past irreversible, the growth of the industrial trend. Economy reflects a major shift toward intangible forms of system inputs and outputs. Thus, to each 1 dollar investment in computers or information technology equipment, managers invest \$10 to reorganise their social systems of information and production to use this new technology as efficient as possible (Zysman and Weber 2000, p. 9).

We support the concept of the new economy based on information and communication technologies in particular and we try to provide a domestic and international perspective on growth and the role of ICT in this increase, taking into account a wider range of topics subsumed under the new economy, such as the smart economy.

The current society focuses on a development model based on innovation and creativity to provide population welfare through rationalising economic resources and especially time. In truth, we are talking about the fact that the economic world expands and time, as a resource, shrinks. This makes the approach on economy to be in line with the reduction in the use of time in productive work units, at an economy's level, in the sense in which the value of resulting products through work doesn't lessen the time of an individual, as the main vector towards the future.

Humanity wants to connect in real time to any event from any point on the globe, to reduce or eliminate any borders, obstacles, limits that could obstruct communication, viewing, linking with facts and actions that could make an immediate or subsequent impact on the individual and society.

4. Conclusion

The new economy is different from the old one, because of the difference between investment and productivity/technological advance that specifies a concept (neoclastic) built-in technology, as well as between the forms of intangible capital, knowledge and/or innovation; the type of difference specific to a unincorporated technology concept, and technological change. By reference to the smart economy, economic growth is supported and driven by the ICT boom in the services sector, by the increase of the share of knowledge-based activities and innovation in the economic instruments, by the developing policies to social inclusion as a support for an increase your inclusive, dynamic, fair and sustainable economies at EU level.

The new economy seems to be solely economic, such as natural management resource, involves not only multidimensional approaches and between institutions, but also to adopt an integrative vision that defines the terms of economic growth and sustainable development, as well as the way in which a transition cost is distributed towards a new kind of Economics.

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ANALYSIS OF THE ACTIVE MEASURES IMPACT APPLIED ON THE YOUTH LABOUR MARKET FROM ROMANIA BY THE METHOD OF MAIN COMPONENTS

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Abstract

Today, finding a job is a major concern for 5.64 million European young individuals with ages between 15 and 24 years of age (from among which 2.16 are Romanian nationals) under the conditions in which an alarming increase of unemployment takes place in their ranks even if since 2014 a slight decrease is recorded in this respect.

Even though Romania, just like the other EU member-states has policies aimed at protecting the youths, respectively providing for their employment, but also ensuring their protection on the job, still the adoption of a series of additional measures proved necessary aiming to diminish the unemployment rate and increasing the duration of youths' employment, measures that should be efficient on short-term and sustainable on long-term. In their transition from education to work, young individuals are faced with increased risks of early school leaving, or of job abandon.

The paper intends a brief analysis of measures adopted by Romania for stimulating youths' employment, and for improving the chances of youths in the labour market from Romania. At the same time, by the method of main components is analysed also the impact of active measures enforced in the youths' labour market from Romania.

Key words: youths, youths unemployment rate, vacancies, measures, policies, statistical techniques

JEL Classification: C19, E24, J21, J 58, J63

Introduction

On January 1st, 2016, in the European Union the youths with ages between 15 and 29 years of age represented according to Eurostat 17% of total population. Even if modern Europe provides currently for the youths unprecedented opportunities, they are still faced with some challenges (aggravated by the economic crisis) related to the educational and training systems and to access to the labour market.

. The issue of youths' social inclusion was always present on the political agendas, but only during the last three decades it became of particular relevance.

In this context, attaining the objective of 75% of labour force employment for the population with ages between 20 to 64 years of age according to the "Europe 2020" strategy requires improving measures/transitions regarding the youths for access to the labour force market.

The unemployment rate among young Europeans is twice as high than the one of the adults (7.6% in 2016) and in Romania the unemployment rate for this population segment is almost four times higher than the one of the adults. The decrease in the numbers of permanent jobs during the crisis affected disproportionately the youths, also during the post-crisis as they are overrepresented in the category of temporary contracts. Even though temporary contracts might be a first step towards more stable employment forms, this might generate segmented labour force markets, as they youths are caught at the lower segment levels, and benefiting of less training on the job, low remuneration and worse perspectives regarding employment and long-term career.

The high level of unemployment among youths leads to decreased employment chances for individuals in general, but also to fewer opportunities of economic growth both at national and global level.

In the context of increasing higher levels of unemployment, the youths have a hard time finding a job, and many of them might decide to extend the period of studies or to

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resume studying. This might be an investment for the future, provided that corresponding and labour market matching competences are acquired. Nevertheless, the reality is that many of the youths are not involved either in the labour market or in education.

The measures for stimulating labour force employment in general are aimed both at increasing the employment chances, but also at incentivizing employers in view of providing jobs for unemployed and for creating new jobs.

Employment volume and structure are influenced directly and most times decisively by macroeconomic policies (of economic growth), by fiscal policies (level of taxes and duties), by monetary policies (level of interest rates), and by wage policies or the level of public investments in infrastructure.

1. Mechanisms for increasing labour market supply adjustment to demand

Today, finding a job represents a major concern for 5.64 million European youths with ages between 15 and 24 years of age under the conditions of an alarming increase in the unemployment rate among young graduates of almost 18.4%, which is 2.5 times higher than the unemployment rate of adults.

From among the young graduates who entered employment in 2016, 43.8% work based on temporary labour contracts, and 32% are employed part-time, and this is most often because of lacking alternatives. A concern raising issue is that in Europe over 6.5 million youths do not attend currently any form of education, vocational training, nor are gainfully employed. At the same time, in Europe, a bit more than one out of three persons (35%) has a higher education diploma, while in the USA the percentage is of over 40%, and in Japan it exceeds 50%.

The living standards of the member-states depend significantly on the young generation, with ages between 15 and 29 years of age. This population segment was in 2016 of 88.65 million persons within the EU, representing a fifth of the total population of the European Union. In spite of the opportunities provided by modern Europe, the youths have to face some challenges aggravated by the economic crisis and related to the educational systems of training and accessing the labour force market. Up to 2020, it is estimated that over 35% from all jobs will assume higher skills and competences, as compared to 29% in the present. This presupposes the necessity of creating more than 15 million high-skilled jobs. Digital competences are required increasingly more in all jobs, and the EU economy still cannot avail itself of enough high-skilled personnel with ITC competences.

Because of early school-leaving, the risks are higher to be unemployed or inactive on the labour market, and of living in poverty while economic and social risks increase. According to Eurostat statistics, about 16.9% from the EU-28 population with ages between 20 and 24 years of age has finalized lower levels of secondary education, but did not pursue other education or vocational training programmes in 2016. Another stringent issue faced by modern Europe is the fact that the PISA 2015¹ test has shown that 19.7% from the population with ages between 15 and 16 years of age obtained extremely poor results regarding reading. For Romania, the results of the PISA 2015 test have shown that 24.3% from the Romanian pupils/students are illiterate for all three fields: difficulties in reading and understanding a text, and they can solve only basic maths exercises.

➤ Measures for stimulating labour market employment of youths

The coordination of policies, both at European and national level, together with public labour force employment offices, NGOs, and social partners might lead to joint actions at

¹ is used by the Organisation for Economic Cooperation and Development (OECD) in 65 states and economies and takes place once at three years and shows the level of pupils aged between 15 and 16 years of age with respect to mathematics and reading skills.

European or national level regarding the diminishment of unemployment and the creation of employment opportunities for the youths. Increasing the employment rate of the youths has positive impact both for partner and neighbouring countries of the EU, but also for the EU.

After graduating upper secondary education, the youths must follow other educational programmes or obtain a job. This fact is important, necessary and useful as it allows for youths' entering into higher education or vocational training systems, according to the requirements of the labour market. Moreover, graduates of vocational training or of higher education have need and enjoy support from public labour force employment services in identifying a first job. In recent times, this action is fulfilled by the public labour force employment services increasingly more in partnership with other stakeholders, including here enterprises and thus contributing to fulfil parts of the corporate social responsibility policy targets, as well.

In general, employers show preference for experienced workers instead of new entries on the labour market and, even if incentives are provided for the employment of young debutant workers, and even if they are employed, this employment is based often on temporary contracts allowing the enterprises they are employed with to test aptitudes, skills, and productivity of workers before employing them based on contracts for undetermined periods of time. To a large extent are preferred temporary contracts which exempt the employer from certain responsibilities in case of layoffs, such as compensation payments, periods of notice, and instances when these measures might be contested in a law suit, etc. the consequence is a segmented labour force market in which many young workers shift alternatively between employment based on temporary labour contracts and unemployment spells. The same risk is present also in the case of women. The risk of entering into such a vulnerable segment of alternating employment with unemployment is particularly high in the case of young women. The use of such practices should be limited because it is detrimental to productivity, competitiveness and profitability, respectively to economic growth, and employers fail to pay accordingly for delivered work, not invest in vocational-professional training of young employees.

The decrease in the numbers of permanent jobs during the crisis period and in the post-crisis affected disproportionately the youths from the age segment 15-24 years as these are overrepresented in the temporary and part-time contracts category (43.8% and, respectively 32.0% from total jobs in the year 2016)¹. Women are overrepresented in part-time jobs by 40.5%, as compared with 24.8% for men, and in Slovenia, Finland, Ireland, Sweden, Denmark and the Netherlands the share of women with ages between 15 and 24 years of age working part-time increased to over 50%.

For the last 4 years, in Romania, the number of vacancies remained relatively stable in average, and the unemployment rate had a slight decreasing trend indicating a continuing deterioration of the labour force market. The analysis of the Beveridge curve (Figure 1) shows that after the 2nd quarter 2015 the direction the curve takes is rather to the left meaning that young unemployed are compatible with the vacancies. In the 1st quarter 2014 and up to the 1st quarter of 2015 the curve tended to right, meaning severe deficiencies and a high rate of equilibrium unemployment.

¹ Eurostat statistics, www.eu.europe.eu

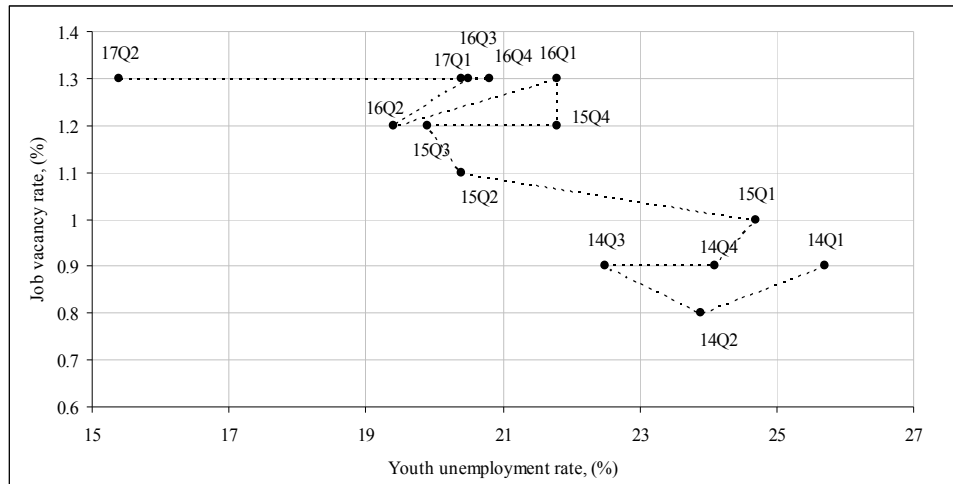


Figure no. 1 Beveridge's curve for EU-28, young individuals with ages between 15 and 24 years, Q 1/2014-Q 2/2017

Data source: Eurostat statistics (online code: [jvs_a_nace2] și [une_rt_q], author's processings

During the period 2008-2014, the high levels of unemployment coexisted with the issue of failing to fill in these vacancies. This phenomenon is indicative for an increase in issues regarding mismatches on the labour market, due to inadequate skills and competences, to limited geographic mobility, and to inadequate wage earnings for all sectors and regions of the EU. Even though forecasts at EU-28 level indicate that up to 2020 will be available 73 million jobs as result of the retirement of large numbers of workers, and these vacancies need to be filled by new personnel with adequate skills which also implies increased opportunities for youths, there are some leftover uncertainties because at least 15% of the young Europeans with ages between 20 and 24 years did not benefit of any educational or vocational training programme, nor are gainfully employed. Thus, instead of diminishing, the risk of being completely excluded from the labour force market is very high for these young individuals, just as the risk of remaining absolutely dependent on social services and assistance.

➤ **Required social protection measures for the youths**

The active inclusion of youths presupposes assistance that includes adequate incomes, an inclusive labour force market and access to quality services. In the case of young unemployed, for avoiding the dependence on social services, assistance should be granted only if the respective youths are actively seeking a job, or to follow an educational or vocational training programme.

The modernization of the social security systems must take into account the health condition issues of the youths. Increasingly higher numbers of youths benefit of (permanent) disability indemnities. Some of them cannot work full-time, but could be employed part-time, or for smaller fractions of the working time, and yet other might return in the labour market by applying corresponding active labour market policies and measures.

By adopting an inter-sectorial approach short-time solutions might be integrated into the long-term effort of mobilizing the youths.

➤ **Measures for improving youths' opportunities on the labour market**

The professional insertion and the creation of new jobs for youths turned into priorities of the governmental policies, as these are measures furthered and supported also by the European Union and national legislation in the field of social policy. The positive effects

of these policies in Romania became visible by decreasing the unemployment rate among youths benefitting from these measures. While providing for the young unemployed from urban areas, at the same time attention needs to be paid to the unemployed from the rural area, but also to those with only basic or medium-level education or training.

Currently, the education system does not provide according to the needs of the labour market, and some of the reasons are found in the inertia and rigidity of the system. In the Romanian economy, the private sector ensures most jobs and vocational training for employees.

Measures were initiated for stimulating entrepreneurial initiative and spirit among the youths by support programmes provided by some non-governmental institutions, but the obtained outcomes are modest, at best. From among these, we mention the following programmes aimed at:

- *stimulating the entrepreneurial spirit of youths*: providing some subsidised credits for students with ages up to 30 years of age and who are attending their first higher education institution; providing for fiscal facilities for students planning to set-up their own business;
- *Increasing the employment level of youths*: increasing expenditures allotted to active measures for combating unemployment; easy access of youths to active measures implemented in view of combating unemployment.

In Romania's labour market is found an increase in the training level of youths (more and more youths graduate a higher education entity), concomitantly with the emergence of a rather spread-out phenomenon regarding the education level required for filling a position meaning that often a position that could be filled by a person with upper secondary education is made available but for individuals who graduated higher education and have a higher education diploma.

Among the measures adopted by the Government of Romania is included also the project "Young Professionals" that has as objective to diminish the numbers of young experts leaving the country, but also to implement the reform of public administration.

Diminishing the numbers of unemployed among youths can be achieved also by higher *diversification* of jobs, and especially for those with lower educational levels who most often are active in sectors like trade, constructions, tailoring, catering, etc. At the same time, stimulating the various forms of working from at home, and also jobs with flexible working hours can become useful instruments, in particular regarding women who have children in their care. Setting up some associations at community level for ensuring the care of people with disabilities, or for baby-sitting would lead to creating new jobs both for young women but also for the women who went into anticipated retirement. If such actions are frequent in western countries (as result of population ageing), in Romania they are still in an incipient stage (many persons without jobs preferring to deliver this type of services abroad where they are better paid than in the country).

A good *system of monitoring law enforcement* would be an important aspect and would give a strong incentivising and safety message for the youths. Institutions should be organised that monitor the actions regarding the legal framework for labour and to which youths could turn for signalling failures to comply with the provisions of the law. At the same time, the facilities provided by the Government to the employers should be allotted for longer periods, so that they would no longer be tempted to search for firing reasons in order to make room for other young graduates. This type of action has to do with the periods on which subventions are granted for the young employees – and from the measure to extend their duration would benefit especially small- and medium-sized enterprises. Another concrete way of supporting employers is represented by fiscal facilities: tax deductions for those employers hiring certain professional and age groups.

From the institutional viewpoint, other intervention means to support youths' access to labour market would include:

- *useful information dissemination* regarding the dynamics of the labour market, employment and specialisation trends required by the market;
- *professional guidance* regarding sources for seeking and identifying jobs, professional counselling depending on skills, aptitudes and attitudes;
- *adjusting the skilling and reskilling training courses portfolio* provided by the Municipal Labour Force Employment Agencies;
- *providing possibilities of on-the-job skilling*;
- *job fairs*;
- *organising at increased frequency job fairs depending on certain specialisations* with the purpose of harmonising the interests of the employers (matching candidates with low financial and time costs) and of persons seeking jobs having thus the opportunity to compare and opt for the intended position;
- *adopting a flexible working programme* which would be an advantage for women with children or for young families with children who cannot have the support from other members of the family, parents or other relatives;
- *creating some collective associations with information and support purposes*
- *free legal counselling*;
- *human resources counselling services*;
- *intensified partnerships with mass-media* that has a fundamental role in informing the population, with consequences both regarding legislation in the field of labour and social protection, but also regarding the dissemination of some new models of professions.

Changing the attitude of passivity and of expecting help from the state, while altering also the perception according to which it is “the duty of the state” to support unconditionally those in poverty without setting up some systems of encouraging them to get more involved in actions that could help them escape the poverty trap are all major requirements in combating unemployment in general and unemployment among youths in particular.

2. Applying the method of main components for analysing the impact of the active measures used on the youths labour market from Romania

Law 76/2002 regarding the system of unemployment insurances and stimulating labour force employment with the subsequent amendments and completions regulates the measures for enforcing the strategies and policies developed in view of protecting persons against the unemployment risk, of ensuring high employment levels and for adapting labour force to the requirements of the labour market, as the purpose of all these measures is to achieve some concrete objectives on the labour force market, respectively:

- preventing unemployment and combating its social effects;
- employment or re-employment of individuals seeking for a job;
- supporting employment for persons included into vulnerable groups of population;
- ensuring equal chances in the labour market;
- stimulating unemployed in view of filling a job;
- stimulating employers for hiring persons seeking for a job;
- improving the employment structure on economic activities and geographic areas;
- increasing labour force mobility under the conditions of structural changes that take place in the national economy;

- ensuring the protection of persons within the system of unemployment social insurances”¹.

The measures for stimulating labour force employment, in general, aim both at increasing employment chances, but also to incentivise employers in view of hiring unemployed and creating new jobs.

The volume and structure of employment are indirectly influenced and most times decisively by macroeconomic policies (of economic growth) as well as by fiscal policies (level of duties and taxes), by monetary (level of interest rates) and wage policies or by the level of public investments in infrastructure.

Another series of public policy measure of less amplitude have, as a rule, direct impact and on short-term on the employment level of individuals on labour market; these might be grouped into two large categories depending on the nature and intensity of their influence on the labour supply and demand structure.

The so-called “passive” measures of employment are material support ones (unemployment indemnities, support allocation) with the role of compensating to a certain degree the lack of incomes because of unemployment or inactivity and, accordingly, also to maintain the work capacity during the period of joblessness and while seeking for a new job.

In turn, “active” *employment measures* represent an assembly of interventions that influence directly and on short-term the volume and structure of employment, and of unemployment accordingly in view of finding the balance between labour supply and demand, either by increasing labour force demand, or diminishing the oversized supply of labour force.

The increase in labour force demand can be stimulated by granting subsidies to employers, or by measures aimed to develop the entrepreneurial capacity of a community or region while, other measures, like granting mobility bonuses are meant to diminish a relatively oversized supply of labour force.

The active measures of labour force employment policies are developed both for employers and for persons seeking a job. Among the most important active measures aimed directly at persons seeking a job might be reminded *vocational training and employment stimulating services*.

In order to determine the impact of active measures applied to young labour force employment was taken into account the data set regarding the number of persons with ages below 25 years of age and who were employed in each year during the period 2006-2016 by means of the measures adopted at the level of the National Agency for Labour Force Employment (Table no. 1).

Table no. 1 Active measures for the employment of youths provided by the National Programme of Labour Force Employment

X1	Youths’ information and vocational counselling
X2	Youths’ vocational training
X3	Stimulating employment of fresh young graduates of educational institutions
X4	Employment for unemployed before the termination of the indemnity period
X5	Employment of persons aged over 45 years, or unemployed who are single supporters of mono-parental families
X6	Employment by stimulating labour force mobility
X7	Employment of persons with handicap/disabilities
X8	Providing assistance and consulting services for starting-up self-employment activities

¹ Law 76/2002 regarding the system of unemployment insurances and for stimulating labour force employment with subsequent ammdments and completions.

X9	Labour mediation
X10	Personalised social guidance granted to young persons exposed to the marginalisation risk
X11	Unemployment prevention measures

Data source: selection realised by the author

By applying the main components' method for the data set taken into account, the correlation matrix was obtained and this allowed for determining the positive or negative correlations between the considered variables.

Based on the analysis of the correlation matrix of own values was highlighted that the cumulated share in the total variance of the first four components is of 94%. By applying the Kaiser technique (1960) and Cattell (1966) was determined the number of main factors (components). For the considered case, was highlighted that the first 4 factors are dominant, which suggests that for the set of measures taken into account, the first 4 component can be considered as dominant.

In order to determine the correlations between the main components, and the initial characteristics, was used the correlation matrix of the "loaded" components for each group of considered active measures. The outcomes are presented in Table no. 2.

Table no. 2 Correlation matrix of the "loaded" components

Principal Component Loadings from Correlation Matrix				
	Comp. 1	Comp. 2	Comp. 3	Comp. 4
X1	0.411	0.106	0.876	-0.074
X2	0.343	0.909	-0.111	0.155
X3	0.640	0.323	-0.003	0.646
X4	0.581	-0.732	0.307	0.111
X5	0.954	0.112	-0.096	-0.185
X6	0.969	-0.041	-0.122	0.112
X7	0.840	0.173	-0.210	-0.327
X8	0.471	-0.806	0.064	0.235
X9	0.556	-0.190	-0.802	-0.050
X10	0.371	0.810	0.274	-0.060
X11	-0.850	0.193	-0.238	0.258

Source: author's own processing with the aid of the KyPlot programme

The correlations presented in Table no.2 allowed for a first analysis of the impact of each active measure adopted for increasing the employment level, depending on the sign of the values from the tables that might determine the positive or negative correlations between the variables subjected to the study, and thus the way in which these might influence the evolution of employment in the labour force market.

Based on the main components' method and the representation of the "efficiency" of measures taken into account in the system of axes determined by the "loading" components, the contribution of each active measure to the evolution of the employment degree among youths might be estimated (Figure 2). The number in the figure represents the ordinal number of the applied active measure taken into account. Thus, the components in the first quadrant are those with positive correlations and thus the ones influencing most strongly the youths' employment in the labour market.

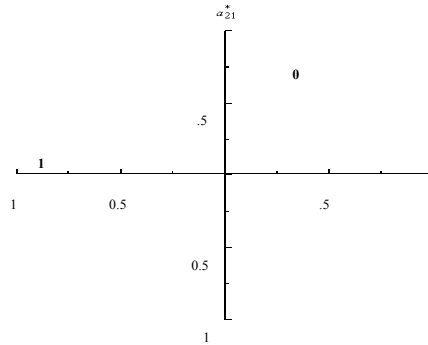


Figure no.2 Contribution of each active measure to achieving the employment objectives on the labour force market

Source: author's processing with the aid of the KyPlot programme

Measures such as vocational training, vocational information and counselling, stimulating employment of graduates of education entities, employment for persons aged over 45 years, or of unemployed who are single supporters of mono-parental families, and the personalised social guidance granted to youths exposed to the risk of marginalisation are, based on this method, the ones with good results in increasing employment of youths in the labour market.

Labour mediation, granting assistance and consulting services for starting-up a self-employment activity, employment by stimulating labour force mobility and the measure for employing unemployed before the termination of the indemnity period have lower efficiency in increasing employment of youths in the labour market from Romania.

Regarding the measure of preventing unemployment, the data from Figure 2 indicate that its adoption is not efficient for increasing the employment level of the young labour force.

Conclusions

The alarming situation of youths on the labour market in the majority of countries draws the attention of international bodies to this topic.

In Romania, only by the end of 2001 was realised the first attempt of strategic planning in the field of youths, by developing the "National Action Plan for Youths – Romania (PNAT-R).

The National Strategy in the field of youths' policy for the period 2015-2020 was adopted in January 2015 and has as general objective the professional insertion of youths. The strategy is built around the following pillars: employment and entrepreneurship, formal, non-formal education and culture, transition from education to work, and the correlation between systems, youths and the use of ITC, culture, health, sports and leisure time.

The initiatives, programmes, and actions launched at national level are intended to train youths in new competences, for a new model of education and vocational training model, a new model of lifelong learning, all of these being necessary elements for maintaining the youths on the labour market in the knowledge-based economy. The change speed in the knowledge-based economy has as effect also the swifter depreciation of aptitudes. In order to mitigate efficiently these changes, the youths need to be able to update permanently their competences.

Increasing the accountability degree of youths by creating favourable conditions for the development of their skills, for working and being actively involved in the development of the society is essential for sustainable economic and social development. Nevertheless, youths' insertion on the labour market represents a huge challenge for the Government. In this context, more attention should be paid to active policies and measures on the labour market that would aim directly at various groups and sub-groups of youths, including here the NEET category.

In order to determine the impact of active measures applied in the field of labour force employment in Romania, the main components' method was used. The obtained results highlighted that measures such as vocational training, vocational information and counselling, stimulating employment of young graduates of education institutions were the most efficient methods in employing young individuals in the labour market.

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CREATIVITY AND INNOVATION IN THE EDUCATIONAL PROCESS

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Abstract:

At a societal and individual level, the educational process is generating change by creating value. The main actors involved in the educational process - society, school, family, individual, other institutions or organizations - have an essential role in developing an effective education and training system.

The educational level of a people, the knowledge stock held at a given moment, reflected in the ability of individuals, their competence and creativity, underlie economic and social development.

In a knowledge-based society, the central element is creativity, that characteristic of the human mind that has the power to innovate, to offer original solutions and ideas, based on accumulated knowledge and experience. Under these circumstances, any performance education system must be based on creativity and innovation, elements that are interconnected.

Keywords: *education system, education, creativity, innovation, performance.*

JEL Classification: *I2*

1. Introduction

The education level of a people, their knowledge amount held at a particular moment, reflected in individuals' ability, competence and creativity underlie economic and social growth. The rapid changes in today's society urge the need for improving the educational process where competitiveness and innovation play central roles. The educational process generates progress through the changes it brings to both an individual and to the society as a whole. Therefore, effective educational policies must envisage the individual-school-society relationship, a relationship where man is both the determining element and the determining factor at the same time.

Nowadays, the most valuable investment is investing in people, in human capital in general and in education in particular. The educational system is the one creating identities, shaping personalities, educating and developing a person. An efficient educational system is one that develops a free, harmonious, dignified, creative personality. Good quality education must be based on spontaneous, personal and especially creative activities. Thus, spirits get harmonized, feelings get stabilized, self-control develops.

Education is the one that provides children, young people and adults with the knowledge and skills needed to become active and highly performing on the labour market. For these reasons, accessing quality education has become an essential objective at the level of the European Union in order to create an innovative, knowledge-based society.

2. Creativity - Core of Highly Performing Education

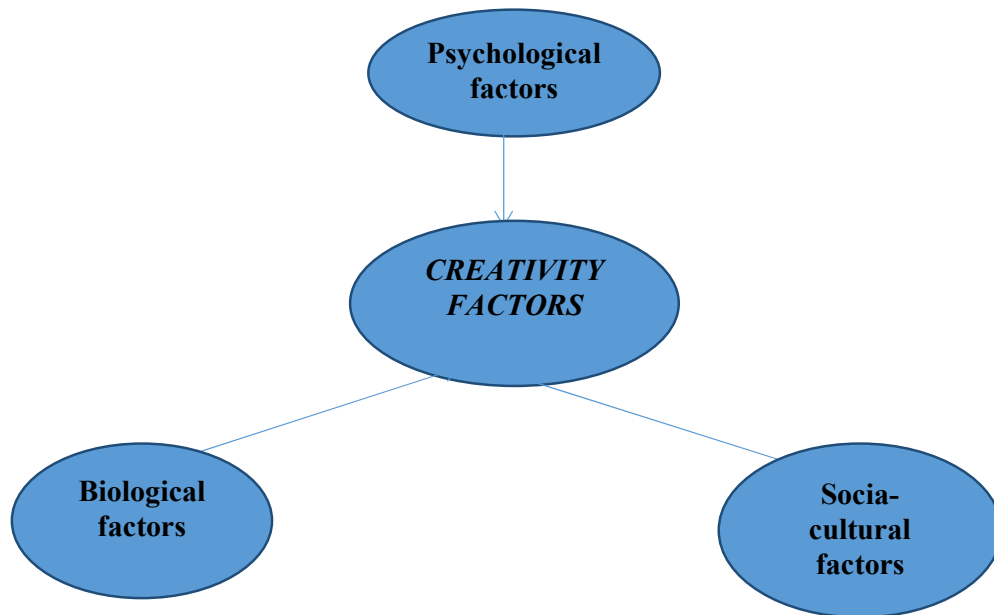
Generally speaking, any education system with an education and training function emphasizes the complex development of an individual's personality. An educational institution is the place where people grow, develop, educate and train, relying on the creative spirit, on the development of logical thinking, on communication and cooperation.

Creativity, the ability of the human mind, allows the generation of new ideas and concepts, synthesizing factors of intellectual, motivational, emotional and attitude type, specifying that novelty consists both in genuineness and efficiency.

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Figure 1. *Creativity factors*



Source: prepared by the authors

The *psychological factors* of creativity have often been confined to the intellectual ones, namely creative imagination, thinking, intelligence, intuition, memory. Defined by Plato as being "the ability that allows the human spirit to understand the order of the universe," intelligence operates with notions and is strictly dependent on the laws of the knowledge object. If one regards things from the perspective of the creativity-intelligence ratio, it can be stated on a scientific basis that a large number of creative people are also intelligent, but not all intelligent people are creative. Instead, imagination uses complex, dynamic images based on associations and combinations that lead to the emergence of genuine ideas. Nowadays, the category of psychological factors has also included other factors such as: special skills (which enable performance in certain fields), non-intellectual and non-skill factors, abyssal factors (determined by the direct connection between creation and unconsciousness). *Biological factors* are related to heredity, age, gender, health, and *social-cultural factors* are related to social-economic, cultural and, above all, educational conditions.

Creativity occurs at various levels:

- *expressive-behavioural level* which targets the psychic traits involved directly: spontaneity, responsiveness, flexibility, associativity;
- *procedural level*, which emphasizes the creative qualities of the psychic mechanisms structured in an intellectual style of creative approach, a style that ensures reaching new products at the subjective level;
- *productive level* where creative skills are embodied in new products with a relatively low degree of genuineness and value;
- *innovative level* at which some creativity factors such as ingenuity, operability facilitate the development of new products;
- *inventive level* where the most important psychic features are the ability of abstraction and generalization, setting associations and analogies;
- *emergent level* where the products obtained consist of principles, theories which revolutionize a certain field.

Creativity is cultivated through learning, behaviour, intellectual skills. Creativity is "something" that can be developed in most people, being a general human trait, which is the reason why people can be categorized on a creativity scale at different levels. In a plastic way, it is said: *creativity is the wide open window which gives wings to imagination and shapes and fulfilment to dreams*. Individual development is based on education and training, on inter-human relationships, on effective communication, a complex process where school plays an essential role, creating independence in thinking and expression.

Educating the creative spirit at school level implies:

- valuing the belief according to which creative learning is the basis
- of interaction between intellectual efficiency and school performance - teaching innovation - evaluation;
- encouraging spontaneity, stimulating creative potential with emphasis
- on active learning;
- developing an optimal creative environment, cancelling blockage
- factors.

Pedagogical creativity implies a number of qualities that a teacher uses in designing and delivering effective activities, centered on the permanent innovation of the educational process. From the perspective of one that educates, cultivates and teaches values, a teacher is the one who plans organizes, conducts, coordinates, evaluates the entire didactic activity. He/she is the one that facilitates creative behaviour in schools, accepts and encourages new solutions, tolerates non-conformism, stimulates confidence in one's own judgments, independence and originality of thinking.

All those considerations are based on changes in the way of thinking and working which must also take into account the personality of an individual. A teacher is the one who first needs to cultivate their creative skills, apply them in the teaching process and at the same time stimulate creativity among the ones they train.

No educational institution should confine itself to transmitting knowledge but it must seek solutions to discover the potential of learners, relying mainly on curiosity and creative search, openness to new ideas, both school and extra-curricular ideas, on increasing self-confidence, on flexibility in instructive-educational activity.

The goal of any creative education is to give every individual the chance to use their potential to the maximum, given the fact that there is a risk that the education process might train conforming people, with numerous, striking stereotypes.

3. Educational Innovation

At educational level, innovation mainly aims at identifying opportunities, developing strategies to generate performance. In any educational process, more than in other types of social processes, there is a relationship between old and new which is almost indestructible, with changes being made in a quite difficult manner, by adopting new techniques and practices.

Educational innovation can be defined as the complex process that generates changes in educational structures and practices, changes that generate progress. Changes brought about by educational innovation integrated and assimilated into educational practice can be didactic and pedagogical, investment changes in order to provide the necessary resources and changes in values and orientations.

Table1. Factors of Educational Innovation

No.	Typology	Specification
1	Factors operating at environment level	general change; change players; change strategies.
2	Factors operating at institution level	players' perception; strategy creation; strategy implementation.
3	Factors operating at department level	work environment; teachers' activities – risk assuming, innovative techniques for teaching/learning/evaluation etc.
4	Factors operating at class level (teachers and pupils/students)	change favourable attitude or change resistance within the teacher group; work motivation and satisfaction or lack of interest; school organizational culture.

Source: prepared by the authors

The main levels of innovation in the educational process are:

a. *structure and organization*, appreciating the fact that innovation has the greatest chance of success in a decentralized education system, because it allows the transfer of responsibilities, it involves different players in the educational process, it creates the conditions for direct participation in the decision-making process;

b. *content* targeting all the knowledge, information which is to be conveyed, on the one hand, and, on the other hand, training the learners regarding skills, abilities, lifelong innovative learning practices. Additionally, there is focus on the skills that are to be formed in order to cope with the challenges of today's society, knowledge-based society;

c. *educational environment*, in the sense of creating relationships based on trust, collaboration, respect, with all the players involved in the instructive-educational process. Therefore it is the need to create a high-performing school culture favourable to innovation.

Current educational systems show a strong innovation trend, a complex, varied process determined by socio-historical factors along with political, cultural, scientific, technological and economic factors. In the educational system there is a need for systematic and continuous research, flexibility, adaptive structures, and especially an anticipatory and proactive attitude.

Innovation in the educational process must focus on exploration, discovery, encouragement of critical thinking, active participation of everyone in their intellectual training and development. On the basis of such considerations, one can highlight the direct relationship between education and development, where education plays a launching role as both curricular education performed through the education process and extra-curricular education outside school directly contribute in one's training for life.

4. Conclusions

Modern world nowadays focuses on creativity and innovation. In order to keep up with changes, it is always necessary to creatively adapt, because in every individual and every age there is potential creativity.

Creative potential can be developed through appropriate education where the main role is played by the educational process. It is school that cultivates and develops creative potential, promoting active learning based on research, discovery, own independent or coordinated effort. Any unusual situation lived at a particular time, a positive situation, of

course, develops one's spirit of initiative, creativity, success, thus fostering innovation in the educational process.

In any type of society, the educational system is a product and a value of social growth at a certain time. Today's educational effort to train tomorrow's generation must rely on skills, imagination, divergent thinking, creative learning, thus forming one's personality based on free initiative and self-confidence.

The development of creativity and innovation in the educational process relies on the implementation of modern educational management where ensuring the balance among quality, efficiency, equity and diversity is the prerequisite for the training of young people for the future.

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IMPLEMENTING SUSTAINABLE DEVELOPMENT STRATEGIES ON PUBLIC POLICY PROCESS IN ORDER TO COMBAT POVERTY IN EMERGING COUNTRIES

Ramona Birău¹

Abstract:

This research paper aimed to examine the impact of implementing sustainable development strategies on public policy process in order to combat poverty in emerging countries. Although in the recent past a large number of research studies have been published, there is no unanimously and generally accepted definition of poverty. However, a major challenge for emerging countries is to implement poverty alleviation programs based on sustainable development strategies. The causes and effects of poverty are multidimensional and accumulate a growing importance in the context of globalization. Moreover, public policy process should focus on poverty reduction and its negative specific consequences. The importance of sustainable development strategies considering increasing income inequality across most emerging countries.

Keywords : poverty, public policy, sustainable development, income inequality, emerging countries;

JEL Classification : F0, J0, H0, O2

1. Introduction

This research paper investigates the impact of implementing sustainable development strategies on public policy process in order to combat poverty in emerging countries. Sustainability is a relatively new concept that involves multidimensional implications. Integrating sustainable development highlights a major current challenge. Moreover, implementing sustainable development strategies on public policy process involves achieving certain economic, social and environmental objectives.

The concept of poverty highlights a different meaning in the context of emerging countries. Poverty is a social phenomenon with profound negative implications but can be eradicated by implementing sustainable development strategies. According to FTSE Annual Country Classification Review released in September 2017, there are the following four categories of countries, ie developed, advanced emerging, secondary emerging and frontier. The particular characteristics of each country converge towards inclusion in one of these categories. However, this classification is dynamic because countries can be both promoted and downgraded. Thereby according to FTSE Annual Country Classification Review for 2017, Poland which is currently an advanced emerging market, is expected to be reclassified as a developed market.

2. Literature review

The main objective of this literature review is to provide a complex framework for the theoretical approach. The issues discussed in this research article represent major current challenges. Liu, Yu and Wang (2015) investigated relevant aspects regarding alleviation of poverty within the framework of SDGs and Post-2015 Development Agenda. Laborde and Martin (2016) have provided an applied insight on the complex effects of slowing growth in emerging market economies for hunger and poverty in rural areas of developing countries. Mestrum (2003) has analyzed the complex implications of poverty reduction and sustainable development and provided arguments that social sustainability and environmental sustainability have become part of the risk management. Birău (2017) discussed significant

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issues regarding sustainable development in public administration in Romania and argued that sustainability represents the “symbiosis between the natural environment and rational use of natural resources which increase efficiency on medium and long term perspective”.

Tridico (2010) investigated relevant issues regarding growth, inequality and poverty based on a sample of 50 emerging and transition economies (ETEs) during the period between 1995 and 2006. Sinding (2009) have analyzed relevant issues regarding population demographic change, poverty and economic development and suggested that in the case of underdeveloped frontier countries in Sub-Saharan Africa it is opportune to implement “policies and programmes to reduce high fertility in their economic development strategies”. Seven and Yener Coskun (2016) have provided an interesting approach on the hypothesis that financial development, in particular bank and stock market development contributes to reducing income inequality and poverty in emerging countries.

3. Empirical analysis

This empirical analysis was conducted in order to determine the impact of implementing sustainable development strategies on public policy process in order to combat poverty in emerging countries.

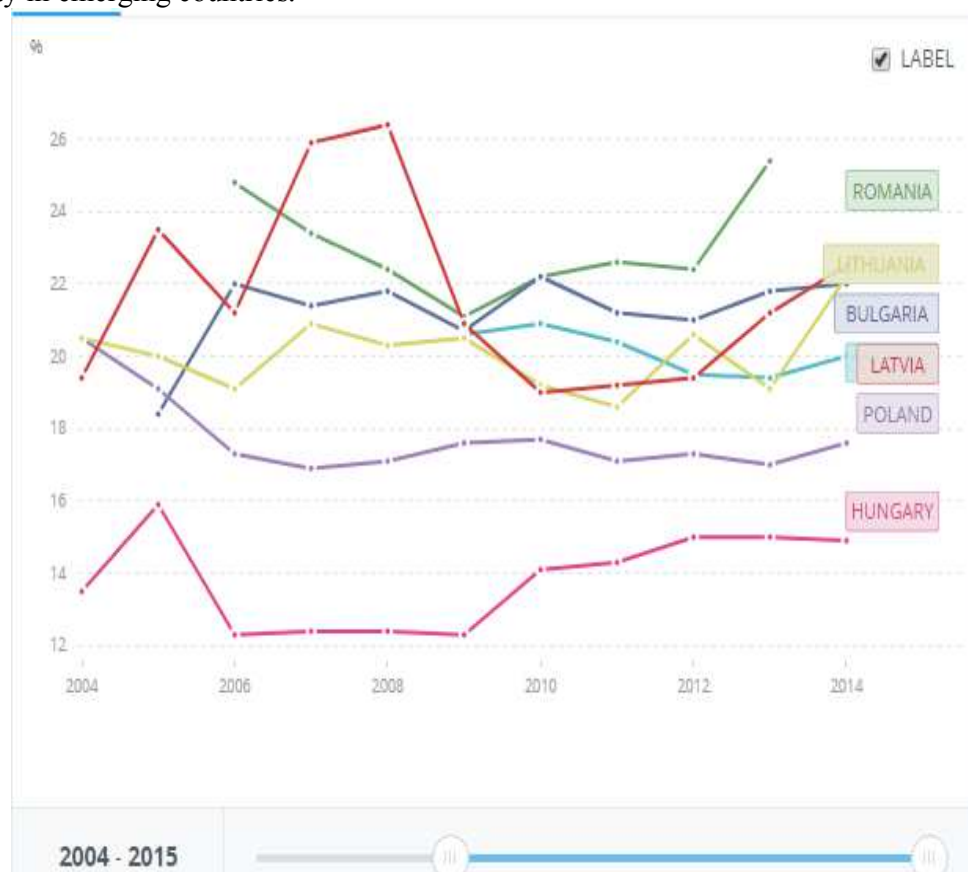


Fig. 1 Poverty headcount ratio at national poverty lines (% of population) during 2004 – 2015

Source : World Bank, Global Poverty Working Group, own computation based on data regarding selected emerging countries in U.E

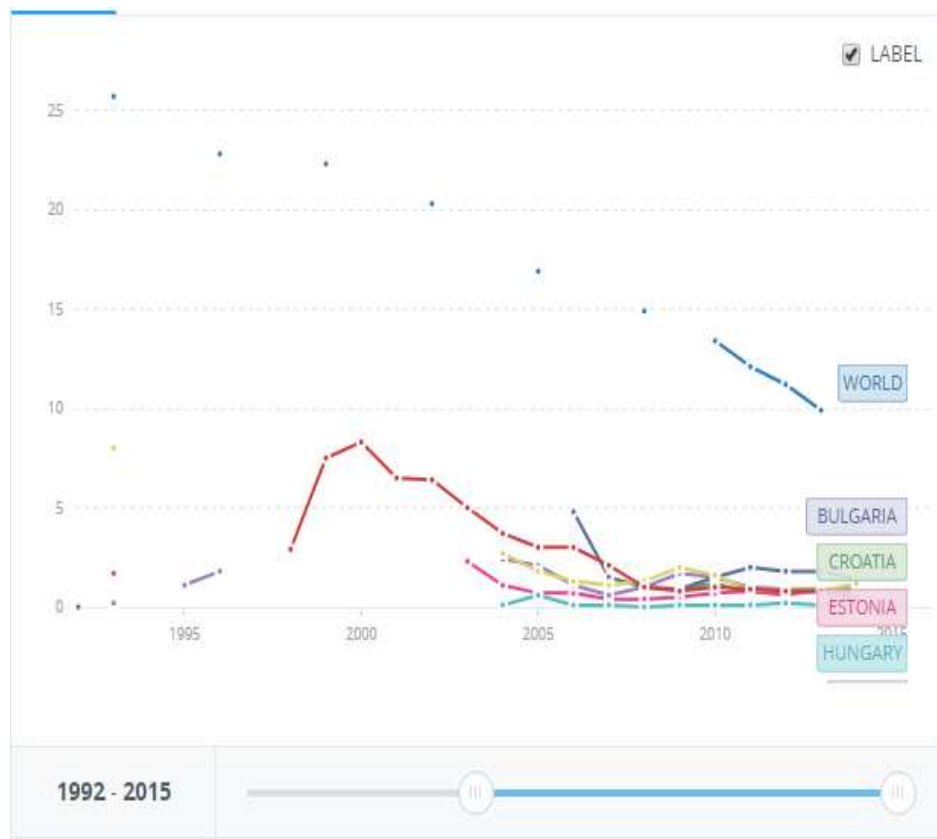


Fig. 2 Poverty gap at \$3.20 a day (2011 PPP) (% of population) during 1992 – 2015

Source : World Bank, Development Research Group, own computation based on data regarding selected emerging countries in U.E

According to official statistics provided by World Bank for the current 2018 fiscal year, the following classification of countries applies, ie :

- **low-income economies** are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of \$1,005 or less in 2016;
- **lower middle-income economies** are defined as those with a GNI per capita, calculated using the World Bank Atlas method, between \$1,006 and \$3,955;
- **upper middle-income economies** are defined as those with a GNI per capita, calculated using the World Bank Atlas method, between \$3,956 and \$12,235;
- **high-income economies** are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of \$12,236 or more.

Moreover UNESCO revealed that the international standard of extreme poverty is set to the possession of less than 1\$ a day.

4. Conclusions

Implementing sustainable development strategies on public policy process in order to combat poverty in emerging countries highlights a significant challenge, especially in the context of globalization. Poverty is a very complex social phenomenon whose multidimensional effects can not be ignored without severe consequences. Poverty reduction is a long-term objective for most countries and also a global concern, but implementation of such an ambitious project is very difficult. Accordingly, the detailed empirical analysis provided in this research article is focused on the quantitative dimension of poverty. However, sustainable development is a reliable alternative in achieving poverty reduction.

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PERSPECTIVES OF UNIVERSAL MINIMUM WAGE

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Edith Mihaela Dobrescu²

Abstract

Our study presents the perspective of using at the universal level of minimum guaranteed wage, as it is currently imagined. World governments assess the possibility for universal base income to replace some of the increasingly complex, costly and inefficient social protection systems. One way to fund universal base income could be through a sovereign fund.

Key words: universal wage, minimum guaranteed wage, economic development

JEL: F62, F63, F65

1. Introduction

A basic universal income would allow people to continue to work, while supporting them to acquire new skills. "Basic income is a kind of symbol of the fact that we believe in your ability and that you can do things that are beneficial to you and therefore to your community," Heikki Hiilamo told the New York Times, professor of social sciences at the University of Helsinki.

Some people do not like the idea that governments provide money in a non-discriminatory way. Others are worried about the fact that a guaranteed income could make it difficult to find people who want unpopular but necessary jobs.

The idea of a universal base income or UBI has first become popular in the technological world, among those in Silicon Valley, and it will become important as automation will replace current jobs with similar ones occupied by robots.

World governments assess the possibility for UBI to replace some of the increasingly complex, costly and inefficient social protection systems. One way to fund UBI could be through a sovereign fund. Another idea is the taxation of "super profits" in different economic sectors. Microsoft founder Bill Gates launched the idea of a robot tax to secure the funds needed to give UBI.

A UBI study shows that giving a monthly 1,000 dollars monthly income to every adult in the US would increase the US economy by 2,500 billion dollar by 2025. According to the study by the Roosevelt Institute, the higher the UBI, the higher the benefits for the economy in question.

2. Project followers

"Introducing a universal base income leads to labor market flexibility," said Karl Widerquist of Georgetown University, a supporter of this type of income. Supporters of the measure believe that basic universal income provides more chances for people to reach a better economic status.

Teivo Teivainen, professor of political science at the University of Helsinki, argues that theoretically, if a basic income, granted without conditions, replaces other benefits, one's life "clearly will become less stressful and free, in a certain sense."

The European Commission wants to introduce a minimum wage for employees and a minimum wage allowance for all EU Member States, says EU executive president Jean-

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Claude Juncker: "We should have a minimum wage across all EU Member States European Union and a minimum unemployment allowance at EU level. The President of the European Commission made these statements in Brussels at a conference on European social rights held on 23 January 2017. Jean-Claude Juncker said that the reform of social policies in the European Union should begin in the Eurozone.

In order to support the reduction of the positions in the sector he is guiding, as a result of the large-scale promotion of robots, technology directors joined earlier this year to advocate the introduction of the UBI. Tesla CEO Elon Musk supports the idea of introducing UBI: "There is a good chance that automation will lead to a universal base income or something of this kind." Marc Benioff, CEO of Salesforce, warned that artificial intelligence created "digital refugees and warned that" there is no clarity "on how to tackle the future problem of job loss. Experts say the tech industry is becoming more aware of the role it will play in this issue, and companies in this industry will not become the center of workers' dissatisfaction.

2.1. Mark Zuckerberg's opinion

All people should benefit from a basic universal income as part of a "new social contract for our generation," Mark Zuckerberg, founder of the world's most popular online social networking site, said. His comments come in the context of rumors that he will run for the US presidency. Zuckerberg said that such an income would allow people to take more risks, try new things knowing they can still afford the basic things they need in everyday life.

Zuckerberg suggested that basic universal income would be part of a "new social contract for our generation." He launched the recommendation during a speech at Harvard University: "We should have a society that measures progress not only by economic indicators like GDP, but also by how many of us have a role that we consider to be significant. We should consider ideas as the basic universal income to give all the space to try new things. We will change jobs often, so we need affordable childcare services to go to work and health services that are not linked to a company. We will all make mistakes, so we need a society less focused on stigmatization. And as technology continues to change, we need to focus more on lifelong learning. And yes, to give everyone the freedom to pursue a goal is cost-free. People like me should bear these costs. "

2.2. The opinions of Nobel Laureates for the economy

The Nobel Prize winner in 2011, Sir Chris Pissarides, supported UBI as a solution to the inequality generated by both globalization and the ascension of robots and artificial intelligence.

Another Nobel Prize winner, Daniel McFadden, supported unconditional income as a solution to tackle poverty.

2.3. The project critics

The European Parliament rejected at the beginning of 2017 the proposals for introducing a universal income.

Olli Kärkkäinen, economist at Nordea, is a critic of the project. He argues that other allowances for the unemployed, such as housing, are not eliminated to see if the basic income will really be an incentive to look for a job. Kärkkäinen looks forward to seeing how "people's choices will be affected by unconditional benefits."

3. The project experiments

3.1 The american experiment

In Silicon Valley, California, the idea of introducing a minimum basic income for each household is popular. Proposals vary, but have a common basic idea. As robots and algorithms become more intelligent, they will replace a larger proportion of the workforce. By charging the robots, the money would be needed to retrain the workers or provide them with a basic income.

The unequal distribution of revenue is a problem now and can become an even more serious problem because of automation. The rich will become even richer without workers.

Capital released from labor pressures means not only the end of paid work but also salaries. And without wages, workers lose their only access to wealth and the main source of social power. As long as the employee can control production, he can stop it. Strikes are still the most effective force tool the worker has. A fully automated economy will make employees not only useless but also powerless. Meanwhile, robotic capital will allow the elite to completely separate from society.

3.2 The Finnish experiment

Since January 2017 Finland has been running a pilot project on minimizing incomes for the unemployed, with the main purpose of helping them find a job. And other states are thinking about this solution. The idea is not new, with both supporters and critics.

Thus, under the project, 2,000 unemployed receive monthly 560 euros for two years. The difference from unemployment benefits is that there are no restrictions or conditions to be met. Thus, the unemployed will not have to prove that they are looking for a job and the money will be paid regardless of other income that a non-full-time person has. The Finnish authorities hope the initiative will improve the quality of life, reduce the unemployment rate and create new jobs.

At the same time, the Finnish Government is studying how the project helps the unemployed to find a job. "The experiment will be conducted in 2017 and 2018, and its goal is to see whether basic income can be used to reform social security," the Finnish Ministry of Social Affairs and Health said in a statement, "The main purpose of the income experiment is related to employment. The experiment aims to find out if the basic income promotes employment. "

The 2,000 unemployed were randomly selected and did not have the choice whether to participate in the project or not, but receive the monthly money. If it will successful, the experiment could lead to the introduction of a basic income for several Finns. Currently, the unemployment rate is relatively high in Finland, but few unemployed are looking for work, for fear of losing their social benefits.

According to a poll, most Finns support the idea of a universal base income, but would like it to be 1,000 euros per month instead of 560 euros. When they were told that the difference from 560 to 1,000 euros would mean raising taxes, the respondents changed their minds.

3.3 A potential French experiment

Benoît Hamon won the Socialist Party's primary election by proposing a basic income for everyone, an idea that the whole opposition characterizes as unrealistic and costly. But the promise was not to the liking of the socialist voters, who turned back the party leaders.

The basic commitment of the former education minister, 49-year-old, would amount to introducing a minimum monthly income of 750 euros per month for all citizens. He says such a payment will contribute to poverty reduction and would cover a decrease in the number of jobs due to the gradual automation of the economy. Responding to cost critics, Hamon says a tax on industrial robots could help pay this kind of income.

According to a study conducted by OFCE, an economic research division linked to the Sciences Po Institute of Political Science, the measure would cost 480 billion euros a year in France, equal to 22 percent of GDP, in a country where taxes are already 45% of economic output. Of the 35 rich countries monitored by the OECD, only in Denmark is the tax rate higher. A separate study by the Institut Montaigne estimates the costs of Hamon's plan at 349 billion euros per year.

And the chances of implementing such an idea are very low: polls indicate that Hamon would be in fourth or fifth place and would be eliminated in the first round of presidential

elections. The socialist voters did not, however, think. Hamon won the most votes in the first round and defeated former Prime Minister Manuel Valls in the final round of January 29, 2017. In the final debate, Valls said Hamon made promises "impossible and impossible to fund".

3.4 The Italian experiment

In Italy, populists also see UBI as a solution to poverty reduction. In Italy, unemployment has exceeded 11% of the active labor force and the number of people living at or below the poverty level has almost tripled since 2006 to 4.7 million in 2016, or about 8% of the population, according to the statistics agency Istat. The five-star populist movement "imposed the idea on the national political scene and the main parties are bound to get involved," says Giorgio Freddi, a political science professor at Bologna University.

From January 1, 2018, guaranteed income of up to 490 euro per month is given to families with over five members. Families with juvenile children, pregnant women and the unemployed aged over 50 have priority. Families with incomes below 6,000 euros per year and property with a total value of less than 20,000 euros are eligible.

Granting the minimum guaranteed income does not expressly require that the beneficiaries be of Italian nationality, so that Romanians will also be able to receive the help provided by the Italian government. To be eligible, Romanians should have a long-term residence permit, which can be obtained after five years of residence in Italy.

Minimum income is granted for up to 18 months. The new form, called Revenue Inclusion (REI), will replace Active Inclusive Support (SIA), a social benefit in force since September 2016. REI can be granted to those who earn income but is not compatible with any type unemployment benefits.

According to an Italian news agency ANSA, the new anti-poverty measure will benefit about 400,000 families or 1.8 million people. The number of poor families in Italy has grown since the beginning of the 2008 financial crisis. Compared to 7.3% of poor in 2009, it reached 11.6% in 2014, when the EU average was 8.9%, according to a European Commission report of July 2017.

In 2016, according to the Italian National Institute of Statistics, 1.6 million families were living in absolute poverty, with a total of 4.7 million members, or 7.9% of Italy's population of 60 million.

3.5 How is the Romanian experiment understood?

According to the Romanian Government, in March 2017, 248,477 romanians benefited from the guaranteed minimum income in the whole country, with the total amount borne from the state budget of almost 70 million Ron (about 18 million euros), and at the level of the whole year the amount amounts to about 216 million Ron.

In the last decade of April 2017, Calin Popescu Tariceanu announced without a discussion in the governing coalition in advance that he claims total elimination of the minimum guaranteed income because it is "an invitation to no labor", the leader of the ALDE being a direct blow to PSD electorate.

5. Conclusion

Several specialists from several countries have been lately talking about introducing a minimum guaranteed monthly income for the citizens of the countries concerned, provided by that state to meet the minimum living requirements for the citizens of that country. This is done without any thorough preliminary studies about the effects of such a measure, but also with the fact that the literature related to the subject is not unitary, and those who studied the field have different views on the subject. Our study presents the concepts, theory and practice of minimum guaranteed income, as it is currently imagined. Romania has to offer such a guaranteed minimum monthly income, which is misunderstood by those who receive it but, above all, politicians ...

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VIRTUALIZATION IN EDUCATION

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Abstract

A new perspective of what is real emerges and competes with our expectations – we are talking about a virtual, possible reality. The virtual reality is a project that is preparing the development of an ideal reality like world peace; virtual means something that leans towards aspiration. In this article we are going to present the main features of the tendencies of virtual education. The ways in which virtual education manifests itself and the elements that make up the process of virtualization are exposed. In the end we observe the areas targeted by the phenomenon of virtualization in education.

Key words: reality, virtualization; education; teaching

JEL Classification: I21, O320

1.Introduction

A new perspective more and more asserts itself and competes with the one we know: it is a virtual, possible one. Things, actions, individuals as such have both a real presence and an imaginary, unreal one. Each virtual object announces a real one. Today's virtuality becomes the real of tomorrow. The word "virtual" originates in Latin "virtus", meaning "power", "force". In the philosophy of the Middle Ages, the virtual was about something that was possible, not as an act. Virtual does not oppose real or achievable, but actual, "identifying" now.

Virtualization, as a process, means an inverse movement to the upgrading, moving of a thing or activity in the realm of possible, of subsequent evolutions and whims, of spatial and temporal indeterminacy. It has nothing negative in itself, but it is about the power of man to design himself, to go beyond the constraints of the moment, the date, the present. Its effects have a great impact on reality as such.

2. Virtualization of training - meanings and evolutions

A virtual reality is that reality that has all the essential conditions to become (or to be taken) reality. It is, however, less than reality as such. The essential property of the virtual world is the autonomy, that is, the capacity of this artificial reality to exist by itself, without any concrete rooting, but which fills the reality by discovering it, inventing it, realizing it. The virtual world is detached from the subject that generated it, being self-contained and influencing the realities it refers to.

Several meanings of virtual reality can be generated with underlying hypostases. In a first sense, virtual reality is a simulation of the world obtained by manipulating patterns, structures, and specific links. The newest simulation tool seems to be the ordinator, itself a simulator of the functionality and performance (maximized) of the human brain. Second, virtual reality has as its specificity not the mere reproduction of real patterns, but the opening of an array of potentials by overcoming the properties of real things.

For others, virtual realities consist of producing, by sophisticated instruments, a quasi-reality, as a result of a human-machine merger, by translating into human instruments some tools to reactivate or maximize some natural functions (the appeal to glasses, telescopes, prostheses, cardiac pacemakers, for example), but also the translation of human properties (to speak, to react through anthropoid behavior).

Another sense is given by the quality of this virtual reality of being pliable. Virtual reality is a project that prepares the emergence of a hopeful achievement (united Europe, world peace, etc.). Virtuality, as term, comes from *virtue*, and has the meaning of something that projects to the long-awaited desire.

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3. Aspects of virtualization education

Education, as a process, has staked and always involved potential. The ultimate goal of the training was not the current individual, but the virtual one, as he was prefigured at one point. Not the present state of interest (although what the individual is at one time must be known - this being a prerequisite for the success of education), but rather what man was supposed to become in the future.

Also, education has been tempted not only to update (behaviors, attitudes, values), but to potentiate future states, to put the person on a road, to direct it towards certain targets. Considering that institutionalized education is limited in time, it usually lasts for two decades, it will only open appetites, trails, behaviors, etc., and they are finalizing in a still indefinite yet, even unlikely perspective.

We conclude by saying that education, by definition, is obviously potentiating and "virtualizing". It pushes the current into the virtual, which (it is hoped!) is only sequential and progressive to be achieved. But today we are witnessing a shift in the virtualization of education, to the emergence of another "face" of it. We have to deal with an express enrollment of the training or its stages on an explicit virtual level.

Multiplying open and distance learning lines, including cyber-culture as a new reference in learning, attracting Internet as a source and teaching tool, real-time multiplication of links between computer-mediated education, cyber-space reporting as a privileged environment, information of education in general are conclusive examples of the evolution.

It does not mean that everything in the field of education moves from the actual to the virtual; without a necessary and accurate update (of knowledge, skills, values), it cannot be considered virtualization. Something cannot come out of nothing. The virtual is naturally added to the behaviors that have been achieved through classical educational programs.

What is fundamentally changing in the new aspects of education is the relationship to knowledge. It is no longer a given entity, definitive, static, fixed, secure, unique, but it becomes a permeable, open, fugitive, puzzling, plural reality. Hence, the change in its perception and understanding emerges. The relationship with cyber-culture becomes interactive, summative, and complete.

The information consumer becomes the generator, the guarantor and the manager of the information. Cyber-space creates a bridge for geographically diverse localized groups. Communication becomes an interaction of a process of mutual recognition of individuals and groups. Web pages form a huge network with multiple bifurcations and intersections that come with self-organizing, self-structuring content, with numerous "gaps" where new elements can be added at any time.

Each entity derives from somewhere and leads to something; it is an informative element but also an information tool, a part of the stock but also a storage artifact. On a webpage everything seems to be on the same plane but differentiated at the same time. There is no absolute hierarchy, but each site is a selection, fixation, and hierarchical partial and temporary hierarchy.

Far from being an amorphous mass, the Web articulates a multitude of open points of view, but this organization can satisfy appetites but also private, personalized interventions. As a field specialist Pierre Lévy observes, cyber-culture maintains the universality of dissolving the totality by building an interaction-based unit by achieving an effective connectivity between the information values coming from different directions. This new type of "universal" does not result as a total on the line of meaning but on contact, collaboration, and general interaction. Interpretations remain distinct, distinct, and disjunctive.

In a Commonwealth of Learning report, coordinated by Glen M. Farrel, the main trends of virtual education are summarized, succinctly expressed through the following features:

1. Extend of the opportunities for virtual education. More and more educational instances, referring to initial, basic or continuous training, form complementary, adjuvant or stand-alone structures that are part of the virtual sphere.

2. Conversion of information and communication networks and technologies into educational courts. From the outset, these devices have explicitly designed, designed and managed functionalities to maximize formative dimensions. A specialized industry of devices, programs, and digital structures has emerged.

3. Inventing and promoting new pedagogical objects that support or are delivered through virtual education networks. These objects have a high degree of transferability, becoming functional in different cultural circumstances and converting multiple curricular contents.

4. Forming a new pedagogical culture of support and counseling is formed in virtual or on-line networks. The procedural and methodological fan of psycho-pedagogical nature is resized in accordance with the new realities.

5. Develop, test and implement new organizational and learning management models under the impact of new technologies. Organizational structures are refurbished or replaced by new instances or institutions in the knowledge management virtually delivered.

6. Ensure quality control by issuing clear formulas for accreditation, tracking and validating virtual training paths. Quality is a dimension that cannot be neglected. Normative, deontological, didactic norms come to axiologically orientate the new formulas of education.

Through the computer and virtual networks, everyone can basically connect with other people, with other ways of thinking and targeting things. The established network and the principle of the permanent opening of the information flow constitute the pledge of universalizing of the system, without the danger of totalitarianism of meaning.

Every newcomer, with his / her contribution of ideas, increases the heterogeneity, saving the system from the risk of idealized closure. The information system is additive, cumulative, multidirectional, auto corrective, and dilatant. Each additional connection adds the new, opens up other interpretive keys, regenerates the collective intelligence.

The universe brought by the Internet does not generate uniqueness, ideally dictated. And, under no circumstances, it leads to ideological manipulation or social totalitarianism (unless the "surfers" have a predisposition to such a thing).

The call to new information technologies has a history and is manifested in several forms:

- Education and learning assisted by the coordinator, which has been practiced for several decades;
- Electronic courses and teaching programs that can be stored on the web or compact discs;
- Self-training and self-learning routes quite supple, tailored to individual, personal interests;
- Distance training and education;
- Open and flexible training that gives access to the diversity of access routes for knowledge or skills of individuals or learning groups;
- Multimedia-assisted training;
- Training and / or asynchronous learning, by relativizing the training structures to the temporality of the actors involved;
- Interactive training that emphasizes the collective learning and training process;
- Cooperative formation, based on interactions between different groups of educated, educators, tutors;
- Educational databases, designed as capitalization tools, educational resources, mostly digital;
- Educational or educational platforms and international broadcasting systems (for example, the EUROPACE European system);
- Virtual universities, supported by traditional or autonomous universities.

One aspect of virtualization education is given by the status of the educator in the formative ensemble. If classical devices reserve a weak autonomy, almost everything being anticipated and directed by educators (what to learn, how to learn, where to learn, what to do after the learned, etc.) otherwise things are in the new situation.

Training prerogatives and training initiatives are at the disposal of educators. They enter the system when they want, where they want, they ask who they want and stay connected as they please. Elections are countless, uncharacteristic, unwise. You go there from a deep motivation and where you feel the satisfaction of the information. You're looking for the information and it's not you! You choose magistrates after your concerns and good pleasure. The transmission of information is done not only from a specific center (from the teacher), but vice versa, but also between "teammates". You come into the system with your share of your best contribution. You become an active factor in informing others. Due to a particular skill, you are transformed into a trainer.

The virtual nature of education leads to a decentralization of the multiple bases of information and knowledge. This is how education will be done through unlimited access to various educational resources quite dispersed, left to the discretion of the people. Beyond the internal sources of the school, the educator can connect to alternative sources, widespread in his cultural area, which he will capture and reassemble according to the logic of personal interest or dictated by the formal space he attends with priority.

3. Levels and hypotheses of school virtualization

Since computers have become common in schools, more than twenty years ago, new educational experiences have become accessible to learners. These include, but are not limited to, simulations, WebPages and educational packages placed on web pages. In some countries like the USA and Canada, but also in Europe, there are already virtual schools where students (students) do not physically enter a real school with walls and banks. As school web users become more demanding, more and more usage tools (tools) and new opportunities are being invented and added.

The process of virtualization comprises several components, from subjective and objective aspects to relational or procedural aspects. Virtualization targets multiple instances:

- a) The actors involved:
 - The educated taken as individuals who can benefit from remote virtual resources by regular, temporary or exceptional enrollment in various training paths;
 - Different learning groups, depending on different motivations: thematic groups, joint projects, closed or open groups;
 - Instructors, especially teachers or resource providers, not only formally recognized teachers;
 - Different resource groups or pedagogic groups located beyond the school perimeter (study engineers, experts, etc.);
 - Tutors, learning colleagues or other contributors who tutor traineeships, projects, specific activities;
 - Mixed groups or communities (consisting of educated, teachers, tutors ...), permanent or temporary, open or closed, formed around specific projects.
- b) Contents, programs, disciplines:
 - Traditional virtualized elements at different levels: Lessons, Learning Units, Lesson Chains;
 - Pedagogical supports: case studies, support bibliographies, reference texts, projects;
 - Training courses individualized or designed for a target audience;
 - Peripheral, adjacent, complementary or optional contents to which education can relate.
- c) Evaluation procedures and tools:
 - Formative assessment tools that provide and stimulate learning progression (exercises, tests, questionnaires, reflection activities or punctual questions);

- Summative assessment tools (virtual examinations, essays, portfolios);
- Student knowledge in student line or group, forum, etc.
- d) Logistic and pedagogical support resources:
 - Computer and office resources (computer programs, logic);
 - Various computer media (CDs, DVDs, flash drives, hard drives);
 - Documentaries or virtual libraries;
 - Logistics tools for projects or practical internships.
- e) Management procedures for training:
 - Selection procedures for candidates: tests, portfolios;
 - Proper enrollment methods;
 - Managing tax payments and access to redundant sources;
 - Managing valuations, ratings, certifications.
- f) Extra-curricular environment:
 - Dynamics of the virtual campus;
 - Useful information: scholarships, accommodation, meals, transportation; possibilities of relaxation, fun, etc.

Let us not forget that this process of virtualization is in continuous transformation, and new hypostases can appear and condition the contemporary educational processes, both the formal and the optional or incidental ones.

Conclusion

Virtual education leads to a new management of personal and institutional time, to prioritizing individual and collective rhythm. The new technologies facilitate interactions between different individuals and different groups of people. Forums, messaging, virtual cache, etc. are opportunities for training through interaction between different groups of people: education exchanges with the resource persons (educators).

The new formulas of communication have modified the traditional (teacher-student) teaching communication scheme, making the individual or learning group a ferment and a generator of knowledge. They make exchanges and validations of their own products of knowledge, amplifying the desire to learn and the motivation of doing well. The new resources induce a new representation of what the world is at one point. It becomes more open, more diverse, with different, contrasting cultural registers. It addresses the question of citizenship related to a given territory, an ethno cultural de-centering, a new deontology of shift targeting.

The virtual nature of education leads to a spatial and temporal indifference of the training framework. The physical encounter of actors, classrooms, schools in their traditional sense is abandoned. Learning groups are also virtual, sometimes random, with a predetermined duration. You can follow the courses of a virtual school and get a real diploma without physically knowing your teachers or colleagues. They can be located on the other side of the world. The experiences of the protagonists themselves become a wealth and an important asset of learning.

In conclusion, virtualization of education has opened the door of the future that leads to infinite ways of developing the rationalizing, the improvement and progress of the human being.

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SOCIAL POLICIES, HISTORICAL MINORITIES AND THEIR FUTURE IN EUROPE. CASE STUDY: CRIMEAN TATARS OF DOBRUJA, ROMANIA

Nilghiun Ismail¹

Abstract

This article is about social policies for minorities in general and minorities future in Europe in particular with a focus on the Crimean Tatars of Dobruja, Romania.

This paper attempts to highlight some social and sociolinguistic issues and policies with the Crimean Tatar historical minority of Dobruja, Romania.

The body of the paper provides few aspects about: their social history, process of romanianization and assimilation. Also, I gave an outlook on history, sociolinguistic, educational and cultural aspects of the Crimean Tatar minority, and Romanian state policies regarding the protection of minorities.

This research is based both on quantitative and qualitative variables for which I used some documents, which are part of the heritage of the Başbakanlık Osmanlı Arşivi (The Ottoman Archives of the Prime Minister's Office) fund Sâdaret Mektûbî Kalemî Nezaret ve Devair Evrakı (A.MKT.NZD.), that provides information about Crimean refugees and their settlement in Dobruja. This study is based on face-to-face interviews conducted in Constanța (Romania) in February, July and August 2016, content analysis of Romanian language press published after 1880 with Constanța County Library "Ioan N. Roman" and Romanian language press from today's Constanța County.

My paper delivers information about the Romanian government social and linguistic policies concerning the position of minorities in today's Romania, lack of framework law for minorities and how it influenced people's social behaviour.

Keywords: *social policies, future in Europe, historical minorities, Crimean Tatar minority, grass roots.*

1. Introduction

During this analysis, the minority of Crimean Tartars will be defined on the basis of their ethnicity taking into account census data provided by the Romanian National Institute of Statistics. As far as concerning the analysis of minority policies, I took into account the parliamentary representation of national minorities in Romania. I mention that there are 19 national minorities in the Romanian Parliament, among them the national minority of Crimean Tatars.

This study addresses these issues by bridging two fields of research: historical minorities and ethnic minorities. Studying the definition of "historical minority" and "ethnic minority" is a challenging task since these topics are studied in isolation from one other. For this study I used the term historical minority instead of national minority used in the literature and I have decided that the definition given by Roberta Medda-Windischer (Medda-Windischer, 2017: 27) is the most eloquent <<The terms *historical, traditional, and autochthonous minorities* - the 'old minorities' - refer to communities whose members have a distinct language, culture, or religion as compared to the rest of the population and who have become minorities through the redrawing of international borders, having seen the sovereignty of their territories shift from one country to another . These are ethnic groups that have not achieved statehood on their own for various reasons and that have now become part of a larger country (or several countries): they are the so-called 'old minorities' or 'sub-state nations'>>>

This study focuses specifically on the ethnic minority of the Crimean Tatars living in today Dobruja, Romania and their socio-linguistic challenges following the events of the 1990s. The major socio-linguistic challenge of ethnic minorities is about their mother tongue. Some of the currently spoken languages in Europe are endangered and even at imminent risk of extinction. Education and language policies remain the competence of Member States, but

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the EU has taken initiatives to promote multilingualism and preserve its linguistic diversity, including measures in support of minority languages¹.

1.1. *Why another study about minorities and their social issues?*

As a native Crimean Tatar born in Dobruja, Romania, to me is always a great pleasure to write about the Crimean Tatars of Dobruja, their origins, homeland, history, social issues, native language challenges and day-to-day life.

For this study I find out a few important issues to discuss about their socio-linguistic challenges, and by answering to some questions I try to do more for community by informing the outsiders about their social and native language issues: 1. Who are the Crimean Tatars who settled in Dobruja, when the documents with the Başbakanlık Osmanlı Arşivi (The Ottoman Archives of the Prime Minister's Office, BOA) told us that many of them were *muhaçir* before 1878 and after 1880s *mülteci* (*muhaçir* is the Turkish word for war refugee and *mülteci* is the Turkish Word for people seeking for asylum)?; 2. What do we know about their Romanianization process?; 3. What do we know about their social, educational and mother tongue challenges before and during the communist regime? This study attempts to give answers to these questions and draw the social and linguistic challenges faced by the Crimean Tatar minority.

1.2. *Methodology and evidence in the domain literature*

This research is based both on quantitative and qualitative variables for which I used some documents, which are part of the heritage of the Başbakanlık Osmanlı Arşivi (The Ottoman Archives of the Prime Minister's Office, BOA), Alan Fisher's *The Crimean Tatars* (1987) fund *Sâdaret Mektûbî Kalemi Nezaret ve Devair Evrakı (A.MKT.NZD.)* and "A Precarious Balance: Conflict, Trade, and Diplomacy on the Russian-Ottoman Frontier" (1999).

For details about socio-linguistic issues, as they are the most varied and challenging, I relied on my own fieldworks based on the survey "Crimean Tatars of Dobruja, Romania. A study about education and culture" and the Romanian newspapers published in Dobruja after 1880s, which are part of the heritage of Constanța County Library "Ioan N. Roman". For my fieldworks based on the survey "Crimean Tatars of Dobruja, Romania. A study about education and culture" I didn't get any financial support from any association or political organization and the interviews were conducted in Constanța and two villages: Amzacea and Tătaru, with some members of my family and people that I never met before this survey. Each question format was drawn based on previous studies and was selected to be illustrative for one approach: age, social status, education and culture. All interviews were conducted from family to family, talking to each member of the family. The interviewer introduced himself/herself and stated his/her age, education and financial status. They were asked about their social status and their position inside the community, family, day-to-day life, mother tongue, Crimea, Turkic world, endangered languages and traditions. The purpose of my field survey is to discover the thorough knowledge of information hold by the members of the community, knowledge that I grouped as follows: education, financial income, social status, day-to-day life, ethnicity, culture and traditions. I am dealing also with a significant social impact on day-to-day life of the community's members. In this study I will analyze only social and ethnicity issues because they have a major influence on community's native language and state's social policies to protect their mother tongue as well as their cultural identity.

All these works were studied in an attempt to understand the Crimean Tatars' past and sociolinguistic challenges in day-to-day life. In doing so it was necessary to read as widely as possible and use examples to illustrate discovered findings. The details that follow this brief introduction provide resources for further in-depth explanations about this research method.

¹<https://epthinktank.eu/2015/04/22/endangered-languages-in-the-eu-2/>, accessed on 8, Oct., 2017

2. European framework of protecting linguistic and cultural diversity

2.1. Definition for minorities in the European context

A minority is a non-dominant group of citizens of a state that are usually numerically less and have different ethnic, religious or linguistic characteristics than the majority of the population, that are aware of having a different identity and are willing to prevail it. They are supporting each other, have common will for survival and aim at the substantial and legal equality of rights with the majority (Patoutsis, 2014: 308). There is not only one definition of minority in the international law or domestic legal orders of the state members of EU. The approaches in the field literature actually oscillate between several alternatives, national minorities, ethnic minorities and linguistic minorities. There are four variants: 1. the titular nations of the member states may be considered minorities within the EU; 2. the minority may be the category of the so-called migrant workers; 3. the notion minority may comprise of the citizens from the third non-member states of the EU; 4. the existing national minorities recognized by the member states may be regarded as minorities within the EU (Pospíšil, Ivo, 2006).

Although the definition of old / national or historical minorities - new minorities does not exist formally, the old / national or historical minorities in a European context, are referring to as ethnic groups living in a state, that are linked to a nation that has constituted its own state, so-called "kin-state"¹. The term "new" minorities has been generally used in order to refer to the minority groups resulting from post World War II immigration (Patoutsis, 2014: 309).

2.2. European identity - linguistic and cultural diversity

Europe is a continent of linguistic and cultural diversity, a continent of regions and of variety. We are more than 820 million people and every seventh of us belongs to a minority. There are more than 400 minorities, ethnic groups and nationalities in Europe. We speak more than 125 languages².

Minorities do not exist independently of frameworks of social interaction, and their members constantly compete among each other for symbolic privileges and prestige, but also for extension of their language use into social, economic and ultimately political domains. Many ethnic minority communities are consistently marginalized in the public sphere because demographically more numerous community groups control the access and ensure the advantageous use of their language at the expense of smaller language communities. A language is referred to as being 'endangered' when the language of a community is no longer learned by children, or at least by a large part of the children of that community (say, at least 30 per cent) that language should be regarded as 'endangered' or at least 'potentially endangered'. If a large portion of the children switch to another language, then more and more children will act likewise until there are no child speakers left, and the language will eventually disappear with the death of its last speakers. Romania has a specific responsibility to protect regional languages and minorities (Ismail, 2017a: 572). The European Commission cannot interfere with language rights or the protection of regional minorities, which remain an area of national competency.

2.3. Protecting historical minorities' linguistic and cultural identity

Methods applied today in socio-historical study will certainly make history richer, more complete, and more true to life experience of people of various nationalities, minorities and cultures who settled a territory in the past and those who live in that territory today. Over the past thousand years or so, the shifting of geographical centres of power and domination, as well as sheer demographic increase, has led to intensifying contacts between different

¹ http://www.edrc.ro/docs/docs/caietel_minEU-RO.pdf, accessed on 30th October 2017

² <http://www.unesco.org/languages-atlas/>, accessed on 6, Oct., 2017

cultures, and to increasing contact between groups of people speaking different languages on an increasing scale. Minority groups, usually smaller in population, often the bearers of complex, sophisticated, local traditional cultures, were frequently less culturally aggressive and politically powerful than the groups with whom they came into contact¹.

The importance of protecting minorities is today beyond dispute. The currency of the issue is reflected on the international level, where the different types of initiatives (declarations, resolutions, conventions, etc.) designed to improve the protection of minorities in state level. It must nevertheless be borne in mind that every minority situation presents its own particular characteristics. There is consequently no standard means of resolving the multitude of problems. Solutions to the problems of minorities lie in, on the one hand, the respect of the principles of non-discrimination and, on the other, positive action such as proclaiming collective and individual rights. The rights which should be recognized include the right to identify, the right to preserve one's own culture, the right to education, the right to use one's own language and the right to practice one's own religion, but it is also important to regulate relations between the minority and the State (Patoutsi, 2014: 342).

3. Europe and socio-historical events over time

3.1. Short survey on the history of Crimean Tatars of Dobruja

The Crimean Tatars living in today's Dobruja have a difficult history of tragic displacement, which makes their case unique. Their modern history is one of the most unique examples in the Eastern European history. No other ethnic minority has so obvious differences between its origins of Central Asian Turks and the secular ethnic-minority with a strong cultural identity. There are communities of Crimean Tatars not only in Romania, but also in Bulgaria, Turkey, Ukraine, Uzbekistan, Kazakhstan and United States. They are united in their emotional understanding of their homeland - the Crimean peninsula (Ismail, 2017b: 244).

3.2. The Ottoman Archives and the Crimean Tatars settlement in Dobruja

For this study I used Crimean Tatars, even though in documents with the Başbakanlık Osmanlı Arşivi (The Ottoman Archives of the Prime Minister's Office) they are named *Kırım ahalisi* and the Nogays are named *Nogay kabilesi* because alongside with the Crimeans there are many Nogays in Dobruja, even though the Romanian census never had a separate entry for Nogays. From the end of the 18th century after Russian annexation (1783) many of the Crimean Tatars started run away from the peninsula together with their families to Ottoman lands, which were more promising of safety and less risked life. There were many waves of refugees from Crimea to Ottoman lands, but for this study I choose the period between 1860 and 1877. For this period is difficult to obtain an accurate number of the refugees, as the runaway from the peninsula lasted for more than ten years after the end of the Crimean War. People run away by land and by sea as danger had not limits on the battlefield. In other words that was a period of struggle for survival. For instance by great grand parents from my brother came by land, but many of the refugees with the support of the Ottoman authorities came by sea and were settled on the northern shore of the Black sea or in its western shore, in towns and villages of Dobruja. In accordance with the documents of the Ottoman Archives of the Prime Minister's Office (BOA) we can only estimate that there was a huge volume of refugees.

After the Crimean War, 1853-1856, some of the new refugees coming from Crimea and Nogay *muhacirs* settled in Dobruja. Waves of refugees came by boat from Crimea and were settled in villages of Dobruja² "*Kırım muhacirlerinin Dersaadet'e getirilmeden doğrudan Varna Köstence ve Balçık İskeleleri'ne götürülmesi* - Crimean refugees should be settled directly in the Black Sea coastal towns of Varna, Köstence and Balçık (Turkish spelling of

¹ <http://www.unesco.org/languages-atlas/>, accessed on 6, Oct., 2017, pag.15

² BOA, MKT.NZD. 316/21;Ha.1276 Zilhicce 07 (26 Haziran 1860 / 26 June 1860)

Varna, Constanța and Balçik) without being brought to Dersaadet (Istanbul)". Sometimes, at the refugees demand they were resettled and shipped from Dersaadet / Istanbul to the Black Sea coastal towns of Dobruja, such as *Köstence* (Constanța Romanian spelling) or Varna¹ "*Muhacirlerin Dobruca Ovası'nda iskan edilmeleri*". And these are only some examples of documents with the Ottoman Archives of the Prime Minister's Office regarding their settlement in Dobruja.

3.3. The process of their Romanianization after 1880s

After 1877, when Romania was recognized as an independent state, the purpose of the new government in Bucharest was to assimilate Dobruja's population, as nationalism was on the rise (Ismail, 2015: 160). After 1878, the new Romanian regime started the process of Romanianization. During the parliamentary sessions of late September 1878, Mihail Kogălniceanu helped the vote in favor of the annexation of Dobruja, with speeches that promised a swift process of Romanianization. Dobruja had an *extra-constitutional administrative organization* in-between 1878 and 1913, and its inhabitants enjoyed a local type of citizenship (Iordachi, C., 2001:130).

Under nineteenth century nationalist ideologies when monolingualism was considered the "natural" order, speakers of regional languages found themselves actively discouraged from using their tongues in public and in private, and experienced a certain amount of coercion to shift linguistically towards the state language.

As a consequence many Crimean Tatars were obliged to leave the newly created state Romania² or to remain but to build a new social and political environment in order to survive. In the beginnings, many Crimean Tatars have been given insufficient schooling as they were not proficient in the state language and their mother tongue was so different compared with the official language. Over time, their children have experienced oppression, harassment and xenophobia from teachers, other pupils and parents because of their ethnic background. But with the current realities of increasing social intermixing of linguistic communities with speakers of other languages many of them view educational institutions as a possibility to overcome their limits through education. In the early 20-30s of the 20th century there were still irregular school attendance amongst the minority, and many drop out of education, sometimes as early as the primary school. We have to take into consideration that they were obliged to attend classes in the mornings in Crimean and in the evenings in Romanian language "Our parents studied religion, Koran courses in Arabic and Crimean language in Ottoman writing, in morning classes. In the afternoon they studied 1-2 hours Romanian language, but practically they couldn't speak Romanian"³.

4. Social policies to protect minorities and their language

4.1. Social policies in Romania during the interwar period and communist regime

This part of the paper is dedicated to detailed information about the policy of *Romanianization* executed by the Romanian government from the mid-1890s to the early 1930s reflected the strategic importance of establishing an educational infrastructure in the national language⁴. *Romanianization* institutionalized the right to seek education in one's native language and made it mandatory for the non-Romanians to study in their own confessional schools. By committing themselves to aiding development and progress to the historical minorities language and culture Romanians inadvertently forged a natural linkage

¹ BOA, MKT.NZD.317/5; Ha.1276 Zilhicce 17 (6 Temmuz 1860 / 6 July 1860)

² For details check on, Biblioteca Municipală Constanța, "Ioan Roman", Emigrarea in *Aurora*, anul I, nr. 6, 13 octombrie 1894

³ Şukuran B., born in 1932, Kanlıçukur village, Constanta County, Romania.

⁴ For details check on, Biblioteca Municipală Constanța, "Ioan Roman", *Limba in Gazeta Dobrogei*, anul V, nr. 349, 7 noiembrie 1893

between nationality and its language. Although we might refer to a systematic “closure” of Crimean Tatars schools from the 1950s onwards, there are no archival data or policy statements offering details on how the measure was executed. This suggests that the closure of confessional schools, or conversion into vocational ones, was a gradual process and the momentum came from local officials, rather than from Bucharest. Romanian local press refer to how the socialist system granted them the possibility of selecting what was often the only available option. However, it was vital for the Crimean people to be fluent in Romanian in order to not be seen as illiterate people.

4.2. Social policies of the 21st century - European framework

This part of my paper provides results of the Council of Europe, which recognizes the value of regional and minority languages as part of the European cultural heritage which supports the importance of knowing the official language of the state and protect regional or minority languages. The aim of the Charter is to protect minority languages from extinction and to promote them, their use in education, media, justice, administration, cultural, economic and social. In Romania, according to Law no. 282 art. 2 applies to the following 20 minority languages: Albanian; Armenian; Bulgarian language; Czech language; Croat; German language; Greek language; Italian; Yiddish; Macedonian language; Hungarian language; Polish language; Romani; Russian; Ruthenian language; Serbian; Slovakian language; Tatar language; Turkish language; Ukrainian language. Also, the law identifies minority languages covered by different parts of the Charter. Art. 5, Law no. 282 states that the provisions stipulated in Part III of the Charter applies to minority languages, which reduces the purpose of applying to a number of ten languages: Bulgarian language; Czech language; Croat; German language; Hungarian language; Russian; Serbian; Slovakian language; Turkish language; Ukrainian language. Even if the Charter of Fundamental Rights for the European Union, article 21 and 22 state that “any discrimination based on any grounds such as...language...membership of a national minority... shall be prohibited” and “the Union shall respect cultural, religious and linguistic diversity”. Unfortunately Crimean Tatar language belongs to other ten minority languages, and there are no other stipulations and provisions for its implementation.

Further, the Charter sets out a number of specific measures to promote the use of regional or minority languages in public life. These measures cover the following fields: education, justice, administrative authorities and public services, media, cultural activities and facilities, economic and social activities and trans-frontier exchanges.

The Council of Europe (COE) based in Strasbourg (France), through the Charter for Regional and Minority Languages and also the Framework Convention for the Protection of National Minorities has also supported the promotion of minority language usage. UNESCO, on the international stage, has also developed a framework, which determines the vitality of a language (Ismail 2017a: 570). But, many of the minority languages across Europe are not used in communication with public officials, are dismissed as inappropriate “idioms” for educated citizens, or suffer from state policies, which has the effect of disrupting intergenerational transmission. Such policies have a great impact on non-native speakers of official languages and project an image of a monolingual civic community to outsiders. The issue of endangered languages receives little specific attention and no measures are allocated to deal with this particular linguistic issue.

4.3. Friendship or community support ?

May the 5th - official Day of Tatar language in Romania

Nowadays, the Crimean Tatars living in Romania are organized in an association named *The Democratic Union of the Muslim Turk Tatars of Romania*¹ was founded on the 29th, December 1989.

After a period of more than 100 years of aggressive assimilation of the Crimean Tatars

¹ <http://uniuneatatara.ro/> accessed 25, Oct., 2017

settled in today's Dobruja, in 2010 the Romanian Government promulgated the law by which the ethnic minority celebrates the official Day of Tatar language. Law no. 256/2010 reads "... cultural events dedicated to this day are organized in the localities where members of the Crimean Tatar community live¹". In accordance with Law no.256/2010, the official Day of Tatar Language will be celebrated in Romania on May the 5th in all rural and urban settlements with members of this ethnic minority, so especially in Dobruja. The official Day of Tatar Language is celebrated by cultural events, so public television and radio will have the mission of broadcasting the event by television and radio programs for minorities. Also, schools teaching Crimean Tatar language, as mother tongue and Islamic religion will organize cultural events dedicated to this day.

The activity of promoting and supporting the Crimean Tatar language and culture is also evident in the educational programs carried out with the kind support of the *The Democratic Union of the Muslim Turk Tatars of Romania*². At present, there are some native language schools conducting classes in Crimean Tatar. In these schools, due to the lack of subject books in the native language, upper level class disciplines, such as mathematics and natural and social sciences, are taught in Romanian.

Thus, we found out with local newspapers of Constanța about schools where children of the ethnic minority have the possibility to study the Crimean Tatar language "In schools of Techirghiol (Romanian spelling) and Lumina, the Crimean Tatar language is studied as an optional subject. In these two communities, parents interested in enrolling their children to study Crimean Tatar language can contact the responsible teacher³". From another local newspaper we found out that in Medgidia (Romanian spelling) at *M. Dragomirescu* Primary School "...In the second grade there are 15 pupils studying the Tatar language and at the same time Turkish language. But there are other children, who are currently among the approximately 50 pupils attending mother tongue courses, which are run weekly at the headquarters of the union⁴.

The message gathered from local newspapers is obvious: the UDTTMR carries out an intense activity for the benefit of the minority in order to protect minority's mother tongue. The governing elite of the Crimean Tatars minority has the responsibility to financially support the minority organization, to publish books and journals in their native tongue, to hold cultural events, to aid the development of the spoken and written form of the minority language in public life and to make the publications reach all members of community. Although this legislation exists and looks good on paper, it is not well implemented by the governing elite⁵.

It is necessary welcoming the European Union's formidable financially support for in risk minorities and endangered languages. Also, we appreciate Romanian Government support of the official Day of Tatar Language, but for the sake of Crimean Tatars children's future in Europe we need to rise up some questions regarding language teaching, teachers, availability of materials for language education and literacy and the alphabet of Crimean Tatar language: 1. When did the University of Bucharest suspend the Tatar language courses?; 2. Why did they suspend the Tatar language courses and seminars? 3. Who is teaching Crimean Tatar language in schools?; 4. Where did they graduate? - In Romania or in Crimea? as it is

¹ <http://www.aliantacivilizatiilor.ro/ro/parteneri-nationali/minoritati-nationale/43-tartarian-minority>, accessed 11,10, 2017

² *The Democratic Union of the Muslim Turk Tatars of Romania* hereinafter named UDTTMR

³ <https://www.cugetliber.ro/stiri-cultura-educatie-coala-comunitara-a-udttmr-si-a-deschis-portile-cursurile-sunt-gratuite-331799>, accessed on 11, Oct., 2017

⁴ <https://www.cugetliber.ro/stiri-diverse-elevii-tatari-din-medgidia-au-de-saptamana-trecuta-un-cabinet-de-limba-materna-69914>, accessed on 11, Oct., 2017

⁵ For details check on Ismail, Nilghiu, (2017a) *Social and Educational Issues in a Europe under Economic and Social Crisis. Case Study: Crimean Turk-Tatars of Romania*, Strategii manageriale - Management Strategies, X, nr. V (34) / 2017, ISSN 2392 – 8123 (print edition)/ ISSN–L 1844 – 668X, pps. 569-579

well known that there is a personnel training issues for people who would like to be Crimean Tatar language teachers; 5. What could the political elite say about the availability of materials for language education and literacy? 6. What about type and quality of materials for language education?; 7. What alphabet is in use? - Latin or Kirill script?; 8. What do they know about the Crimean Tatar language textbooks printed in 1958 for primary schools?; 9. What linguistics authority agreed these textbooks' alphabet? - the textbooks' alphabet published in 1958 was agreed by the Romanian Academy; 10. Are they aware about the incredible educational, social and cultural damage they do over the next generations?

5. Conclusions and recommendations for the future

Even for the countries being members of the relevant treaties, it is up to the states itself opinion and interest to decide about a minority's future.

After years of demographic decline and deterioration of the most important structure of the Crimean Tatar minority - structure by age, in a context where the issue of demographic situation of the minority does not come at first political elite agenda the demographic perspectives of minority became bleak. Long-term economic and social risks are underestimated. To mitigate social and educational risks issuing from the current demographic characteristics and trends, some measures may have positive effects. Among these policy recommendations, we mention: 1. Health status of minority, because ageing being the huge issue of minority; 2. Re-opening of Crimean Tatar language courses and seminars with the University of Bucharest; 3. Training of specialized personnel to teach Crimean Tatar language based on Latin alphabet; 4. To initiate a closer cooperation with Turkic-speaking countries; 5. Formation of Crimean Tatar minority-language media and cultural institutions; 6. Developing an elective secondary and university level humanities courses on the history and culture of the Crimean Tatars to facilitate knowledge of this ethnic minority (these books should be written by a cohort of Crimean Tatar and Romanian historians/ scholars); 7. To carefully study programs of other states where the situation of minorities and their language is similar because in many areas of Europe where a minority language is currently spoken or has historically been spoken are currently experiencing revitalization efforts - notable region being Wales in the UK.

Today there are various bodies and organizations such as the *Foundation for Endangered Languages*, which exists to support, enable and assist the documentation, protection and promotion of endangered languages¹ or *The Network to Promote Linguistic Diversity* (NPLD) a European wide network working in the field of language policy & planning for Constitutional, Regional and Small-State Languages (CRSS) across Europe. NPLD includes Governments both national and regional, Universities and Associations as its members². All of these organizations have issued recommendations for sustaining and revitalizing endangered languages. These include calls for an EU language action plan with special provisions for endangered languages and a dedicated budget for their protection. Support for research and for language teaching is seen as essential. The possibilities offered by new technologies and digital media, including social media, have also been highlighted in this regard.

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QUALITY MANAGEMENT AND ETHICS MANAGEMENT IN PRE-UNIVERSITARY EDUCATION INSTITUTIONS

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Abstract

*Journalistic publications in Romania have recorded an increasing number of abuse cases in schools. More and more teachers have become subjects in the files examined by the National Anticorruption Department, either because of the irregularities recorded at the national examinations, or because of other immoral activities conducted outside of school. In order to stop this “TREND”, The Ministry of Education and Research decided to establish in 2011 **The National Ethics Council for School Education** and to publish The Ethics Code for School Education in 2014. In the same year, ethics committees have been established at the school level, and these committees have drafted management plans and activity plans. At present, the work of these committees is formal and very little visible. In fact, the work is hampered by the lack of documentation and superficial knowledge of legal regulations that should be the base of the decisions taken by the committee. There are no procedures, the members of these committees had not been trained in the field of ethics management and, most of all, customs are often confused with the law and any action is analyzed according to the school's traditions and not according to regulations.*

In some schools a merger of the quality assurance committee with the committee of integrity / ethics is considered. This is because the first committee has a number of documents that can serve as base for the ethics committee documentation. There are, however, institutions that are trying to keep the two committees with separate responsibilities in order to work together to correlate the documentation for the school. This article deals with a critical analysis of the current state and the perspectives regarding the ethical management and the quality assurance management in secondary education institutions.

Keywords: *quality management, quality assurance, ethics management.*

Classification JEL: M12

Introduction

The concept of ethics management is relatively new in Romania. A proof of this statement is the fact that a web search of the materials containing the key words “ethics management” will lead to no more than 634 results [www.google.ro, 04.06.2017, 10:37 am], among which only 23 can be considered useful for clearing the concept. Whereas, the search for the concept “quality management”, leads to identifying more than 221.000 results [www.google.ro, 04.06.2017, 10:39 am]. If we add to these key words the field of research of this article, “in pre-university education”, the results of the first concept analysed will rise significantly to more than 11.900, among which over 80% refer to misuses caught in journalistic articles, [www.google.ro, 04.06.2017, 10:42 am], whereas for the second concept, the results will decrease to 3.070 [www.google.ro, 04.06.2017, 10:46 am].

At the educational level, it is observed the necessity to realise a convergence between the quality standards and the work tools of the ethics committee, in other words, between the quality management and ethics management [Mureșan V., *Etica și asigurarea calității (Ethics and quality insurance)*, 2010, published in the magazine QAR, Vol. 2, No. 2, p. 134-135] in pre-university education institutions.

The methodological enterprise

The article is structured under the following points:

- Theoretical aspects regarding the quality management and ethics management;
- Convergence points of the quality management and ethics management;

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- The current stage of implementation of the quality management and ethics management in pre-university education institutions;
- Perspectives regarding the quality management and ethics management.

The type of research activity:

- the theoretical research in which the concepts are analysed: quality management and ethics management;
- applied research in which examples adapted to the issue at hand are highlighted.

Regarding the article “Ethics management and quality management in re-university education institutions”, the enterprise consists of checking the scientific theories regarding the ethics management and quality management and the implementation of these theories in the practice of pre-university teaching.

The objectives of the research are:

- thoroughness of the concept of “ethics management”;
- identifying the meeting points of the ethics management and quality management in pre-university education institutions;
- the current stage of ethics management and quality management in pre-university education institutions;

➤ the perspectives of the two management forms in pre-university institutions of Romania;

The set of problems of the research:

- the present research regards a synthesis of the theoretical ideas published on this subject in the branch literature, consolidated with an empirical analysis of those ideas.

The methods and techniques of choosing information used in the scientific research are: the comparative method, the descriptive method and the hands-on observation method.

Research questions:

1. What are the convergence points of the quality management and ethics management?
2. What is the current stage of implementation of the ethics management system, respectively, the quality management system, in the pre-university education institutions in Romania?
3. To what extent can a merger of the two be realised at the level of pre-university education in Romania?

Research hypotheses:

1. At the level of pre-university education institutions there are committees that deal with the quality management and ethics management.
2. There is coherence in implementing the specific tools of the quality management and ethics management.
3. The two forms of management can be dealt with by the quality management committee, because there are many convergence points between the quality management and the ethics management.

Theoretical considerations

Quality management represents the set of activities that have as purpose the reaching of a number of objectives with an optimum usage of resources. [Dragolea L.L., *Managementul calității - funcții și principia (Quality management – functions and principles)*, www.oeconomica.uab.ro/upload/lucrari/820063/32.pdf, 04.06.2017, 13:45 pm]. The main specific activities of quality management are: planning, realising, evaluating and revising. The quality of activities is evaluated according to a series of indicators named performance indicators that aim increasing the inner force of the organisation, the capacity of the organisation to adapt to the market demands, respectively those of the beneficiaries and the increase of the capacity of the institution to adapt to the requirements of the external regulations.

Ethics management is the management of all the elements linked to the moral life of an organisation and deals with elaborating guiding instruments that contribute to the ethical development of the organisation, as well as the methods that can be used to determine in which direction the organisation should develop. "Ethics management involves the description and analysis of the current ethical situation, the determination of the desired situation and the setting of measures that can be used to reach it." [Gavrilescu L., *Decizia etica: dificultatati si provocari*, (Ethical Decision : difficulties and challenges) www.humanistica.ro/anuare/2011/Continut/Art%2025.pdf, 04.06.2017, 10:20].

The values promoted by the quality management are: optimisation, efficiency, acceptance and legitimacy. [Mureşan V. *Etica şi asigurarea calităţii (Ethics and Quality Insurance)*, Quality Assurance Review, vol. 2, no. 2, September 2010, p. 135]

The values promoted by the ethics management are: clarity, consistency, sustainability, approval, accomplishment, transparency and criticism. [Kaptein M. *Developing and testing a measure for ethical culture of organization: the corporate ethical virtue model*, Journal of Organizational Behaviour, no. 29, 2008, p. 925-929]

The main instruments of QM are: quality standards, institutions/agencies of authorisation/accreditation/periodic evaluation, quality insurance committees, communication systems regarding the quality management, training courses concerning quality insurance procedures, good practice examples.

The main instruments of EM are: ethical codes, ethics committees, national ethics councils, ethical communication systems, ethics training courses, ethical organisational culture.

Convergence points of quality management and ethics management

The empirical analysis of the situation in the pre-university education institutions allows us to identify a few common points of the two management forms. Among them we can mention: they both aim improving the relationships between employees, between school and its organisational partners, between teachers and students/parents; both aim increasing the quality of the educational services provided by the institution and diminishing the risks to which the school is exposed due to unethical behaviour of some employees.

The current stage of implementation of the two management forms in the pre-university education institutions

At European level there are concerns for establishing some common standards of quality insurance. Good practice examples are offered by Great Britain, a country renowned for the quality of its educational services. Nevertheless, there can be identified two styles of dealing with quality management in Europe: the Anglo-Saxon style, a style considered rough, based on procedures, national councils that evaluate periodically the pre-university education institutions and that can apply sanctions to the institutions that have major non-conformities; and the Northern countries style, considered mild, based on forming an institutional culture of quality.

Romania took the Anglo-Saxon style in 2005. At present, there is no pre-university education institution that has not been evaluated at least once by the Romanian Agency for Quality Insurance. Also, at least formally, all schools have implemented the quality insurance system of educational services.

As far as the ethics management is concerned, in the countries of Northern and Western Europe there is a culture of ethics in the pre-university education institutions. Also, the instruments used are available for those interested, only a web click away. In the South-East of Europe, the concept of ethics management is relatively new. In Romania, in 2011, The National Council for Ethics in Pre-university Education was founded and in 2014 *The Ethical Code for Pre-university education* was launched for public debate. Starting with the academic year 2014-2015, some schools have adapted the code for their organisation and have published on their sites the personalised code. In the same year, 2014, at the level of some school organisations, ethics committees were founded, named in some schools: integrity

committees, committees that have elaborated management plans, have established objectives and have organised activities planned all through the academic year.

Analysing the web sites of high schools in Romania, we can observe that, when it comes to quality insurance over 83% of high schools in Romania provide information regarding the activity of the quality insurance committee, whereas only 36% of them have created pages for the ethics committee and have published information related to its activity on the site.

Moreover, hands-on observation makes me state that the most programmed actions of the two committees are formal, sporadic, and at the level of the pre-university education institutions, there is neither a culture of quality, nor one of ethics. There are still traditions, considered ethical, that lead the school activity and contributes to creating the organisational climate.

Perspectives regarding quality management and ethics management

Both the quality insurance committee and the ethics committee have as responsibilities planning of activities, elaborating procedures, realising activities, evaluating and revising them. Taking into account these responsibilities and the convergence points of the two management forms, many educational institutions considered merging the two committees. Thus, in the following period of time, the procedures elaborated at the school level by the quality insurance committee will be revised by the ethics committee, a mission far easier than that of elaborating other procedures from nothing. In addition, in case of elaborating another set of procedures, the probability of some procedures to come into conflict with existing procedures, would be great.

Although we consider the activity of the ethics committee should be separate by the activity of the quality insurance committee, we tend to agree that, for the time being, the two committees should collaborate in revising the school documents, and afterwards to work separately and even to set action to mutually evaluate their activities.

Conclusions

The study integrated in the article *Quality management and ethics management in pre-university education institutions*, proves that at the level of pre-university education institutions there are committees that deal with quality management and ethics management. If the activity of quality insurance committee is visible online, the activity of the ethics committee is very little visible both online and at school level.

The instruments used by both committees are copied from the good practice examples but are used sporadically. For this reason, there is no quality culture, respectively, no ethics culture in educational institutions.

Although it is advisable that, at the beginning, the quality insurance committee and the ethics committee to collaborate at school level to revise school documents, it is best that their activity does not overlap, and the committees do not merge.

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FINANCIAL EDUCATION - A CHALLENGE TO THE ROMANIAN EDUCATIONAL SYSTEM

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Abstract

Society's development by increasing the possibility for young people to successfully cope with extremely diverse circumstances imposed by modern economy makes it necessary to have certain skills that can only be acquired through an adequate education system.

Ensuring good quality education, a decisive element in raising young people's chances of succeeding in life, is a national and European priority, as in a dynamic and interdependent world where free movement is no longer just a challenge, people with different education levels are forced to make the most diverse decisions, many of which have pecuniary implications.

This paper aims at analyzing the need for a high level of financial knowledge, and also the role that Romania plays globally in terms of financial education. Achieving the paper is based on the quantitative research of specialized literature, of the studies and reports of specialized organizations.

Key words: *financial education, financial literacy, economy, school population, occupational skills*

JEL Classification: A22, D83

Introduction

The current society is subject to permanent challenges whose influences are also present in the education system, namely people must have various skills to give them the possibility to make the right decisions. Ensuring elements enabling young people to cope with facts can be reached through "ongoing acquisition of human knowledge and achievements" (Dobrescu, Dumitrescu, 2011). In a dynamic and interdependent world where free movement is no longer just a desiderate, people with different levels of education are put in the position of making the most diverse decisions, many of which have pecuniary implications, which generates the idea that knowledge in the current economic environment requires the existence of financial knowledge and skills that can only be ensured through adequate financial training.

The issue of financial education or training is all the more current as the global financial crisis has highlighted the existence of customers who have used financial products without fully understanding them.

Stage of the Research

The analysis of specialized literature has emphasized the existence of two concepts regarding financial skills: *financial literacy* and *financial education*.

The term *financial literacy* is used to highlight the level of knowledge and understanding of the financial phenomenon by different categories of people, whereas *financial education* takes into account the existing education programmes both within and outside the education system, through which an increase in the level of financial literacy is generated.

The first survey, "Survey on Financial Literacy Increase among High School Students," which supports the idea of financial literacy, was conducted in 1997 by Jump Start and defines "financial knowledge" as the "the ability to use the necessary knowledge and skills to effectively manage financial resources for life-long financial security." (Hastings et al., 2013).

Financial literacy involves a person's ability to make well-informed judgments and make effective decisions about money usage and management. [...] People with financial ability are able to make informed financial decisions, namely they can build budgets and efficiently manage money, they can manage loans and debts, they can assess insurance and protection needs, they can assess different risks and returns involved in various saving and

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investment options according to their abilities of understanding ethical, social, political and environmental dimensions of finance” (Noctor et al., 1992 apud Kempson et al., 2005). Evaluating the level of financial literacy envisages the answer to three questions that highlight the ability to understand the terms of: compound interest, inflation, risk diversification (Lusardi, Mitchell, 2014).

Financial literacy analysis targets at least two components: a quantitative component that aims at determining the literacy level of different social groups, particularly young people, and a qualitative component that considers the effect of financial literacy upon the economy.

The importance of a high level of financial literacy is demonstrated by Lusardi who shows that a higher level of financial education has generated an increase in saving, especially for those with a low education level (Lusardi, 2004). Moreover, the survey conducted by questioning 114 pupils aged between 13 and 20 years who are beneficiaries of a curriculum called *”Money Talks”* has raised the literacy level of young people, in terms of their level of financial knowledge and behaviours (Varcoe et al, 2005).

Defining financial literacy as a priority axis of the OECD has made it possible, as of 2009, to attempt to develop a model that would allow the measurement of adult financial literacy. The year 2010 brought forth the pilot study developed in 14 countries: Albania, Armenia, the British Virgin Islands, the Czech Republic, Estonia, Germany, Hungary, Ireland, Malaysia, Norway, Peru, Poland, South Africa and the UK.

The OECD appreciates education as a priority, that is why it has developed a PISA programme that assesses the quality, efficiency and effectiveness of the education system, namely the extent to which 15-year-olds have acquired key knowledge and core skills in order to ensure participation in society life. In 2012, PISA tests also included elements to acquire information on the literacy level of young people worldwide. The PISA test has been applied in 34 OECD member states and 31 partner countries, and involved the questioning of 510,000 students aged 15-16. The results show that countries such as China - Shanghai Province, Belgium, Estonia, Australia, New Zealand and Poland have the highest financial literacy rates, that 1 out of 10 students surveyed have proven the ability to solve financial matters: analyzing financial products by highlighting transaction costs, balance in an account statement, or the ability to understand the defining elements of the financial landscape. It is noted that 15% of the students (participants in the survey) have a low level of performance and the best situations indicate the students’ ability to distinguish between needs and wishes, recognize financial documents, solve simple additions, subtractions, multiplications, they can make the right decisions on daily expenses.

The analysis of financial literacy level (PISA in Focus, OECD, 2017) concerned 15 OECD member states, namely: provinces of China - Beijing, Shanghai, Jiangsu - Gwangdong, Russia, Belgium, provinces of Canada, the Netherlands, Australia, Italy, Poland, the USA, Spain, Lithuania, Slovakia, Chile, Peru, Brazil.

It is noted that the issue of financial literacy has gained importance by including it in the OECD document, the Height-Level Principle on National Strategies for Financial Education conducted by G20 Leaders in 2012.

Financial Literacy around the World conducted by S&P in 2014 by interviewing 150,000 people in 140 countries is a picture of the financial literacy level in the world economy. The survey started from the concept that a person can be regarded as financially literate if they respond correctly to 3 of the 4 financial concepts evaluated: interest rate, interest composition, inflation, and risk diversification. The data collected show a global literacy level of 33%. The highest level of financial literacy (over 65%) was achieved by countries such as Australia, Canada, Denmark, Finland, Germany, Israel, the Netherlands, Norway, Sweden and the United Kingdom, where about 65% of adults have financial knowledge.

It is not surprising that financial literacy rates differ enormously between the major advanced economies and the emerging economies in the world. On average, 55% of adults in major advanced economies - Canada, France, Germany, Italy, Japan, the United Kingdom and the United States – are financially educated. But even in those countries, financial literacy rates vary a lot, from 37% in Italy to 68% in Canada. On the contrary, in the major emerging economies - the so-called BRICS countries (Brazil, the Russian Federation, India, China and South Africa) - on average, 28% of adults are financially educated. There are differences in those countries, too, with rates ranging from 24% in India up to 42% in South Africa.

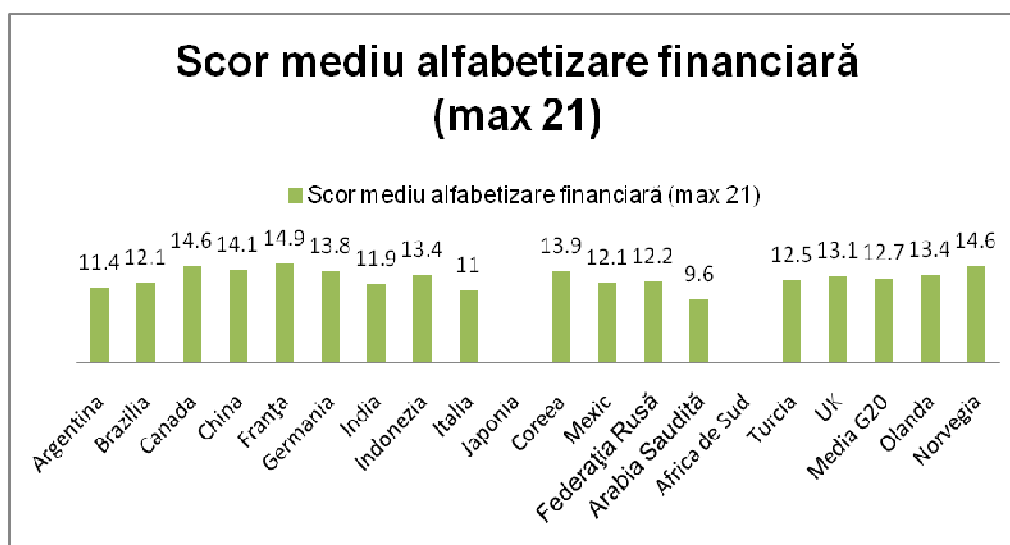
Financial literacy rates vary widely in the European Union, too. On average, 52% of adults are financially educated. Thus, the highest financial literacy rates are reported by Denmark, Germany, the Netherlands and Sweden, where at least 65% of adults have financial knowledge, whereas in Southern Europe there are the lowest rates (Italy - 37%, Portugal 26 %). Financial literacy rates are also low in countries that have joined the EU since 2004, namely Hungary (54%), Bulgaria and Cyprus (35%), Romania (22%). With such a score, Romania ranks last in the European Union and as compared to all its neighbours (non-EU countries): Ukraine (40%), Serbia (38%), the Republic of Moldova (27%).

Table 1. Financial literacy levels in G20 countries

Country	Financial knowledge average score (max 7)	Financial behaviour average score (max 9)	Financial attitude average score (max 5)	Financial literacy average score (max 21)
Argentina	4.1	4.4	2.9	11.4
Brazil	4.3	4.6	3.1	12.1
Canada	4.9	6.2	3.5	14.6
China	4.7	6.2	3.1	14.1
France	4.9	6.7	3.2	14.9
Germany	4.8	5.8	3.2	13.8
India	3.7	5.6	2.6	11.9
Indonesia	3.9	5.7	3.7	13.4
Italy	3.5	4.4	3.1	11.0
Japan			3.4	
Korea	4.9	5.8	3.2	13.9
Mexico	4.1	5.0	3.0	12.1
Russian Federation	4.1	5.1	2.9	12.2
Saudi Arabia	3.9	5.6	0.1	9.6
South Africa	6.7		3.1	
Turkey	4.6	4.6	3.1	12.5
UK	4.2	5.6	3.3	13.1
G20 average	4.3	5.4	3.0	12.7
The Netherlands	4.9	5.2	3.3	13.4
Norway	5.2	5.8	3.6	14.6

Source: G20/OECD INFE Report on adult financial literacy in G20 countries, OECD 2017, p.67

A more detailed report was made in 2016 by analyzing the data provided by 30 countries, including 17 oecd member states (oecd, 2017). The survey conducted by questioning 101,596 people pursued three important elements: financial knowledge, financial behaviour and attitude towards long-term financial planning. The answers generated an average score of 12.7 in participating countries providing comparable data on financial literacy, given that the maximum score could be 21. France was evident with an average score of 14.9, followed by canada and norway with 14.6, and china with 14.1. The lowest score was in south africa, with the average financial literacy of 9.6.



As far as the qualitative side of the analyzed phenomenon is concerned, namely the influences of financial literacy and the factors generating financial literacy level, Potrich, Vicrie and Kirch showed in a survey of 1,400 people from Rio Grande do Sol, Brazil, that an individual's level of financial literacy can be explained by a series of demographic or socio-economic variables such as gender, education level, individual income and family income. Those are factors with a direct influence on a family's level of financial literacy. The survey highlights that men who do not have financial dependents, with a high level of education and with certain individual or family incomes are those who have a high level of financial literacy.

The existence of a high level of financial literacy can ensure a high level of financial education. World Bank data show that globally, 55% of the surveyed subjects have proven that they understand what a compound interest means, 61% have provided correct answers regarding the effect of inflation on economies along time, whereas only 49% have given the right answers on the notions of risk and risk diversification.

Published data show that the best results were obtained in Iceland, the Czech Republic and Estonia. Financial education has been the subject of many papers, analyses, research in terms of impacts on concrete issues. Research shows that financial education can ensure financial inclusion, for example the results of the Global Financial Barometer of 2015 indicate a cause-effect relationship between financial education and financial inclusion, with 32% of respondents thinking that financial inclusion can be generated by proper financial education.

Financial education can be a solution to provide a connection between school and economy while the time children spend in a store is two to three times higher than the time they devote to reading, playing or individual activities. (McCormick M., 2009).

The potential effects of financial education are interesting and important from a policy perspective. Thus, national policies should take account of both young people through education programmes, and employers through training programmes that can be carried out by them. Walstad, w.b., rebeck, k. And macdonald, r.a. (2010) conducted a survey of 800 people analyzing the effects of introducing financial education programmes for young people by assessing them both before and after the introduction of a programme. In essence, the survey involved dividing the young people into two groups, having approximately the same level of financial education before the start of the experiment, a group of 673 people who participated in financial education programmes and a control group of 127 people who did not benefit from such programmes. The results indicated an increase in the financial knowledge

of the people who had been involved in education programmes, but raised questions about the relationship between teacher training and young people's understanding of financial concepts. The same results were highlighted by mitchell and lusardi who showed that education, in terms of the level of training that a person accumulates, is not enough to have a financial culture. The research conducted by analyzing the answers to the three questions that define the level of financial literacy in four developed countries showed that there are well-educated people who are not very skilled in terms of money (mitchell, and lusardi, 2015).

Regarding the influence of financial education on savings or pension plans, surveys show that the level of financial education influences the level of savings or private pensions (miller et al., 2014). Starting from the perception according to which personal savings are too low and the effectiveness of pension systems and other fiscal policies is controversial, us politicians focused on training programmes implemented by employers on topics related to financial issues. In 1995, the us department of labour announced its intention to launch a "national pension education programme designed to draw us workers' attention to the importance of taking personal responsibility for their pension security" (berg, 1995, p. 2). Additionally, the survey of 2,055 respondents aged between 30 and 48 showed that there is a higher level of accumulation, and also a higher rate of participation in retirement plans, to the extent to which an employer ensures a proper level of financial education (fernandes et al., 2013).

Financial Education Issue in Romania

Implementing some programmes aimed at ensuring financial skills in Romanian schools is in support of the priorities that the European Union also considers, thinking that the assurance of quality education is decisive for increasing the young people's chances to succeed in life (COM, 2017). The main areas where the European Union is taking action envisage (COM 2017):

- Developing better and more favourable to inclusion schools;
- Supporting teachers and school headmasters in order to achieve excellent quality of teaching and learning;
- Achieving better, fairer and more effective governance of education systems.

Including financial education subjects in school curricula can help achieve the first goal, as young people and adults with financial literacy can make the right decisions in everyday life.

Moreover, at European level, some basic principles have been identified that can provide quality financial education services (COM; 2007):

- Ensuring lifelong financial education programmes;
- Developing programmes tailored to citizens' needs;
- Developing economic and financial skills for school age young people;
- Including certain tools meant to improve financial knowledge in financial education programmes;
- Achieving balanced, transparent and objective education by financial service providers in compliance with consumer interests;
- Providing resources by financial trainers in order to generate effective and reliable financial education programmes;
- Clearly defining the roles of all parties involved in the implementation of financial training programmes;
- Providing financial education programmes to allow for the exchange of best practices.

Romania's financial literacy status means 123 out of 143 countries analyzed by S&P (in terms of financial literacy) or a high level of Beckmann disparity (2013). The results are also generated by the fact that Romania has not yet implemented a financial education strategy, as

ensues from the OECD survey. Published data indicate the existence of 59 countries that defined national strategies taking over the principles of financial education (OECD; 2015).

Table 2. Implementing national strategies for financial education at world level

Strategy status	Number of countries	Countries and regions
First strategy is revised or second strategy bis being implemented	11	Australia; the Czech Republic; Japan; Malaysia; the Netherlands; New Zealand; Singapore; Slovakia; Spain; the UK; the USA
First strategy is implemented	23	Armenia; Belgium; Brazil; Canada; Croatia; Denmark; Estonia; Ghana; Hong Kong, China, India; Indonesia; Ireland; Israel; Korea; Latvia; Morocco; Nigeria; Portugal; the Russian Federation; Slovenia; South Africa; Sweden; Turkey
First strategy design has been created	25	Argentina; Chile; the People's Republic of China Columbia; Costa Rica; El Salvador; France; Guatemala, Kenya; Kyrgyzstan; Lebanon; Malawi; Mexico; Pakistan; Paraguay; Peru; Poland; Romania; Saudi Arabia; Serbia; Tanzania; Thailand; Uganda; Uruguay; Zambia
A strategy is being planned	3	Austria; The Former Yugoslav Republic of Macedonia; Philippines; Ukraine; Zimbabwe

Source: National Strategies for financial education, OECD/INFE Policy Handbook, 2015, p.11

One can notice that we are still far from many countries, but it is worthwhile to mention the introduction as of the school year 2017-2018 of a new module called financial-economic and entrepreneurial education in Romania's pre-university education system curriculum (European Commission, 2016). Thus, in the 8th grade, the Social Education - Economic and Financial Education subject is oriented on the economic-financial and entrepreneurial dimension of exerting citizenship (Annex No.2 to Order of the Minister of National Education No. 3393/28 February 2017, Ministry of National Education) .

At the level of financial service providers, there are steps to improve literacy level, that is to provide adequate financial education for young people. Thus, the NBR in partnership with the Ministry of National Education have been running several financial education support projects ever since 2009, regarding:

- Pupils – "Let's Talk about Money and Banks";
- Students - Open Day for Economics Students;
- Academic teachers - Academica.

Asf has conducted events that aimed at promoting the importance of financial education and inclusion among young people within the global money week (gmk). Asf has also created the asfromania.ro/edu platform with financial trening sessions for young people and parents in areas such as capital market, insurance and pensions.

Financial education programmes are also provided by junior achievement with the support of institutions that provide financial products or services such as: metropolitan life, metlife foundation, raiffeisen bank, visa, google, payu, aursf or state institutions such as: the ministry of national education, the national authority for consumer protection.

Romania's ranking close to countries with at least an average level in the field of financial education requires the reformation of the educational system, not only the modification of a curricular area, and pupils must access the type of information that will train their skills and abilities adapted and appropriate to the environment they belong to. Assimilating it largely depends on the way of conveyance as modern pupils perform in environments where they are less restricted in terms of learning, working or thinking. The success of the finnish educational model is based on a structured and clear school curriculum,

and also on a certain freedom of schools in choosing their approaching methods, creativity development, major investments in teachers' professional training and development (robinson, 2015).

Conclusions

Developing quality educational services, adequate to the new requirements of globalized economy imposes new approaches of teaching systems, new contents that can only be ensured by promoting students' creativity, innovation and involvement in the training - education process.

The generation of young people (born between 1990 and 2000) defined as the millenias generation is regarded as a paradoxical population namely: an educated generation with exposure to diverse and complex financial services but faced with rather difficult career development prospects.

Equally, developing financial skills of young people means opening educational units to the practical world, to the real world, improving the relevance of curricula by creating and developing partnerships with employers, by increasing young people's creativity in identifying solutions to real problems.

Young people need certain skills, abilities and knowledge to generate creative ideas and the initiative to turn ideas into actions.

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